Feasibility Study Report – Local Television Service

For Aberdeen City Council

"An Aberdeen Local Television Service should bring together a diverse range of public and private sector organisations based in the city to promote their services which support inclusion and positive lifestyles."

Jeff Riley,
Imajica Ltd

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Executive Summary

Imajica were commissioned to conduct a feasibility study on behalf of Aberdeen City Council into the long term viability of a digital channel (i.e. delivered via Freeview/Satellite/ Cable/Broadband) aimed at targeting the "hardest to reach", engaging and enriching by delivering content in the form of information services and support to enable them to lead healthier, happier and more sustainable lifestyles.

The consultation process proved to a very positive and encouraging one. Everyone we engaged with agreed that the concept would be well received across the city. The core aims and objectives of the service were well received. Demand for hyper-local news and information is high and the support from potential partners suggested that, current economic situation notwithstanding, they would be very supportive if the service was correctly positioned and marketed.

From an early stage in the process it was clear that by targeting the "hardest to reach" this excluded a significant proportion of the local population. It was felt that a community television channel should be exactly that – for everyone.

The findings point strongly towards an on-demand solution delivered exclusively via broadband. This single platform approach avoids broadcast transmission costs and provides a single technology solution that is freely available to anyone with a decent internet connection. Every program would be available simultaneously at the click of a button, any time of day, and a vast archive of material could be made available online. Supported by social networking and traditional marketing methods an internet based service would be easy to establish and grow from day one.

From day one, an on-demand broadband solution would deliver a series of channels that could include Community, Sport, Learning, Art & Culture, Employment, Business, Lifestyle and Tourism channels.

This is a clear, bold and innovative approach that avoids the murky depths and uncertainty of a digital broadcast solution.

Background

What should have been a fairly uncomplicated process over the last few months, has instead been hampered by constantly moving goalposts. It's also been heavily influenced and shaped by political posturing, a constantly moving Scottish and National media landscape, the effects of the global recession, the impact of national and local government cuts and the lack of a defining regional or national strategy to deliver a "hyper-local" service.

A change in government saw a new minister for Culture, Media and Sport, the Rt Hon. Jeremy Hunt who chose to reshape plans for local television news delivery when he decided to scrap plans for local news delivery by consortia and instead commissioned Nicholas Shott to carry out a study into the establishment of local TV stations around the UK. Shott's interim findings are not entirely dissimilar to our own in that broadcast format local television in sparsely populated areas is unlikely to be commercially viable because of the twin pressures of transmission costs and weak advertiser demand.

Something that has been overlooked by most of the research into local television provision that has a massive bearing on a project such as this and seem to support Shott's interim findings regarding commercial viability are viewing habits. Viewers only have specific periods during the day that they can watch television and this inhibits viewer numbers for live broadcasting. Also, many people prefer to watch satellite television as opposed to a digital terrestrial option such as Freeview. The ratio can be as high as 50:50 in regeneration areas. Adding satellite transmission costs into the mix is unworkable financially.

Project evaluation mechanisms

It was important that any recommendations in the study should promote;

- support for people in "hard to reach" areas
- integration of the diverse multi cultural population across Aberdeen
- promoting positive healthy lifestyles
- local employment opportunities, and tools to develop skills for employment
- local events, activities and community interaction
- TV advertising and promotional opportunities for both local businesses and public bodies.
- local production and participation
- support of voluntary organisations
- provision of under-served public service content e.g. educational, arts, cultural and religious programming.
- a platform with a core commitment to local news and current affairs

In order to present a broad spectrum of opinion, the audits engaged with a number of key sectors

- Individuals
- Existing Community Groups
- Funding bodies / Investors
- Private sector / advertisers
- Public sector / support bodies
- Education Sector
- Voluntary Sector

The audits included one to one interviews, email campaigns, group discussion sessions, online surveys via a temporary web site we set up, face to face public surveys and phone interviews. Murray Dawson at SHMU also facilitated a partnership audit session with a cross-section of representatives from regeneration areas.

All interview transcriptions, meeting notes, survey forms and web survey responses are available as separate documents

Benefits

There are a number of key benefits that we have identified through the consultation process that can be delivered regardless of the method of delivery (broadcast or broadband);

- Enhance local democracy, regional production, employment and training
- Business development opportunities
- Promote civic and community information
- Fulfil the purpose and characteristics of public service broadcasting by enhancing the provision of under-served public information
- Encourage enterprise and economic development, participation and active citizenship
- Plurality of broadcasting voices
- Achieve increased outcomes and reach for public bodies with same/reduced budget

A broadband solution also delivers the following additional benefits which make it an attractive platform to deliver a local television service;

- Significant cost savings over a digital terrestrial service
- **Availability** – the technology and platform for delivery are already here, easily accessible and ready to use straight away
- **Timing** – a facility could be set up in six months
- **Promotion** – The power of email and social networking have already been proven
- **Accessibility** – Our research suggested that over 90% of adults in the North East have access to the Internet in some form on a daily basis.
- **Targeted Demographics** – many potential advertisers we spoke to loved the idea of replacing their costly paper based, broad brush campaigns with online programs targeted at specific demographic groups. Only the internet can deliver this.

MARKET RESEARCH

"Youngsters need skill sets and encouragement and this is a huge opportunity for them to learn more about film, editing, producing, broadcasting and media"
Aberdeen Foyer

"Leafleting is time consuming and resource intensive for the police and other organisations, this is the perfect central media source to take the strain away"
Garry Senff – Grampian Police Community Liaison Officer

"Other ways that residents in these communities can benefit from the project, for instance in providing training opportunities, work placements, ability to raise issues etc, rather than simply assuming they will benefit from watching"
Alan Mulvie, Neighbourhood Community Planning Officer Aberdeen City Council Education, Culture & Sport

"Our role in the community is important to us, but we are purely interested in providing content and advertising.
Shaunagh Kirkby, University of Aberdeen

"We would all love a central platform for communication and be able to represent our organisations more efficiently, but the funding model needs to be clear, who will it be serving? Social corporate responsibility of local businesses and companies is key here, they have a commitment and this is a huge community project – can they contribute, or will they be contributing? They need to show a commitment."
Sarah Campbell, GREC.

With our research primarily focused on 'hard to reach' and regeneration areas, whom through lack of money, confidence and awareness have been traditionally excluded from participating in and accessing a full range of services and activities, the response from the communities directly was very positive.

44% said they would be personally interested in an Aberdeen digital channel and 32% said they might be. 64% felt it would benefit their community and 73% felt it would benefit the city as a whole.

Many of these comments were echoed throughout the consultation and audit processes, some with exercised caution. NHS Grampian were fully supportive of the concept but were unwilling to commit already depleted marketing budgets into a new service straight away but they were prepared to divert funds from "targeted" campaigns (which could be achieved with an online email database facility, but not through television)

Senior police officer Superintendent John Duncan OBE – Grampian Police, could see immediate benefits to his community policing efforts but is facing a reality of budget cuts causing a significant reduction in the number of police officers making it unlikely he would be able to support the project financially.

Other groups such as Aberdeen Performing Arts were supportive in principle including providing access to create "behind the scenes" type documentaries. They do commission some unique productions which could be broadcast but these were limited.

As expected, the community audit painted a different picture. Whereas the public sector voluntary organisations wanted to promote themselves and community focused messages on crime, health and so on, the community actually wanted local feel good stories, music and sport and entertainment. They wanted to see local people enjoying themselves, they wanted to know what was going on and they wanted the information to be hyper-local but they also wanted it to be watchable.

With the right production values and a careful eye on program content these areas don't have to be mutually exclusive.

Content

Community - The North East of Scotland is made up of a myriad of community groups. A dedicated digital channel would deliver;

- Public service broadcasting, e.g. health care, transport, leisure & tourism
- Social deprivation assistance – what's on offer? Who can help? Where to find it.
- Hyper-local news and stories
- How to guides, for example, waste management, energy efficiency, healthcare support available (e.g. stop smoking, alcohol & drug abuse)
- Financial Advice
- Local History & Heritage stories

Leisure & Sport - The sports program gives everyone a chance to celebrate their sport, whether high profile or the lesser known and learn how to get involved.

- Community Leisure activities available on your area.
- Amateur Sports Broadcasting
- Redtv – Aberdeen F.C. expressed an interest in sharing and promoting content
- Sports press conferences/interviews, for example with football players, manager
- University/College/School connection – clubs you can join/match dates etc.

Learning – a shop window for the community, college and university communities

- **English as an additional language**
- **Literacy and numeracy**

Health – Allow our local health experts to broadcast where there are health services and support available in your area. Infomercials on support, health advice and specialist services. Healthcare campaign support (e.g. stop smoking, alcohol & drug abuse)

Crime / Local Authority – Updates and infomercials from the police, city and shire council. Aimed at improving the safety and communication for communities and reaching out to 'hard to reach" people.

Environment – Global and local environmental issues, solutions and education, for example: how to guides, for example, waste management, energy efficiency.

Arts & Culture

- Live streaming and producing of plays, performing arts
- Creative Sector / Performing Arts – live shows, opportunities, organisations to join
- Local community groups get a chance to promote themselves
- Local Talent – up and coming from comedians, to actors to musicians

- Local film-makers, short films

Business & Employment
- Local business promotion
- Training & Work experience opportunities
- Local profiles of Aberdeen 'bred' companies, success stories.
- Help on offer for start-up business's (local business grants, Enterprise North East) case studies.

Lifestyle / Music – A selection of local lifestyle programs designed to give insight into local people's lives and for entertainment. Including the celebration of music, globally and locally.

Promotion of local bands

Cultural and Heritage activities

Global – Global Issues that affect the local community.

*Tourism – **A fantastic showcase opportunity to showcase the North East to the wider world***

The Right Platform for Success?

Research to date has suggested that a broadcast-only local television channel is unsustainable. Nobody in the UK has yet been able to come up with a model which is self-supporting.

Trinity Mirror boss, Sly Bailey, says that City TV stations like Channel M in Manchester are not viable; "We look forward to seeing the results of the independent commercial assessment of local television but it's worth noting at this point that we don't see 'City TV' as a viable proposition. Our research suggests that the costs are too high and the revenues too low to support a sustainable business model."

By 2012 all analogue TV will be switched off in the UK. In Aberdeen this has happened already (September 2010). There is a possibility that any freed-up spectrum from the switch over to digital in 2012 may be auctioned off as the mobile communications providers are extremely interested in this additional capacity, and have significant resources at their disposal.

The Scottish Government are lobbying Ofcom to avoid putting spectrum up for auction to a local market, as this would be unfair and uncompassionate as it would be nigh on impossible to compete with the communication giants.

The Government have not ruled out selling off the analogue frequencies to the highest bidders. This would include cash-rich mobile and wireless providers in addition to television bidders.

There is also an additional issue in that our data revealed that there were almost as many Sky satellite subscribers as there were Freeview. This could potentially reach as little as 50% of the population.

The viability and success of any local television service rests with the viewing public. And this is where we feel the broadcast option breaks down.

The study process found that there are literally hundreds and hundreds of great ideas for content that could help realise the primary objective of this exercise. Our consultation process attracted almost universal support and encouragement. The benefits far outweighed the disadvantages and people were inherently excited about the possibilities that local television delivered.
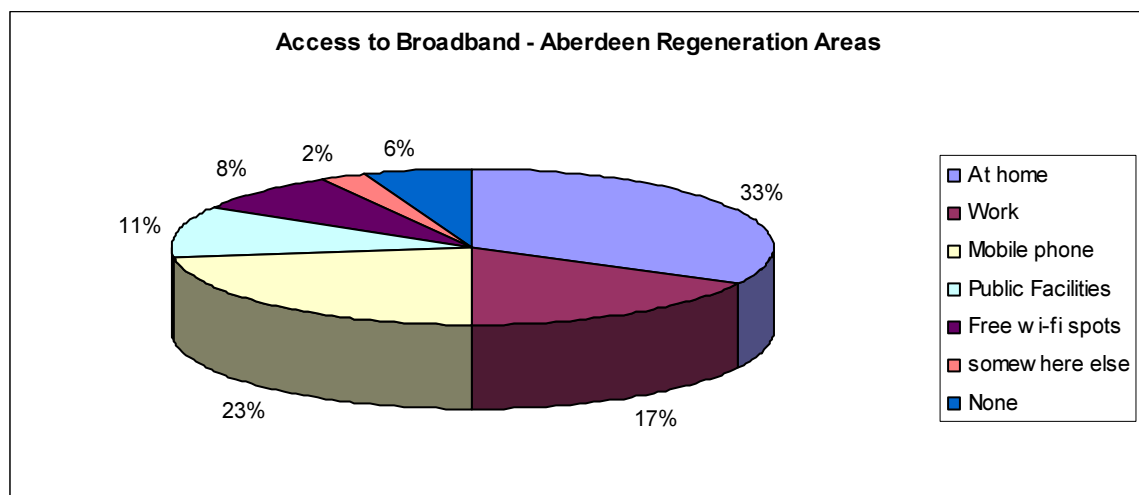
Viewing habits are very much lifestyle and programme dominated now which is a massive swing from sitting in front of the BBC all night. There are so many channels catering to so

many diverse interests around the clock and we are almost at the point of television becoming an on-demand service. It's so easy to pre-record and watch television today that it was hard to determine when people would find time to watch a local television with fixed broadcast times. A viable service needs strong viewing figures to maintain revenue streams. The ongoing global recession has seen massive cuts in marketing budgets across the public and private sectors and has meant attracting investment commitment for local television has been next to impossible (in our experience).

The Internet - The Way Ahead

In 2009, 18.31 million UK households had Internet access (70%). This represented 70 per cent of households and an increase of 1.85 million households since 2008. (2009 National Statistics Opinions (Omnibus)).

More interestingly fewer than 6% of the survey respondents (data available separately if required) in regeneration areas had little or no access to the internet on a daily basis. The internet is the way ahead. This was reinforced at the open discussion groups where it was felt broadband should not be abandoned in favour of a traditional broadcast route it should be made more accessible on account of the cost of delivery. The group felt that to make the city 'wired' would improve access to all public facilities online, and solve the debate of which platform would be best for access.

Access to Broadband - Aberdeen Regeneration Areas

Legend:
- At home — 33%
- Work — 17%
- Mobile phone — 23%
- Public Facilities — 11%
- Free wi-fi spots — 2%
- somewhere else — 8%
- None — 6%

An additional piece of the broadband jigsaw is the Aberdeen Open Wi-Fi Network Initiative. The aim of the project is to build an open accessible Wi-Fi network across the regeneration areas of Aberdeen, offering free Internet and other digital services to the target community.

In parallel to an on-demand broadband solution a fully functional website and supporting services would promote the channel. In addition to providing extra revenue streams a website allows direct interaction with individuals and is an invaluable way of building a strong CRM resource gathering email addresses and building strong viewer preferences / profiles. Websites and social networking are also cheap and effective brand building tools.

The broadband approach would mean that content could be accessed via mobile platforms. 82% of the UK population have a mobile phone (BARB March 2010)

Site Contents / Navigation

The site contents would be developed by the Web Manager, Editor in Chief and Studio Manager initially and then managed by the Web Manager.

- Content channel listings
- Video On Demand
- A 'playback' facility of archived programmes
- Blog / Public discussion forum
- How to get involved and submit content ideas
- About the channel and the team
- Event advertising and ticketing e-commerce
- About the area with links to local businesses (opportunity for revenue) (split into business links, community links, tourism links)
- What's on

Revenue Generation

There is an opportunity to utilise the website for revenue generation through a range of channels including advertising sales, business links, sponsorship opportunities and ticketing commission sales. For local events the media channel website would be a perfect central source for advertising and to act as an e-commerce site to purchase tickets.

Search Engine Optimisation

It would be essential to have the website and the video archive fully optimised with key words and key phrases to ensure it appeared in the top results for searching in Google, Yahoo and Bing. This could bring in significant viewing traffic from the Aberdeen diaspora spread around the world.

Email Marketing / CRM data capture

This would be essential to the success of the venture and to grow the user base to market the organisation and to be able to target specific demographics for campaigns and advertisers.

Finding a structure that works

In terms of content provision, social and economic benefits and simply finding a model that "best-fits" the aims and objectives of the project, a social enterprise approach appears to fit the bill.

Social enterprises are organisations that provide goods and services as part of the social economy sector. This group constitutes a collection of organisations that exist between the traditionally private and public sectors and has a stronger relationship with the Community & Non-profit sector. The original idea of a social enterprise is to realise and achieve social aims, which are prioritised above the need to maximise profit, any profit that is realised is ploughed back into the organisation or used to address social issues within the community. Government has decided that the social enterprise model is one that could quite easily bridge the gap between the private and public sector regarding the reform of public services and the future provision of public services.

This model could be extremely suitable for the project, as it would create its own revenue, as well as receive funding and grants, but any profit made would be either invested back into the organisation or invested into the community. The organisation would operate as normal; reporting to a board of trustees, but this status will assist in the attraction of external funding and grants but also guarantee revenue generation on a more 'commercial' level.

The organisation should be overseen by an independent committee who would be wholly accountable for proper management and program output of the channel;

- To oversee, approve and scrutinise the management
- To ensure that the channel provides the television services agreed in the policy and strategy plan
- To operate as a public body
- To act as a regulator on certain matters
- To produce and approve guidelines, policies and strategies in which the channel is to comply with
- To ensure compliance with HMRC, Companies House, OSCR etc

It would be the responsibility of the Director, management and staff to manage and maintain the television channel on a day to day basis. The Committee would not participate in any day-to-day decisions, or would not be involved in any commissioning or editorial decisions. This would maintain the independence of the Committee and ensure it remains at arm's length from decisions, especially in relation to programme content.

The Director and the management team would be held responsible for ensuring that the affairs of the television channel are conducted in accordance with policies, operating procedures and legislation approved by the Committee. The employment and management of other members of staff would be managed by the Chief Executive, however would comply with annual budgets and agreed employment strategies approved by the Committee.

Employees (Full time)

Editor would oversee all content and video editing, and make final decisions on broadcasted content. They would also be responsible for content submissions, and adhering to all operations and policies of the media channel.

Web Editor/Manager would be responsible for the web based aspect of the media channel. Including website development, web content and video streaming, social media skills via the website, i.e. blogs and forums, conversion of formats and website analysis. Design and Programming skills will be essential.

Video Journalists (3) would act as 'all round' news journalists being content creators, presenters and investigative journalists. They will search for news stories, content ideas and be the eyes and ears for the public. They will be responsible for filming and editing material.

Sales & Marketing Manager would act as the public's representative of the media channel and a 'go to' person for any sales, commercial or advertising opportunities. They would also work in partnership with the Web Editor / Manager to conduct viral marketing, social media marketing and website promotional activities. They would be held responsible for creating sales revenue for the media channel. This role would be on a salary/commissioned basis.

External Resources / Legislation

External resources will also be required for legal advice, copyright issues, and royalty payments. Although the service does not fall under OFCOM regulations, as a video on demand service it would be required to pay an annual fee of just under £3000 to ATVOD (Association for Television on Demand). All advertising will also be subject to regulation by the advertising standards authority (ASA).

Outline Business Plan

Expenditure

Start-up costs

Video Edit suites and software (2)	6,000	
Laptops + productivity software (5)	10,000	
Printers (2)	500	
Scanner	100	
Cameras (3)	10,000	
Accessories	10,000	

Microphones, tripods, lights, cables, spares, batteries,
monitors, sound equipment, mixers, cases, bags

Recruitment costs	3,000	
Brand Identity, Stationery	2,500	
Web Site	10,000	
Company Formation / Fees	1,000	
Total		**53,100**

Ongoing annual costs		**Year 1**	**Year 3**
Staff salaries		135-175K	171-225K
Director	*40 – 60K*		
Editor	*30 – 35K*		
Web Editor/Manager	*27 – 30K*		
Video Journalists(1-3)	*18 – 25K*		
Sales & Marketing Manager	*20 – 25K*		
Tax/NI		20,000	30,000
Fees		10,000	
ATVOD		3,000	
Video streaming service/ website hosting		12,000	15,000
Internet broadband connection		1,000	
Marketing / PR		60,000	30,000
Rent / rates		20,000	
Utility bills		3,000	
Mobile Phones		1,750	
Business Expenses (entertainment/landlines)		5,000	
Insurance		2,500	
Operating / running costs		10,000	
Training / HS&E		5,000	1,000
Totals (excluding startup costs)		**288,250 - 328,250**	**303,250 - 357,250**

Potential Revenue Streams

Commercial Advertising

Advertising Benefits
- Targeted local advertising on a wide scale
- 24/7 operating hours
- Low entry cost
- More environmentally friendly than traditional media – may reduce campaign costs.

Local not-for-profit organisations and registered charities should receive a discounted local rate, especially if they provide support to the media channel in another way.

Sponsorship

It has been discussed during the partnership audit what sponsorship opportunities may exist. The general consensus was that sponsorship should be limited to association with a bulletin or type of programme. For example the weather bulletin in association with Aberdeen College, or financial specific programmes brought to you by "RBS". This will generate revenue for the channel but will offer limited and in demand opportunities for companies/organisations to sponsor a programme or bulletin, this is a very similar model to what local radio stations offer. This will also avoid a large number of adverts and breaks during programmes which are unattractive to internet viewers who different viewing habits to traditional television viewers.

Commissions

Additional funding in the form of commissioned pieces such as training/instructional DVDs can bring in much needed income. The team should be able to script, direct, produce pretty much anything a private or public sector organisation could need with the skills and tools at their disposal.

Sale of footage

There are a number of internet television sites that sell news stories and pre-recorded footage onto third parties such as news agencies and footage libraries.

Merchandising

An attractive brand will always sell merchandise in limited quantities, although this will not generate significant income in volume it will help raise brand awareness at the same time.

Website Revenue

- Banner Adverts / Web Adverts

- Link Development / Sales

- Sponsorship

- Product affiliation sales

- Event Ticketing Commission Sales

Revenue Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Commercial Advertising	20,000	30,000	40,000	60,000	80,000
Sponsorships	20,000	20,000	35,000	60,000	75,000
Commissioned Work	0	10,000	15,000	20,000	40,000
Footage sales	0	5,000	8,000	11,000	20,000
Merchandising	0	5,000	8,000	14,000	20,000
Website Revenue	8,000	10,000	15,000	20,000	30,000
Total	48,000	80,000	121,000	185,000	265,000

Public Funding / Grants –

The projected costs in the above section are non contributory costs, however it would not be unrealistic to assume that some of the costs could be met via "In kind" contributions from Aberdeen City Council.

It is envisaged that if this proposed project receives full council support that running costs would be supported by the provision of the following goods/services for a minimum 3 year start up period. (Rent, rates, telephone and Broadband)

By co-locating within council premises an annual saving of £ 29,000 could be made.

It is also fair to assume that both the local Universities and Aberdeen College would be keen to participate as partners in this project and could "lend" equipment during the early stages and potentially advice/expertise from their academic staff. Additionally this project would provide a valuable source of "work experience" for the trainees, which could potentially supplement the staffing resource. Undergraduates may also be keen to volunteer to gain valuable skills and knowledge to enhance their CV and future employability

In terms of additional funding from the public purse, applications could be made to the Cultural grant. This grant is approved annually and could potentially contribute between £ 10,000 - £ 15,000 per annum

Although no formal agreement has been reached, a variety of services within Aberdeen City Council have indicated that this project could assist in reaching and having a greater impact on a wider proportion of the population and would certainly evaluate if paper based information could be reduced and the savings invested into the project.

We have identified a range of potential funding sources (detail available separately). These are extensive and encouraging but many of the sources identified have very specific eligibility criteria, so as much information as possible is provided to indicate the types of tasks and activities that would be cited in an application to these funds.

The majority of the grant schemes listed cover a variety of themes, but are only listed once to avoid complication. However, to illustrate this point the Esmee Fairbairn Foundation provides grants, "to improve the quality of life for people and communities that face disadvantage and focuses on the UK's cultural life, education, the natural environment and allowing people to participate more fully in society"

In the application emphasis would be placed on the variety of audiences and benefits the investment would bring.

For public funding and grants research, the 5 focus areas should be:

1. Community
2. Leisure & Sport
3. Education
4. Health
5. Crime / Local Authority

Conclusion

A video on demand broadband service will have immediate and wide ranging socio-economic benefits;

- Personal Health - physical development, skills development, health benefits,

- Strong families & healthy communities – ethnic and cultural harmony, community pride and identity, community participation, community heritage

- Ecological Survival – environmental health, protect public open spaces, natural features, ecological functions, wildlife habitat, awareness and respect of environment

- Economic Generator – business development, productive workforce, tourism development

- Human Development – development of children and youth's full potential, lifelong learning

- Quality of life – build self-esteem, availability of resources, enhance life satisfaction

- Reduce self-destructive and anti-social behaviour – crime, racism, isolation, alienation, promotion of availability activities and social interaction

- Reduces health care, social services and police costs

- Commercial – reduced advertising costs for local organisations and businesses.

- Reduce unemployment rates, create job opportunities through participation and through the awareness from content based programmes.

- Reduce crime rates – awareness and information on local authority and safety in the community

- Increased awareness and knowledge in arts and culture

- Increased profiling of local businesses and organisations – a central portal to present themselves and what they have to offer

- Awareness on educational opportunities at all levels

- A chance to increase tourism and leisure activities, and to present Aberdeen on a central platform to visitors and global connections

- Improve accessibility to health support and information in the hope of improving the 'health' in the general community

- Encourage people to get 'out and about' more and involved in community activities and groups through the information readily available to them, email updates from website and bulletins.

- Inclusion of all existing cultures, ethnicities and backgrounds living in our community today.