

## Reply to Consultation on Ofcom's provisional determination on the proposed new BBC Scotland channel

We are grateful for the opportunity to respond to the consultation on Ofcom's provisional determination.

### Key Points

BBC ALBA is a minority language channel, broadcasting in standard definition across the UK on an annual content budget of £16.4m<sup>1</sup>. In addition to being a channel that competes on merit to attract the viewership of over 10% of adults in Scotland each week, it creates value for speakers and learners of Gaelic and plays a major role in the fulfilment of public policy objectives for Gaelic, culture and economy.

The new BBC Scotland channel will undoubtedly have an impact on BBC ALBA. It will target broadly the same viewers as BBC ALBA with a content budget double that of BBC ALBA and, as announced recently by the BBC, with carriage in High Definition (HD). This is not a level playing field.

We have three principal concerns:

1. The research and the conclusions drawn from it, insofar as they relate to BBC ALBA, are hedged around by uncertainty;
2. The approach taken to public value, insofar as it relates to BBC ALBA, appears not to give weight to the citizenship, public policy and language aspects of Gaelic broadcasting; and
3. There appears to be an assumption that it will be the responsibility of the Scottish Government to provide additional funding to BBC ALBA should the new BBC Scotland channel cause cost inflation.

BBC ALBA does not stand in the way of the new channel. However, we ask Ofcom to ensure that conditions, and related monitoring arrangements, are put in place to ensure that the new BBC Scotland will not cause detriment to Gaelic language television broadcasting or, if it does, that the BBC will undertake to make good that detriment.

### Details

#### 1. The research and conclusions derived from it.

The Consultation advises that a substitution of some 1.6% to 3.5% of BBC ALBA viewing to the new BBC Scotland channel may take place. Consequently,

*"any loss of public value...is likely to be moderate".<sup>2</sup>*

These conclusions are driven by consumer research on claimed future behaviours of viewers.

Ofcom's calculation of potential audience substitution from BBC ALBA to BBC Scotland is subject to significant caveats:

*"... we recognise that it may under- or over-estimate the scale of substitution away from BBC Alba..."*

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<sup>1</sup> Consultation Annex 3: A3.170

<sup>2</sup> Consultation Para 4.19 and Annex 1: A1.58

*...this scenario may underestimate the likely level of substitution from BBC ALBA to BBC Scotland”<sup>3</sup>*

In addition, we know that audiences respond to specific content propositions.

Ofcom’s research asked 1,111 respondents to consider an example weekday schedule for BBC Scotland which included, *inter alia*, an offering of “*Live Scottish sporting events such as shinty, hurling and bowls*” either at 7.05pm or at 10pm<sup>4</sup>. Were “shinty, hurling and bowls” to be replaced, for example, by “football and rugby”, the outcomes in terms of viewership would be significantly different to those anticipated by the research.

Respondents, when offered this example programme diet, indicated that some 9% of them would watch less of BBC ALBA and some 15% did not know.<sup>5</sup> The BBC’s research had earlier indicated that 1% of BBC ALBA viewers were likely to watch less, and we have not had sight of the survey carried out by the STV Group. Ofcom noted the “differences between the three surveys” but have not sought to reconcile them, instead urging that

*“a degree of caution is necessary. Responses to hypothetical questions that ask respondents to provide their reactions to a service that does not yet exist will necessarily be speculative and may not reflect their actual behaviour once faced with the reality of the service. In addition, these surveys did not ask respondents by how much they would reduce their viewing of particular channels...”*

In summary, the forecasts made by Ofcom as to the impact of the new BBC Scotland on BBC ALBA must be treated with caution.

## **2. Assessment of public value.**

The Consultation document concludes that the loss of public value in BBC ALBA will be compensated by greater viewer choice:

*“an increased choice in content representing and portraying different aspects of Scotland, its communities and its people is likely to be beneficial for audiences”<sup>6</sup>.*

We agree that the new BBC Scotland channel may create public value if it offers greater consumer choice and unique content. However, we should in mind that the new channel’s content will be in the majority language, that it will be significantly better funded than BBC ALBA’s and that it will broadcast in HD (BBC ALBA remains in SD). Therefore, consumer choice is not entirely on a level playing field.

Consumer choice is, however, only one type of public value. The primacy given in the Consultation document to this narrow economic view does not reflect the broader citizenship imperatives that underpin the BBC ALBA intervention and that are important for Ofcom to ensure are fulfilled through its governance oversight of MG ALBA.

The new BBC Scotland channel may offer more choice but it will not replicate the unique public value of BBC ALBA. This value will be diminished by viewer substitution, and it will be an absolute loss for persons living in Scotland (and beyond) and for users of Gaelic.

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<sup>3</sup> Consultation Annex 2: A2.129

<sup>4</sup> Slide 12, BBC Competition Assessment: Scotland Research – Chart pack

<sup>5</sup> Ibid, Slide 22

<sup>6</sup> Consultation Annex 1: A1.58

### 3. Compensating for negative impacts

We are concerned by the suggestion in the Consultation that it is the Scottish Government that must meet the cost of preserving BBC ALBA's value, and not the BBC:

*"Any impact on the costs of BBC ALBA of acquiring sports rights may affect the amount of funding it requires from the Scottish Government."*<sup>7</sup>

As a matter of principle, it is surely the BBC who must make good any loss arising to BBC ALBA as a result of the new BBC Scotland channel.

In this respect we note that Ofcom appears to disassociate the public funding of BBC ALBA (through MG ALBA) from the viewership outcomes created by that funding:

*"We have assumed that there is not a revenue impact on BBC ALBA. We recognise in Annex 2 that BBC Scotland could attract viewers from BBC ALBA. However, BBC ALBA is primarily funded by the Scottish Government (through a grant-in-aid) rather than by advertising revenues. Hence any loss of viewers is unlikely to impact BBC ALBA's revenues."*<sup>8</sup>

The linguistic, cultural and citizenship outcomes created by BBC ALBA are intrinsically linked to viewership.

While there may be no formal viewership condition in MG ALBA's grant-in-aid from the Scottish Government, substitution of viewership from BBC ALBA to the new BBC Scotland channel will reduce the "return" on that investment and risk making BBC ALBA less "investable" to the public purse.

We are concerned that these aspects have not been considered.

#### Summary

Overall, the Consultation has not fully considered the particular circumstances of BBC ALBA.

It has assumed that transfer of viewership from BBC ALBA, and consequently loss of value to BBC ALBA, will be more than compensated for by viewership of BBC Scotland. This is simply not the case.

A loss to BBC ALBA will be an absolute loss of public value in many respects, due to the unique role that the Gaelic television channel fulfils.

Therefore, we respectfully submit that Ofcom should oblige the BBC, in the regulatory conditions attaching to the new channel, to ensure that no detriment will accrue to BBC ALBA or, that if created, that the BBC will make good that detriment.

We do not ask for protection from the challenges posed generally to linear broadcasting by the emergence of Netflix, Amazon etc, only that regulatory conditions ensure that BBC interventions will neither cause loss of value to the Gaelic television service carried on in partnership by the BBC and MG ALBA nor diminish the outcomes which it seeks to achieve.

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<sup>7</sup> Consultation Annex 3: A3.199

<sup>8</sup> Consultation Annex 3: A3.12