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### **NMA submission to Ofcom's consultation on BBC Scotland**

The News Media Association represents national, regional and local news brands in the United Kingdom.

The NMA's members include news media organisations which are also some of the largest news publishers in Scotland, including national titles, regional dailies and many long established weekly titles. They will be directly affected by the BBC's proposals to launch a new television channel for Scotland. They state that they are hugely concerned about the impact of the proposed major change and expansion of the BBC's operation in Scotland. The NMA therefore writes in formal support of representations submitted by its members to the consultation and the issues raised by the Scottish Newspaper Society.

UK newspapers – in digital and print – are by far the biggest investors in journalism, accounting for 58 percent of the total spend on news provision in the UK. Their reporting, investigations, campaigns and commentary provide the foundation for democratic debate, public oversight and public accountability. Independent of state subsidy, the UK press is therefore dependent upon commercial revenues to sustain its journalism. Revenues from online advertising, sales and subscriptions are essential and the development of news websites are core to publishers' sustainability.

Our members consider that BBC Scotland's extensive news provision on the BBC website already undermines their ability to attract and monetise the audience to their websites. They state that if BBC Scotland is permitted to expand its online Scottish news presence yet further, it will add further unfair competition to the BBC's commercial competitors' publications, especially those behind paywalls. This is combined with the real problem of BBC enticement of the Scottish journalists that publishers employ- and then posting their content online for free. As one publisher points out, that provides a powerful incentive for their online subscribers to a national title to switch- why would they be prepared to stay? This new BBC development would cause additional detriment to their subscription and advertising revenues. Publishers consider this an attack upon their business model and the sustainability of commercially funded news provision in Scotland.

The NMA is surprised that Ofcom's provisional decision is that the BBC may proceed with the launch of the new channel, given that it apparently failed to present a convincing case on the criteria supposed to set new and rigorous boundaries to BBC aspirations, and prevent unfair competition.

Ofcom concludes that there are uncertainties about content, take up and distinctiveness of the BBC proposal. Challenged on the re-version of content for use on BBC news websites and the role of the additional 80 journalists to be deployed and the impact upon their commercial competitors, the BBC

vaguely suggests that it is difficult to estimate, but there will always be fewer broadcast stories than online.

Importantly, Ofcom considers that BBC's PIT overstates the differences between its online news offer and that of its commercial providers, that it is likely to overlap on news and sport and certainly possible for the BBC to deepen its regional news and entertainment coverage (all in line with high level BBC policy). Ofcom also states that 'in our view, a significant increase in the scale and scope of the BBC's online news provision, could draw readers away from Scottish print and online news providers'. We note Ofcom's stipulation that 'in line with the regulatory approach set out in the Framework Agreement, we would expect the BBC to look closely at any further expansion'. However even that might be interpreted to sanction some BBC expansion and detrimental, adverse effect upon publishers' businesses and negative market impact, with the only safeguard internal BBC consideration- quite possibly retrospective.

Our members consider that the scale of planned investment in editorial is vastly disproportionate to that required to produce and broadcast a quality hour of news coverage. They contend that there is already evidence based on current online news provision that the BBC's extra resources will be used to expand the BBC's written digital services in ways that are not distinctive and are in direct competition with them, with adverse impact. This would appear at odds with the BBC Charter, Framework Agreement and associated governance provisions.

Publishers do anticipate such expansion, pointing out that the BBC set out in its submission last year that 'there will be potential to produce further news output or re-version content for use on website (with particular focus on longer, more investigative pieces) and social media, allowing a richer range and depth of journalism, cross- platform. This will enable an enhanced mobile and online offer through more bespoke content for the website'. Publishers consider that expansion of BBC Scotland's online written services puts them as commercial news providers at a clear disadvantage. They are already operating in a crowded and challenged market place, which means that they are less well- equipped to compete against an expansive and public funded BBC.

Publishers and the Scottish Newspaper Society point out that the BBC's proposal would have adverse impact upon its news media commercial competitors in the current challenging conditions. Following on from the Government's manifesto re-affirmation of its support for a free and independent press, the Cairncross review on sustainability has been established to address measures to assist, not undermine the sustainability of the commercial independent news media and their high quality journalism. Publishers consider that consent to BBC expansion to the detriment of commercial news publishers should not be given at such a time.

If permission is given, then publishers stress that at the very least, strong constraints must be put upon the BBC at every level and over which Ofcom must maintain continual watch and be prepared to intervene to prevent, check and curb. The new service licence system itself appears more fluid and perhaps less rigorous than originally anticipated. It is therefore important that the BBC's activities and the new governance arrangements in respect of this initiative, if permitted, are relevant, effective, measurable, closely and continuously scrutinised, enforced, published and otherwise transparent to those outside the BBC, with oversight by Ofcom. Ofcom must set clear restriction upon the BBC. There should be clarity as to what the BBC can and cannot do, transparency, rigorous monitoring and measurement overseen by Ofcom. The BBC must alert and enter into prior consultation with publishers, as its commercial competitors, before any BBC development is considered, and must demonstrate that its activity would do no harm to commercial operators. There must be swift recourse to Ofcom, including when external changes could affect the

impact of any permitted BBC service upon its publisher competitors. The BBC should be required to demonstrate continuously that BBC permitted activity, or incremental development, causes no detriment to commercial competitors.

We hope that Ofcom will consider these issues further

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The News Media Association