

BBC SCOTLAND COMPETITION ASSESSMENT – CONSULTATION ON OFCOM’S PROVISIONAL DETERMINATION

RESPONSE FROM SCOTTISH GOVERNMENT – MAY 2018

Key points

- **The Scottish Government welcomes the research and analysis undertaken for the competition process so far, and the consideration given to the issues raised by respondents.**
- **We welcome Ofcom’s view that the service will increase public value if the BBC can deliver the promised mix, and that the effect on competition is unlikely to be large. However the BBC should indicate how it intends to protect the level of public value currently delivered by BBC Alba.**
- **Concerns remain over the low budget for the new channel, which should be enabled to offer home-grown drama and ensure high-quality programming.**
- **The BBC should give more detail about how the 9pm news programme will differ from competitors, and about the promised improvements in network news coverage of Scotland.**
- **The launch of the new channel is not a substitute for appropriate representation of Scotland on BBC networks or opportunities to strengthen Scotland’s creative industries. The BBC should continue to improve representation of Scottish issues and its commissioning and development from the creative sector in Scotland.**
- **We welcome the intention to simulcast the channel in HD on DTT, a change from the original proposal, which we called for.**

Competitive impact

- **The Scottish Government has been clear that the proposal should not expose existing providers like STV to unfair competition and we welcome Ofcom’s conclusion that “the wider market effects are unlikely to be large”.**
- **The closure of STV2 announced on 16 May was attributed in part to “anticipated increased competition from BBC Scotland”, but also what STV described as “the challenging economics of local television”. We regret the loss of STV2 and the distinctive news service provided by *STV News Tonight*. However its loss means that the need for a diversity of news provision in Scotland is now greater, and the BBC’s plans for a national and international news programme from a Scottish perspective may go some way to compensate.**
- **Ofcom says its analysis suggests “there is unlikely to be a step-change in the incentives of broadcasters to innovate or invest in new content for Scotland” however we urge the BBC and other PSBs to take advantage of the new opportunities in the screen sector in Scotland to prove this wrong.**
- **We also note Ofcom’s conclusion that impacts on non-TV media services including newspapers are “unlikely to be significant”. Ofcom should remain alert to the volume of BBC online news content and we note the commitment to consider further assessment if the BBC makes substantial changes.**
- **We agree with MG Alba that there will be no increase in public value if viewing simply transfers from BBC Alba to the new channel; and that BBC Alba, with its low budget, may suffer most from any competition for talent. Loss of viewing to BBC Alba could adversely affect Gaelic and so constitute a loss of public value.**

The BBC's approach to co-commissioning may mitigate potential negative effects, but the BBC should indicate what actions it will take to protect the level of public value currently delivered by BBC Alba.

Funding

- We note Ofcom's view that the level of new "non-news" investment (£11.25m) is "relatively small". This supports our view that the level of funding will make it hard for the channel to be as ambitious and innovative as the BBC desires.
- The Scottish Government wants a PSB system that supports a thriving sector rooted in Scotland capable of producing across the full range of genres. However, the BBC still invests less per head in Scotland than in any other UK nation and Ofcom should urge it to invest more in Scotland's creative sector and set targets to measure its economic contribution.
- Because programmes on the new channel are offered specifically for audiences in Scotland, they should not qualify as network content for the purposes of Ofcom's Regional TV Production ("Made Outside London") quotas.

Representation and portrayal

- We expect the channel to improve representation, reflect contemporary Scotland, and offer opportunities for innovation and development to producers and other creative people in Scotland.
- However, as noted above, funding may be insufficient for the BBC to achieve this ambition across all genres, particularly drama. The new channel should be able to offer authentic, home-grown drama for audiences in Scotland.
- The launch of the new channel is not a substitute for appropriate representation of Scotland, or opportunities for its creative sector on the BBC networks. We urge the BBC networks to continue to improve representation of Scotland and Scottish issues and their commissioning and development of programmes from Scotland in all genres.

News

- We welcome Ofcom's conclusion that the proposal "will contribute to the delivery of public value through the provision of news... for audiences in Scotland". Both BBC and Ofcom research indicates a strong demand for Scottish news.
- We welcome the BBC's intention that the news programme "will improve coverage of Scotland *in network news programmes broadcast throughout the UK*" and we agree this is likely, if only because more Scottish stories should be available. Network news must work harder to cover the whole of the UK, and the BBC should be asked to specify the improvements Scottish audiences can expect to see in BBC network news.
- The BBC says its news hour will be "different to that offered by the commercial sector" and we would welcome more detail from the BBC about the ways in which it will differ. The new programme should extend the range of perspectives available to audiences in Scotland, and not duplicate existing ones.

Distribution

- We welcome the BBC's intention to simulcast the channel in HD on DTT from 7pm to midnight – a change from the original proposal which we called for.

Transparency

- We agree with Ofcom's conclusions that BBC processes should become more transparent, that it should publish all its research and engage more openly.