



Magnus Brooke  
Director of Policy & Regulatory Affairs  
ITV plc  
The London Television Centre  
Upper Ground  
London  
SE1 9LT

Ofcom  
Riverside House  
2a Southwark Bridge Road  
London  
SE1 9HA

**By email & post:**  
BBCScotland.Assessment@ofcom.org.uk

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Dear Sir/Madam

#### **Ofcom review of proposed BBC Scotland television channel**

ITV welcomes this opportunity to comment, on an initial basis, on the proposals by the BBC for the launch of a new BBC Scotland TV channel.

We have not had long to examine the extensive documentation from the BBC that was published by Ofcom/the BBC at the end of November and have not had an opportunity in the time available to do our own analysis of the possible impact of the BBC's proposals. Accordingly, the comments we set out here are preliminary ones.

In principle, as we have made clear to the BBC, we have no difficulty with the idea of the BBC launching a Scottish TV channel. It is clear that there are economic challenges in the media in the nations of the UK and it is appropriate that a publicly funded and publicly owned broadcaster should help to meet that challenge in a distinctive way that the market cannot do. In other words, the proposed service would be an important addition to the BBC's public services, consistent with its PSB mission and obligations.

However, we have some concerns around the process and around aspects of the proposals. We set out our concerns below.

#### **Process**

Given that it is the first time that the new process for approval of major changes to BBC public services has been used, it makes sense to pay particular attention to the operation of the process.

The only comment we made to the BBC's own consultation on the BBC Scotland proposal earlier this year was that they had published so little information on the proposition that it was not possible to analyse the proposal in a meaningful way. The BBC has now published a significant amount of information and analysis which is welcome. We are slightly perplexed that this data was published after the BBC Board's decision and without the market having an opportunity to comment on it but we assume that the BBC Board saw the

information before it gave its approval. This sequencing does make Ofcom's current process particularly important.

#### **Published Material**

The BBC's analysis, in terms of market impact rests on work done by Communications Chambers and Frontier Economics. We would appreciate seeing this market impact work so as to better understand the BBC's proposals overall, and we trust that Ofcom will be able to see this material in the course of its review.

Overall, there is a good case for a proper process of scrutiny involving a full consultation on the recently published BBC proposals and supporting evidence. This would provide the market with the opportunity to make an informed response to the BBC's proposals.

#### **Detail of the Actual BBC Scotland Service**

ITV has some concerns about the scale of the potential market impact of the new service. We are interested in this issue as the sales house for STV's network airtime but also pursuant to our affiliate agreement with STV under which STV's contribution to the network programme budget is correlated to its NAR.

The BBC proposals contain limited detail about the breakdown of the schedule of the new service. The strong commitment to news and current affairs is clearly a distinctive and important feature of the proposed service. At the same time, the BBC's proposals are to deliver only very small amounts of music, drama and comedy – three genres where the economics for Scottish content are very challenging.

In addition, the BBC is proposing that half of the content of the channel is comprised of repeats. Given the budget for the proposed service we can see why this is necessary. However, we can see no reason why these repeats should not be of Scottish content (or at least of content of demonstrable and particular interest to Scottish audiences) rather than generic content from BBC One and Two which would increase the market impact and not be particularly relevant to Scotland.

More generally, it would be helpful to clarify what regulatory conditions might be attached to any consent for the BBC Scotland channel.

#### **Proposal to run BBC Two from midday to 7pm**

We are concerned by the proposal to run BBC Two from midday to 7pm on the same EPG number as BBC Scotland, something which the BBC concedes is not actually necessary for BBC Scotland. This proposal wasn't consulted on, does not appear to be contemplated in the impact assessment and does not appear to have resulted from any audience research. This repetition of BBC Two in Scotland in a prominent EPG position will simply take viewing share from other channels with little public benefit. In addition, the proposal to put BBC Scotland inserts into BBC Two when broadcasting on the BBC Scotland EPG number pre-7pm would seem to make the viewer experience more and not less confusing.

Yours faithfully



**Magnus Brooke**  
**Director of Policy & Regulatory Affairs**