

To: Garreth Lodge
Content and Media Policy Group,
Ofcom,
125 Princes Street,
Edinburgh,
EH2 4AD.

December 14, 2017.

Dear Garreth,

The Scottish Newspaper Society is grateful for the opportunity to respond to Ofcom's consultation on the creation of the new BBC Scotland channel. As you may know, the SNS represents the interests of the publishers of some 94 daily and weekly titles (listed in the attached appendix), owned by a mixture of major UK organisations and small independent companies.

As I said in the response to the BBC's consultation earlier in the year, the SNS welcomes the new channel and the potential investment in the cultural, creative and media life of Scotland it represents. We hope our titles can continue to be part of, as well as reflect upon, a vibrant indigenous creative sector boosted by stronger indigenous programme-making.

However, as we explored in your recent round-table discussion, news publishers are particularly concerned about the scale of the BBC's plans for news and the inevitable impact a £6m increase in the budget of one already significant organisation will have on others providing similar services in what is a small market.

As the BBC's recent submission to Ofcom showed, it has spoken to senior Scottish newspaper industry representatives and says it accepts that steps should be taken to avoid "adverse impact on fair and effective competition".

While we welcome the extent to which the BBC has taken note of our concerns, particularly in Annex 2 of their submission, they have been noted but then dismissed and we are not mollified by their assurances that they do not intend to compete with the services provided by SNS members. We remain of the view that it is hard to believe a significantly empowered BBC online and mobile offering will have no effect on audiences in the commercial news marketplace.

It is clear the BBC has little desire to reconfigure its initial news proposal without a compelling reason, and that can now only come from an independent assessment. We also note the BBC's own competition assessment by Frontier Economics and Communications Chambers has not been published and we trust any Ofcom investigation will have full access.

In the absence of detail from the BBC, it is hard to judge exactly where the biggest competitive impacts will come, but as outlined in our response to the BBC's consultation, we would make the following observations:

1. An additional 80 journalists to work on a one-hour, five-nights-a-week bulletin is a significant number given the stated aim of the new programme is to blend Scottish, UK and World news from material already produced for other news programmes by existing staff.

Even with new material produced for BBC Alba, we remain concerned that such a large cohort will be creating new content for digital platforms, both written and video, which would be in direct competition with existing commercial online news platforms.

Paragraphs 78-79 in 4.2.4 of the BBC's Ofcom submission state: *"The bulletin will benefit from a strengthened multi-platform newsgathering team and, as a result, there will be potential to produce further news output or re-version content for radio, use on the 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."*

2. BBC staff recruited from print media organisations already produce a high volume of written content never intended for broadcast, including news, sports and business analysis in direct competition with material produced by commercial news publishers.
Paragraphs 78-79 above and much of Annex 2 are clear evidence of the intention to expand written services and such a large number of news recruits will be used to grow BBC Scotland's written online news services in all subject areas. It is not true to claim that in-depth analysis and long-form journalism is not in competition with existing providers.
3. Such a large number of staff could be able to produce a considerable amount of high-quality video which will not be needed for the bulletin and will therefore potentially be available for use on the BBC's websites. As Annex 2 points out, it is already hard for news publishers to compete with video, yet the BBC appears to argue that publishing even more quality video on its digital services will have no effect on our members and fails to acknowledge the impact on audiences of drawing away more Scottish news traffic.
4. The number of new staff is in addition to the team of 20 "local democracy" reporters, funded by the licence fee and operating to BBC standards, most of whom will be in place by March 2018. This means the number of additional new journalists available to provide BBC Scotland with news content will actually be 100. This alone would make it one of the largest news organisations in the country and is comparable to the total number of journalists working in multi-title news publishing operations. No mention of this development is made in the submission.
5. We do not know where the new staff will be based, but we presume they will not all be in the Central Belt. Although the BBC has given an assurance it will not add significantly to its team of local video reporters or publish more localised written content, there are no guarantees it will not be generating written material in direct competition with healthy and successful regional paid-for publications.
6. While the creation of 80 jobs for journalists in Scotland will be good for the BBC and the individuals concerned, the need for specialist knowledge of Scottish affairs means it is almost certain a significant number of senior recruits will come from Scottish news organisations, particularly daily newspapers whose best journalists have regularly left to join the BBC over

the years. Such a large number of vacancies at the same time is rare and similar recruitment programmes in the past have proved to be destabilising for existing publishers (eg: The Sunday Herald in 1999 and Business AM in 2000).

It was noticeable the BBC's submission acknowledged the offer from newspaper editors to collaborate (para 91) but this is not directly reflected in the resulting decision.

It is disappointing that the BBC has chosen to cite recent staff reductions at news publishers as justification for a high recruitment target, when several efficiency programmes have been in production areas and so of no direct relevance. In fact, despite overall reductions, Scottish news publishers have continued to recruit in key areas and remain determined to retain senior reporting staff.

But again Paragraph 317 is dismissive of our concerns: *"We concluded that the creation of around 80 posts in journalism would be unlikely to have an adverse impact on the supply of journalists"*.

7. With the collapse of classified advertising revenues and the migration of display advertising to digital platforms like Google and Facebook, news publishers are more reliant on income generated by their editorial content than ever. Digitally, revenues come either from access charges or from advertising payments linked to views. Either way, a strengthened online BBC either encourages readers to opt for a quality free service or draws audiences away from commercial sites because of extra content and lack of advertising.

In summary, the high number of extra journalists appears to be disproportionate to the needs of a weekday-only, hour-long news programme with access to material being produced for the flagship bulletins, and it is not clear how the figure was reached. If the proposal is about the launch of a new channel, then we fail to understand why it should be accompanied by an expansion of the digital news operation as a by-product, especially as its website is already the top news source of 21 per cent of Scottish adults, according to Ofcom's own analysis.

Online expansion is a separate issue to the creation of the new channel which requires a separate study because the consequence could be a significant increase in free-to-access content on an already highly dominant site.

We I hope this is of some value to you and look forward to the outcome of the consultation.

Yours sincerely,



John McLellan,
Director

Appendix 1: Ofcom review response consultation questions

Question 1: Do you consider that the BBC's published proposals are clear in relation to their scale (both in terms of financial resource and in terms of reach and type of content) and the timescales for implementation? If not, please provide details of the areas where you feel more clarity is required.

No: In the stated aim to recruit 80 journalists there is no breakdown of duties, locations or likely output

Question 2: Did the BBC's consultation process provide a suitable opportunity for you to set out your views fully? If not, please provide details.

Yes: Both face-to-face and written submission.

Question 3: Because the BBC's proposal involves the introduction of a new public service channel, we do not consider that further analysis is required to determine materiality. If you disagree, please explain why you consider the BBC's published proposals are not material.

Agreed

Question 4: Please explain whether you consider Ofcom should undertake a BCA or a Shorter Assessment of the BBC's proposal.

Yes: Such is the scale of the news proposal, but the relative lack of detail, that we cannot envisage Ofcom giving the whole programme an unconditional clearance

Question 5: Do you agree with the BBC's assessment in its public interest test about the potential public value and/or market impact of the proposal? Please provide any additional information you may have to explain your view.

No: See above

Question 6: Does this proposal highlight any significant market impact concerns which might affect your products and services? Please provide any additional information you may have to explain how you consider the launch of a new BBC channel for Scotland could affect you if it goes ahead.

Yes: See above

Appendix 2: SNS member titles

Dailies (15)

Aberdeen Evening Express
Daily Mail
Daily Record
Dundee Evening Telegraph
Edinburgh Evening News
Evening Times (Glasgow)
Greenock Telegraph
Paisley Daily Express
The Courier
The Herald
The National
The Press & Journal
The Scotsman
The Sun
The Times (Scotland)

Sundays (6)

Mail on Sunday (Scotland)
Scotland on Sunday
Sunday Herald
Sunday Mail
Sunday Post
Sunday Times Scotland

Weeklies (73)

Airdrie & Coatbridge Advertiser
Alloa & Hillfoots Advertiser
Annandale Herald and Moffat News
Annandale Observer
Arbroath Herald
Ardrossan & Saltcoats Herald
Arran Banner
Ayr Advertiser
Ayrshire Post
Banffshire Advertiser
Banffshire Herald
Banffshire Journal
Blairgowrie Advertiser
Border Telegraph
Buchan Observer
Caithness Courier
Campbeltown Courier & Argyllshire
Advertiser
Central Fife Times & Advertiser
Clydebank Post
Cumbernauld News & Kilsyth Chronicle
Cumnock Chronicle
Dumbarton & Vale of Leven Reporter
Dumfries & Galloway Standard

Dunfermline Press & West Fife Advertiser
Dunoon Observer and Argyllshire Standard
East Fife Mail
East Kilbride News
East Lothian Courier
Ellon Advertiser
Eskdale & Liddesdale Advertiser
Falkirk Herald
Fife Free Press
Fife Herald News & St Andrews Citizen
Forres Gazette
Galloway News
Glenrothes Gazette
Hamilton Advertiser
Helensburgh Advertiser
Huntly Express
Highland News
Inverness Courier
Inverurie Advertiser
Irvine Herald and Kilwinning Chronicle
Irvine Times
John O'Groats Journal
Kilmarnock Standard
Kirkintilloch Herald
Lanark & Carlisle Gazette
Largs & Millport Weekly News
Lennox Herald
Linlithgow Journal & Gazette
Lochaber News
Motherwell Times & Bellshill Speaker
North Star
Northern Scot
Northern Times
Oban Times
Paisley & Renfrewshire Gazette
Peeblesshire News
Perthshire Advertiser
Ross-shire Journal
Rutherglen Reformer
Shetland Times
Southern Reporter
Stirling Observer
Stornoway Gazette and West Coast
Advertiser
Stranraer & Wigtonshire Free Press
Strathearn Herald
Strathspey & Badenoch Herald
The Orcadian
Turriff Advertiser
West Lothian Courier
Wishaw Press