

Scottish Screen Response to Ofcom's Consultation on its Draft Annual Plan 2007/8

Introduction

Scottish Screen is the national government backed agency responsible for developing all aspects of screen industry and culture across Scotland. It fulfils this remit through six key areas of activity:

- Education;
- Archive;
- Enterprise and Skills;
- Inward Investment and Communications;
- Market Development; and
- Talent and Creativity.

The film and wider screen industries in Scotland are at a crossroads. Regulatory, technological and public policy developments have created a range of opportunities to significantly grow the sector, industrially, educationally and culturally. This will, if we get it right, lead to more people creating, sharing and consuming Scottish originated screen product than ever before and provide more communities across the country with the opportunity to access and appreciate a broader range of screen product from across the world. Scottish Screen's role (and from 2008, Creative Scotland) is in driving the development, advocacy and implementation of the strategy that will attempt to deliver this.

Ofcom's strategies and activities are hugely significant in this context. Scottish Screen therefore welcomes this opportunity to comment on Ofcom's Draft Annual Plan and looks forward to working in partnership with Ofcom on those aspects of its work which pertain to the screen industries in Scotland and on which we have a shared interest.

Responses to Ofcom's Consultation Questions

1. **What are your views on Ofcom's proposed three-year strategic policy framework?** We note that Ofcom's three-year policy framework includes a focus on moving towards consistent legal and economic frameworks in years two and three, with preparatory work on reviewing the Communications Act commencing in year one. We believe that it is essential that the unique needs of Scotland as a Nation are fully reflected within any policies, activities and proposed revisions of the Act.
2. **What are your views on Ofcom's proposed priorities for 2007/8? In particular:**

- a. **What are your views on the work which Ofcom should do in 2007/8 to drive a market-based approach to spectrum?** While we understand the desire to drive forward spectrum liberalisation and trading, we are concerned that the scope and timetable for this stated priority should allow for comprehensive analysis and review of the important public interest considerations. Specifically, we would wish to see an objective assessment of the relative merits of other approaches to spectrum management, particularly in terms of Scotland's national economic, social and cultural interests.
- b. **What are your views on the work which Ofcom should do in 2007/8 to develop new ways to deliver public outcomes as platforms and services converge?** Scottish Screen has a strong interest that the future sustainability of public service broadcasting in Scotland is assured. We therefore welcome Ofcom's planned activities in: (1) developing further the concept of a Public Service Publisher; and (2) conducting the next statutory review of public service broadcasting, starting in early 2008.
- c. **What are your views on the work which Ofcom should do in 2007/8 to improve business compliance and empower consumers?** We are pleased to see the inclusion of media literacy as a new priority. Scottish Screen regards media literacy as a key element in its own overall educational aim of ensuring that, within Scotland, people of all ages and backgrounds are inspired and equipped to analyse, appreciate, explore, create and share screen media. We believe that there should be significant scope for co-operation between Scottish Screen and Ofcom on delivering against this agenda.
- d. **What are your views on the work which Ofcom should do in 2007/8 to promote competition and innovation in converging markets?** Scottish Screen shares Ofcom's interest in seeing consumers benefit from increased competition in the converging telecoms and broadcasting markets. However, we also believe it is important to fully recognise those areas where competition is failing to and/or cannot deliver the desired range of consumer *and* citizen benefits. Ofcom's own Draft Annual Plan acknowledges these limitations, for example at 3.10 (page 12):
"Sometimes, the interests of citizens may be at odds with the interests of at least some individual consumers. For example, promoting the availability throughout the UK of higher-speed broadband might involve going beyond what the market would deliver. Such public intervention could be viewed as being in the interests of all citizens in that it would promote a more inclusive, interconnected society. It would also benefit consumers who would not otherwise be able to receive higher-speed broadband, such as those living in remote parts of the UK. As consumers, some of us might have to pay more for services that would have been available to us anyway, but we would benefit from a society which enjoys more

widespread access.” We believe these comments have particular resonance for Scotland (for example, see Figure 4.6 on page 18 of Ofcom’s Draft Annual Plan, which illustrates Scotland’s very low percentage of premises connected to a LLU exchange). We are concerned that Ofcom’s stated bias for operating against intervention should not result in an over-reliance on competition, especially when viewed from a Scottish perspective. A related concern is that the crucial process of defining the relevant (consumer) market in competition analyses should not deflect due consideration from the important needs and interests of citizens in a devolved Scotland.

3. **Are there additional areas where Ofcom should reduce regulation and minimise administrative burdens? Please provide specific examples.** We note that Ofcom has the capacity to sublet vacant space in its London office. We would suggest that it would be desirable for Ofcom to devolve more of its current activities outside London (including to Scotland), not only to save costs but also to demonstrate the technological benefits of modern communications and to set an example against the background of Ofcom’s own observation of an over-concentrated television broadcasting and production industry in London.