STV evidence to the Scotland Bill Committee

21 November 2011
Introduction

STV welcomes this opportunity to contribute evidence to the Scotland Bill Committee regarding future provision of public service content in Scotland. We are Scotland’s leading multi-platform digital media business, holding the regional Channel 3 licences for Central and North Scotland. Our focus is on achieving a regulatory framework for the digital age, a framework which is oriented towards growth, and which removes barriers to our promotion and provision of compelling content and services to our audience and consumers in Scotland.

The rate of change in our sector continues to be rapid. In 2011, Scotland completed digital switchover, bringing increased choice and new services such as high definition to consumers on a free to air basis. Planning for local television is underway with new services expected in the next year or so. The future of Channel 3 and Channel 5 licences is being considered actively by the Secretary of State, with Ofcom undertaking its own review as required by current communications legislation.

Against that background, our fundamental ask is that future change to the regulatory environment around broadcasting in Scotland does not result in higher levels of obligations on STV’s licences than is the case elsewhere in the UK. Such eventuality would impact our ability to compete effectively as part of a federal network with a complex and delicate financial model.

STV has embraced the opportunity offered by the technological advances of the digital age, and by the ever increasing digital “savviness” of the Scottish population. STV is already on the path to create a truly relevant offering for the people of Scotland which achieves reach and impact for public service content through multi-platform delivery.

In submitting our response, we recognise the importance of securing key elements of public service content and the need to migrate provision from traditional broadcasting on to new platforms. We are also committed to growth in the creative sector in Scotland. These two objectives of growth and PSC availability are entirely complementary. STV has a strong track record in driving multi-platform engagement across online and mobile using the intrinsic appeal of high quality content.

Foremost amongst STV’s considerations is the question of certainty. Currently there is no visibility on the future of Channel 3 licences, and therefore related PSB provision beyond 2014 which makes investment, planning and contracting extremely difficult. It is, we believe in the common interest of viewers, operators and Governments to achieve certainty beyond the very short term horizon of the next two years as soon as possible and we propose either renewal or long term extension to achieve this certainty.
Background

STV has developed from its roots as the commercial public service broadcaster for Scotland to become a leading digital innovator. This metamorphosis has largely been achieved in the last four years following the appointment of a new board and chief executive and subsequent change in strategy away from a previous course that left the company heavily indebted and on the brink of financial collapse. The reinvention of STV has been achieved through selling off non-core assets, focussing on the main STV business in Scotland and developing a complementary digital strategy. Self help, a recurring theme throughout our submission, lies at the heart of this turnaround.

STV is committed to being an innovative commercial public service broadcaster (with EPG listing; gifted spectrum; universality on DTT). But our vision extends to a future PSB remit delivering across multi-platforms. Channel 3 has evolved over its history. That is a dynamic process and we believe it still offers the best solution – a nationwide competitive system with scale which can provide strong regional content and responsiveness to differing audience needs.

STV is committed to innovative locally produced regional news:

- We have provided more localised news within our evening news programmes since 2007;
- STV provides the most locally-focussed television news service in the UK, with audience share up by more than 10% this year alone;
- We have recently extended our news offering by launching the only peak time evening news programme produced and presented from the Scottish capital as well as the other key cities of Glasgow and Aberdeen together with a weekday opt presented from Dundee;
- We have recently increased our commitment to news and current affairs, launching Scotland Tonight in October 2011, a nightly news and current affairs programme broadcast across Scotland four nights a week including three distinct regional news bulletins;
- STV produced comprehensive coverage of both the 2010 general election and the 2011 Holyrood election campaigns, including leaders’ debates and full overnight results programmes;
- STV will review the opportunities provided by City TV licences to bring more localised services to audiences across Scotland;
- STV has a vision for future news delivery in Scotland that is relevant, distinctive and sustainable.

STV is committed to relevant, high profile regional non-news programming:

- Non-news programming continues to have an important place within our schedule, particularly in peak time;
- Over the past few years we have produced a wide range of content including landmark series such as The Scots Who Fought Franco about Scottish
connections to the Spanish Civil War and *Born Fighting*, tracing Scots-Irish contributions towards shaping America;

- Our programming, particularly in current affairs plays an important role in the democratic process – STV’s comprehensive coverage of the 2010 Westminster and 2011 Holyrood elections was widely praised.

**STV Local:**

- We have invested behind a network of hyper-local websites each serving a discrete community. There are currently 22 STV Local sites across Scotland each serving unique news and information and enabling local voices to be heard by encouraging dialogue and contribution. Our vision for full rollout spans 100 different STV Local sites for individual communities across Scotland.

**STV Appeal:**

- A major new charitable initiative launched by STV with The Hunter Foundation in 2011, the STV Appeal is committed to providing support for children and young people in Scotland, affected by poverty by working with six major Scottish charities;

- The STV Appeal 2011 raised awareness, challenged stereotypes and focussed attention on the real extent of child poverty in Scotland;

- In its inaugural year, the STV Appeal raised a total of £1.2m by engaging communities, key commercial partners and a unique relationship with the Scottish Government, who agreed to match every £1 raised by the appeal.

**STV reaches out and builds partnerships:**

- STV operates successful partnerships with a wide range of organisations. We have a Memorandum of Understanding with the BBC through which we share resources, are co-investing in future talent with Creative Scotland and have just completed a marathon series of 200 live performances streaming online together with the National Theatre of Scotland.

**STV has embraced the Digital environment:**

- Our output is distributed on multi-platform, digital terrestrial, cable and satellite; on line; on mobile; on connected devices;

- Our core service is now available in HD on a free-to-air basis;

- Our digital STV Player was voted second only to the BBC’s iPlayer for user experience (*Webcredible* study of all UK based web Players);

- Over 50% of our potential audience - 2.5m unique users - visit STV’s digital platforms every month;

- We are at the forefront of new technologies such as YouView where STV will be a launch content partner;

- We innovate in-house - STV News app; Android app; PS3 platform build;
- Over 45% of online page views for STV content are delivered via mobile platforms.

**STV is at the heart of the creative industries in Scotland:**

- We are committed to producing more UK-origination contributing to diversity in the supply chain, and promoting the creative hub of Scotland. We know the talent base that exists in Scotland, but we know that talent needs to be nurtured, and that crucially it needs access to markets;

- STV Productions represents approximately a quarter of all television content produced in Scotland, other than BBC material. We are a key employer and developer of indigenous talent in the creative industries. In addition to our in-house team we typically work with between 500 – 600 freelance production staff every year;

- We work closely alongside Creative Scotland, with whom we operate a co-investment fund for development of new projects;

- We continue to lobby for the removal of regulatory barriers around the production business (in the form of lack of independent status at UK network level) to give our businesses every chance to grow for the benefit of the whole community.

**Specific asks within new regulatory environment**

- Certainty for the future through the timely confirmation of continuation of our regional Channel 3 licences beyond 2014 for a further 8 years, as a member of a network which can co-operate and collaborate in the digital future. We believe that the PSB model continues to deliver high quality innovative service for our audiences.

- Establishment of a single, Scotland-wide Channel 3 licence to end the anomaly whereby viewers in the south of the country have no access to Scottish programming, particularly news and current affairs.

- Independent producer status for our production business.

- Action to prevent interference to digital terrestrial transmissions from future use of 800MHz frequency.

- Continued protections to safeguard STV’s commercial position afforded by the Merger Undertakings entered into at the time of the Carlton/Granada merger.

8 November 2011