



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 29 May 2012

Session 4

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EDUCATION AND CULTURE COMMITTEE

17th Meeting 2012, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Findlay (Lothian) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)

*Marco Biagi (Edinburgh Central) (SNP)

*Neil Bibby (West Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*Liam McArthur (Orkney Islands) (LD)

*Liz Smith (Mid Scotland and Fife) (Con)

*Jean Urquhart (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab)

Ken MacQuarrie (BBC Scotland)

Bruce Malcolm (BBC Scotland)

Mark Thompson (BBC)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 6

Scottish Parliament

Education and Culture Committee

Tuesday 29 May 2012

[The Convener *opened the meeting at 10:01*]

Decision on Taking Business in Private

The Convener (Stewart Maxwell): Good morning. I welcome members to the Education and Culture Committee's 17th meeting in 2012. I remind members and those in the public gallery that mobile phones and all other electronic devices should be switched off at all times. No apologies have been received, so I expect all members to be here shortly. I welcome to the meeting Patricia Ferguson MSP, who has asked to join us for agenda item 2.

Under item 1, do we agree to take in private item 4, which is a review of the committee's work programme?

Members *indicated agreement.*

Broadcasting

10:01

The Convener: The main agenda item is item 2, which is a discussion on broadcasting and, in particular, the BBC's role. Following the committee's initial evidence session in January, we agreed that we would like to discuss various issues in more detail with the BBC.

I welcome Ken MacQuarrie, director of BBC Scotland; Bruce Malcolm, chief operating officer at BBC Scotland; and Mark Thompson, director general of the BBC. Good morning, gentlemen. I invite Mark Thompson and Ken MacQuarrie to make opening remarks.

Mark Thompson (BBC): I will be brief, so that we can move on to questions quickly. The backdrop to how the BBC thinks about broadcasting in Scotland is a story of rising investment in Scotland. Pacific Quay is our most advanced digital broadcast and production centre, in which nearly £200 million has been invested. Network commissioning from Scotland has increased. We set ourselves a target of matching network supply from Scotland to Scotland's proportion of the United Kingdom's population by 2016. We achieved and exceeded that target in the past financial year. I hope that network production will continue to grow.

Network production is important because of its impact on jobs and on the portrayal of Scotland to Scots and to the rest of the UK. It is also important in relation to access for Scottish talent to audiences and markets around the world. For example, one programme—"Waterloo Road"—will employ up to 200 people in Scotland over eight or nine months. Of itself, that will have a positive impact on employment; it will have a greater effect than any reductions that we will have to make under the delivering quality first strategy.

There is also a background of gathering public support for the BBC in Scotland. Approval of the BBC and of its services, and trust in the BBC, in its news and in the quality of its programmes, are all at historical highs in Scotland. Progress has been made in recent years—that is true across the service as a whole and is true of key programmes. For example, perceptions of the quality of "Reporting Scotland" have steadily increased in the past two years.

We are not saying that we have got everything right, but the background is an improving story. That is the context in which delivering quality first—our plans for living within the licence fee settlement between 2013 and 2016—operates. I want to make a couple of points about that.

First, I hope that there will be a chance to discuss the actual numbers, because I have seen quite a lot of commentary and discussion in Scotland about numbers that I do not recognise. We set an overall target for BBC Scotland that was rather lower than the target for the BBC as a whole—16 per cent, rather than 20 per cent. That 16 per cent will be offset further because of the shift of network television production to Scotland. I expect BBC Scotland's licence fee share to increase over the period rather than stay the same.

We also thought it important that decisions about how to handle the licence fee settlement in Scotland should be led by BBC Scotland. I asked Ken MacQuarrie to come up with a package of proposals about how best BBC Scotland could deal with our financial realities. It is fair to say that although I, as director general, and the BBC trust interrogated the plans closely, they were accepted almost entirely as proposed. The package of measures for Scotland was therefore devised and developed by Ken MacQuarrie in BBC Scotland, bearing in mind the interests of our audiences here.

Ken MacQuarrie (BBC Scotland): In preparing our plans for the future, we are building on record success. Every week BBC Scotland television programmes for Scotland reach 44 per cent of the viewers. For example, "Reporting Scotland" has an evening audience of half a million and Radio Scotland has more than 1 million listeners a week, which makes it second in popularity in Scotland only to Radio 2. Our online portfolio attracts 3.7 million unique browsing users each week and BBC Alba, our newest service, is watched by half a million viewers.

We in BBC Scotland are alone in Scotland in providing cutting-edge investigative journalism. That was evidenced by last Wednesday's documentary on Rangers Football Club, which attracted 27 per cent of the total TV audience at 8 pm, with wall-to-wall coverage the next day. Our programmes for the network, such as "The Quest of Donal Q" with Brian Cox and Billy Connolly for Radio 4, "Richard Hammond's Journey to the Centre of the Planet" for BBC 1 and "Big City Park" for CBeebies, ensure that, as Mark Thompson said, our audience rates the BBC as the most-valued provider of both news and non-news programming.

I reiterate Mark Thompson's point about network spend. We have surpassed this year the target that was set for us for 2016. The challenge now is to build on that success and to deliver the 16 per cent savings. To do that, we have set out to increase our distinctiveness and quality of output and to improve value for money for licence fee payers. We will do that by investing in high-impact

content that only the BBC makes, such as representative drama, comedy and landmark factual from Scotland, focusing on peak time on Radio Scotland, Radio nan Gàidheal and BBC1, and by protecting public service output, such as investigations and our children's output.

We will transmit on the network more of the programmes that we make only for Scotland and we will generate more income from rights deals and co-productions, continuing to build on the partnerships that we have with various external organisations. We will ensure that at least 10 per cent of our savings come from efficiencies rather than from cuts to the content. I will go into how that applies to specific areas later. We are continuing to improve services by bringing in BBC 1 high definition later this year, further investing in digital audio broadcasting and integrating our online content with our 10 pan-BBC product websites.

My ambition for the future for BBC Scotland is that it will serve as the national forum, connecting the people of Scotland to one another, to the wider UK and to the rest of the world. To that end, my five priorities for the next five years are: world-class impartial journalism, particularly in the context of the run-up to the referendum; representing Scotland to itself and to the rest of the world, especially with new drama and comedy; celebrating the events and cultural diversity of Scotland, with a particular focus on the Commonwealth games, which will be held in Glasgow in 2014; collaborating to make the best of Scotland's talent and creativity; and exploiting digital technology and new platforms. We have a clear plan, not only to deliver our savings but, most important, to deliver our aspirations for the future.

On how we will approach the reporting of the independence referendum, we will maintain complete impartiality at all times. Our reporting will be authoritative, responsible, balanced and firmly rooted in the principles of our editorial guidelines. As with all our output, our focus will be firmly on the audiences—they are at the heart of what we do and the primary consideration in all the decisions that we make.

The Convener: Thanks for that. Before we go to questions, I remind members to try to stick to subject areas if at all possible. Sometimes we stray out of them but it would be easier if we stuck to a single subject before moving on. I will take questions from committee members first, before inviting questions from Patricia Ferguson.

I have one opening question. Mr Thompson, you said that a variety of figures had been quoted about job cuts at BBC Scotland. You hoped that we would discuss the issue, so let us do so now. What are the figures?

Mark Thompson: If I may, I will spend a moment talking about the way in which the BBC has looked at how to live within our means and how that relates to BBC Scotland. I can perhaps turn to my colleagues to talk in detail about different parts of BBC Scotland's workforce.

We have thought of two ways of living within our means, one of which we termed productivity savings—in other words, using new technology and new ways of working to deliver the same service for less resource input and less manpower. The other class of savings is what we have called scope reductions. Sharing Formula 1 with B Sky B and withdrawing the BBC2 daytime television budget are examples of scope reductions. It is not doing the same for less; it is saying that there are some things that we are going to make a structural change to or which we are going to stop doing.

In each part of the organisation, we have looked at productivity and scope. There are very few BBC services in which we have decided that it is not appropriate either to reduce scope or to go for productivity savings because we do not believe that savings can be achieved. Our Gaelic language television service, BBC Alba, is an example of a service in which there is no scope change and no productivity change.

However, in most parts of the BBC we are looking at a combination of productivity savings—where we think that those can be achieved; the position varies around the organisation—and some scope reductions. There has been a misunderstanding about the relative budgets of Radio 4 and BBC Scotland. I use this as an example. Radio 4 has a relatively low scope savings target of 1.2 per cent, but it has a productivity savings target of around 10 per cent; in other words, we are looking for total savings of just over 11 per cent over the period.

With BBC Radio Scotland, we have gone for very slightly larger scope reductions—3.1 per cent—although we both hope that there is some contingency in there for sports rights and that that number can be brought below 3.1 per cent. BBC Radio Scotland has an efficiency target of around 10 per cent.

The maths therefore suggests 13.1 per cent for BBC Scotland, which is well below the benchmark for the whole BBC, so it is somewhat protected, whereas Radio 4, running at 11.2 per cent, is slightly more protected. Those figures are much closer to each other than the figures that have been suggested in some of the discourse that I have read. There are a few services, such as BBC Alba, where we believe that it is not appropriate to make any savings, so that is at zero.

With all our services, in Scotland and throughout the UK, we monitor continuously for quality. As we make our changes, we will ask the public, quarter by quarter, for their views on the services, and, manifestly, if we think that anything we are doing is leading to a diminution in quality, we will sit back and think again. Throughout the entire process we will try very hard to ensure that, for example, the quality of our journalism, drama and comedy and of our website is not diminished.

Ken MacQuarrie might want to say something—

10:15

The Convener: Sorry, but before I bring in Ken MacQuarrie, I was hoping that you would provide some numbers. I know that you gave some percentages, but the question was how many jobs will be cut at BBC Scotland.

Mark Thompson: The numbers will vary for the reasons that I have given—if we think that we are about to cut a service too much, we will change our plans. However, we expect that to involve in the order of 100 to 120 posts between now and the end of the charter period.

The Convener: That figure has been used by pretty much everybody, but you seem to dispute it, which is why I am asking the question.

Mark Thompson: No. I have tried to be clear about the percentages of changes to services. The range that we expect—if that is the range that you are talking about—is between 100 and 120 jobs

The Convener: How many jobs are going from Radio Scotland compared to Radio 4, which is the example that you used?

Mark Thompson: I cannot give you an exact number for Radio 4, but we expect significant job losses across the BBC. Indeed, we have already announced some redundancies in Radio 4.

The Convener: Is there any reason why you cannot give us the figures?

Mark Thompson: I do not have to hand precise numbers for every BBC service, but there is no reason why I cannot write to you and give you a sense of the job reductions across the BBC.

The Convener: That would be helpful.

Mark Thompson: It is worth restating that the arrival of a significant number of network programmes to Scotland means that the net number of jobs associated with the BBC's activities in Scotland will probably increase over the period, not diminish.

The Convener: I am sure that we will get to the different jobs that are going compared to the jobs that are coming.

I am sorry, Mr MacQuarrie—I interrupted you.

Ken MacQuarrie: Specifically within news—which has been the subject of debate in the committee—and BBC Scotland, 30 jobs are going and, hitherto, we have closed 14 posts without any compulsory redundancies and 15 to 20 posts out of all the radio staff. In radio news production—which has been the subject of comment in the press and at the committee—five posts out of 27 are going. The initial figure that was used was eight.

The Convener: Yes, but five posts represent—my maths will not be exact—about 25 per cent of the total.

Mark Thompson: It is a little less than 20 per cent—it is about 18 or 19 per cent.

The Convener: Okay, it is about 20 per cent. That is much higher than some of the figures that you have cited.

Ken MacQuarrie: Previously, specific staff were allocated to particular programmes, but we are ensuring that we will use staff from the whole of the newsroom base of 240 staff much more effectively across a range of programmes.

Liz Smith (Mid Scotland and Fife) (Con): Good morning. Mr Thompson, I think that the phrase you used earlier was “gathering public trust”. What criteria are used to measure the trust of the public? What gives you grounds to feel that trust has increased in recent times?

Mark Thompson: We ask the public the same set of questions month by month and quarter by quarter. The questions are straightforward: for example, we ask which news service is the most trustworthy and how they would mark a given news or other BBC service out of 10 for trustworthiness. We look at how that data set changes over time and whether the figures go up or down. The figures are going up and are at the highest that they have ever been.

Liz Smith: In the questions to the public, do you ask about the structure of services? Is there any comparison between the Scottish media’s coverage in relation to what is going on south of the border or anything else?

Mark Thompson: We ask questions about our news programmes across the UK. We ask standard questions in each reporting period and look at the responses. We sometimes do diagnostic work, and in that regard we ask more detailed questions.

Liz Smith: You are confident that the responses that you have had over the recent period show that that trust is increasing.

Mark Thompson: Yes. The question of why it is increasing is of course quite complex. There may

be a number of factors at work. If it was decreasing, we would look at the underlying quality of our journalism first. The fact that trust is increasing gives us some confidence that the underlying quality of what we do is meeting the expectations of the public in Scotland.

Liz Smith: Can I press you on what you think are the factors that seem to point to the fact that trust in the service is improving?

Mark Thompson: My view is that “Reporting Scotland” in particular has been going through a very strong patch. Ken MacQuarrie talked about some of the recent investigative programmes that BBC Scotland has done, and I believe that the journalism in BBC Scotland, and on “Good Morning Scotland” in particular, has been strong.

At a time when Scots are particularly interested in political developments and in a major political story, the BBC in Scotland is one of the biggest platforms on which the story is being debated and discussed. I suspect that there is a higher level of engagement by the Scottish public in public affairs than perhaps there was in previous periods.

Joan McA Alpine (South Scotland) (SNP): You said that you place great value on listening to your audience. Last year, the BBC’s audience council for Scotland reported that audiences here want more, not less, Scottish news and deeper analysis in the coverage. However, you are cutting the news and current affairs budget in Scotland by 16 per cent over the next five years. How do you justify that, given what the audiences say that they want?

Mark Thompson: I think that what the audiences are most focused on is the output: the programmes and services that they get. Obviously, there is a connection between inputs and outputs, but making sure that the programmes and services that we offer the Scottish public are as good as they can be is most important.

I think that it is completely reasonable to say that if we can make productivity savings and adjust the way in which we spend money but still deliver as good or better services, we should do that. For example, we recently announced that we will have a longer period of news and current affairs on Radio Scotland on a Saturday morning. I expect that as we head towards the likely date for the referendum in late 2014, the amount of time and space that we devote to journalism on BBC 1 Scotland and BBC 2 Scotland will grow.

I believe that the total amount of news and current affairs that we offer, which is already higher than it was five years ago, will not diminish and will need to increase further. That is a big challenge for the director of BBC Scotland and his colleagues, but we will have to make sure that, while living within our means, we nonetheless

continue to hit the quality thresholds that the Scottish public expect of us. We want to increase the quality and depth of our journalism, but we want to become more efficient at the same time—we want to do both.

Joan McAlpine: With all due respect, that does not really answer the question. The audience council for Scotland told you that audiences want more news and current affairs about Scotland and more analysis, but you are cutting the budget by 16 per cent.

Mark Thompson: What I am saying is that they are going to get it. Our plan is to deliver that.

Joan McAlpine: They are going to get it by your spending less money. Why did you not apply the same criteria to news and current affairs on Radio 4, whose budget has been maintained?

Mark Thompson: We are making efficiency savings in news and current affairs on Radio 4 as well.

Joan McAlpine: But you have described Radio 4 as the jewel in the crown, and its budget is remaining stable. You have said that in many of your keynote speeches.

Mark Thompson: As I have said to the committee, the efficiency targets that we are looking for from Radio 4 are comparable to those that we are looking for from BBC Radio Scotland. They are slightly lower, at just over 11 per cent rather than 13 per cent. It is therefore a myth that there is an enormous chasm between the way in which we are approaching Radio 4 and the way in which we are approaching BBC Radio Scotland, which is also being very strongly protected. BBC Radio Scotland is facing scope reductions of around 3.1 per cent, but the benchmark across the BBC for scope reductions is 10 per cent. BBC Radio Scotland is therefore seeing far less scope reduction than most other BBC services.

Joan McAlpine: BBC Radio Scotland has been cut 50 per cent deeper than BBC local radio in England.

Mark Thompson: It is true that English local radio is being cut less than BBC Radio Scotland. We had an enormous public response to the local radio service licence consultation, and there was also an enormous response from audiences in England with regard to English local radio in the BBC trust's consultation on delivering quality first. The budgets for English local radio are far lower than the budget for BBC Radio Scotland, and the scope for productivity gains and scope reductions is much less.

The Convener: You said that there was not a great chasm between the approach to BBC Radio 4 and the approach to BBC Radio Scotland. We have just had a discussion about the number of

jobs that are being lost in news in Radio Scotland. Is the approach to news in Radio Scotland the same as the approach to news in Radio 4? In other words, is the "Today" programme being cut by 11 per cent, or whatever the figure is? Is the approach being taken across Radio 4?

Mark Thompson: Each divisional director in the BBC—whether they are the director of BBC Scotland or the director of BBC news—has involved lots of colleagues in the work that they have led around figuring out what the precise mixture of scope reductions and productivity savings should be. We are making extensive productivity savings in BBC news in London, on radio, television and the web. Taken as a whole, those savings are much greater and deeper than—

The Convener: I understood that you were talking about the savings as a whole. My question is specifically about the "Today" programme.

Mark Thompson: There will be some productivity savings on the "Today" programme.

The Convener: Of what level?

Mark Thompson: Again, I do not have those figures to hand, but we can send them to you.

The Convener: Would it be fair to say that they are not of the order of what is being experienced by Radio Scotland?

Mark Thompson: I think that it would not be fair to say that.

The Convener: But you cannot tell me the figures.

Mark Thompson: I do not have the exact figures. If I am to give you a number, I would rather check that it was the right one first.

We are aiming for productivity savings across the BBC and across BBC journalism. That is true of all our news and current affairs programmes.

The Convener: Would it be fair also to say, as some people have said, that the "Today" programme has been protected?

Mark Thompson: Across the BBC economy as a whole—

The Convener: My question is specifically about the "Today" programme.

Mark Thompson: I understand that. Radio, across the BBC, has generally been more protected than television. Throughout our radio services—whether we are talking about English local radio, Radio Scotland, Radio 4 or Radio 3—there are, typically, lower targets than there are on the television side. In the same way, overall, there is a lower target for BBC Scotland than there is for the BBC as a whole. Our support areas are seeing

much deeper savings. Away from broadcasting, we are trying to achieve savings of 25 per cent or, in some areas, 30 or 35 per cent. All the areas that we have discussed are protected; the question is the different degrees of relative protection of the different parts of what we are doing.

I have heard it said that the “Today” programme has a budget that is 10 times greater than that of “Good Morning Scotland”. That is absurd. It is not true.

The Convener: What is the budget?

Mark Thompson: We do not talk about individual programme budgets. What I can tell you is that it is closer to three times as much. The “Today” programme reaches 16 times as many people as “Good Morning Scotland”, so it has a rather different brief. Further, as you probably know, the “Today” programme is listened to by many Scots. In Scotland, it achieves about a 10.1 per cent share of listeners in the morning, and “Good Morning Scotland” achieves about 10.7 per cent. Both services are strongly valued by Scots. The cost per listener of the “Today” programme is much lower than that of “Good Morning Scotland”, because it reaches a much larger audience.

The Convener: Because it broadcasts to a much bigger audience.

Mark Thompson: Just so.

The Convener: I am not sure what that means.

To go back to the original question, many people have said that the “Today” programme is protected. You are saying that that would be true.

Mark Thompson: “Good Morning Scotland” and Radio Scotland are protected as well.

Bruce Malcolm (BBC Scotland): Anything with a savings target of less than an average of 20 per cent is protected. There is a degree of relative protection.

Mark Thompson: These are all protected areas.

The Convener: I do not recognise the definition of “protected”.

Mark Thompson: The clearest way of putting it is the way in which I put it when I talked about the savings percentages in Radio Scotland and Radio 4. Overall, Radio 4 is looking at making savings of about 11.2 per cent over the period and Radio Scotland is looking at making savings of about 13.1 per cent.

The Convener: I do not want to labour the point. I am just trying to understand the situation, given the comments that have been made to us and to others—I am sure that you have heard them—about BBC Radio 4’s “Today” programme

being protected. In other words it is not suffering the cuts that other areas are suffering.

10:30

Mark Thompson: To be honest, those comments are misleading and wrong.

Joan McAlpine: You said that one of the reasons why you were protecting English local radio was because it had a much lower budget than BBC Radio Scotland. BBC Radio Scotland has a much lower budget than BBC Radio 4.

Mark Thompson: It does—

Joan McAlpine: Why do the same criteria not apply?

Mark Thompson: BBC Radio Scotland has a larger budget than, for example, BBC Radio Wales or BBC Radio Ulster. That is partly because it reaches a larger audience—it reaches more licence payers—and because we give it a more ambitious agenda.

Across the BBC, we try to assign budgets relative to the mission of the individual programme. BBC Radio Shropshire has a much more modest ambition and reaches far fewer people than BBC Radio Scotland. By the same token, BBC Radio 4—its individual programmes and the service as a whole—reaches many more people than BBC Radio Scotland.

Joan McAlpine: I am quite surprised that you seem to be number counting. Would you not say that perhaps Scotland’s status as a nation with its own Parliament is a factor, rather than notching up spend per population?

Mark Thompson: You have heard me say that we are trying to increase investment in Scotland. We are increasing news and current affairs hours on television and radio and we are also putting effort into our website, which is really beginning to work and reach many Scots. Of course serving Scotland as well as we can is an incredibly important priority.

Joan McAlpine: Right, but you are cutting the budget for BBC Scotland for Scotland-only programmes from £102 million to £86 million.

Mr Boothman, BBC Scotland’s head of news and current affairs, is sitting in the public gallery today. When he gave evidence earlier this year I asked him five times how BBC Scotland had fought its corner with London on the budget cuts. Mr Boothman eventually said:

“The answer to your question, Joan, is that if you want to discuss corporate issues, you should invite the director of BBC Scotland, Ken MacQuarrie”.—[*Official Report, Education and Culture Committee*, 24 January 2012; c 653.]

I ask you now, Mr MacQuarrie, how did you fight Scotland's corner on the budget cuts?

Ken MacQuarrie: We have fought Scotland's corner by maintaining the primacy of the audience in all our discussions on delivering to the audience. As far as Scottish audiences are concerned, I assure you that every day of every year I do nothing else but fight for the delivery of BBC Scotland services and BBC services to audiences in Scotland.

Joan McAlpine: What meetings did you have? How many times did you go to London to make the case?

Ken MacQuarrie: I go to London every week. Over the whole DQF period I will be in London at least once a week having discussions about resolving Scotland's position in terms of the savings.

On the savings targets that we have to make, we arrived at a figure of 16 per cent, which was 4 per cent lower than the pan-BBC figure and 9 per cent lower than the overhead areas are suffering. We are making those savings strategically, with the audience at the forefront of our minds.

We take account of Scotland's status. That is why BBC Radio Scotland's budget is much greater than the budgets of BBC Radio Wales and BBC Radio Ulster. It is commensurate with the job that BBC Radio Scotland has to do, which is to serve the multiple needs of Scotland as a nation of regions. We have preserved a regional offer in Scotland within the whole of the savings plans.

However, the fact is that over a four-year period we need to deliver savings of 16 per cent. We have opted to save 6 per cent through scope cuts, only 3.1 per cent of which applied to BBC Radio Scotland. That leaves a figure of 10 per cent, which can be achieved by saving 2.5 per cent per annum over a four-year period. That is tough to do, but we work within the one organisation—the Scottish audience consume not only the services for Scotland but the services from across the whole of the BBC. We are working to deliver that value to audiences.

In concert with making those savings for DQF, we are investing in making more programmes from Scotland. Just last week, we announced that the controller of all factual production across the BBC and the head of all arts production will be based in Scotland. We have a burgeoning science base, and we have protected our children's output. A whole range of balances must be taken into account; it is not as straightforward as simply looking at post cuts between now and 2016. We have to look at what the net economy will be over that period.

Mark Thompson: BBC Scotland is pushing at an open door on some matters. All of us absolutely agree that the proportion of the licence fee that is spent in Scotland should increase over the period. That does not have to be fought over. I believe in that passionately, and think of myself not just as the director general of the BBC in London, but as director general of the BBC in Scotland. Many conversations have happened not as a result of Ken MacQuarrie going down to London, but as a result of my going to Glasgow and Edinburgh to talk to colleagues in Scotland and listen to their plans.

Clare Adamson (Central Scotland) (SNP): I declare an interest as a member of the National Union of Journalists.

In the committee's previous evidence sessions, there was a lot of discussion about whether the breadth, depth and quality of the news output can be maintained and whether there are capacity issues in Radio Scotland and BBC Scotland as a whole. There seems to have been a recent trend in BBC news of investigative journalists' work being trailed as news items. That seems to happen more on "Good Morning Scotland"; I do not hear it on Radio 4 so much, although that is a personal view.

I will give a couple of recent examples. Elizabeth Quigley did a report on the effect of pregnancy on degenerative diseases. That was an excellent BBC documentary, but it was trailed on "Good Morning Scotland" as a news item, although the science is not new. By comparison, I agree that the opening of the life sciences centre in Edinburgh should be a news item.

I commend BBC Scotland's excellent investigative journalism work on the Rangers documentary. That documentary's audience share was very high, but "Newsnight Scotland" that evening spent the whole half hour discussing it. That was on a day in which the Parliament discussed the Welfare Reform Committee's report on how welfare reform will impact on Scotland.

Is there a danger that you are setting the news agenda? Within what is happening in BBC Scotland, is there capacity to cover the Parliament effectively?

Ken MacQuarrie: On trails for programmes in news programmes, we try to send audiences across our services to programmes that we think they will be interested in. That happens on the "Today" programme and "Good Morning Scotland". By and large, we try to ensure that those trails have news value and are not simply trails. We try to ensure that there is a live and developing news story.

You mentioned the Elizabeth Quigley story. I say only that that programme was an excellent piece of work.

“Newsnight Scotland” discussed not so much the Rangers documentary as some of the issues that arose out of the regulation issue and what the next steps would be. That was much more of a follow-on from the story. Although “Newsnight Scotland” may not have covered the welfare legislation at that particular point, we certainly cover it across our online services and all the rest of our radio and politics services.

On setting the news agenda, we try to reflect and report the news agenda, but sometimes we make the news, as we did with the investigative documentary that you mentioned.

Neil Bibby (West Scotland) (Lab): How many licence fee payers are there in Scotland, and how much revenue is generated here?

Bruce Malcolm: The licence fee revenue that is generated in Scotland is roughly £300 million. That is what we collect in Scotland.

Neil Bibby: Would that £300 million fund a continuation of the broadcast activity that we currently see on BBC 1, 2, 3 and 4, children’s television, BBC Alba, Radio Scotland and Radio nan Gàidheal in a separate—or independent—Scotland?

Mark Thompson: We spend about £200 million of that £300 million in Scotland. It is spent on Scottish services, on network television for the whole of the UK, and on overheads, support services and infrastructure. We know that we spend about two thirds of the £300 million. The other £100 million is essentially the Scottish licence fee payers’ contribution to all the other things that the BBC provides. That includes “Frozen Planet”, global news gathering, the iPlayer, coverage of the world cup and the Olympics, and so on.

Bruce Malcolm: In effect, two thirds of the money is spent in Scotland and the other third is the Scottish licence fee payers’ share of all the other services that the BBC provides.

Mark Thompson: To answer the question properly, somebody would have to do something that the BBC has not done, which is to do a zero-based budget from scratch and work out how much it would cost to acquire access to such a portfolio of services in a different way. That is not something that we have looked at.

Obviously, there are some economies of scale in having a broadcaster that covers 25 million households across the United Kingdom but, to be honest, the “what if” of what could be provided for that sum of money is something on which you would need to do some separate research.

Neil Bibby: The BBC has not done that piece of work.

Mark Thompson: No.

Neil Bibby: Has the BBC been asked by anyone in the Scottish Government or by any political party for an assessment of what services that money would provide?

Mark Thompson: No.

If I may add a further comment, the most important job that the BBC has to do over this period—it is probably the most important job that we have ever had to do in Scotland—is to be a platform on which the momentous political decisions of the coming period can be fairly and impartially discussed and debated. We do not want to get involved in any scenario planning or anything that might colour our role as an independent platform where authoritative, impartial journalism and debate can take place, and which all Scots, whatever their views, can trust in.

Neil Findlay (Lothian) (Lab): The point that you have just made is absolutely correct, and I fully support you on it. However, Scots are going to make a decision on the constitutional future of the country based on what is going to happen to their services, their jobs, the economy and society. I am therefore astonished that there has not been any discussion with such a significant institution in the life of Scotland about what the future of public service broadcasting provision might be should there be constitutional change. Are there not likely to be any such discussions before the referendum?

Mark Thompson: I will comment first, and Ken MacQuarrie might want to respond as well. In my view, politicians in Scotland, in the UK and anywhere else can, in any way they want, discuss, plan and make claims or critiques about broadcasting in all sorts of scenarios. What I am saying is that, as a broadcasting institution, our duty is to be a reporter of the debate and a platform on which it can happen, and not to get drawn into what-ifs and scenario planning.

Ken MacQuarrie: As I said in my opening statement, our impartial role in the reporting of events is the primary focus for us.

Neil Findlay: Absolutely, but the issue is important. I am trying to find out whether it is inconceivable that there will be some sort of discussion prior to 2014.

10:45

Mark Thompson: I am not party to the future intentions of politicians here and across the UK. There might be any number of political discussions about the issue. I am saying that, as an institution,

we should not be party to those discussions; we should be free to report on them as part of the broader debate about the future of Scotland. If we start confusing that with a corporate interest, the danger is that people will say, “Hang on, how can you get involved in that way and at the same time be an impartial journalistic observer and platform on which the debate takes place?” I take an austere view, which is that our job is to focus on ensuring that we report events in Scotland and give the Scottish public the best possible chance of hearing a fair debate about what is planned, without getting drawn into scenario planning for what happens specifically to the BBC or to broadcasting more generally.

Neil Findlay: I am sorry to labour the point—I did not want to get into this line of questioning—but it is important. An ordinary person in the street who is going to take part in the referendum might want to know, for example, what the licence fee will be if we become independent. Can you tell me whether it would go up or down or whether it would not change?

Mark Thompson: You will know that, even with the current constitutional set-up in the United Kingdom, the future licence fee is absolutely a political matter for the Government of the day. Therefore, I cannot tell you that. Nowadays, through our annual reports for BBC Scotland and for the BBC, and in response to freedom of information requests, we publish any amount of data about the BBC. If people have questions of fact to ask us, we can of course answer them, whether they are politicians, journalists or members of the public. However, I hope that you can see that the danger for the organisation of getting drawn into what-if scenarios is that it is easy for that to be portrayed, whether fairly or unfairly, as in some sense a bias. People might think that we are afraid that something will happen or that we are planning for something. It is much better for us to focus on the immensely challenging task of ensuring that everyone in Scotland who wants it gets the best possible picture of information and opinions to inform their judgment on what should happen.

Neil Findlay: The main point that I want to raise is about jobs. I certainly welcome the way in which the BBC has decentralised, particularly the investment in Inverclyde for “Waterloo Road”, which is fantastic. Other moves are afoot to further that process. However, job losses have an obvious impact on the people who remain within the organisation, as a result of increased workload and stress levels and so on. How is the BBC managing that so that the people who remain do not collapse under the weight of the responsibility that is left?

Bruce Malcolm: We take staff welfare very seriously. We have a range of control mechanisms such as the working time directive and the risk assessments that we carry out before any savings are made of the impact on the remaining workforce. We stress test each of the changes that we are going to make to ensure that they will not have an undue impact on the remaining staff. We monitor absence and sickness rates and other such measures that any good organisation would be expected to monitor. As yet, none of those measures is showing exceptional movement and we do not expect them to.

Neil Findlay: Are industrial relations taken forward in a co-operative manner with the trade unions? How does that work?

Bruce Malcolm: We have regular quarterly meetings with all the unions and I think that we have a reasonable relationship with them. We work well with them and we regularly listen to feedback from them when we think that there might be issues.

The Convener: Marco Biagi has a question. I want to stick to jobs and employment issues for now. Is your question on that or is it moving on?

Marco Biagi (Edinburgh Central) (SNP): It is not really on that—it is moving on a bit.

Liam McArthur (Orkney Islands) (LD): I wanted to ask a question on the subject that Neil Findlay raised.

The Convener: You can ask it now, as Neil Findlay has raised the issue.

Liam McArthur: Mr Thompson talked about providing the platform and you quite rightly lay heavy emphasis on the BBC’s reputation for objectivity and independence in the debate leading up to 2014. How realistic is it—bearing in mind this morning’s discussions—to expect that the BBC can remain a platform rather than an actor in the debate that is playing out?

Mark Thompson: I believe that it is absolutely realistic. It was a different situation, but it is worth saying that, for more than 30 years, the BBC covered events during the troubles in Northern Ireland, even though the status of Northern Ireland, the question whether Northern Ireland should remain British and the question whether all the communities in Northern Ireland accepted the concept of Britishness were absolutely at the centre of the troubles—which were, in periods, a low-level war. In principle, the constitutional status of the BBC could have become an enormously difficult issue for audiences in Northern Ireland, with all sorts of questions being asked about the BBC’s objectivity. I would say that, over 30 years, the BBC built up a reputation of respect from all sides of the community in Northern Ireland with

regard to the way in which it reported events. That shows that what you ask is possible.

We have an example of the BBC achieving, over decades, exactly what you are talking about. It was trusted as an objective guide even though some of the people to whom it was broadcasting in Northern Ireland had views about the constitutional status of Northern Ireland that would, presumably, have had an impact on the status of the BBC in Northern Ireland.

Liam McArthur: I would not like to draw too many parallels between that situation and the Scottish situation. Clearly, there has been a degree of cross-party consensus around the devolution of elements of broadcasting policy, and I suspect that some of that remains.

However, there are instances of the BBC becoming the subject or target of the story. Obviously, one that springs to mind is the recent story around the pundit panel for a BBC sports programme. For a week or more, the BBC was very much the target of a debate that, to some extent, seemed to be peripheral to the wider constitutional debate. With the expectation that there might be more such incidents during the debate leading up to 2014, have lessons been learned from the Murrayfield sports panel situation?

Mark Thompson: I will make a broad point and then turn to Ken MacQuarrie for a more detailed response.

In the period leading up to any referendum or election, we would expect political parties to look incredibly closely at our broadcasting—for entirely understandable reasons—and if they have the slightest anxiety or doubt about fairness, to raise it in complaints and questions. That happens during every election period; it is the parties' constitutional right. We try to take all such complaints seriously and to learn on the fly, as we go. Each time we do one of these, we try to learn from past lessons. I do not think that the next couple of years will be any different.

When I say that the BBC should not get drawn into detailed scenario planning, I am not suggesting that I am expecting to get from here to a referendum without any political party in Scotland raising any questions about any aspect of the BBC's coverage. However, we have ways—formal and informal—of responding to anxieties that are expressed by the public and politicians, if we need to.

Ken MacQuarrie: On a monthly basis, we examine and discuss all our editorial issues and think about any training or learning that is required as a result. That is an on-going part of normal business. However, we are sure that the editorial guidelines—by which we are bound and which we

publish for all licence payers to inspect—are robust in all situations.

Mark Thompson: One of the most important things for us right now is ensuring that all our journalists—not just those in BBC Scotland—are sufficiently sighted on the issues and the context of what is happening here. Ken MacQuarrie and his colleagues have been helping us in Glasgow—we brought a lot of London editors up to Glasgow—and in London to begin the process of ensuring that all the key decision makers in BBC journalism, wherever they are, understand all the issues and the context when they broadcast to the UK and the world. That is a big challenge for us right now.

Liam McArthur: Can I ask a brief question on the jobs issue?

The Convener: On jobs—yes.

Liam McArthur: Earlier, you talked about the impact on English local radio stations and compared the situation with the BBC Radio Scotland budget and output. We did not talk about the impact within Scotland in terms of regional and local radio programming in Scotland.

When John Boothman appeared before the committee, I encouraged him into saying some complimentary things about BBC Radio Orkney. Where budgets are far smaller and the scope for productivity savings and so on is much more limited, what is envisaged in terms of what local radio in Scotland will be able to deliver over the next four or five years?

Ken MacQuarrie: Without the delivering quality first savings, it would have been our ambition to make some more investment in those areas. We will not be able to make that investment. What we are able to do is to hold exactly the service that we have.

Bruce, do you want to add to that?

Bruce Malcolm: There are no detailed savings planned for any of the regional stations.

Ken MacQuarrie: Services such as those in Orkney and Shetland will not be part of the delivering quality first savings. As you say, that is because of their size and scale.

Mark Thompson: It is also true that it remains an unfulfilled ambition of the BBC—and something that the public tell us they want—to deliver more in-depth coverage of all the regions of Scotland. I am afraid that that is unaffordable at the moment, but meeting that audience need remains an ambition.

Liam McArthur: I should probably declare an interest as the brother of someone who works for BBC Radio Orkney.

The Convener: It is better to be cautious.

I believe that Jean Urquhart has a brief question on this area.

Jean Urquhart (Highlands and Islands) (SNP): During the May 2011 election, there was a bit of an issue with regard to the hustings that were conducted by the BBC in Orkney and Shetland. Your national policy was that independent candidates would not take part and there was a bit of a struggle to have that policy overturned in Orkney and Shetland. Local policy would have been quite different. In the light of that incident, do you envisage that there will be a bit more devolution—that is the hot topic, be it max or plus—to enable local stations to be a bit more independent in their approach to the local democratic process and so on?

Ken MacQuarrie: We worked hand in glove with local staff on that. We had a lot of discussion about the role of the independents in hustings. As you know, after that discussion, the independent candidate took part in the hustings that we broadcast.

The approach that we take to various groups and to independents is rooted in our editorial guidelines. Our view is that, in the light of the way politics across the UK is changing, that approach is not frozen. We want to be impartial but also we want absolutely to reflect the debates that are taking place at local and regional levels, as well as at national level.

Mark Thompson: There is a recognition that our democratic situation has variable geometry, so we need variable geometry in how we handle it.

Jean Urquhart: Does that mean that you have changed the printed policy?

Ken MacQuarrie: The printed policy leaves room for judgment; the editorial guidelines are guidelines.

Jean Urquhart: With due respect, I point out that there was a national policy that did not suit a local radio station, and that the change did not come easily. It did not come about through discussions with you, as you suggest, but because there was public opposition to a decision. Given that you have acknowledged that that is the way to go, is it now part of your policy to allow that to happen?

Ken MacQuarrie: There was public opposition to the decision, and we applied our judgment to the situation.

Jean Urquhart: Has that become part of your policy? Would that kind of decision now be devolved to Orkney and Shetland?

Ken MacQuarrie: That kind of decision will not be devolved to the local level. In running our

election broadcasts, we will apply the lessons from each area across the broadcasts and we will make judgments case by case, making clear the principles on which the judgment is made.

Jean Urquhart: You would not allow a local radio station to make that judgment.

11:00

Ken MacQuarrie: We would take advice from local radio stations in order to make judgments, but stations would not wish to make them, because they are part of a nationwide discussion in which they are joining the election meetings and taking part in the running of the election across the nation. The local teams need and desire that, so it is not a question of restricting autonomy. Clearly, we take the judgment and advice of local teams.

The Convener: Marco Biagi has been waiting patiently, but before I bring him in I have a question to ask for my own information. What is the budget for “Good Morning Scotland”?

Bruce Malcolm: We try not to discuss individual programme prices. We do not do that, and we talked earlier about—

The Convener: Why?

Bruce Malcolm: Why? It is because we do not think that we should discuss individual programme prices.

The Convener: Why do you not want to discuss it?

Mark Thompson: We are an editorially independent broadcaster and we think that the public very strongly wants us to remain independent. We do not want individual programme prices to become the subject of political lobbying and nor do we want to get drawn into an attempt to influence politically the editorial choices that the BBC makes. That is not true just in BBC Scotland but throughout the BBC. We do not discuss individual programme prices.

The Convener: I am not sure that I understand how information on the budget for “Good Morning Scotland” or any other programme on the BBC being in the public domain—given that the public pay for them—would somehow open you to political influence.

Mark Thompson: It is one of the reasons why such information is excluded from the freedom of information legislation; it is within the derogation from the legislation in order to protect the editorial independence of the organisation.

The Convener: It has been reported that the budget for “Good Morning Scotland” is roughly equivalent to the salary of Jeremy Paxman. Is that true?

Mark Thompson: No.

The Convener: Which one is higher?

Mark Thompson: We will work our way up through the scales! As I said, we do not discuss individual programme prices.

The Convener: I am not asking you for the figures. I am asking which one is higher.

Mark Thompson: The budget for “Good Morning Scotland” is substantially higher than the salary of Jeremy Paxman.

The Convener: It is not, according to the figures that I have. However, what is interesting about this—

Mark Thompson: I mean in reality.

The Convener: In reality? You will not tell us what the figures are, so how do we, as a parliamentary committee, decide whether the impact of the financial cuts that you are making is reasonable or whether you have taken reasonable decisions on budget cuts. For example, how can we decide whether it is reasonable to cut the budget of “Good Morning Scotland” rather than have Mr Paxman take a budget cut?

Mark Thompson: You have heard me say that the cuts for BBC Scotland are less than the BBC average and that the cuts for radio in BBC Scotland are less than the average for BBC Scotland.

The Convener: Yes, I heard you say that, but my question is about senior, very expensive, members of staff perhaps taking a 10 per cent cut, rather than the whole output of Radio Scotland taking a 10 per cent cut.

Mark Thompson: You will know that we have in recent years been reducing significantly the amount of money that we spend on senior on-air presenters. We have been bringing down significantly the money for numerous individual contributors and the total amount of money that we spend on them.

The Convener: I know that there have been some cuts.

Mark Thompson: It is both/and, rather than either/or.

The Convener: I know that there have been some cuts in that area, but is very difficult for the public or, in fact, this committee to understand whether the decisions are reasonable, given that you will not tell us what the figures are.

Mark Thompson: We work in an industry where all those matters—the amount of moneys that programmes cost and are bought and sold for by independent producers, and the amount that individual members of staff work for—are kept

entirely confidential across the industry. They are matters of commercial sensitivity as well issues to do with our independence as a broadcaster. So, for both those reasons, we do not discuss them.

The Convener: It would obviously have been helpful for you to have been willing to discuss them, but clearly you are not going to shift on that matter. My personal view is that it would be appropriate for some of your senior people to take cuts rather than to have the cuts made right across broadcast programmes.

Mark Thompson: I repeat that my senior managers and senior on-air stars are, indeed, taking cuts.

The Convener: We will agree to differ on how the cuts should be split.

Marco Biagi can now come in.

Marco Biagi: Thank you convener—finally.

Perhaps the other competitors in the industry do not receive quite the level of public subsidy that the BBC does but that—

Mark Thompson: If I may say so, that is not quite the point. The point is that what we do not want to put the BBC in a position in which it is unfairly disadvantaged in the commercial negotiation, for example for an artist or a particular sports right, such that the public end up having to pay more for the right than if the information had been kept confidential.

We attack value for money if we start making one broadcaster’s costs known when everyone else can negotiate in secret. The danger is that we would undermine value for money in how the public’s money is spent.

Marco Biagi: You have, however, a guaranteed funding stream and all kinds of benefits that come with the public funding system.

Mark Thompson: Indeed, but there is an entire system of accountability for that, as well as multiple value-for-money studies by the National Audit Office and many forms of scrutiny. With the NAO, we have always been prepared to share confidentially any data on cost so that the NAO can benchmark and examine what we are doing. The issue is not about whether we should be held accountable for what we spend; we should be held accountable.

Marco Biagi: We will agree to disagree on that.

Moving away slightly from the issue of the numbers to the principles, which Jean Urquhart touched on earlier, the public service obligation of the BBC runs to its heart. The BBC has a role, beyond the provision of jobs, in the provision of democracy, and in facilitating democratic debate, knowledge and participation. As a principle, is that

the same in the Scottish context as it is in the UK context?

Mark Thompson: Yes. As a mission for the BBC, it is every bit as important as anything else that it does that the BBC covers Scotland and makes democratic process and debate available to Scots, and that it makes what happens in Scotland accurately, impartially and fairly available to audiences in the rest of the UK and around the world.

Marco Biagi: Has there been any pressure in the past with coverage of UK-scale events or developments bleeding over into Scottish coverage, through services that cover the UK as a whole? I am thinking, for example, of stories on education or health, or questions on “Question Time” relating to those issues, which command quite a considerable portion of the time that is allocated in Scotland to democratic broadcasting. Is that a problem?

Mark Thompson: They do command such time, but the situation is complicated. When we do it well, it can be a great advantage. We know, from talking to Scots, that they are very interested in what is going on in the rest of the UK and, with domestic policy in particular, it can be of real interest to them to compare and contrast the policy choices that are taken by different Administrations throughout the UK.

The fact that so many Scots listen to “Good Morning Scotland” and an almost equal number listen to the “Today” programme is quite interesting. There is in Scotland a great deal of interest in what is going on in England, Wales, Northern Ireland and Europe.

If you were to ask me whether it is difficult for our editors to work out how to apportion news time between the Scottish Parliament, the UK Parliament, the regions of England and what is going on in Wales and Northern Ireland, I would answer that it is. One of the reasons why air time, the size of our news website and the time that we devote to journalism have been increasing in recent years is because there is more complexity—there is more going on. One of the ways in which we are trying to meet that challenge is by increasing the amount of time that we devote to news and current affairs. As I hinted to Ms McAlpine, between now and 2014 we can expect the minutage to go up again because there will be so much to talk about.

Marco Biagi: In terms of balance, will a hypothetical someone living in Scotland, and who is a news junkie watching TV 24/7, receive more information about UK political debates or Scottish political debates?

Ken MacQuarrie: In that hypothetical scenario, a viewer who watched the BBC 24/7 would receive

more information about UK political debates, simply by virtue of the volume of coverage that is available through the new services across the various online sites.

Behind the question is a question about the balance of how we report to the UK on matters that affect the whole UK, matters that affect only the individual nations—in this case, Scotland—and matters that are the subject of primary legislation only in England and Wales. That debate has been going on for some time.

As you will know, Professor King did a very valuable and useful report on the issue, which has provided the platform for discussions to take place across the organisation daily, weekly and monthly between the executive and the trust, within the news division and between the nations and regions division and the news division. John Boothman contacts his colleagues daily to discuss the news agenda for that day. In addition, we take an overview, which involves monitoring the stories that we cover and how we cover them. When we get it wrong, as we do sometimes, we flag that up. I believe that we have made considerable improvements. Do we always get it right? No.

Marco Biagi: I am interested in your acceptance, at the start of your answer, that there is more UK output than Scottish output in Scotland. Let me put it this way: do you think that that could lead to a disparity of esteem in the coverage? I would contrast that situation with the actions in Scotland of the two Governments. If I am not mistaken, the Scottish Government spends more in Scotland than the UK Government does, which suggests that, in an ideal world, the balance should be the other way round as far as education and participation in democracy are concerned.

Mark Thompson: You made a false move, which was to assume that everyone watches television 24/7. If you looked at consumption on the television side or on the radio side, you would see a very different picture. For many households in Scotland, the core of their viewing is, typically, the hour between 6 o'clock and 7 o'clock. The story there is very different—it is a much more balanced story. It is interesting that the growth in the use of the BBC Scotland website in Scotland shows that the appetite for Scottish news is great. Use of the BBC Scotland website is growing very strongly—it is growing more strongly than use of the BBC news site as a whole. When it comes to Scottish consumption of BBC news, the picture is much more balanced than the one that you suggest.

Marco Biagi: Does that mean that although the BBC's output is skewed towards UK events, the audience's interest, as demonstrated by its consumption, is skewed in the other direction and that, in Scotland, there is a large amount of

redundant output that comprises coverage of UK events?

Mark Thompson: I do not think so. The BBC provides a portfolio of services. What we have not mentioned is that an enormous component of 24/7 coverage—anyone who did 24/7 viewing or listening would go mad fairly quickly, by the way—is what is going on in Europe and the rest of the world. The recent period has been one of gigantic world events. That is also part of the story. “UK news”—in other words, news that is made by the BBC to be broadcast to the whole of the UK—includes international news coverage; it makes up getting on for 50 per cent of UK news. Only a subset of UK news covers the UK and, of course, some of the UK news covers Scotland.

It is worth saying that when we ask the Scottish public about the shortcomings of BBC news, by far the strongest message that we get is about what they regard as insufficient coverage of the different regions of Scotland. It might be politically less interesting, but far and away the biggest thing that people tell us about how we serve Scotland is not about the UK versus Scotland but about their part of Scotland and how well the BBC reflects that. That is the biggest single thing that we would like to address, as and when we can.

11:15

Marco Biagi: I recognise that. I consider Scotland to be a nation with a number of regions rather than one region.

Mark Thompson: So do we.

Marco Biagi: Given that there is such a difference either within Scotland or UK-wide between what is considered to be Scottish news and what is considered to be UK news, do you consider the 2014 referendum to be a Scottish or a UK event, and worthy of coverage as such?

Mark Thompson: To me, it is a massive Scottish event and a massive UK event. If you think in terms of the 6 o'clock news and “Reporting Scotland”, it will be a gigantic story for those programmes because it goes to the heart of the destiny of Scotland as a nation, and it goes to the heart of the destiny of the UK. It will be of considerable interest to our audiences across the UK and around the world. Our news reaches a quarter of a billion people every week who will also be fascinated by events here.

Marco Biagi: So, we can look forward to seeing it on the 6 o'clock news as well as on the 6.30 news.

Mark Thompson: You have heard me say it. We have already had it on the “Today” programme and the 6 o'clock news. All our political editors here and in London are beginning the process of

figuring it out. This is one of the biggest things that the BBC will ever do anywhere. It is a story of immense interest and importance.

The Convener: Thank you. Can I ask members of the committee and panel for short questions and answers so that we can get through the rest of the agenda as quickly as possible?

Joan McAlpine: I will develop the point about platforms, but first I want to make an observation about Mark Thompson's point about the same number of Scots listening to the “Today” programme as listen to “Good Morning Scotland”.

Mark Thompson: Most listen to “Good Morning Scotland”.

Joan McAlpine: Yes, you said that, but you made the point that Scots are interested in what happens in the rest of the world. You will be aware that “Good Morning Scotland” also provides coverage of what happens in the rest of the world. I suggest that the “Today” programme's superior budget is one of the reasons why people tune into it when they want to hear what is happening in the international arena. I do not know whether it filters right up to you, but the journalists from the BBC newsroom whom I talk to find it frustrating that they do not have access to the BBC's top level content. A programme such as “Good Morning Scotland” does not have the advantage of the first pick of quality BBC journalists that you have around the world. Will you comment on that?

Ken MacQuarrie: We have access to all the BBC journalists across the world. The BBC world service having been taken within the news has also provided a valuable resource.

I think that you are referring to a situation in which there is a breaking story and we have a corps in a particular place. Can that corps be on “Good Morning Scotland” ahead of the “Today” programme? The option is always there for “Good Morning Scotland” to take the report simultaneously at any particular point, and we have done that. We have also sent our journalists across the world. We have had journalists in Afghanistan, South America, Scandinavia and India, giving reports to our newsroom staff back at home. We have developed that in previous years because we had not been doing so much of it. We have been providing original journalism from those areas on issues that are relevant to the particular interests of the people of Scotland and to the Scottish economy.

Joan McAlpine: That sounds to me as though you are trying to make do and mend. I have spoken to several journalists who say that they often end up scrambling around looking for an academic who can comment on Iran or Syria or whatever because they do not have access to

what the BBC should be offering across the network.

Mark Thompson: But they can broadcast anything that we broadcast on the world service, Radio 4 or Radio 5 Live, and we have network specialist correspondents who appear on “Good Morning Scotland” fairly regularly. Almost any editor or journalist who is worth their salt will want more resources if they can get them—you always wish that you had a little bit more to make your show even better—but the resources of the BBC are available to “Good Morning Scotland” and Radio Scotland.

Joan McAlpine: Well, I am getting different messages from your newsroom than you are.

How many platforms does the BBC put out across the UK and in Scotland? Do you know off the top of your head?

Mark Thompson: We have multiple platforms. On the television side, we have our network services: BBC1 Scotland, BBC2 Scotland, BBC3, BBC4, the News Channel, the Parliament Channel—which covers this Parliament and other events in Scotland—BBC Alba and the two children’s channels. We also have our suite of radio stations, our web and mobile services, and our red button and other interactive and on-demand services.

Joan McAlpine: Scotland has access—

Mark Thompson: I have not quite finished. BBC Radio Scotland and Radio nan Gàidheal are also part of the mix.

Joan McAlpine: So, three of those platforms have substantial Scottish content: Radio Scotland, BBC1 and BBC2. As Marco Biagi mentioned, you have a whole suite of other platforms.

Mark Thompson: In addition, we now originate 9 per cent of all our network television production in Scotland—we show it across the UK, but it is of course available for Scots to see as well. BBC1 Scotland contains some programming that is made especially to be shown in Scotland, and a significant amount of programming that is made in Scotland and available to be seen in Scotland but which is also broadcast to audiences in the rest of the UK and sometimes internationally.

Joan McAlpine: That is very admirable, but there is a downside; I have spoken to Mr MacQuarrie about that before, and he has acknowledged it. As the NUJ submission to the committee mentioned, even when that happens the Scottish content sometimes has to be simplified for a wider audience. It is not the same as Scottish content for a Scottish audience, which is shrinking.

Ken MacQuarrie: We have found that we have been able to cover any of the stories that we have covered—on the Royal Bank of Scotland, or in the “Panorama” programmes that we have made—while taking into account the differential knowledge base and without diluting the programme in any sense.

When we make a programme that speaks either of place or of people, part of its appeal is the authenticity of the offer: the particular becomes universal. I do not see that as a risk. Children’s programmes such as “Balamory”, for example, have a sense of place for a children’s audience. The sense of place in that programme would not have been different if it had been going out only in Scotland rather than across the rest of the UK or around the globe. I know that there is a debate about whether we somehow dilute the offer for the Scottish audience by offering it to the UK, but that has not been my experience.

Joan McAlpine: I think that “Balamory” would be different from a complex political issue that people might be better informed about in Scotland.

Ken MacQuarrie: That is fair enough, but with regard to issues in drama or current affairs, or the complexity of the journalism in the offer, I believe that that would stand.

Joan McAlpine: On the issue of platforms, the NUJ submission also pointed out that, from 2015, BBC2 in Scotland moves to high definition, which removes the option of opt-outs on that channel. How do you plan to deal with that with regard to the amount of Scottish content that you currently put out on BBC2?

Ken MacQuarrie: We are reviewing our plans for BBC2; there is a live review of the options. We will certainly retain BBC2 in standard definition until 2015.

We are aware of the valuable job that BBC2 does in bringing specific programmes to the Scottish audience. This is a live discussion; indeed, the audience council raises the issue almost every month, has highlighted it in its submission to DQF and will be asking about and holding us to account for any decision that we take. We will absolutely ensure that we get the right decision for audiences in Scotland before we make any specific arrangements about the BBC2 platform.

Mark Thompson: You asked Ken MacQuarrie whether he and BBC Scotland were fighting their corner on DQF savings. BBC Scotland is clear about wanting to maintain the strength and breadth of what BBC1 and BBC2 Scotland offer Scots and has that very much front of mind. We are trying to figure out the best way through this issue, but no decisions have been taken yet.

Joan McAlpine: Have you discussed the possibility of broadcasting BBC Scotland live on the internet? When Mr MacQuarrie appeared before the Scotland Bill Committee last year, he said that he was working on that problem and that, indeed, it would be solved soon. Given that more and more people are watching TV on the internet—indeed, my teenage daughters watch only internet TV—is it not a problem if Scottish television is not available live on the internet?

Ken MacQuarrie: The streaming of BBC1 Scotland in particular is a live issue and is desirable with regard to the services that we offer, especially given the viewing patterns of many people, including your daughters. We are making a number of changes, including the introduction of a new live home page for Scotland that will be a vast improvement on the current home page. We have already done that for sport. Streaming is work in progress, but it is front of mind.

Joan McAlpine: You are talking about streaming BBC1 Scotland live in the same way that you stream other BBC channels.

Ken MacQuarrie: Yes.

Joan McAlpine: How soon will we get that?

Ken MacQuarrie: I will not put a timescale on it, because we are reconfiguring a lot of our online offer. As a result of the BBC trust's decision, we have taken spend out of our online services but we have a huge set of priorities that we want to deliver, including the home page that I mentioned. I recognise the issue's importance and the need to service that particular audience, and I assure the committee that it is absolutely front of mind.

Jean Urquhart: My question has partly been answered, but I would like to raise another issue that arose in our previous round-table discussion. It is really good to hear the commitment to Scotland that has been made, but I wonder whether there are any differences in salaries. After all, we want to know that the service being offered here is the same. Years ago, we had London weighting and various differentials, and salaries in Scotland were known to be significantly lower, but I presume that the salaries of the journalists and others employed in Scotland are now the same.

Bruce Malcolm: There are grades and bands within which people are paid, and we monitor the salary situation across the UK.

Mark Thompson: We still have London weighting to reflect the much higher standard of living in the city. However, other than that, we have no differential regional policy on grades and we expect salaries to be broadly comparable.

The Convener: You said earlier that the referendum was a gigantic story not only for Scotland but for the UK and I am sure that we all

agree with that. I was going to ask how much you spent on covering the last general election, but I suspect that you are not going to tell me.

Mark Thompson: You are right. *[Laughter.]* You are getting better at this, convener.

The Convener: I am trying to find out the import that you give to various aspects of output in Scotland. As a comparison, would you envisage spending more on a UK general election than on the referendum, or is it the other way round?

11:30

Mark Thompson: If I may say so, that takes us back to inputs and outputs. In UK general elections, there are hundreds of different counts and individual political stories, whereas all referendum campaigns have a slightly different quality in that they do not involve multiple returning officers and a sequence of individual decisions. With a referendum, there is a national story—in this case it will be across Scotland—rather than a strong constituency-level story. Therefore, the resourcing for any referendum campaign, whatever it is about, will be different from that for any election campaign.

We recognise, however, that the story will need substantial resourcing by the BBC—I meant what I said on that. It will be a large-scale story for us. We will end up broadcasting the story in at least 30 languages for our global news division as well as in Welsh and many other languages beyond English and Scottish Gaelic. One obvious issue that we are working through is that we will need the right level of journalistic effort in Scotland and at UK level. We want to think about that carefully now, as we are making staff reductions, so that we do not end up having to rehire people for that big event. The referendum will be one of the largest domestic stories that the BBC has covered in recent years and it will be properly resourced.

The Convener: I welcome those comments, but you will understand the concerns about reductions in news and current affairs staffing levels at the very point at which we have what everybody agrees is the biggest story in 300 years. It would seem odd to reduce staff and then have to rehire them or hire new staff to cover an event that is obviously coming up.

Mark Thompson: The phasing and other decisions must be taken in the context of the likely political timetable.

The Convener: I am trying to think of a comparable example. I accept your point about the difficulty of comparing a UK general election with the referendum. There are various differences as well as similarities. However, I will have one more go. The forthcoming US presidential campaign is

an enormous story. Does that rate more investment from the BBC than the referendum, or less? You rightly give massive coverage to the presidential campaign, and it is good coverage.

Mark Thompson: I do not have the figures with me, but I expect that to have significantly less investment than the Scottish referendum.

Bruce Malcolm: On the mechanics, for every election, our newsroom team puts together a budget for their aspirations and ambition on how to cover it.

The Convener: Although you will not tell us what that budget is.

Bruce Malcolm: I am just going through the mechanics. The newsroom suggests a budget. We then debate it and consider whether we could do some things differently, but by and large—

Mark Thompson: We usually just say yes.

Bruce Malcolm: By and large, we fund the ambition to cover that.

The Convener: We will take that as a guarantee—thank you.

Liam McArthur: I have a brief comment. Mr MacQuarrie will be aware of this, but I want to be sure that Mr Thompson is, too. The debate on the constitutional future will be a single debate, but I imagine that it will play out differently in different parts of the country. I have no doubt that that will be reflected through BBC Scotland's and Radio Scotland's output on whatever platform. However, I hope that some of that more nuanced element of the debate will be reflected at UK level.

Mark Thompson: That is important. To an extent, we will have to take our UK coverage of the politics of Scotland to a new level of sophistication. It is definitely important that UK and global audiences get a sense of the nuances of what is going on.

Clare Adamson: I understand the sensitivities about the finance issues, but what other benchmarking is done for news and current affairs in Scotland against that for London and the rest of the UK? Can you share any of that benchmarking with the committee?

Bruce Malcolm: We do both qualitative and quantitative work. We know the costs per hour for all our programmes and how they rank against each other. We look at that information when we approve budgets and we investigate exceptions when costs are higher or lower. We do a lot of quantitative work on the cost per hour.

On the qualitative side, in news and journalism, there is a suite of meetings about how we share best practice and learn from each other about how things can be done differently. John Boothman

and his colleagues in news do a range of things to ensure that we benchmark and learn from best practice.

Mark Thompson: There is internal benchmarking in various bits of the BBC. It is particularly important in radio, because almost nobody else does what the BBC does in radio. In television, because we have the independent sector and there are other TV companies that commission similar programmes, we get a good sense of the market rates for different kinds of programmes. In effect, competition works more purely in television. In radio, we have to try harder to do internal benchmarking.

The Convener: I apologise to Patricia Ferguson, who has had a long wait.

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): It was worth the wait, convener. I thank you and the committee for affording me the opportunity to be here.

I want to take you back to the issue of job cuts, particularly in news. If I picked up the figures incorrectly, I would obviously welcome a correction. I took it from what you said that five of the 27 posts in radio news will be cut, and I understood you to say that, in future, there will be more flexibility between all those who work in news in order to make best use of the personnel resource that you have.

I have two concerns about that scenario. My colleague Neil Findlay touched on the first of those concerns, and in response Mr Malcolm said that health and safety and stress levels are constantly monitored. However, if you find that there is a problem in those areas, is there enough flexibility in your budget to allow you to respond to them and perhaps reinstate staff or not take them away in the first place?

Secondly, are you content that the quality of news broadcasts can be maintained and that we will not just see packages that were used on "Reporting Scotland" being used again on "Newsnight Scotland" later in the evening because there is not enough capacity to deliver?

Bruce Malcolm: We monitor those things. We have savings targets for four or five years, but we do not have every i dotted. There is still detail to be worked out and we realise that things will have to change, so we can flex our plans within reason. As part of managing DQF, we report a suite of statistics both to ourselves and to London, to ensure that quality is holding up. One of the prerequisites of DQF is that quality does not suffer and it is being tracked carefully on each of our services to ensure that it does not start to dip.

Mark Thompson: Also, that is done independently. In other words, the people who

track the quality are separate from the management teams that are running the cuts. We bring to the BBC's executive board an independent report on what the public are telling us about the quality of our services. We can use that to measure the progress of our efficiencies. We have done that with the current efficiency programme, before the start of DQF, and the National Audit Office believes that it is the right way in which to ensure that the public do not see a diminution of service.

Patricia Ferguson: Thank you. I am conscious that your production in Scotland is increasing. That is welcome, as is the fact that individual programmes are being produced in Scotland. However, the model that you have for "Waterloo Road" strikes me as being perhaps not unique but significant, particularly in Inverclyde, where you have your campus—sorry, I did not mean that to sound like a pun. In that case, there is a bigger effect on the local community than just the jobs in the BBC. Do you have plans to do something similar with any of the other programmes that are put out nationally or in Scotland?

Ken MacQuarrie: We are extraordinarily proud of what we have achieved with "Waterloo Road". This week, we invested in a post for young scriptwriters, who will be able to work with Glasgow Caledonian University and also with the company that makes "Waterloo Road". We are aware of the power of that model and we will certainly look at where we can use it effectively, but there are no specific plans for another programme of that scale.

We want to use "Waterloo Road" with "River City" and the investments that we are making in drama in Scotland to make more and more drama that talks of Scotland to the rest of the UK. That is where we will see the benefit. One of those programmes might, if it is hugely successful, grow into a project on the scale of "Waterloo Road", but that is most likely to come through the route of indigenous growth. We feel that we have taken the moves as far as is desirable at this stage.

Mark Thompson: More generally, the approach began with Pacific Quay. I was involved in the inception of that 12 years ago. We now have a different view of what the BBC can do everywhere in the UK outside London as an anchor tenant and a magnet for the creative industries. That is what we are trying to do right now. "Waterloo Road" and Pacific Quay are examples, as are the new drama village that we have built in Cardiff, and Salford Quays. We are trying to work with other broadcasters and encourage them to site close to us. STV, which is close to us south of the Clyde, is an example of that. We also work with local universities and academies.

The BBC is the biggest distributor of television in the world outside the Hollywood majors, and we want to bring to bear our scale, our technology and our brand and try to leverage all that up into a much bigger plan for the creative industries in a particular place. We have made progress in Scotland, but there is still room for more vision about what the creative industries can achieve in this country, and the BBC can play an important part in that.

Patricia Ferguson: Thank you.

The Convener: Thank you, gentlemen. We very much appreciate your time—

Neil Findlay: Can I raise a question, convener?

The Convener: No. I took every question that members wished to ask during the session. We had an hour and a half, and I said before the meeting that Patricia Ferguson's questions would be right at the end, after all committee members had spoken. You did not indicate that you had a question during that period.

Gentlemen, thank you very much for your evidence this morning.

11:41

Meeting continued in private until 13:12.

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