



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 30 October 2012

Session 4

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EDUCATION AND CULTURE COMMITTEE

27th Meeting 2012, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Findlay (Lothian) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Clare Adamson (Central Scotland) (SNP)

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Neil Bibby (West Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*Liam McArthur (Orkney Islands) (LD)

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

*attended

THE FOLLOWING ALSO PARTICIPATED:

Paul McManus (Broadcasting, Entertainment, Cinematograph and Theatre Union)

Peter Murray (National Union of Journalists)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 2

Scottish Parliament

Education and Culture Committee

Tuesday 30 October 2012

[The Convener *opened the meeting at 10:02*]

Broadcasting

The Convener (Stewart Maxwell): Good morning. I welcome members to the 27th meeting in 2012 of the Education and Culture Committee. I remind members and those in the public gallery to ensure that all electronic devices, particularly mobile phones, are switched off at all times.

Our first agenda item is an evidence-taking session on job cuts at BBC Scotland. The committee has previously taken evidence on broadcasting, most recently on 29 May from the BBC. Following the announcement of the cutbacks in editorial staff in Scotland, the committee wrote to the BBC on 6 September to invite the new director general, George Entwistle, and Ken MacQuarrie, director of BBC Scotland, to give oral evidence. Unfortunately, both gentlemen declined to appear before the committee on the matter.

Following that, I received a letter from Paul Holleran from the National Union of Journalists, outlining some concerns that the NUJ has had about the job reductions at BBC Scotland. A copy of that letter has been circulated to members as part of their committee papers. The committee then agreed to invite the NUJ and the Broadcasting, Entertainment, Cinematograph and Theatre Union to give oral evidence on the issue. BBC Scotland has submitted written evidence, which is also available with the committee papers.

I welcome Peter Murray to the committee. He is the Scottish representative on the executive council in the NUJ. Paul McManus, the Scottish organiser of BECTU, is on his way, but has not yet arrived. I hope that he will be with us soon.

I will begin with a general question. I presume that Peter Murray has seen the written evidence that we have received from the BBC management. What is his response to the points that the BBC has made on the reductions in budget and staffing and its reasons for them?

Peter Murray (National Union of Journalists): First, I thank you for inviting us to speak to the committee and for the opportunity to reply to the BBC's submission. The submission is, to some extent, what we have heard before, although there are one or two interesting points to which I will come later on.

Like the committee, we asked BBC Scotland to reply to some of the concerns that were raised when the committee took evidence from Mark Thompson and Ken MacQuarrie back in May. As members of staff at the BBC and as trade union representatives, we asked the BBC earlier this month to explain how it thought that the budget cuts would affect, for example, coverage of the referendum in 2014. We have received no reply to that letter, even though it was sent three weeks ago, so it is useful to see that material being presented to the committee by Ken MacQuarrie now.

The fifth bullet point on the first page of the BBC's submission says:

"There will be no drop in hours"

of programming

"in News and Current Affairs",

but that comes at a time when the BBC is cutting staff in quite substantial numbers. Dozens of staff are going from the news department. That follows several years of cuts to staffing, which go back to the beginning of Mark Thompson's time as director general in 2004. That has had a damaging effect on the kind and scale of output. Although it is cutting staff, the BBC is not talking about cutting programmes. That will have a detrimental effect on the breadth and depth of output that is possible from the BBC Scotland newsrooms.

The BBC talks about "The current phase" of cuts to staff. It is important that the committee understands that the cuts are not uniform across the newsrooms. For example, the programme for which I used to work in radio news and current affairs has had a staff cut of 60 per cent—not 15 or 20 per cent, but 60 per cent or more—over the past couple of years. That does not compare favourably with similar programmes, such as "World at One" and "PM" on Radio 4. Their staff count has remained pretty well static and, at the moment, is double what that BBC Scotland programme was looking at 18 months ago.

The cuts are not even. They do not reflect BBC-wide cuts, which are the BBC's wider response to the cuts in the licence fee.

In the "Going Forward" section towards the end of the submission, BBC Scotland says that the fixed-term money for which it is looking from the BBC centrally is

"outwith the timeframe of the current ... savings".

That is simply not good enough. BBC Scotland has a wonderful opportunity to cover the referendum debate and the process of constitutional change that could go with that. Under those circumstances, it should seek more money from the BBC centrally to reflect the scale

of the constitutional change that could happen rather than accepting that less money should come into BBC Scotland.

There is a serious deficit there. When senior management at the BBC talks about it just being business as usual in the run-up to the referendum, that, too, is simply not good enough. The referendum is not a one-off; it will not be like an election night special. It is a democratic process that will continue for two years or more and which could result in the most serious constitutional change in Scotland for hundreds of years. Simply to regard that as something akin to a by-election is, to be frank, irresponsible.

The Convener: Thank you very much for that, Mr Murray. I am sure that we will come on to many of those points as we go through some of the other questions.

I welcome Paul McManus to the committee. I asked Mr Murray for his general response to the written evidence that the BBC has submitted to the committee. I hope that Mr McManus has had a chance to look at that submission and I ask him whether he has any general comments on the points that the BBC makes and the reasons that it gives for having to make the cuts.

Paul McManus (Broadcasting, Entertainment, Cinematograph and Theatre Union): I apologise for my lateness.

There are a number of contradictions in the BBC's submission. It talks a number of times about how it is reducing staff levels but increasing output and maintaining quality. That is simply not possible in the current climate in the BBC. It has already been through at least five years of substantial cuts under a number of different guises. The current round of delivering quality first is probably one of the most severe rounds of cuts that it has faced.

The BBC simply cannot deliver the same level of output in Scotland as it has done in previous years. It does not have the staff to do that. If we look at the BBC's submission in detail, we see the contradictions. It states:

"There will be no drop in hours in News and Current Affairs ... in fact there will be an increase".

However, it then states:

"The overall number of local TV programmes will reduce".

The BBC cannot lose 17 staff from the news and current affairs department and deliver the same levels of programming.

On television production more broadly, the BBC in Scotland is producing more, but that is done entirely with freelance and contract staff output. The news and current affairs department will be

the hardest hit. The BBC is gilding the lily to a great extent in trying to make people believe that it can deliver a greatly enhanced service, particularly given the challenges of the Commonwealth games and the referendum, which my colleague mentioned. The BBC simply cannot deal with those challenges with the staff that it has in place.

When the recent incident occurred at Glasgow airport, in which there was an emergency evacuation of a plane, I was told that the nearest reporter the BBC had on hand was a freelancer in Fife—that was the response to that story. If we look at the cuts in detail, we find that the BBC is getting rid of high-end technical staff who deliver news and current affairs output. For instance, the BBC has had numerous opportunities to give assurances that there is a commitment to a BBC base in Edinburgh, but it has refused to do so. I see nothing in the written submission that gives such a commitment.

In all honesty, the BBC in Scotland cannot give such an assurance, because it does not control the situation—London controls the situation. The BBC in Scotland cannot give any guarantees anywhere because it does not have that level of control. It is at the whim of London. Currently, in Edinburgh, the BBC cannot put three people together in a room to interview them, so such interviews have to be done from different locations. That is a shocking indictment of the BBC in Scotland, given that the Scottish Parliament has been here for a number of years and given the debates that are coming up and the Commonwealth games.

As my colleague said, the cuts vary across the BBC in Scotland, and the impact of the cuts varies across the piece. The loss of two senior posts might not be a huge issue in Glasgow, but it has a big impact on Gaelic television in Stornoway. The reduction in Aberdeen will also have a major impact. The BBC is gilding the lily when it talks about the number of staff in the Highlands and Islands and across the north of Scotland. The bottom line is that it will take people off Gaelic programmes to cover news stories, because it does not have sufficient staff in the area to provide the same level of coverage as at present.

On radio, the BBC talks about removing a gardening programme but says that it is retaining its commitment to gardening because it will give the subject a few minutes here and there in somebody else's programme. That is not a commitment to high-quality programming; it is a make-do-and-mend approach. That is where the BBC is at.

The cuts over at least the past five years have a hidden cost. The BBC will say that it is making smarter choices although, in some areas, it will admit to producing less programming. However,

the hidden cost of the cuts is that the vast majority of staff are being expected to work hours off rota. To give a clear example of that, in the previous round of cuts, the BBC said that it was going to work smarter by doing away with post-production prep time. Once a programme is shot, there is a period in which staff examine the footage, decide roughly how they want to edit it and get rid of the stuff that they do not think they need before they go into editing. Now that the BBC has got rid of the prep time, all the raw footage is taken into the edit suites and when the staff run over time at the end of the day and have done their 10 or 12 hours of editing, they then have to go on and do another three, four or five hours, because they have not had time to prepare the footage.

That pattern is being repeated across the BBC. Ever-greater numbers of people are going off sick and complaining that they are being expected to work longer and longer hours that are not recorded on the rotas because of the pressure that they are under to deliver programmes with insufficient numbers of staff. However, the BBC clearly does not accept that that is a huge problem that will get ever greater under the current round of cuts.

10:15

The Convener: Thanks for those opening remarks. I invite members to ask questions.

Liz Smith (Mid Scotland and Fife) (Con): I have two questions, which are completely unrelated to each other.

You have just described a huge difference of opinion and some severe difficulties. Why has that situation come about? Is there something radically wrong with the negotiation or information processes? All the information that we have had suggests that there are two vastly different perspectives. What has caused that?

Paul McManus: With respect to the difference of opinion, the bottom line is that it was the licence fee settlement that dictated that there would be cuts. BECTU and the NUJ have maintained the position from day 1 that a rushed licence fee settlement meant that there would be substantial cuts. The BBC in London has applied the cuts fairly evenly across the board and, regardless of which way you look at it, you cannot say, "We are having a 20 per cent cut in our budget and we are going to deliver a better service." That is simply not possible in this day and age.

Peter Murray: One of our concerns is that the BBC Scotland news and current affairs department wants to front-load the cuts because it says that that will save pain later. That has had a dramatic impact on staff morale and the atmosphere in the newsroom. I have not been

there for a year but, over the past couple of days, I have been speaking to people who work there and I have visited former colleagues there. The staff's morale is pretty much at rock bottom. People say that it is no longer a pleasant place to work. They are fearful for their jobs, naturally. They are fearful of speaking out publicly, which is one of the reasons why I am here today, rather than one of the NUJ representatives.

The BBC is supposed to be a model employer, not a terrible employer. At the moment, people are saying that it has become a terrible employer. As Paul McManus mentioned a moment ago, staff are being expected to do much, much more. I was told about one reporter who worked 27 days on the trot, without a break, and was then asked to come in to cover for someone else who was not available. That pattern of excessive workloads seems to be becoming the norm, and senior managers now expect that of people. That is a consequence of the front-loading process that is going on.

The management says that it is front-loading the cuts in order to make things easier later on, and that greater savings will be made if the cuts are imposed at this stage. The BBC, broadcasting and the media in Scotland are preparing for potentially massive constitutional change and, at the very least, an enormous constitutional debate. We believe that, therefore, now is not the time to be making cuts like this. If the management spreads the cuts over a longer period, staff morale might be improved because the cuts could be made less painfully through the use of natural staff turnover—which is around 12 or 15 per cent anyway—and the BBC would be able to put in place the kind of programme schedules that we think it should have during such a major political debate. The front-loading process might make things easier for the BBC management, but it makes it much harder for the staff to cover those sorts of issues.

Liz Smith: When you talk about management, are you pointing the finger at management in London, or are you concerned about the management in Scotland?

Peter Murray: The problem is very definitely in Scotland. The current management of news and current affairs in Pacific Quay and those above it, in the senior management, are the ones who are making the decisions that we have a problem with. We do not believe that things have to be like this.

As Paul McManus mentioned, the overarching budget constraint is a result of the licence fee settlement a couple of years ago, but the decisions that are affecting staff in the newsrooms in Glasgow, Aberdeen, Inverness and so on are being made by the local management.

Liz Smith: As I said, my second question is not connected to my first. I was interested in what Mr McManus said about all the problems. How could we best measure the quality of output? What should we be looking at as a measure of how good we are?

Paul McManus: There are a number of ways in which the quality of the output could be measured. The BBC would point to audience figures: if they were good, it would say that it was doing well; if they were not good, it would find some way of defending that. You have to dig deeper than that, and staff surveys would be one way of measuring the quality of the output in terms of how staff perceive it.

The quality of the programming is an age-old debate. The BBC would say, "We can chuck out a trainee with a hand-held digital camera—in some cases, a mobile phone—and people will watch the programme, so what is the problem with the quality of the output?" Perhaps a good example of the quality of output is the "Beechgrove Potting Shed" programme, which is a dedicated gardening programme with a strong audience. To remove that entirely and to give people five minutes of gardening content here and there on other programmes is a definite marker of how the quality of the output has diminished. I do not think that anybody can defend the idea that five minutes here and there is the same as a dedicated regular programme that builds up a loyal following.

Liz Smith: You are confident that there is a lot of evidence to suggest that the quality of the programmes is not as good as it should be.

Paul McManus: Absolutely, yes. Going back to news and current affairs, the very idea that, here in Edinburgh, the home of the Scottish Parliament, the BBC cannot put three people in a room together and conduct a stimulating debate is a definite marker of how the quality of output must be failing.

Peter Murray: In radio news programmes, there has been an increase in the number of repeated items over the course of the day simply because there are not enough staff around to bring in new material. There is strong evidence of a fall in the number of stories that those programmes cover, and the story count being down is also a result of the staff cuts as there are not enough producers and researchers to chase stories and find new interviewees. Those are two areas of concern.

New figures were published yesterday by Radio Joint Audience Research, the radio monitoring organisation. It is difficult to make snap judgments on the basis of one set of RAJAR figures, but the figures show a dip in certain areas of Radio Scotland's audience, which is worrying and may suggest that people are voting with their feet. The

listeners are seeing the changes and think that it is not good enough. It is not just me saying this. People who have run the department in the past say that the organisation is creaking at the seams and it is time to stop this.

The Convener: I want to take you back to the point that you made about front-loaded cuts, which I am curious about. You referred to the "Going Forward" section of the BBC management's written submission to us. The submission says that the BBC is

"in the process of preparing for coverage of the Independence Referendum and the Commonwealth Games. Both will benefit significantly from increased, fixed term resourcing from network BBC."

It seems, from that statement, that increased funding will be forthcoming—I take it that it will be funding, although the submission talks about resources—in the next year to 18 months. However, I thought that the process of the cuts that are being made because of the delivering quality first strategy and the fixed licence fee settlement would take place over a number of years up to 2015-16. Can you explain why those two things do not seem to match up? If additional funding will be made available in the next year or two to deal with the very large and important events that are coming up, and if the process of cuts is supposed to flow over a period of three to four years, why has BBC Scotland chosen to make all the cuts in the current year?

Peter Murray: To some extent, that is a question for BBC Scotland to answer rather than me, but I can give you our point of view on it.

The Convener: If the management of BBC Scotland were here, I would ask them.

Peter Murray: Of course. Over the past weeks and months, since the process began, staff have expressed strongly to me their concern that the staff cuts are being obviously targeted at certain individuals—our members—whom management has decided it does not want to be there any longer.

Many members of staff look at the current process of interviews to select people for redundancy and say that it is unfair or irrelevant, or that it deliberately targets certain individuals. That is one concern that we have—that the front-loading is being used as a way of clearing out people whom management regards as no longer fit to work there, for whatever reason. It is extremely worrying that management is using the redundancy process as a way of clearing out people whom it no longer wants. That is one issue.

Another issue is that, in the past, there has been a pattern whereby the BBC and many other organisations have got into a revolving-door syndrome, which has involved them making

redundancies or budget cuts that have resulted in people leaving the organisation, only for them to come back a matter of months later. We are concerned about that, which is one reason why we are calling for a moratorium on the present round of staff cuts. If new money is to come into BBC Scotland through a different route to cover the referendum and the debate around it, we see absolutely no reason why the present members of staff should not be the ones who provide that coverage. They have the experience, the knowledge, the background and the collegiate links with their workmates that will allow such programme making to flourish. I do not think that disrupting all that—disrupting the newsrooms and crashing the morale in them—is the way to proceed. That revolving-door syndrome has been a pattern in the BBC and other organisations in which the NUJ is recognised, and we think that now is not the time for it.

Paul McManus: There has been a great deal of concern among our members in news and current affairs that much of what is happening in the current round of cuts is personality driven rather than business driven. On the evidence that I have seen, in every other department of BBC Scotland in which there have been cuts, logical arguments have been put forward. We might not have agreed with them, but the process has been driven by cuts in programming, cuts in output and the knock-on effect that that has had on staff. Although that has not been very palatable for us, there has been a certain logic to what has been done, and it has been handled professionally. The process in the news department has been entirely different, and it gives rise to concerns about the existence of personality issues, to which Pete Murray alluded.

In response to the convener's question, the cuts are entirely down to the managers. The BBC in London expects every area of the BBC to deliver 20 per cent cuts year on year, so there is extremely limited scope for saying, "We will not make cuts at BBC Scotland for the next two years until we get the referendum and the Commonwealth games out of the road." Management must deliver the cuts—how the cuts are delivered in Scotland is entirely up to management. As Peter said, for some reason, BBC Scotland news felt the need to front-load its cuts in the first couple of years. I return to the point that, with the referendum and the Commonwealth games coming up, BBC Scotland should not be in the position of saying, "We'll just need to nip down to London next year to ask for a sub so that we can cover those things." BBC Scotland should be in a position to deliver in-depth coverage of such events regardless of the situation.

Peter Murray: I have a brief additional point to make. What is happening at BBC Scotland is very much in contrast with what is happening at STV

just along the road from the BBC in Glasgow. STV is recruiting young journalists for its local TV initiative—I know that because the NUJ is involved in a training partnership with STV. It seems that STV recognises the need to bring in and train young journalists at a time when the BBC's local coverage may be suffering as a result of what is going on. I return to the point that now is not the time to be making cuts of this order.

The Convener: I had intended to move on to other members but, if members will excuse me, I want to concentrate on this point. It is quite a serious allegation that the BBC is targeting individuals rather than carrying out what we would all expect to be a high-level, high-quality and neutral redundancy process that is driven by the need to cut staff because of budget cuts. I do not know whether Peter Murray wants to say any more about that, but it seems to be rather a serious allegation, if that is your members' view.

Peter Murray: It is certainly the view of an awful lot of members. I would rather not go into the issue in too much more detail, if you do not mind, because I do not want to single out one personality over another. However, people are saying that the interview process seems to be skewed. An awful lot of the questions and the tasks that people are being asked to do as part of the interview procedure have very little to do with their actual job—or with what they might be doing in their job in the next few years. There is a serious concern that the interview process is being used as an excuse—as a way to get rid of some people whom the BBC wants to get rid of anyway.

10:30

The Convener: Thank you for your honesty on that, Peter. We will move on.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I am disappointed that nobody from the BBC is here to speak about its written submission. I hope that perhaps the other witnesses may be able to comment on it.

I notice that, as has been touched on, the licence fee has been frozen at its current level. That means that in cash terms the BBC has not had a cut to its licence money. A £16.1 million cut is being imposed on BBC Scotland; clearly, the reduction of its budget to £86 million will be more than that in real terms, so that is quite a serious matter. However, my understanding is that the budget for the whole BBC is well over £1 billion—I am speaking from memory here. The BBC's submission says that the

"average savings required per area"

are 20 per cent—to me that means that, across the board, the savings will be 20 per cent. That

means that the BBC is freeing up several hundred million pounds. According to the first paragraph of the submission, that money is to be placed into

“World Service funding, the Welsh language service ..., support for Local TV”.

An awful lot of money seems to be being switched into those areas. Do you have any comments on that?

Peter Murray: On your first point, the reason that the licence fee settlement from a couple of years ago amounts to a cut is precisely because the BBC centrally is now having to pay—for the World Service, for example, which you mentioned. The World Service used to be funded by the Foreign and Commonwealth Office. That money now comes entirely from the licence fee, so in effect that is a cut to the money that is available for the rest of the BBC. Separately, the BBC—as it says in the submission—is also funding S4C, the Welsh language channel. That used to be funded by a number of different mechanisms and it is now funded entirely from the BBC’s budget. In effect, we are looking at a cut to the money that is available for BBC Scotland and for the BBC nationally. That is one of the reasons why the whole thing looks like a freeze but is actually a cut.

Paul McManus: Each area of the BBC was asked to cut 20 per cent, but they would be given 4 per cent back if they could demonstrate new areas or ideas to invest in. BBC Scotland took the decision not to apply for that 4 per cent, but simply to apply a 16 per cent cut across all its budgets.

Colin Beattie: The obvious question is, “Why?” To get 4 per cent of your budget back is a bit of a backhander, but why did BBC Scotland not put something together for that?

Paul McManus: Again, you would need to ask the BBC that question. I have some sympathy with the argument that says, “We are simply moving counters about the board here. We have to come up with an idea to get 4 per cent of our cuts back. We are doing what we want to do and what we need to do, so why go through the pain of a 20 per cent cut and then put 4 per cent back in?”

Peter Murray talked about the revolving-door syndrome—that is still very much in evidence in the BBC. It is usually stressful for people who find that one job has been cut but with a bit of luck, they might be back in on another project or they might not have to go, so I have some sympathy with the idea, “Let’s just be honest about it and cut 16 per cent off the budgets.”

Peter Murray: One of the concerns of staff is that the BBC management has not explained why it is doing this. It has not explained to us as union reps; it has not explained to staff why it is making those cuts. Indeed, on the only occasion that I

have been told about when senior management in news and current affairs held open sessions with its staff, it did not take that opportunity to answer some of those questions or to explain a forward-looking vision that would take in the political debate that we have discussed. It used those staff sessions only to explain why it is making the cuts. There have been two major open staff forums and, on both occasions, management has said only why it is making the cuts. It has not said what opportunities are presented by this current period.

Colin Beattie: We have already touched on the fact that the cuts are front loaded. The BBC in Scotland’s budget is being cut from £102 million to £86 million. As that will certainly be the figure for the next three years, if inflation runs at 2.5 per cent, there will be another 7.5 per cent real-terms cut over that period. What will be the impact of that? Will it mean further job losses?

Peter Murray: Yes.

Paul McManus: Without a doubt. News might well be front-loading its cuts, but it will still need to deliver a 16 per cent cut in its annual budget next year and the two years after that. The bulk of the job losses in news might have happened last year and this year, but a 16 per cent cut still has to be made in each of the next three years across BBC Scotland. Other areas in the BBC might not have front-loaded their cuts, but every area will have to deliver a 16 per cent cut on an on-going basis. I think, therefore, that we are only halfway through the job losses.

Colin Beattie: I might have picked this up wrongly, but is the 16 per cent not a one-off cut that will be reflected in budgets in years to come? It is not a 16 per cent cut every year.

Paul McManus: No—it is 16 per cent every year. The BBC needs to save 16 per cent of its annual budget every year until 2016-17.

Colin Beattie: It is cutting its budget by £16.1 million—or 16 per cent—from £102 million to £86 million. Is that £86 million going to be cut by 16 per cent next year?

Paul McManus: No, that will be the figure that we end up with. It has not yet been reduced to £86 million. Each year, the budget is being reduced by 16 per cent until we get to the £86 million.

Colin Beattie: So it is a one-off cut down to £86 million, which will be the budget for the next two or three years.

Paul McManus: No.

The Convener: My understanding is that over the next three years the budget will be cut from £102 million to £86 million.

Paul McManus: Correct.

Colin Beattie: That makes sense. Thank you.

Joan McAlpine (South Scotland) (SNP): When the previous controller, Mr Thompson, last gave evidence to us, we talked to him at some length about benchmarking, and I believe that Peter Murray has talked about looking at the relative budgets of, say, "Good Morning Scotland" and "Today". Mark Thompson said that to reveal programme budgets would compromise the BBC's editorial independence, but the lack of information makes it difficult to argue that GMS has been unfairly treated. Will you comment on that issue? Do you have any information about the budgets of Radio 4 programmes and comparable Radio Scotland programmes?

Peter Murray: I do not have detailed figures comparing "Good Morning Scotland" with "Today", but earlier I mentioned figures for "PM" and "World At One" and, if you like, their parallel programmes, "Newsdrive" and John Beattie's show, both of which are staffed by the Glasgow newsroom. Typically, the staffing on that shift comprises two producers and one content assistant. I am told that on "World At One" there are two editors, two senior producers, four junior producers and one assistant; moreover, I note that "Newsdrive" runs for two hours whereas "PM" runs for one.

Anecdotally, we know that the staffing on "Good Morning Scotland" is and has always been substantially lower than the staffing on "Today", but that is becoming increasingly the case. In 2006, "Good Morning Scotland" had one editor, two senior producers, three producers and one assistant; currently, there is no editor, one senior producer, 2.5 producers and no assistant. That shows the dramatic scale of the current cuts. I do not know how that is reflected in budgets. I cannot speak for what Mark Thompson said in May, but I certainly do not think that it would compromise the BBC's editorial independence to give the committee that information.

Joan McAlpine: Mr Thompson told us that he expected to spend more on the referendum than was spent on the Olympics. What is your response to that?

Peter Murray: If that were the case, we would certainly welcome it. However—

The Convener: You sound somewhat doubtful.

Peter Murray: At the moment, it looks doubtful to me. I am told that, in the run-up to the devolution referendum 12 or so years ago, there was an increase in the staffing budget of the order of 50 per cent to cover that and the creation of the Scottish Parliament. If we were to get something like that for news and current affairs and for BBC Scotland, we would absolutely welcome it. The problem is that BBC Scotland's management has given no indication that it is looking at anything like

that figure; indeed, it is giving no public impression that it is seeking such substantial amounts of money. If the management was to offer that sort of money, it would be brilliant. We could all go home happy.

Joan McAlpine: Is it correct that you have asked the management how much money it has asked for and that it is refusing to tell you?

Peter Murray: It has not told us and it said nothing on the subject in its submission to the committee.

Paul McManus: A great deal of secrecy always surrounds programme costs and production budgets, although sometimes a global figure is given. I find it impossible to believe that the BBC could spend anywhere near the amount of money that it spent on the Olympics. I see no reason why it could not set out the budgets for the referendum, the Commonwealth games, the Olympics and so on. Figures are bandied about quite openly in the industry and they are well known, but whenever information is requested, we get a great deal of secrecy.

One of our concerns brings us back to the revolving door effect. We believe that freelance costs have substantially increased in the BBC. People have been told that they have to cut their budgets, so they have to get rid of staff. However, they still need to do the work, so they use the programme budget to pay for freelancers and contract staff. If, at the end of the year, it turns out that as much has been spent on freelancers and contract staff as would have been spent on permanent staff, it will seem ridiculous to have spent millions of pounds on redundancies when there was no need to do that.

The BBC has refused point-blank to provide a breakdown of those figures or any level of detail to allow us to challenge them. However, as I said, industry professionals and those in the television community have a degree of knowledge about how much is being spent on making programmes.

Joan McAlpine: The BBC's submission indicates a move towards more network programmes. I know that that has been the trend over the past few years and, although the BBC gives no figures, it seems to be suggesting that more network programmes will be made. How has that changed the culture in BBC Scotland? What effect is the emphasis on programmes for the network having on news and current affairs programmes that are produced in Scotland?

Paul McManus: I do not necessarily get that suggestion from the BBC's submission. When it says

"The overall number of local TV programmes will reduce"

and that there will be more

“nations’ opts (local programmes) on network radio”,

I take that to mean that the BBC will make fewer programmes about Scotland or that are based in Scotland and that it will take more network programmes while increasing the number of times it opts out of those network programmes to show local footage.

On the one hand, network output will substantially increase in Scotland and, on the other, the number of times we opt out of that to put in something local will increase. However, that will be on the back of a substantial reduction in local programming. Again, there is a bit of smoke and mirrors in the submission.

Joan McAlpine: Do you wish to add anything, Peter?

Peter Murray: I think that that is the case. BBC Scotland might well be talking about putting on more network programmes; indeed, one effect of the cuts will be less coverage of Scottish affairs by Scottish reporters and producers.

Joan McAlpine: Is there a qualitative difference in that respect, with the coverage of Scottish affairs by network journalists who are based elsewhere in the UK? Is there a suggestion in the submission that more of the referendum coverage will be provided by network journalists?

10:45

Peter Murray: One of the dangers in what is happening is that BBC Scotland will have to rely on people from outside Scotland to cover what is going on. We believe that the referendum is an opportunity to increase coverage of Scotland in the rest of the United Kingdom. People have suggested that BBC Scotland considers producing a series of programmes for English, Welsh and Northern Irish audiences to reflect what is going on in the debate leading up to the referendum. That might be one way of trying to shift the balance in that direction.

However, we are not getting any clues from the BBC that it has that ambition. Without it, in the current circumstances, the coverage will not live up to audience expectations or to the democratic process that is going on. It does not look as if the BBC is taking the process that seriously.

Joan McAlpine: So there is not an Olympics-style level of funding.

Peter Murray: The funding would not have to be at the Olympics level. It would just have to match the scale of the task that is in front of the BBC. That would be more than sufficient.

Clare Adamson (Central Scotland) (SNP): I have a couple of questions, but I want to pick up on Joan McAlpine’s question first. With regard to

the independence referendum and the Commonwealth games, the BBC states in its submission:

“Both will benefit significantly from increased, fixed term resourcing from network BBC.”

Do you take the word “resourcing” to mean moneys or capacity elsewhere in the network?

Peter Murray: The wording might be deliberately ambiguous for that reason. The BBC is a complicated network, and resources could mean equipment, cameras, broadcasting facilities or any number of other things. As union representatives, we are particularly concerned about our members and what happens to them, so we are speaking to you today about staff and the effect of what is happening on them.

It would be great, and we would welcome it, if the events resulted in more staff, more jobs, more programmes, more in-depth coverage and better scrutiny of the process. That is what we are looking for.

Paul McManus: From the BBC’s point of view, there is a danger that, if it accepts the argument that substantial effort needs to be put into those two events—never mind anything else that is happening in Scotland—it would need to maintain staff at those levels and it would be tied into permanent staffing.

To my mind, the phrase “fixed term resourcing” means that the BBC thinks that, if it gets rid of its permanent staff now, it will only need to bring in freelancers and casual, short-term contract staff for short periods at a time. It can import them from anywhere it likes, getting them from all over the UK, and say goodbye to them once the job is done.

In our discussions with the BBC, it has made it clear to us that the referendum on independence—what you call it depends on your political affiliation—is a one-off event. The minute that the vote is finished, the BBC is out of there and the job is done. I suggest that, regardless of the outcome of the vote, there will be enough qualitative news that is of interest to people for the coverage to go on for a substantial period of time after the referendum. However, the BBC views it as a one-off event, and from its point of view the ideal way to staff it—or resource it—is to get resources up from London for a couple of months or to hire fixed-term contract staff. In order to support the argument for that approach, the BBC needs to get rid of its permanent staff now.

Clare Adamson: There is a little bit in the BBC’s submission about its willingness to have non-compulsory redundancies. Will you comment on the scale of compulsory redundancies? Among the 17 posts that are going in news, the biggest

savings will come from making redundant the longest-serving and most experienced people in the organisation. Will you comment on the demographic in that regard, and on whether the redundancies are having a knock-on impact on the quality of news broadcasting? One would have thought that experienced and wise heads were absolutely necessary in this area.

Paul McManus: My first reaction is that the BBC is not really awash with long-term members of staff who are sitting on golden nest eggs or redundancy pots. That notion has gone over the past five years. Perhaps more worrying—it should be more worrying for the BBC—is that people with three, four or five years' service are increasingly saying, "You know what? I don't want to be in this environment." That is the more commonplace response at the moment.

If we look at the current round of cuts in BBC departments, excluding the 15 NUJ posts, I can think of only two that I would say are long-term members of staff. The BBC does not have that level of experience floating about, or it is certainly not awash with it these days.

Peter Murray: As I mentioned, the process of getting rid of staff has gone on since 2004, when Mark Thompson took over as director general. To pick up on Paul McManus's point, the workforce is relatively young. As he said, it is not the case that people are sitting around waiting and taking redundancy immediately before they retire. If that was the case, people would have volunteered for redundancy. The fact that people have not come forward for redundancy means two things.

First, people might want to carry on and see the referendum debate through because they think that it will be an exciting period for them as journalists—obviously, it will be. Secondly, people might think that, on a personal level, this is not the time for them to go. It is also possible that people are asking themselves why they should participate in what is happening. They do not believe that the BBC needs to make the cuts, so they are asking themselves why they should volunteer to go.

The BBC has made it explicit that it is front-loading the cuts. If it was planning to spread them out over a longer period, it might get more willing volunteers. People might think, "This isn't the right time for me because the kids are still at school" or whatever, and they might wait for a couple of years. If the BBC was to give people a chance by spreading the cuts out over a longer period, I am told that many more volunteers might come forward.

Liam McArthur (Orkney Islands) (LD): I am interested in the point about front-loading. As a member of the Scottish Parliamentary Corporate Body, I note that we have come through a process

in which the cuts were front-loaded over the spending review period, and it has been difficult. The Scotland Act 2012 has come into force and the additional responsibilities and roles for the Parliament are putting a greater weight on the staff who remain. However, the process has not proved to be anything like as controversial as the BBC cuts are proving to be.

Given that the 16 to 20 per cent cut is built in as a result of the decision on the licence fee, have there been any alternative proposals on how the reduction from £102 million to £86 million can be made, not only to deliver the savings but to do so in a way that would not open up the chasm between staff, the unions and the management that appears to have developed? Is there an alternative prospectus that would help to deliver the savings, even if additional resource is put in to deal with the build-up to and aftermath of the referendum and the build-up to the Commonwealth games? Is there an alternative set of proposals? Has management entertained a discussion at that level or has it simply said, "This is what we plan to do. We believe that we're entirely justified in doing it, so we'll brook no dissension within the organisation"?

Peter Murray: Paul McManus has been more involved in the formal negotiations than I have, so I will let him answer in detail.

The big concern of staff is that the BBC management does not want to entertain any alternatives. Anecdotally, I am told that people have proposed making suggestions about how they might be able to deal with these things differently in news and current affairs, but they have simply been brushed off and told, "This is what we're going to do. I'm not going to hear anything else." It is worrying if the management is not prepared to entertain ideas from the staff.

Paul McManus: Members must understand that there has been a long-standing convention that the BBC does not discuss editorial policy or open it for consultation. If the BBC says that it wants to get rid of "River City", which employs 100 people, and instead make a gardening programme that employs five people, that is an editorial decision and therefore not a subject for debate with the joint unions. That approach can cover a wide gamut of issues.

A key area for the joint unions is the BBC's longer-term strategic planning settlement in Scotland. We feel that that has a number of gaps and that planning is short term. The approach is to say, "We have to deliver cuts of 16 per cent this year—let's get rid of 16 per cent of the workforce and worry about next year when next year comes." We feel that the BBC has not taken on board union views in relation to that.

In the previous round of cuts, the BBC said that it needed to get rid of about 20 of our production management staff as, because of how they had been trained, their skill sets were too specific. The thinking was that, if the BBC was moving into light entertainment and people did not have skills in that—their skills might all be in specialist factual or sport output—it would need to get rid of them and bring in people with light entertainment skills.

In the current round of cuts, the BBC tells us that the skill sets of people in production management are too generic and that it has not trained them specifically enough. That has been repeated in a number of areas. We have pointed out to the BBC that, when it told us three years ago that the skill sets were too specific, we told it to put in place training programmes that would allow people to deliver output across a range of specialities. The BBC failed to do that and, three years later, people's skills are too generic, because the BBC got rid of all the people with the specialist skills that it now wants. We are constantly going round in a circle, because of a lack of strategic planning.

To be fair, we have made a lot of progress with the BBC in recent years, and particularly in the past year, on its redeployment and retraining processes, which are dealt with across the UK as a whole. There are better processes now in place for us to identify to the BBC opportunities to move people across the UK or within Scotland. Progress has also been made from the point of view of head count. The BBC has listened to our suggestions and proposals on retaining staff rather than simply losing them overall but, in relation to budgets, the BBC is quick to hide behind editorial policy.

Liam McArthur: If the delivering quality first process is in place, it should be difficult to hide behind editorial decisions. If delivering quality first is to mean anything, it must involve taking a strategic view of overall staffing and budgets, in which an alternative prospectus for delivering savings or cuts can be presented. People might stick to their guns on each editorial decision, but I do not understand how they have allowed themselves to get into a position where no form of debate on how to arrive at the same end point is had at the outset. That may confirm the view that the process is about targeting and getting rid of individuals or groups of individuals in the organisation as much as anything else.

Paul McManus: Peter Murray said that the BBC is a complex organisation. At some levels, the BBC has taken on board arguments and said, "Okay—we accept that we can keep one of the two people we proposed to get rid of." Detailed and thorough debate takes place with the BBC but, on balance, it is more about the process of

managing change and protecting individuals than about the rationale behind the changes.

I will give an example of the BBC's complexities. BBC Scotland's online department must deliver cuts of 16 per cent but, for the past two years at least, a UK-wide review has been undertaken—as part of the network supply review—in which the BBC is deciding centrally how much of its online work to move out of London and how much of it to give to Scotland, Wales and the English regions. We have continually asked when we will get a decision on those issues. Last year, people in the online department were made redundant, and we are looking at people there losing their jobs this year, yet we expect the BBC in London to say at some point that it will create X number of online jobs in Scotland. That is just one example of the complexities that exist across the BBC in the UK over which, in effect, BBC Scotland is held to ransom.

11:00

Peter Murray: Paul McManus has put his finger on it. The BBC made cuts in online work and in the production area for TV programmes two years ago, but it has now changed and said that it wants different things.

As an example, we can look at political coverage, which is obviously dear to all our hearts. We would have thought that the BBC would realise that, although it has to impose cuts now and lose a certain number of staff, in 18 months' time the chances are that it will need double, triple or even four times the number of political staff to cover the run-up to the referendum. As such, it could look at the situation now, examine the skill sets that its staff have, and see whether there is a way to retain staff by redeploying them in an area that is not a million miles from what they do now. If the BBC was to give the process a bit more strategic thought, it would avoid precisely the circumstance that Paul McManus talked about.

Liam McArthur: It is perhaps understandable but not necessarily helpful that the Commonwealth games and the referendum will take place in the same year, as they will become conflated. Paul McManus made the valid point that the referendum will have an aftermath, which the Olympics and the Commonwealth games do not have to the same extent.

Just as we recognise that the eyes of the world's media will be on Scotland in the run-up to 2014 and we will therefore be accommodating inquiries from journalists across the world, I presume that the BBC as an organisation will need to flex in order to meet demand, wherever it may be. I presume that there will be a network component to the debate, and we would expect

resource to be redeployed from elsewhere in the network to fill it. Is there a debate to be had about the extent to which that is done, as opposed to building up or avoiding the reduction of a resource in Scotland in the run-up to 2014 and beyond? If so, is there something that the committee or the Parliament can do to try to make the space for that debate?

Peter Murray: One alarming thing, which I heard only yesterday, is that the network component of Commonwealth games coverage, which you spoke about, will be done from Salford—the BBC unit in Manchester, which is the home of its sport department now that it has moved everything from London. Ironically, although the games will be located in Scotland, the network coverage may be done from down south.

The Commonwealth games are different from the Olympics because there will be not a single UK team but different teams representing the different nations in the UK. To some extent, it makes sense for the BBC to cover the Scottish team's efforts from Scotland, with the English team being covered from Manchester or wherever. However, the idea that the network coverage will be done from somewhere else seems a pretty bitter pill to swallow under the circumstances.

Paul McManus: There is interest across the UK and across the world in what will be happening in Scotland in the Commonwealth games and the referendum. Looking at the BBC from a UK perspective, it is difficult to identify what the flexing that you mentioned would consist of, in terms of the additional resources that can be directed towards Scotland to cover those events, and what it is right and proper to deliver within Scotland. It is difficult to be quantitative about that.

It would be helpful for the committee to seek assurances that, at the Scottish end of the events, there will be substantial output that is based in Scotland and comes from a Scottish perspective, and that there is not simply a generic, one-size-fits-all approach. The issues are seen differently in Scotland and they have different impacts on people here compared with on people in other parts of the UK and the world. One of our concerns about the quality of output is that, as Pete Murray said, the BBC's approach has been to say, "Salford will cover this and the UK will get blanket coverage. Scotland will get whatever we decide to send up from London to deal with it."

On the flexing issue and staffing, television managers love to talk about the peaks and troughs of production within the BBC, but from our point of view that is a luxury that they need to manage much better.

For example, Salford is the home of sport and BBC Scotland is one of the key areas for children's programmes, dramas and light entertainment, but neither is guaranteed to get one programme on television. The UK BBC could say that it is moving "The Weakest Link" up to Scotland and giving Scotland the money to deliver light entertainment, and BBC Scotland could make all the light entertainment shows that it wanted, but it would not be guaranteed to get one of them on the air. That is because of the vagaries of the commissioning process, which is the other great god that the BBC hides behind. It will say that the commissioning process is so complicated and flexible that it cannot say how many staff it will need next year, because it has not been told how many programmes it will make.

An independent, private company that wants to make programmes might take a punt that somebody will put them on air, which we might say is fine. However, the BBC cannot spend millions of pounds of licence fee payers' money on restructuring exercises and redundancy payments on the basis that it is not sure what programmes it will make next year. There must be much more financial and budgetary control over the process.

Neil Findlay (Lothian) (Lab): First, I think that it is outrageous that the BBC has not appeared before the committee. Those people are public servants who are paid by us. I think that that is something that the conveners or the Parliament itself may have to look at, because it is simply unacceptable.

We may have to check Joan McAlpine's quote of Mark Thompson about the Olympics, because I certainly do not recall it. Indeed, I think that Pete Murray's members would have been lacking in their skills if he had said that and they had not highlighted it and had it screaming from every newspaper front page. I certainly do not think that we are going to see Clare Balding reporting live from the garden lobby in the run-up to the referendum.

I do not believe it when we are constantly told by Government, local government, the national health service, our colleges or whoever that quality can be maintained and output improved and increased while cutting 16 to 20 per cent from any budget. I think that that is inconceivable.

I have a sense of *déjà vu* in talking about the BBC, because we are talking about it in the same way as we talk about the colleges, the NHS and local government. The question is perhaps not the \$64,000 question but the £145.50 question—that figure is the BBC licence fee. How do we fund the service that the BBC provides so that we avoid the situation that we are discussing?

Peter Murray: Both unions contributed to a report a couple of years ago, which included the suggestion of having a digital levy on, for example, the rebroadcast by Virgin and Sky of BBC material from which they get revenue. Experiments elsewhere in Europe have looked at taking a chunk of the revenue that such broadcasters get from public service-created or public-funded programmes and using it to boost the licence fee. Forgive me, Neil, as I cannot remember the exact figures, but I think that that approach would generate about £40 million a year—I can get back to you with the detail.

At first, that idea was largely ignored by an awful lot of editors and broadcasting officials, although a number of MPs took it up at Westminster. However, the idea is now beginning to get a bit more traction precisely because of the quite savage cuts that have been imposed on the BBC in the past 18 months as a result of the settlement. I think that it would be worth while if not only people such as yourselves but other politicians and senior broadcasting executives were to have another look at the report that I referred to and consider the idea of a digital levy on Sky, Virgin Media and others. It works elsewhere in Europe, and we think that there is no reason why it should not work here and begin to make up the deficit.

I agree with Neil Findlay that the scale of the cuts that the BBC is considering is almost identical to the scale that we see elsewhere in the public sector, whether that is the NHS, the prison service or whatever. The BBC figures in that regard match those in other public sector areas almost exactly. That is one of the reasons why we were immediately suspicious of the settlement that was cooked up in Downing Street several months ago, which so closely matched the budget considerations that were being adopted by members of the coalition Cabinet down south at the time.

Paul McManus: Like the other public services that Neil Findlay referred to, broadcasting can have a huge impact, as the press and broadcasting influence how people think and what they believe—indeed, too many people sometimes confuse fiction with reality in their programming. If we do not defend high-quality public service broadcasting, the market will be left to those people to whom Peter Murray has referred and other commercial operators who clearly have vested interests. The issue is far too important to leave to chance.

The licence fee is as fair a way as possible of delivering public services, but it is important that we look at the debate, to which Peter Murray has referred, about the benefit that the digital broadcasters bring. The amount of money that people are happy to spend on Sky and Virgin

packages far outstrips the licence fee that they pay. People get good value for money from the licence fee. However, we think that, if we are to maintain a high-quality public service broadcaster, it is only fair that those commercial operators should pay a far greater share for the benefits that they get from public service broadcasting.

Neil Findlay: Let us be clear. You both believe that it is impossible to increase output and improve quality on a declining financial resource base.

Peter Murray: Absolutely. That is the one area on which I am sure that we agree, but the BBC does not seem to understand that making a 60 per cent cut in staff on daytime radio and no cut in the output simply does not make sense. It is almost guaranteed that mistakes will be made on air, and there are already gaps in the coverage. There are stories that those programmes could be covering, but they cannot do that because they no longer have the staff to do so. It does the audience a disservice to try to persuade them that things are just the same and that it is business as usual when it is clearly not.

Paul McManus: It is a fallacy to say that the BBC can make these cuts and work smarter to deliver more output with 16 per cent less in its budget. I have absolutely no doubt that there are areas in the BBC where the management would say that things could be done smarter and more efficiently—we have tried to identify those areas, too—but they would not amount to the millions of pounds that have been cut from the budget.

I want to make it clear that, particularly as we undergo these cuts, the vast majority of people who work in the BBC are light years behind everybody else in industry in the world that they work in. People work 12, 13, 14 and 16 hours a day, six days a week for months on end to produce the programmes that you watch on the BBC, and they are told that that is the nature of the television industry. For example, people work 12 or 14 hours a day, six days a week for three, four or five months at a time to produce “River City”. That is typical of what happens across the piece. News cameramen and journalists are on call for eight, 10, 12 or 14 hours a day. The hours that people work across the television industry are horrendous, and these cuts are being imposed on top of that background. It is absolute nonsense to suggest that the service can be improved on the back of these cuts.

Clare Adamson: Paul McManus suggests that the BBC does not seem to understand that the quality of broadcasting will suffer, but it seems to me that it understands it all too well, given that it has protected the “Today” programme on Radio 4. The BBC seems to have cherry picked certain programmes not to be affected by the cuts. Would you like to comment on that?

Paul McManus: To put the BBC argument forward, I think that the BBC will have to cherry pick programmes. Following the negotiations and consultations that we have had with the BBC over the cuts, I feel that the management of Radio Scotland were probably the most honest. They opened the debate by saying, “We’ve had a 16 per cent cut, so we’re going to have to close programmes. The first thing that we’re going to do is take a Radio 5 feed overnight, so we won’t have any Radio Scotland programmes overnight.” In what they said to us, the management of Radio Scotland were probably the most honest in admitting that they would have to cut, cut, cut and would not be able to deliver the same level of programmes.

I would not expect the BBC to stand up in front of the Scottish Parliament or anybody else and say that it is all cut, cut, cut. The BBC will try to dress it up and cherry pick as much as it can.

11:15

Peter Murray: It is interesting that the BBC responds to public and political pressure when programmes that are valued by politicians and the public are under threat. That happened in the case of BBC Radio Foyle—when I was NUJ president, I was over in Derry as part of a campaign to keep Radio Foyle open.

You may remember the campaign to keep BBC Radio 6 Music alive. The BBC initially said that nobody listened to it, and one BBC manager told me that the money would be better spent if the BBC put the programmes on to memory sticks and posted them in jiffy bags to the listeners. In fact, the opposite proved to be the case. People valued the channel and listened to the programmes in massive numbers. The BBC has kept BBC Radio 6 Music.

I suppose that the same applies to the “Today” programme. It is such a high-profile element of the BBC’s political programming that it would be a disaster for the BBC to try to cut it.

From the union’s point of view, and from the point of view of members of staff, we would certainly welcome recommendations from the committee that said, “This has gone far too far, the cuts are coming too quick and they will damage output.” The cuts will damage output because the BBC cannot carry on producing the number and depth of programmes and the political coverage that we would expect in the current circumstances and if it continues to make these cuts in Scotland.

Paul McManus: I have no doubt that Ken MacQuarrie and his management team believe passionately in high-quality public service broadcasting, but they do not have the tools to deliver it. They are working against the

background that, regardless of what they believe in, they must deliver the cuts that are being demanded of them and they have to dress what they are doing up as an improvement in the service.

The Convener: Finally, I will cover a couple of points that have come up during the evidence session.

I think you said that the cuts that BBC Scotland and other parts of the BBC throughout the UK are facing are caused partly by the fact that the BBC will have to fund, for example, the Welsh language service, the World Service and some local television stations. Is that correct?

Peter Murray: Yes.

The Convener: Did the BBC make any representations on removal of—I think it was said—Foreign and Commonwealth Office funding and other funding for those programmes?

Peter Murray: No. One of the most alarming aspects of the situation is that we think that the agreement was reached in only about 48 hours with no consultation of staff or trade unions. We think that the decision was made by Mark Thompson and possibly three or more other people at the very highest levels of the organisation. The decision came out of the blue, although it coincided with what executives at News International wanted and with what some of the BBC’s competitors wanted to happen, which was effectively to cut the BBC’s budget by including S4C and the World Service in the licence fee settlement.

The Convener: Clearly, although a frozen budget is difficult, it is possibly manageable. However, the situation that the BBC seems to face is not that but, as Colin Beattie discussed with you, a frozen budget plus a 16 per cent cut, which seems to have been caused by the specific change to which you refer.

Peter Murray: Yes. The NUJ highlighted at the Leveson inquiry that the agreement that was reached between the politicians and the broadcasters over the licence fee settlement smacked of there being too close a relationship between some media executives and politicians. It smacked of a relationship that was similar to that which was under scrutiny in the Leveson inquiry. The NUJ has called for the settlement from two years ago to be looked at again in the light of any conclusions that Leveson may make. That is because we think that the settlement was unfair and that, crucially, it showed the influence on decision making of the BBC’s enemies in Downing Street. We think that now is the time to have another look at the settlement.

Paul McManus: A number of high profile issues were going on at the time, and the BBC clearly felt under pressure and under threat from them. As Peter Murray says, the deal was done extremely quickly. Such negotiations tend to drag on for months, if not years, but Peter Murray said that this deal was done in 48 hours, and my understanding is that the whole process took only six days from start to finish. The BBC trumpeted it as a successful negotiation. However, the millions of pounds that now have to be allocated to the World Service, S4C and local TV have to come straight out of jobs and programme making across the BBC.

The Convener: How many millions are being—I do not want to say “siphoned off”—taken from the core budgets of BBC Scotland and other parts of the BBC to fund those services?

Peter Murray: I do not have those figures, but I can get them to you.

Paul McManus: We can get the specific figures for the World Service and S4C, but, essentially, that is where the 20 per cent cut came from. Some 20 per cent of the BBC’s budget has now gone to pay for those things.

The Convener: The letter that we received from the NUJ says that you were informed the day before a meeting with management that

“management were ‘working on a bid’ for funding from London to cover the Commonwealth games and Independence referendum”

but that management could not tell you how much it was asking for, what the timescale was for submitting the bid or when it expected the extra funding to be available in Scotland. Has that situation moved on at all?

Peter Murray: No. The only update that we have had is in the statement from the BBC that you have before you, which says that it is continuing to look at the matter. We have no further detail on that.

The Convener: Have you any idea when you are likely to receive any details about that? This is obviously a crucial part of our understanding of what is going on.

Peter Murray: I suppose, under the circumstances—given that the referendum itself is two years away—that the decision might change, I hope for the better and in a way that would improve coverage. However, we should expect at least a rough sketch of what management has in mind and what kinds of programme strands are being considered. We are not asking for details about what is going to happen on referendum night or even what is going to happen 18 months from now.

However, if we knew, for example, how many jobs it is expected will be created by the new programme streams, we could calculate how many of those new jobs we could redeploy current staff into. That would help us to resolve the current difficulties. That is the crux of the issue. Once we have that information, we might be able to see a way out of the situation that we are in, which is why we are saying that the BBC should make no further cuts until it can give us that detail. We do not think that it can make accurate calculations until it has that detail.

Paul McManus: At the last meeting we had, the BBC indicated that it would expect those discussions about funding that would be available for the referendum and the Commonwealth games to take place with London towards the latter half of next year.

The Convener: Do you mean the latter half of 2013?

Paul McManus: I mean from the summer of 2013 onwards.

The Convener: The discussions would take place in the second half of 2013.

Paul McManus: Yes. We pointed out to the BBC that it had already started to move people to working on Commonwealth games packages because there is a lot of research and early preparation to be done, and we asked why, therefore, it could not have the conversation at that point.

The Convener: I am obviously no expert in terms of how long it takes to organise broadcasting for major events, whether they be the Commonwealth games or the two-year process that is involved in the run-up to the referendum, but it seems to me to be astonishing that the BBC would wait until the latter half of next year to begin those discussions.

Paul McManus: Absolutely.

Peter Murray: Yes. The BBC began programme planning for the Olympics pretty much on the day that London won the bid. The BBC was also heavily involved in the discussions and debates around how the devolution referendum would be covered, how the Scottish Parliament would be covered once it was set up and so on. Again, those discussions started pretty much as soon as the Government announced that there would be a referendum, which meant that there was an 18-month lead-in. For the BBC to be saying now that it will take a year or less to have those discussions and make the programmes is stretching things.

It should be elaborating on its preparation now, because that will take time. If the BBC was to make, for example, a series about Scotland’s

political history, it could easily take a year to do that properly. One would expect the BBC's preparation to be up and running well before the nitty-gritty of the referendum in October 2014.

Paul McManus: That highlights our concern about the BBC's position—as stated to us—that news coverage of the referendum and the Commonwealth games will be “business as usual”. People are starting to work on the Commonwealth games preparation packages just now, but they should have been doing so for a while. That level of work should increase over the coming months.

The BBC is saying, “We'll just need to deliver that out of what we've got just now, and at some point next year we might get extra money to ramp up production for those events in 2014.” The approach is very last minute and slapdash; it should all have been thought through long before then.

The Convener: On that point, are you aware of whether BBC Scotland made a specific request for additional funding—or for its funding not to be cut—on the basis that it had to deal with the Ryder cup, the Commonwealth games and the two-year run-up to the referendum campaign? Did BBC Scotland make any such specific request to BBC London as a way of trying to defend its budget position?

Peter Murray: If BBC Scotland made that request, it has not told us. One would think that if it had made that request, it would have told us and the staff, but we see no evidence of that.

To go back to what happened in the run-up to the devolution referendum, senior executives in Scotland were making exactly the same requests. They were saying that the referendum should be an exception because it related to an exceptional constitutional change, and that the BBC should make an exception in its funding. The funding situation at that time was very different, but we believe that senior executives at the BBC now should recognise that the independence referendum is an exception, and that the collision of events—you mentioned the Ryder cup, Commonwealth games and the referendum—means that 2014 is a special case. However, we see no evidence that the BBC executives have said that, although they should have done.

The Convener: To return to your letter, you make some statements in the bullet points just below the ones that we discussed previously that appear to be direct quotations from BBC management staff. You state that it was suggested “that both the Commonwealth Games and Independence referendum were ‘one-off events’”;

that

“the referendum would be over in one night”;

and that—as you noted earlier—

“it will just be business as usual”.

Can you confirm that those are direct quotations of comments that were made to staff?

Peter Murray: Yes. Those quotations are comments that were made to Paul Holleran, the Scottish secretary of the NUJ, who unfortunately cannot be here today and sends his apologies. They were made by senior managers at the BBC to union reps when we were discussing the whole process of budget cuts. That is how those managers described those processes and events to us.

The Convener: On the face of it, those seem to be—quite frankly—shocking statements of BBC Scotland management's view of those two events. However, to be fair, is it possible for you to provide the context in which the statements were made? Of course, it is true that the actual vote in the referendum will take only one night. If those statements were made in the context that is provided in the letter, they seem to be shocking, but they may well—to be fair, as I said—have been made in a wider context.

Paul McManus: I was at the meeting, so I can give you the context. The statements were made in the context of a management-union negotiation. I suggested to the BBC that those statements would be very dangerous if they were aired publicly, because they could be taken as offering political views on political events.

I suggest in all honesty that the context was that the BBC was arguing strongly to downplay the amount of resources, effort and money that would be required to cover the items. It was arguing from the point of view that it needs to make people redundant and to cut budgets just now, and that those events, although they are important publicly and constitutionally, are not ones for which it needs to ramp up production.

11:30

In all fairness, I think that the arguments were put forward very much from the financial point of view that it will not bust the bank to cover the Commonwealth games, which run for a couple of weeks, or a one-night vote, and that the BBC could handle that out of business-as-usual budgets with a small additional amount of money from London.

I do not know whether it is possible for such things not to have been minuted, but I commented to the BBC that the independence negotiations would require extra resourcing, and it did not rise to that.

Liam McArthur: On the context, we have had confirmation that discussions about additional resource requirements will take place, albeit that they will probably be a lot later than many of us would have expected. That suggests that, even if those views were sincerely held at the time of that meeting, the BBC is now moving away from that view and accepts that additional resource in terms of finance and extra staffing will be required. Would that be a fair comment?

Paul McManus: The BBC was arguing for both things. It was arguing that it will ask London for extra money to cover the events because they will require additional resourcing, but that, with regard to the process of redundancies and budget cuts in which it is engaged just now, those are not massive amounts of additional resources. It was saying to us that it can still afford to get rid of staff just now—and needs to do so—and that, with some extra money from London next year, it can plan what is required for those events.

Again, I say in all honesty that the BBC was arguing from a negotiation point of view to support the need to make people redundant just now. Those statements were more about supporting its own arguments on redundancies than about the two events.

Peter Murray: I certainly hope that the BBC will, perhaps in the light of what we have discussed today, make a much more strenuous effort to get long-term funding in and to begin to look at long-term programming in the run-up to the referendum.

However, we are doubtful about whether there is the motivation to do that precisely because of the latest statement that the BBC has presented, which is among the papers for today's meeting. In response to our concerns, the BBC referred to what happened on 15 October and the coverage on the "Ten O'Clock News" of the agreement between the First Minister and the Prime Minister. Again, that was a one-off event that the BBC could handle as if it was just business as usual. The BBC brought Nick Robinson up to the castle and he did his two-way with Huw Edwards from there, but it still had the feeling of a special one-off news event. The BBC specifically refers to that in its statement to the committee, which betrays the same sense as those worrying statements that we were given in the direct negotiations.

The Convener: Gentlemen, I thank you very much for attending this morning and giving us your evidence. I echo Neil Findlay's comments about the committee's disappointment that the BBC Scotland management decided not to appear this morning to answer the questions—which are legitimate questions—that we, as members of the Parliament and this committee, have about the actions that BBC Scotland is taking with regard to staffing and the difficulties that it faces in terms of the cuts.

The committee has agreed to hold the next item in private.

11:33

Meeting continued in private until 12:20.

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