



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# European and External Relations Committee

**Tuesday 27 September 2016**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba



---

**Tuesday 27 September 2016**

**CONTENTS**

**Col.**

<b>BBC CHARTER RENEWAL.....</b>	<b>1</b>
---------------------------------	----------

---

**EUROPEAN AND EXTERNAL RELATIONS COMMITTEE**  
**7<sup>th</sup> Meeting 2016, Session 5**

**CONVENER**

\*Joan McAlpine (South Scotland) (SNP)

**DEPUTY CONVENER**

\*Lewis Macdonald (North East Scotland) (Lab)

**COMMITTEE MEMBERS**

\*Jackson Carlaw (Eastwood) (Con)

\*Ross Greer (West Scotland) (Green)

\*Rachael Hamilton (South Scotland) (Con)

\*Emma Harper (South Scotland) (SNP)

\*Richard Lochhead (Moray) (SNP)

\*Stuart McMillan (Greenock and Inverclyde) (SNP)

Tavish Scott (Shetland Islands) (LD)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Anne Bulford (BBC)

Donald Campbell (MG Alba)

Alan Dickson (BBC Scotland)

Ken MacQuarrie (BBC Scotland)

Bill Matthews (BBC Trust)

Rosina Robson (Producers Alliance for Cinema and Television)

David Smith (Matchlight)

David Strachan (Tern Television Productions)

Natalie Usher (Creative Scotland)

**CLERK TO THE COMMITTEE**

Katy Orr

**LOCATION**

The Sir Alexander Fleming Room (CR3)



## Scottish Parliament

### European and External Relations Committee

*Tuesday 27 September 2016*

*[The Convener opened the meeting at 11:06]*

### BBC Charter Renewal

**The Convener (Joan McAlpine):** Good morning and welcome to the seventh meeting of the European and External Relations Committee in the fifth session of the Scottish Parliament. I remind colleagues and members of the public to turn off mobile phones. Any members using electronic devices to access committee papers during the meeting should ensure that the devices are switched to silent.

Apologies have been received from Tavish Scott MSP, and other members will join us once they have finished attending another committee meeting. Additionally, another member has been held up because of problems with the trains.

Our first item of business is consideration of the BBC draft charter and draft agreement. I welcome to the meeting our first panel of witnesses: David Smith, managing director of Matchlight Productions; David Strachan, managing director of Tern Television Productions; Rosina Robson, head of nations at Producers Alliance for Cinema and Television; Donald Campbell, chief executive of MG Alba; and Natalie Usher, director of screen at Creative Scotland. Welcome to you all.

The background to the discussion is that the draft charter was published by the United Kingdom Government in the past couple of weeks. We have been told that we must debate it in the Scottish Parliament before the October recess so that we can feed into the scrutiny that the charter will be put under in the UK Parliament. That means that the scrutiny by this committee has had to be arranged at rather short notice—I am sure that many of us would have liked more time and I thank you for coming here at short notice.

We are under a time constraint, so we will move straight to questions. What are the strengths and weaknesses of the charter in delivering for the sector in Scotland? Perhaps one of the independent production companies could start.

**David Strachan (Tern Television Productions):** The charter offers a number of checks and balances that did not exist before that allow for scrutiny by this place and by other organisations. It also sets out on tablets of stone the BBC's ambitions and an acknowledgement

that it needs to redress the imbalance in the way in which it has represented the UK.

**David Smith (Matchlight):** The charter is a welcome step forward, but it is not the end of the journey by any stretch. The service agreement that flows from the charter will be crucial to how the BBC operates around the UK for the next 11 years. There is some very useful new wording in the charter on public purpose. Article 6 states:

"In commissioning and delivering output the BBC should invest in the creative economies of each of the nations and contribute to their development."

That is a real win and people in the BBC have echoed that they see it as a win, too. It is a step forward, but it is by no means the end of the journey.

**Rosina Robson (Producers Alliance for Cinema and Television):** From PACT's point of view—and taking a broader approach to look at the impact that the charter will have in the UK as well as just in Scotland—we are pleased with the overall shape of the charter and the agreement. There will be more opportunities for production companies in Scotland and around the UK to pitch for, because the BBC will be that much more open. The BBC will open up to 100 per cent of commissioning over the course of the charter period of 10 or 11 years. The increase in the number of opportunities is positive from our point of view.

We are working through a number of issues with the BBC about BBC Studios, which perhaps we will discuss later on. Overall, we are pleased with the direction that the BBC will take over the next 10 years.

**Donald Campbell (MG Alba):** One of the strengths of the charter is the commitment to supporting the regional minority languages of the UK. In particular, we are pleased that the draft framework agreement includes a specific commitment to supporting the partnership with MG Alba and the Gaelic TV channel, BBC Alba.

The charter probably falls short in that it does not set out a coherent policy towards minority languages or a consistent way of dealing with the two minority language channels, S4C and BBC Alba. However, we welcome the direction of travel and the commitment to fostering the creative economy in the nations, which is a big step forward.

**Natalie Usher (Creative Scotland):** I echo all those points and, to pick up an additional positive point, we hope that the appointment of Ken MacQuarrie as the director of nations and regions will be a good outcome for us in Scotland.

**The Convener:** The Scottish Government had a number of asks that are in the charter, such as an

enforceable service licence agreement and a commitment to the continuation of support for Gaelic, which Donald Campbell alluded to. There were some asks that were not delivered, however, such as a commitment to retaining a fairer share of the licence money in Scotland to invest in Scottish programme making, and the creation of a Scottish board rather than just a BBC-appointed sub-committee. The key thing that stakeholders pushed was about commissioning capacity and whether the charter will ensure that commissioning really happens in Scotland. Could you reflect on that?

11:15

**David Strachan:** We would have liked those things very much. This is the first year that the proportion of the licence fee raised and spent in the nations has been published by the BBC. The fact that only 55 per cent of the licence fee that is raised in Scotland is spent in Scotland is indefensible culturally, economically and politically. The BBC needs to be reminded of that figure again and again, as it is a measure of the BBC's lack of reflection.

Commissioning is the process by which such change in cultural reflection would happen. We would very much have liked a commitment to the licence fee that is raised in Scotland being managed and spent in Scotland. It makes a world of difference if a Scottish producer has 95 per cent of the cost of a production in his pocket and then goes to London and asks, "Will you put in the other 5 per cent, and then we will have a network programme?" That completely changes the balance from how it is at the moment; the perception of what the rest of the UK is is not necessarily the same in London as it is in Scotland, and people in London tend to think that if they are going to say anything at all about Scotland, they should go back and get a little bit of the Scottish opt-out money in their budgets, which is absolutely not what the Scottish opt-out money is for. We need to change those things. We will continue to argue for such change in the BBC post-settlement.

**David Smith:** There is a genuine imbalance in how the licence fee is raised and spent across the UK. It is a staggering imbalance, which was not revealed prior to the accounts being provided. At best, 55 per cent of what is raised in Scotland is spent in Scotland. At least 95 per cent of what is raised in Wales is spent in Wales, and that excludes some spend on S4C, so it is estimated that 105 or 110 per cent of what is raised in Wales is spent in Wales. England is a net beneficiary, in that it draws in funding from across the UK. In Northern Ireland, about 75 per cent of the money that is raised is spent in Northern Ireland.

In essence, that means that a licence fee payer in Scotland gets 55p back for every £1 they put in, whereas a licence fee payer in Wales get 110p back—if members can see the logic of that. I do not think that we can divorce those figures from the lack of audience satisfaction that has been measured across Scotland.

We have to ask why Scotland is seen as a net contributor. It has often been said in committee rooms such as this one that we also get the network services, so we benefit from BBC Radio 4 and everything else that is pan-UK. That is absolutely true, but so does Wales, which seems not to be contributing towards those services. We must also ask why all those central services are based in London. There is no longer any reason for that to be the case. Any one of the services could be moved to elsewhere in the UK. Glasgow has a fully functioning broadcasting community, as do Belfast and Cardiff.

On top of that, we must think about the network share of spend. Network is the most important and valuable part of programme spend on television channels. We are 9 per cent of the UK population and 9 per cent of licence fee payers, so we might think that Wales, with around 5 per cent, would have less of a network share of spend than Scotland has. In fact, it has about £3 million more; Wales is sitting at around £69 million, and we are sitting at about £66 million.

There is a real imbalance, which needs to be addressed. The charter is welcome, in that it shows a positive direction of travel. A lot of the language that has come out of the BBC in the past week has echoed that. However, there is a fundamental block. If we can shift spend so that it is more in balance across the UK, things like quotas and commissioning powers will be a natural consequence of that shift. If we can get the money right, everything else will flow.

**The Convener:** As I understand it, there is nothing in the draft charter that would stop BBC management making the decisions that you are calling for.

**David Smith:** No. It is all in BBC management's gift to decide.

**Lewis Macdonald (North East Scotland) (Lab):** The evidence has been interesting and helpful. If we look at the situation in the context of what the Economy, Energy and Tourism Committee in the previous session of the Parliament said about encouraging and enabling independent production, I guess that the question is whether what is before this committee today—and will be before the Parliament when we debate it next week—will enable such a shift.

I think that, in response to the convener's first question, everyone said that this is the right

direction of travel. Is the direction of travel sufficiently clear to give us confidence that the charter period will see the right changes, for example in relation to the quantity of independent production, support for Gaelic language and other things that we have talked about?

**Donald Campbell:** There is clearly an economic outflow from Scotland, and a specific strategic commitment to the BBC addressing that over the lifetime of the next charter would be welcome. I think that Gaelic broadcasting would play an important role in that and would offer an opportunity for the BBC in Scotland. It is very much a success, and it offers a platform for further success and for serving audiences in the way that the BBC wants to do.

In response to the prior question about whether there should be a board for Scotland, I think that, if there were a high-level strategic commitment to redressing the economic imbalance, a board in Scotland would be very useful. A key mechanism for addressing the imbalance is through the systems of quotas, but quotas are an intervention, in a sense. Content is king, and there is no lack of creative talent in Scotland whatsoever. What is sometimes lacking is confidence in the sector and in the ability to commit to creating a really strong domestic market. If there is a strong domestic market, with BBC Alba as an integrated part, we can punch into the international market as well.

**Lewis Macdonald:** Are there any other thoughts on that?

**Rosina Robson:** The draft charter is a first stage. Then there is a conversation to be had with Ofcom about the exact shape that the operating framework takes and how it incorporates what is needed from Scotland's point of view.

In the BBC white paper, there was a very clear commitment to continuing with the out-of-London quotas. PACT will certainly continue to support the out-of-London quotas. I notice from some of the background documentation on the charter that Ofcom is considering raising or changing those quotas in some ways. That is a conversation that we would be very pleased to see shape Ofcom thinking. David Smith and David Strachan have touched on the point that it comes down to more than just having the quotas; it comes down to how the money is spent locally and how it is spent on network programming.

**Lewis Macdonald:** I guess that what you are saying is that, because there is no guarantee built in as to how the quota is met—maybe that was Donald Campbell's point about quotas being an intervention—the quota does not necessarily stimulate additional independent production in Scotland. Is that your point?

**Rosina Robson:** This week—I think on Thursday—Ofcom publishes its out-of-London register, which lists all the productions that have been produced in Scotland and the other nations. From our point of view, the register always stimulates a conversation with Ofcom about how the quotas are being met, whether there is real investment coming into Scotland and whether that investment is short term or long term. It is certainly something that we have an eye on and a debate that we like to influence.

**David Strachan:** We do not want to be arguing about numbers and percentages for ever and having to drill down into them, but they are the tool by which we measure these things. At least, they ought to be the tool by which they measure these things, but when the rules and regulations are being implemented in the letter but perhaps not in the spirit, we have to drill further down into the processes and how the numbers are interpreted. For example, the BBC's statistics will tell you that a significant amount of investment has been made in the independent sector. That means that investment has been made in a number of independent companies. Some of those companies might spend most of their money by buying the services of BBC Scotland's Pacific Quay in order to deliver studio shows. Technically, that is independent spend, but most of it is going back into the BBC. Some of that money is being spent on companies with very little presence here, most of whose profit drifts back to London. It is being represented as having been spent here, but it is not. As a result, we have a weak independent production sector compared with what it should be after 10 years of the 9 per cent target.

We will persist in using the mechanisms that are set up by the charter, and the support and engagement that we have had from all levels of politics in Scotland, to explain the issue—not, we hope, in a whingeing way, but in order to say, "Look, these are the facts and this is how it is—ought it to be different?"

**David Smith:** A question came to me last week from someone in the BBC on whether my view of what is and is not Scottish—or "of Scotland", to use the white paper's wording—reflected that of other producers in Scotland. I do not have the answer to that question.

What we can say about production from Scotland is that there are companies that are inarguably genuinely headquartered here—all of our staff are here; our profits and intellectual property revenues are reinvested in Scotland; and the gross value added from our activities is within Scotland—and there are companies that move to Scotland temporarily, rent a desk or two, put up a brass nameplate and consume quota, and then disappear as soon as their commission has

finished. Between those two points, there is a continuum. With regard to the quota, and the mechanism that describes what is and is not Scottish, one could pick a point in that continuum and say that that is where the line is drawn. More usefully and quickly, because the issue comes down to BBC choice, the BBC could choose simply to commission from those companies that are inarguably Scottish—in other words, it is a Scottish quota, so the money should be spent in Scotland on Scottish content.

I go back to the previous point, which is that there is a wider issue regarding the £100 million-plus imbalance in the net contribution to the BBC across the UK. We will have to go on a journey over the next 11 years during which we see that rebalance. If we continue to meet the network quota through what has been called lift and shift, Scotland will end up with very little actual Scottish production. We will end up simply with a service economy.

**The Convener:** For the benefit of people watching who might be new to the subject, can you give us an illustration of what lift and shift means?

**David Smith:** It is where a project or the business of a company is displaced from where it is normally based to another part of the UK to meet a quota. Early examples were programmes such as “The Weakest Link” and “Waterloo Road”, which both came and went quite quickly.

A current example, which we have raised with Ofcom, is IMG Sports Media Scotland and its snooker coverage. There are hundreds of hours of snooker coverage from Sheffield that are badged as Scottish and set against the Scottish quota. When we looked into who constituted the IMG team and what gave them a substantive base in Scotland, there did not seem to be much of a substantive base. There were desks rented in Pacific Quay in Glasgow and production management individuals working there, and there was some kit hired from Scotland, but there was no real base—it did not stick to our economy in the way that I would have thought the quota envisaged that it should.

**Lewis Macdonald:** As a final point on that issue, I think that David Smith and David Strachan are saying that the shift is not about the terms of the charter but about how BBC policy chooses to implement what has been laid out and agreed.

**David Smith:** Yes—we occasionally hear from colleagues that a project cannot be commissioned unless it is commissioned out of the Scottish pot, which requires it to be shifted to Scotland and to become Scottish on a temporary basis.

**Jackson Carlaw (Eastwood) (Con):** Good morning. I think that you are both being very polite.

It seems to me that, after 10 years and with a 9 per cent target, the actual amount of original programming and production in Scotland is pathetic.

You have alluded to the notion of lift and shift in the BBC. The charter refers to trying to stimulate the creative end in Scotland, but given that we have made so little progress in so much time, do you have confidence that notwithstanding the word of the charter, the spirit to which you referred will find a voice in BBC Scotland?

If, through commissioning, we are genuinely trying to stimulate the broadest possible cultural renaissance in Scottish broadcasting, to what extent do you feel that the BBC welcomes independent production?

**David Strachan:** You are right to identify that we are trying to phrase what we are saying in acceptable language. The situation has been deeply frustrating over 10 years. When the 9 per cent target was introduced, our company, which had already established relationships with commissioners and was delivering successfully to the BBC network, looked forward to a period of growth. However, ever since then, we have seen a steady decline in the number of network commissions that we have had, because the emphasis has been overly on lift and shift.

I would not like to say that lift and shift has always been bad. Career paths have been created in Scotland, for example in the production of “Homes Under the Hammer”. People who worked in our company who came to us as researchers have, as we were not able to grow sufficiently quickly, been able to go to other companies and progress up the ladder to be series producers. That is good, but it is not everything. The position has been deeply disappointing.

As for whether we have confidence in the direction of travel, I would say that we have hope, but it is too early to say that we have confidence.

11:30

**David Smith:** The TV working group, which has been set up to advise Creative Scotland and Scottish Enterprise, has commissioned a report from a company called EKOS that shows that, from 2012 to 2015, turnover in production in Scotland has been static—it might have gone up or down a little bit, but broadly it has been static. Across the same period, employment has fallen by 27 per cent, essentially because although the work that is badged as Scottish remains attached to the Scottish total, the jobs are not always in Scotland; they flow elsewhere, and that has seen an erosion of opportunity for people in Scotland.



I have confidence; I think that the BBC is genuinely trying to address these issues—there is the change in the charter and the movement towards BBC Studios and 100 per cent contestability. It is really having to think about how it sources content, and diversity of supply is really important to it; indeed, I have heard that mantra repeated back to us again and again over the past month or so. It appreciates that audiences like ideas from many different sources, which is why independent producers and nations-based production are useful. Moreover, as David Strachan has pointed out, it is democratically and economically unjustifiable for the BBC to continue as it has been.

In effect, this will all come down to deeds not words over the next 11 years. When the original 9 per cent quota was introduced in 2009, we felt optimistic; indeed, I started my company in 2009 on the basis that there was an opportunity there. We have had an opportunity and we have grown over that period, but I think that it is fair to say that, as PACT's most recent survey and the EKOS survey suggested, the main beneficiaries have been the major companies that have set up branch offices in Scotland. I would like that to change, and it is in the BBC's gift to make that change.

**Jackson Carlaw:** The impression that I have at the moment is that too much creative talent in Scotland will conclude that it has to go south, because we have not had the leadership in Scotland to allow people to develop new ideas here.

I know that new production covers not just drama, which is studio intensive, and that there are other forms of production such as documentaries and lifestyle series that do not require studio capacity. I also know that there is a big issue with the studio capacity that is available in Scotland. Therefore, is Scotland set up to take advantage of the BBC Studios initiative that was mentioned—I think that "Songs of Praise" and one or two other shows have been identified as now being open to tender? It seems to me that, as far as studio capacity is concerned, Northern Ireland and Wales have been ahead of us in providing the actual space that allows productions to go there, and I am aware that Invest Northern Ireland seems to be much more proactive than Scottish Enterprise is in working with the independent sectors and others to take advantage of the opportunities. Are we set up to take advantage of the new initiatives that are being provided under the charter?

**David Strachan:** You are right about the opportunities that are being presented, which are of a certain scale. Pitching for a three-part arts series on BBC Four is quite different from pitching

for a 52-week series such as "Songs of Praise"; indeed, it represents a substantial increase in production.

There is a continuum of BBC shows being put out—the next batch is due out in December and there will be another batch in the new year. Indeed, a steady stream—I think that 150 hours and £250 million-worth of stuff have been mentioned—is due to come out over the next couple of years. You are right to say that Northern Ireland Screen has been proactive, but why is that? It is because the resources that a company of a certain size needs not just to step things up in an even and organic pattern but to make a sudden leap might be beyond it, so Northern Ireland Screen has stepped in and said that it will support any of the Northern Ireland companies that want to go after the opportunities.

We have been saying for some time now—indeed, the previous Education and Culture Committee heard it all in January—that parallel levels of partnership and engagement with the public agencies would be helpful, and there are signs of initiatives going in that direction. When they come through, we will be very glad.

**The Convener:** Would Natalie Usher like to come in on that?

**Natalie Usher:** On studio capacity and facilities, in order to be able to respond to potential opportunities, Scotland needs to be able to offer a range of spaces. We need converted pop-up spaces—for example, the Westway Park estate in Glasgow, which houses "Robot Wars"—which have no infrastructure to speak of, but that productions can go into on a short-term lease and come out of again at the end of it. That works for certain types of production, and we have a very large amount of that space—currently, we market about 435,000 square feet of pop-up or alternative space. That figure compares very favourably with figures for the other nations in the UK.

We also need to have converted space, which is usually ex-industrial space that already has some infrastructure in it that productions can come in and make use of. They will probably spend some more on infrastructure to tailor it to the particular production, but at least something is already there that is continuous. We have the converted spaces of Dumbarton Studios and Wardpark Studios, which is currently housing "Outlander". We feel that we need more such converted spaces, but we do have a significant amount.

The Titanic Studios in Belfast are partly converted space and partly new, purpose-built studios, and both those types of space are used by the "Game of Thrones" production. When the Wardpark Studios expansion takes place, it will be very similar to the Titanic Studios in that it will

have the converted factory space and two new, purpose-built stages. So, we have got that coming up and planning permission has been granted.

We all know that Scotland lacks purpose-built studio space. We will have some when the Wardpark Studios expansion happens and we have a studio in Stornoway where the BBC children's programme "Katie Morag" was shot. However, we need more such studio space and we all know about the Pentland studio proposal, which is currently going through planning.

With that range of options, including what will come at Wardpark Studios and what we at Creative Scotland and the film studio delivery group hope will come from a planning success for the Pentland studio proposal, I think that we will be in a good position.

**Jackson Carlaw:** Thank you everybody. I have a final question for Natalie Usher on Creative Scotland's role in all of this, because I associate Creative Scotland's input more with film than with television.

One of the things that I do not think many of us foresaw was the burgeoning of international digital and other services in addition to the BBC, many of which are actually partnerships with the BBC. I am watching something called "The Collection" on Amazon Prime, which I recommend to everybody, which I think will make its way on to the BBC in due course but is currently being screened internationally on digital services. As we go forward, the opportunities for television creativity must be burgeoning.

If we are to have the infrastructure and the chance for creative talent to take advantage of the opportunities that might now arise out of the charter, where does Creative Scotland see its role in the television sector, rather than the screen sector, being?

**Natalie Usher:** Historically, the main source of funding for Creative Scotland and, previously, Scottish Screen was lottery funding. As you will know, that comes with conditions attached to it that relate to good causes. For the most part, our investment through those lottery funds has been in film. However, because of the crucial role of the television sector in Scotland and the size of our screen sector, we have been able to use the lottery funds to invest in TV drama. For example, we have invested in "Katie Morag" and "Teacup Travels", and in "Bannan" with MG Alba. We have to work within certain parameters, so we have focused on the development of pilots or taking a project to its first series. Because of the limits of such funding—it is a £4 million annual fund—we have felt that if a programme gets commissioned for a second series, the market needs to take on

the funding of that, and we will look at alternative projects.

The current opportunity for us, alongside BBC charter renewal, is the Scottish Government's manifesto commitment to enhance the screen unit at Creative Scotland. We are working on that with our partners in Government and Scottish Enterprise and in other relevant agencies. If we were like Northern Ireland Screen with, in one place, enterprise money as well as creative involvement and experience, we would be able to take charge of opportunities and to invest in them; so we would be able to invest in the wider TV market.

Currently, as the lead agency for screen, we interact a lot—we sit on the TV working group and we are able to contribute to work with the TV sector as advocates. We are influencing, but we do not have the funds to be able to support businesses in the same way as, for example, Northern Ireland Screen can.

However, we are working very hard on that to enable the unit, with enhanced resources of both money and people, to take advantage of the opportunities that we see at the moment.

**Donald Campbell:** The sector in Scotland is very much a kill-to-eat sector, based for the most part on short-term commissioning. We see the benefits of productions such as "Outlander" gaining commitments to multiple series, and we know that Scotland is capable of producing and sustaining large-scale production if there is a commitment to multiyear, returning series.

At BBC Alba, we commit about two thirds of our money to three or four-year production agreements with companies. That is a sign of our confidence in those companies and in the individuals who are in the sector. Not all of the money is tied up but a lot of it is, which allows companies to plan, to train and to liaise with the enterprise agencies, and to borrow against that money to make investment in capital. We are willing to make a commitment and to show confidence in production talent, even though sometimes we do not know exactly what that will give in three or four years' time.

We need to gradually move the whole of the sector towards that. For the BBC to be as bold and creative in Scotland as it wants to be—and it has shown a lot of intent, with the open iPlayer and BBC Studios; it has taken big decisions that are aimed at making a step change—it requires to make longer-term commitments and to tie up with the enterprise agencies, Creative Scotland and ourselves in a partnership over a number of years. There need to be movements of scale rather than a little here and a little there; it needs to be pretty big to make a difference.

**David Smith:** I agree with everything that Donald Campbell has said about the current model that we all follow apart from when we are working with BBC Alba. Jackson Carlaw asked about whether we can grow to meet the capacity if we have an increase in spend. The alternative is BBC Alba's sow-to-reap model, which helps to build capacity and concentrates investment in a number of companies that it is then able to draw in. If there is a lack of talent, we can hire people; if there is a lack of infrastructure, we can buy it; and, as Donald Campbell says, if there is a need for money, we can go to the bank and borrow it.

The new charter requires the BBC to enter into creative partnerships for the benefit of all and combines that with the obligations towards the nations' and regions' creativity and economy, so that is useful.

The Scottish Government and Scottish Parliament have been very useful in focusing on what we have lacked. The Scottish Government has provided real leadership, and this committee and its predecessor have helped us to air a lot of issues that we have been struggling with.

What we have lacked is real leadership from the public agencies. Creative Scotland and, in particular, Scottish Enterprise have been more or less missing from the field at times. I also think that we have to compare and contrast. To go back to that 55 per cent of spend, somebody at BBC Wales is doing the right thing and has really got their head screwed on the right way round. That person is providing creative leadership and delivering a win for the whole economy. That is what I would like to see flow from this new round for nations and regions.

**Richard Lochhead (Moray) (SNP):** David Smith's earlier comments about the snooker being classified as Scottish spend sound pretty ludicrous—it was new to me until I read his evidence and heard what he said today. According to his evidence, it is all because a production manager is down on LinkedIn as living in Scotland.

How, then, do you recommend that we should look into the Scottish spend? I know that you have touched on this, but should there be a list of companies that are defined as being wholly Scottish or whatever? How can Scottish companies compete for productions elsewhere in the UK?

11:45

**David Smith:** The first thing to do is to keep on doing what you are doing, which is providing oversight. That has led to a lot of the evidence that is in these accounts. The previous Education and Culture Committee required the BBC to provide detail on specific Scottish spend, and that has

allowed us to look more clearly at what is and is not happening, as well as to undercut a lot of the arguments that were being presented at other committees.

I go back to my earlier point about the continuum of what is and what is not Scottish. It is hard to define. The BBC could, without too much effort in refocusing definitions, move to an authentic model of commissioning; that would be the first step. There is an Ofcom definition, which requires there to be a substantive base. Having two desks at Pacific Quay, as in the case of the snooker, is not a substantive base in any meaningful way. So if that test was applied more rigidly, it would be useful.

At the moment, Ofcom is reactive rather than proactive. If somebody sees an entry in the out-of-London register, which details every show that is badged as Scottish, Welsh or Northern Irish—or English, for that matter—and has a question about that project, they can raise it with Ofcom; but Ofcom will not investigate. For example, this time last year, just after publication of the previous report, we raised a question about why the snooker was able to qualify, but we still do not have an answer. Really, the question is for the BBC: how was the snooker able to qualify? In what way was that base substantive? Where was the spend? It would be useful if Ofcom was more proactive than reactive.

**Richard Lochhead:** Maybe we will have to move the Scottish border down to Sheffield. That would help our stats to be more genuine.

**David Smith:** Absolutely.

**Richard Lochhead:** Jackson Carlaw said that he watches "The Collection", which I have not seen so I will keep my eyes open for that. I have watched other series such as "Borgen" and "The Killing" and paid attention to the upsurge in Scandinavian drama. Are there any lessons that we in Scotland should learn from what is happening with the state broadcaster over there? That is something that the professionals in your arena must be debating.

**Natalie Usher:** We talk about it quite a lot. What is interesting about it on the surface is that language is not a barrier to success. We are already thinking about ways in which we can work together better. In the drama context, creating the next "Borgen" out of Scotland involves putting a real focus on the development of new talent and opportunities for existing talent for writers and directors. We would welcome the opportunity through the enhancement of the resources of the screen unit at Creative Scotland to be able to work more closely with MG Alba and BBC Scotland to focus specific amounts of money on that so that

we can develop that talent and those new programmes.

**Donald Campbell:** We have learned at least three things, one of which is that the content needs to be distinctive. We saw that with “Hinterland” and the BBC Four and All3Media collaboration in Wales. One of the first such programmes that broke into the UK consciousness was “The Killing”. The Americans remade it and, in the American version, it rained continuously, which gave it a distinctive look and feel. That showed that that is not necessarily built on having panoramic views or using natural assets, of which Scotland has an abundance; distinctiveness can be built on other assets. Clearly, also, language is not now a barrier. That is something on which to build.

The second thing is that it took about 10 years for those things to happen. They did not materialise; they were the result of strategic planning and decisions that were taken 10 years ago to invest in training and collaboration and to try things out in pilots. A whole host of programmes have come to fruition recently, such as “Fortitude” on Sky and “Trapped”, both from Iceland.

Thirdly, if you look at the end credits, you will see that such programmes involve a whole smörgåsbord of contributors and partners—the makers have built up networks of collaborators across Scandinavia and Germany. Therefore, they are primed to invest in the right content and to locate it where it can be as distinctive as possible. It was interesting to learn from talking to the people who produced “The Killing” that they made it work for their domestic audience first. They felt that if it worked for their domestic audience and it was a story of universal appeal despite its local distinctiveness, it would cross boundaries very easily.

All those lessons suggest to me that we should take a long-term—a five or 10-year—approach. The charter gives us a great length of time to be able to plan and to envisage a future in 10 or 15 years’ time that is a bit different from the present situation, and we should start working in collaboration and partnership with not just the BBC, but the Scandinavians, the Irish, the Australians, the New Zealanders and so on.

**David Smith:** There is a potential step on the way to that in the tendering process that is now under way and with BBC Studios coming into existence and the end of the in-house guarantee. I think that the first tender that is being allowed in drama is for “Holby City”. The BBC has already talked about eligibility criteria attaching to such tenders and those criteria could require the movement of projects around the UK, which could be another iteration of lift and shift, but could be

used more constructively—for example, they could require a project that is open to tender to be open to tender from a consortium of producers, some of whom are Scottish and some of whom are not necessarily quite as Scottish. That could allow for the transference of skills and the build-up of capacity.

Commissioning is a question of where the money sits. At the moment, there is talk of having a commissioner for drama for the BBC in Glasgow. That is a step forward, but that commissioner will have no direct commissioning power—they will report to the drama controller in London who, along with the channel controller, will have the final say. It would be useful to shift some spend and attach it to that commissioner.

As a factual producer, I would like that to be just the beginning of the process. I would like factual commissioners as well as drama commissioners to be based in Glasgow. We are a centre of excellence for factual production, so let us have commissioners of documentaries and history and arts programmes here. Features and daytime are already doing quite well in Scotland, so let us replicate that.

**Emma Harper (South Scotland) (SNP):** My question is similar to Richard Lochhead’s question about Sheffield and the snooker. Last year, I was told that the BBC’s “Question Time” was a Scottish show. Is that an example of lift and shift? Can you clarify whether that is still the case?

**David Smith:** That goes back to the continuum that I mentioned earlier. “Question Time” is produced by Mentorn Media, which has invested substantially in Scotland over the past five years. It has approached the situation authentically. The project was lifted and shifted to Scotland, and Mentorn has built a genuinely Scottish business around that. It has senior talent based in Glasgow, the project is run from Glasgow and it has built other projects around “Question Time”, so that has become a useful example of lift and shift. It is a tricky issue, because there are shades of grey all the way along the continuum. Mentorn, Lion Television Scotland and a few others fall very much on the right end of the spectrum—they are authentically Scottish. Others, such as the company that produces the snooker coverage, are less so.

**David Strachan:** What is interesting about those projects and “Homes Under the Hammer” is that, in order to provide support and to allow those companies genuinely to invest and remain in Scotland, they have been given substantial commitments—in general, for three years—which have not been offered to the indigenous production companies.

**The Convener:** Why do you think that that is?

**David Strachan:** Who knows? It is a question of having dialogue about the projects for which it is appropriate that that should happen. I think that there have been projects to which a longer-term commitment could have been made.

**The Convener:** Lewis Macdonald wants to come in. Is it a supplementary?

**Lewis Macdonald:** No.

**The Convener:** In that case, I will bring in Stuart McMillan.

**Stuart McMillan (Greenock and Inverclyde) (SNP):** My question follows on from Richard Lochhead's questions. It is about Sweden's television, which follows a similar model to the BBC in terms of how it is set up. I accept the point about companies in Denmark commissioning programmes together and working in a more collaborative way. How does the way in which Swedish television operates compare with the way in which the BBC operates? Although the structure appears to be similar, what are the main differences and what lessons could Scotland learn?

**David Smith:** I am not familiar with Sweden, but I have spent some time in Denmark. There is probably a more direct comparison to be made with Denmark, as our populations are roughly equivalent. There is now a strong domestic market—that is what has changed. Denmark has six or seven public service broadcasters and a host of commercial broadcasters. There is a thriving domestic advertising sales market and a strong public sector initiative into all things screen. DR, which is the Danish Broadcasting Corporation and—I cannot remember what the equivalent of Creative Scotland is called—

**Natalie Usher:** It is the Danish Film Institute. It gets €50 million a year from the Government.

**David Smith:** They actively invest.

There is a direct comparison in terms of population size. The Danish are protected to a degree by their language, although it is similar enough to their neighbours' that they can co-produce. We are in a different position in that we sit next to London, which is a global media centre—it is a huge centre of gravity that draws a lot of talent and investment to it. The one area in which that does not have to be the case is the BBC, which raises its money across the UK and can choose to spend it across the UK.

**Lewis Macdonald:** My question goes back to a point that Donald Campbell made in his introductory remarks. It is about the difference between the way in which MG Alba operates with the BBC and the relationships that S4C enjoys in Wales. I want to understand a bit more what that difference looks like and whether a specific

commitment by the BBC to Gaelic language broadcasting would make a difference to the generation of programmes in Gaelic and more generally in the Scottish production sector.

**Donald Campbell:** There are different structural arrangements for Welsh language television and Gaelic language television. A separate company was established by statute for S4C, which the BBC is obliged to support with 10 hours a week of BBC-made programmes. As a result of the most recent licence fee settlement, there is also about £75 million of cash funding for S4C. In 2008, we chose a different route for BBC Alba. It is what you might call an unincorporated joint venture: it is a BBC-licensed service but it is funded and delivered in partnership, which means that the staff of MG Alba are very much involved in commissioning, scheduling, managing the media and so on for the channel.

The framework agreement sets out a very clear financial settlement for Welsh television and the promise of support for Gaelic television. However, we think that it comes up a bit short, because we believe that Gaelic television is an important policy matter for the BBC and should be a policy commitment. There should be coherence between the commitment to the Welsh TV channel and the commitment to the Gaelic TV channel. Every TV channel requires a minimum number of hours to make it work. BBC Alba currently has 1.9 hours a day of new programmes compared with 8 hours a day of new programmes on S4C. Without an increase in the number of hours for BBC Alba, it will be tough to keep the current success going. That is one way to look at it.

The other way to look at it is that, if the BBC allocates additional funds to BBC Alba and commits to 10 hours a week of programmes for BBC Alba, matching its commitment of 10 hours a week of programmes for S4C, that will give a huge amount of oxygen to BBC Alba and will benefit not only those who speak and use Gaelic but the whole of the creative economy in Scotland. Believe it or not, BBC Alba is a hothouse of talent and presents a huge opportunity to increase the skills base and the capacity in the sector in Scotland.

**Lewis Macdonald:** Although the structure of MG Alba is different from that of S4C, such a requirement for 10 hours of programmes would be compatible with your structure as an unincorporated joint venture. Is that, like some of the things that we talked about earlier, a matter for a policy decision by the BBC as opposed to something that needs to be built into the charter or the framework agreement?

12:00

**Donald Campbell:** The Welsh commitment is a statutory compulsion on the BBC, and the BBC could opt to match that as a matter of BBC policy. We would like the BBC to move towards that.

**The Convener:** Mr Carlaw has a question. Is it a supplementary, Mr Carlaw?

**Jackson Carlaw:** No—it is on a different point.

**The Convener:** Right. Are you finished, Lewis?

**Lewis Macdonald:** Yes—that answers my question.

**Jackson Carlaw:** Michael Dobbs, the originator of “House of Cards”, tells an apocryphal story that, by the third season of the programme, he had sold the creative way in which his books were adapted and wanted to have his name removed from it. He says that somebody at the BBC stood to their full height and said, “If you do that, you’ll never work for the BBC again.”

With the eyes of the BBC on your back, are those in the independent sector, including those giving evidence to the committee, entirely comfortable with being candid? Ultimately, you would obviously like the BBC to look to the independent sector far more as a resource for creative programming. In other words, is the debate constricted in any way by the fact that, ultimately, the big player is the BBC?

**David Strachan:** Ken MacQuarrie once said, when that question was discussed, that the BBC is used to robust arguments and that we should not feel inhibited about saying exactly what we think. We endeavour to say nothing that is not evidence based and that does not have a strong strategic argument behind it. We are not afraid of saying what we have said, and we have said it. The last time that I was at the cross-party group on culture, I was due to make a speech the next day and I handed a copy of it to the director general as he left the room. It was a fairly robust speech. We do not say things that we cannot entirely back up.

The people at the strategic level in the BBC are concerned about making progress in the direction that we seek; the issue is driving that down to the implementation level. That is where the difficulty is, because the relationships that will clinch the work are those between producers and commissioners, and those are very precious and fragile relationships. We have some understanding of the concerns of commissioners, who have the ultimate responsibility for, but very little control over, a spend of hundreds of millions of pounds. We understand why, in the past decade, there has been a reluctance to take risks or to move into other areas and a preference for people to work with those whom they know and trust. It will take

boldness and change to deliver the numbers that we have been talking about today.

**David Smith:** Very briefly, we are a public service production company, and the BBC is a public service television provider. We wholeheartedly support the BBC as a provider of public service television. We are making constructive criticisms, and I think that the BBC welcomes those.

**The Convener:** Donald Campbell mentioned that it is possible to make culturally distinctive television programmes that have a universal appeal and can be sold around the world, as the Scandinavians have shown. I believe that “Bannan” has had its first international sale, so congratulations on that. We have talked a lot about the evidence base, such as the figures, the quotas and the jobs that are created, which is understandable, as that is absolutely key.

I want to go back to the point about something that is produced in Scotland, that is culturally distinctive and that then has a universal appeal. People have told me that there is an attitude in the BBC that, particularly for network, it will not commission culturally distinctive programmes because it does not think that those will have a UK-wide appeal, never mind an international appeal. Will you reflect on that? I realise that you are factual rather than drama producers, but have you perceived that attitude at BBC network level?

**David Strachan:** Colin Cameron used to say how frustrated he was when he suggested that, for instance, there should be something significant on child abuse in Orkney. That was regarded as a little local difficulty but, when it happened in Cleveland, it was of national importance. That is something that we suffer from. If you have heard the wonderful little clip of James Robertson reading “The News Where You Are” from his book “365: Stories”, you will know that the news where you are is not the news where we are. That sort of thing is a cultural issue that the BBC will have to deal with all over the place. In some respects, although its problem is partly Scotland, it is also partly the south-east, which has been used to thinking that everything that it is concerned about is of national significance and that anything beyond the south-east is trivial.

**David Smith:** Representation is important, but it is potentially a trap. We produce public service content and probably our most critically acclaimed film last year was about Ted Hughes, who is in no way Scottish and is only tenuously connected to Scotland. We want to make representational content, but we do not want to make only representational content. We want to make Lewis Grassie Gibbon and Shakespeare—all those things. You have to be careful not to be too tightly hemmed in by representation.

**Donald Campbell:** It is incumbent on commissioners and programme makers to know exactly who their audience will be. Sometimes cultural distinctiveness is the thing that will really sell. When you know who the audience will be, you can build a really strong offering that crosses borders. If we are commissioning for BBC Alba, we need to be clear whether it is a programme that will only ever be seen by BBC Alba audiences or whether we envisage it being seen across the UK or even internationally. A good example is the programme that Solus Productions made about Alexander McQueen, which was recently shown at the Madrid fashion film festival, dubbed into Spanish. Some things travel particularly well and others do not. You just need to be clever enough at the outset to know who your audience and what your market is.

**Stuart McMillan:** The commissioning of programmes is one aspect, certainly in terms of Scotland, and Donald Campbell's point leads on to my question. It is not just about the commissioning but the promotion of programmes from Scotland. Is there enough promotion of Scottish and Scottish-made programmes across the BBC and elsewhere?

**Donald Campbell:** In my view, not at all. The BBC brand and the Scotland brand are hugely underdeveloped in combination, both in the UK and in the international marketplace. We have not tapped into the potential of that.

**The Convener:** Unfortunately we will have to wind up. This session has been scrutinising the charter. Our witnesses have all eloquently and concisely said what the problem is and said that BBC management can identify and address the problem without being forced to do so by the charter. Is there any way that the charter could be changed that would deliver your objectives?

**David Smith:** It is more about the service agreement than the charter. Changing the wording of the charter would be all but impossible. There is really useful language in the charter that the service agreements can build on, such as the public purpose of investing

"in the creative economies of each of the nations"

when commissioning. That is a clear public purpose that the BBC will have to deliver. How it is delivered will be framed in the service agreement, and how that is monitored is up to this Parliament, the Westminster Parliament and the Governments in both places.

**Natalie Usher:** Scrutiny of annual work plans and Ofcom's work to review them each year provide opportunities to ensure that that public purpose is delivered.

**Donald Campbell:** The dialogue between Ofcom, the BBC and the rest of us is critical in setting the standards and performance measures that will be put in place in the new service agreement. It is important that there is an opportunity for consultation in the process.

**David Smith:** It is vital that the committee has an opportunity to look at the service agreement before it is finalised.

**The Convener:** Point taken.

I thank the panel for their evidence. We will have a short suspension before moving to the next panel.

12:09

*Meeting suspended.*

12:13

*On resuming—*

**The Convener:** I welcome our second panel: Anne Bulford is deputy director general of the BBC; Alan Dickson is chief operating officer of BBC Scotland; Ken MacQuarrie is director of BBC Scotland; and Bill Matthews is the BBC trust's trustee for Scotland. Before I invite members to ask questions, I give Anne Bulford the opportunity to make opening remarks.

**Anne Bulford (BBC):** Thank you for inviting us here and giving us the opportunity to discuss with the committee some of the key issues around the charter and the likely impact here in Scotland.

When the director general and I, along with Kenny MacQuarrie, gave evidence to the Parliament's Education and Culture Committee in January, we discussed a number of charter proposals to underpin the BBC's commitment to Scotland and support positive and lasting change in the country's broadcast sector. Before we turn to that, I say that we very much welcome the proposals that are in the draft charter and the clear and stable basis for production that comes with the guarantee of licence fee funding. We are all pleased that there has been some movement on proposed appointments to the BBC's unitary board, which should provide an appropriate distance between the broadcaster and the Governments of the UK.

12:15

Over the past few months, we have been working hard to develop many of the proposals around the charter, for our audiences in Scotland and across our offer for the UK's nations and regions. Work continues apace on, for example, developing the Scottish digital editions of our home pages in news and in sport, which the

director general discussed when he appeared previously.

The Education and Culture Committee's report called on the BBC to provide detailed financial information about our operations and spend in Scotland over the past session. From looking at the accounts, members will be aware that we made a number of submissions to that committee. Since then, we have for the first time laid before the Scottish Parliament our annual report and accounts.

Further, as that committee recommended, the draft charter contains a commitment by the BBC to appear at relevant parliamentary committees. The draft charter also reflects the committee's recommendation that the charter period's length should be adjusted so that future scrutiny of the charter process is unaffected by the electoral cycle.

The committee sought a strong Scottish element in the regulatory framework, and the draft charter ensures that a non-executive director for Scotland will sit on the BBC's new unitary board.

On the committee's call for increased commissioning power in Scotland, we have announced a new drama commissioner and a new comedy commissioner for Scotland. A drama development fund will be set up and Scotland will be identified as a centre of excellence for the BBC in factual production.

I stress that that was not a definitive list but an account of progress to date. I am aware that time is tight, so I will make just one more observation. I put on record how delighted we are across the BBC that my colleague Ken MacQuarrie has been appointed the new BBC director of nations and regions. That is an excellent appointment for Scotland, for the nations, for the BBC and above all for audiences, because I know that, in his new role, Kenny MacQuarrie will focus entirely on ensuring that audiences—particularly those in the nations and regions—remain at the heart of our thinking in the years ahead.

**The Convener:** Thank you. Mr MacQuarrie, I congratulate you on your appointment. You will have heard some of the evidence that the committee just took. The key complaint by far is about the amount of licence fee payers' money that is spent in Scotland. In Scotland, we receive just 55 per cent of licence fee revenue. In Northern Ireland, the proportion is 74 per cent, and we heard today that in Wales the proportion is more than 90 per cent.

You have presided over that failure in Scotland. We heard today that the issue is not the framework but a failure of management. How will you address the issue from your even more

elevated position as director of nations and regions?

**Ken MacQuarrie (BBC Scotland):** I do not regard the situation as a failure of management. The figures are dynamic and have changed from year to year. In 2014, when there was considerable investment in Scotland, the figures were high. I admit that the figures have fallen relative to the licence fee that is collected in Scotland. However, on the comparison with Wales, there are specific circumstances that it would be useful to take the committee through.

On where we want to get to, the key thing for us is to make what is the fourth purpose in the existing charter absolutely live and breathe. The director general is committed to that being one of the top issues of importance for the BBC—hence the appointment of the director of nations and regions.

As for investment in Scotland and meeting our targets, in the past five years, we have had 8.9 per cent of the eligible spend. During the past seven years, we have tripled the money that is spent in Scotland. That is tens of millions of pounds and is a considerable achievement under what we refer to as the network strategy review.

Given the different funding situation in Wales because of the languages there and the set-up at Roath Lock, which has been funded by a number of partners and has provided a base for drama, that specific comparator is probably not the only lens that we should look through. The key thing for us is to understand what underpins the figures. On Wales, I ask my colleague Alan Dickson, who is the chief operating officer, to make a number of points about the breakdown of the figures.

**Alan Dickson (BBC Scotland):** Kenny MacQuarrie has looked at the comparison of Wales and Scotland and it is important to inform the committee of the three major drivers of spend in Scotland and Wales. The first is English-language content across all services. The figure for that is broadly similar, at around 30 per cent of the licence fee take in both countries.

The next element is network TV production. It is fair to say that Wales had a fantastically strong year in 2015-16. In Scotland, that year was challenging, although we fully expect network TV production to increase in 2016-17.

The final element of the level of spend in Scotland and Wales relates to indigenous language provision. In Scotland, that amounts to 3 per cent of the licence fee; in Wales, it is 23 per cent. There are specific reasons why that is the case, some of which are historical and some of which relate to the number of speakers of indigenous languages in those areas.



Those are the three main economic drivers of how much the BBC spends in the three nations of Northern Ireland, Scotland and Wales.

**The Convener:** That is all very well, but it is in black and white that the figure for Northern Ireland is 74 per cent, compared with 55 per cent for Scotland. We are not talking just about the comparison with Wales—the spend in Northern Ireland is also considerably above the spend in Scotland.

**Alan Dickson:** The spend on English-language content in Northern Ireland is maybe slightly more than that in Scotland, but there are economies of scale in setting up a production base in Northern Ireland that are included in those numbers.

Ken MacQuarrie is right that the number is not static. Last year, the equivalent figure for Scotland was 63 per cent. It was higher simply because of the level of our network TV business and spend in Scotland. The annual accounts make clear some of the reasons why expenditure dipped—for example, “Waterloo Road” and some of our other titles were decommissioned—but we have recognised that and done something about it.

We believe that, when the committee looks at the levels of network spend for this year, they will have returned to a level that is much closer to that in 2014-15, which will represent an increase of £20 million. That is driven by drama titles. We have some impressive stuff happening with “One of Us” and the next series of “Shetland”.

It is difficult to manage the situation when we lose a returning series such as “Waterloo Road”, but we have made a good recovery in drama and will continue to do so. We hope that the announcement about a drama commissioner in Scotland will also help the situation.

I do not see the 55 per cent as a static figure; it moves. One of the main drivers is the network TV spend from any one year. Although we have broad targets, they ultimately depend on the quality of ideas that come through in any one year and, in some cases, on the transmission patterns.

**The Convener:** You have explained your interpretation of the figures, but we have lots of evidence from across the sector and from the previous session’s Economy, Energy and Tourism Committee that is critical of the way in which things operate and the amount of money that is spent in Scotland. There is also criticism of the way in which money is spent—of the lift-and-shift culture that we heard about from our panel earlier, such as snooker from Sheffield being classified as a Scottish programme for accounting purposes. Do you agree that that is just not good enough?

**Ken MacQuarrie:** We have to look at what has been achieved over the network strategy review

period, in which spend has tripled, as I said. I am reluctant to talk about a specific company; we liaise directly with PACT and, as we heard in evidence from David Smith and David Strachan, who were representing their companies, I have encouraged them to be robust in their critique of the BBC so that we can engage in an open debate.

We are dealing with the Ofcom criteria, and we have in place a number of assurances and processes to ensure that we have a dialogue with companies on spend. However, we need to focus on the tens of millions of pounds over the period. There has been a lot of focus on one company but, as is evident from one of the examples that have been given, many of the companies that have started with a production are now offering substantial employment opportunities in Scotland as well as winning large commissions across the genres. Whatever their critiques of individual titles might be, I think that colleagues in the independent sector would say that the network strategy review has been an absolute success for Scotland in driving the skills base and increasing the available opportunities.

As for the convener’s earlier question about what we should do to increase the spend, the deputy director general has talked about the number of commissioners who are in place. We will be announcing further commissioning roles in Scotland as well as looking at development spend in order to seed and develop the industry. We are having an on-going dialogue with Creative Scotland, which is absolutely open to partnering.

**The Convener:** We have heard that employment levels fell by 27 per cent between 2012 and 2015. From what you are saying, you do not seem to accept that there is a serious problem. Does that mean that you cannot give us any guarantee that, over the next charter period, more of a percentage of the licence fee will be spent more equitably across the nations and regions and particularly in Scotland?

**Anne Bulford:** We talked about the issue when we previously came before the committee. We welcome the new sixth purpose, and the whole board’s collective view—there is no disagreement on it—is that it is important that, as a national broadcaster across the UK, we represent the UK, reach out to all audiences and contribute to the creative economy around the UK.

As Kenny MacQuarrie described well, there was in the previous charter period a clear objective to move the focus of spend out of London and move the focus of network spend out into the nations. We have set specific targets on that, which we have met consistently throughout the period.

The challenge of the next charter is to build on and develop that further. We are investing in commissioners in Scotland and in development to bring on new ideas and encourage new talent, and we also need to focus even more on the issue of portrayal. As one of the witnesses in the previous evidence session pointed out very well, we do not want that to be somehow constraining, so we want producers in Scotland to have opportunities to bring forward great ideas as well as to represent the Scottish nation.

**Ross Greer (West Scotland) (Green):** You will have heard in the previous evidence session the discussion about positive and negative examples of lift and shift. Mentorn Media was cited as an example of a company that was attracted to Scotland and which has proven to be successful and good for the Scottish industry, but the issue that arose from that discussion was that companies that are being attracted to Scotland are being offered long-term commitments, while indigenous production companies are not. Will you explain why that is the case? How can that be corrected to ensure that the talent, the resources and the companies that are already here get such opportunities?

12:30

**Anne Bulford:** The nature of a commissioning contract—its term, its length, the number of episodes and the money that is attached to it—all depends on the individual project, on the commissioner's clear line of sight about the competence in that project, which relates to its likely success, the place that is seen for it in the schedule and the term that the commissioner is likely to want it for, and on economic questions about whether more economy of scale can be achieved from a longer run rather than a shorter run. There is always a particular issue with children's programmes, which tend to have longer runs, because it is difficult to get continuity in children's drama with young people in.

I have never seen any evidence of a bias in length of commission or commissioning terms towards individual companies. If there is evidence of that, of course we will look at it. Decisions are very much driven by the nature of the commissions and the titles concerned. I do not like the phrase "lift and shift", but we are using it in the committee, so we will stick with it. If an established title is involved, it is much easier to give a longer-term commitment.

**Alan Dickson:** I will make a quick point. Although—unfortunately—I missed the start of the previous session, I heard Donald Campbell talking about ideas of scale that would help the sector, as did Rosina Robson. PACT has produced some really strong work about the sector in Scotland and

what we can do to improve the situation. One of its concerns, which I think Ross Greer is alluding to, is about sustainability of supply. We certainly have some strong plans, which we hope to share quite quickly and which we think will start to address concerns about smaller indigenous companies in Scotland.

The term "factual centre of excellence" is interesting because we have a strong blueprint that is an example of where that works well in the BBC from the level of drama production at Roath Lock in Cardiff. The key thing there is that returning series are being delivered. We are passionate about making that happen in Scotland. How do we achieve that? We can achieve it by looking at the levers of commissioning power and at exactly when and where they should be devolved and by working even more proactively with all the agencies in Scotland.

Development funds—especially those that are targeted at smaller indigenous companies in Scotland—will be important. I am glad that David Smith mentioned some changes that we hope to bring in, including new contestability arrangements and changes to how we put commissions out for tender. The ability to specify where we want production to happen will benefit us in Scotland.

**Ross Greer:** I take the point about individual projects. In the case of Mentorn Media, it is obviously safe to go for a long-term commitment to a programme such as "Question Time". However, the fact that it was mentioned goes back to a point that was raised on the spirit versus the rule of the agreements; that is an issue of broader confidence that production companies in Scotland have with the BBC. How will you address confidence not just through written agreements but in the relationships that you have with those companies? It strikes me that there must be an issue of confidence for the topic even to come up.

**Anne Bulford:** The first thing to speak about is the quality of the relationships and the way in which commissioners who are based outside Scotland and the teams that are based in Pacific Quay reach out, explain opportunities to the sector, explain opportunities to secure development money and work closely with talent. We do a lot of that and we need to do more. Having more of an established commissioning base in Pacific Quay will help with that.

To be completely clear, the definitions that we use for qualifying independence and for qualifying for out-of-London status are used across the sector and have been in place, I think, since the early 2000s. That involves a series of decision points, which include having a substantial base in a region that is a usual place of employment for senior personnel who manage the business; spending 70 per cent of the production budget—

excluding spending on on-screen talent, archive material and copyright—in the region; and more than 50 per cent of production talent being in the region. Those are long-established points that are used across the industry. Sometimes they work well and easily, and sometimes they do not.

It is our job to be transparent, to send the report to Ofcom in the normal way, which we do, and to seek to answer questions when they arise. I do not want to comment further on the specific title that was raised because, as the previous witnesses explained, the issue has been raised with Ofcom and an answer is awaited.

At heart, the issue is about personal relationships and the feeling that they are leading to success and that great creative content is coming through from Scotland. Everybody wants that. Investing in development and in the commissioning base and spending time on the relationships is designed to bring that through.

**Rachael Hamilton (South Scotland) (Con):** I have a supplementary question that follows on from the previous question.

Today, we heard evidence from Creative Scotland on the type of resource, facility and support that it needs in order to succeed. Can you be more specific about the contribution and investment that you will give Creative Scotland?

**Ken MacQuarrie:** The investment tends to be project based. We have a memorandum of understanding with Creative Scotland to ensure that we work together and respond to initiatives that it develops—we often respond positively.

We want to get to a longer-term approach that is perhaps similar to that of Northern Ireland Screen, which has a specificity about it. There is a great will in Creative Scotland to do that.

On Ross Greer's point, there is a good relationship between our commissioners and PACT locally and at a UK level, particularly in light of recent meetings in which we have been open about where we are tendering and the new opportunities for the independent sector in Scotland, which are considerable. Although the dialogue has been robust, I regard it as being good and open.

**Alan Dickson:** Natalie Usher mentioned the relationship between Northern Ireland Screen and the BBC. It is right and proper that we examine that relationship to see how well it works and exactly what learning and themes we can take into an improved and more productive relationship with Creative Scotland. That relationship has come about in Northern Ireland through a lot of hard work and through investment on our part. I do not see any reason why, if that were the direction of

policy in Scotland, we would not want to contribute fully to developing it further.

**Bill Matthews (BBC Trust):** As a member of the BBC trust, which is part of the Government's mechanism going forward, I am pleased that the proposed charter will hardwire some of the things that we are talking about today. As you heard earlier, the charter gives us a platform that has written into it a duty of partnership for the BBC, which speaks to the point that has just been made. It also has more references to nations and regions and puts more emphasis on efforts to do more in the nations and regions than we have ever seen in a BBC charter before. That has to be a good thing from the point of view of audiences in Scotland.

**Lewis Macdonald:** The panel might be interested in a couple of the points that arose in the earlier evidence-taking session. We discussed MG Alba and the difference between the approach to Gaelic-language broadcasting, which is done on the basis of a joint unincorporated venture, and the statutory position that underpins S4C. The answer to the question was that, essentially, there is no need to replicate that statutory provision and that a policy approach is required.

Alan Dickson said that the largest single difference between spending in Scotland and spending in Wales relates to language broadcasting. I know that this is an area that is close to Ken MacQuarrie's heart. What will the BBC board's approach across the UK now be to Gaelic-language broadcasting? Is there an opportunity to build in the same level of programme making for Gaelic in Scotland as is enjoyed by Wales in respect of Welsh programme making? What would be the potential benefits of that approach for the wider production sector in Scotland?

**Ken MacQuarrie:** First, I am extraordinarily proud of what BBC Alba has achieved. I have a stake in that success—I was probably one of the most important voices arguing for the channel to be set up. I am delighted that, under the previous charter, it was the one new channel that we were able to deliver in Scotland, and I am delighted by its success.

My colleague Alan Dickson sits on the joint management board with Donald Campbell and others. It is an example of a really good partnership with the BBC. Of course, BBC Alba is at a different lifestyle stage, if you like, from S4C, which has developed over a 25-year period. As Donald Campbell mentioned, S4C has statutory underpinning.

On the point about policy, we have already been active in that respect. We have, within our available funds, increased the investment to BBC Alba. I ask Alan Dickson to describe that in detail.

**Alan Dickson:** As Ken MacQuarrie says, it is a privilege to sit on the joint management board of BBC Alba. It is a fantastically creative partnership between ourselves and MG Alba, and Donald Campbell described some of that work very well earlier.

On the BBC's side, it is not just words—we have very recently backed up our commitment financially. In the current financial year, we will increase direct funding to the channel: £0.9 million, rising to £1.2 million in 2017-18. That is a 20 per cent increase in the funding that the BBC puts in directly.

That is only one aspect of what the BBC can still bring to the partnership—we can and will bring more. For example, there is an opportunity to leverage some of the brilliant ideas for programming—as happens right across the BBC—and ensure that Gaelic is a discussion that happens much earlier in the commissioning decisions that are made about children's content and various other genres, so that that content can pass across and be available to BBC Alba. I know that the head of service, Margaret Mary Murray, is doing some work on that front.

Where we can share costs, we will. The joint management board, with which I am involved, is continually looking at ways in which we can bring more to that partnership and ultimately free up money that can go on screen.

**Ken MacQuarrie:** Looking at the total resources of the BBC, I think that iPlayer is a good example of a pan-BBC investment that has allowed BBC Alba and its audiences to have a really rich service—in many ways, perhaps the richest language service that iPlayer offers. We are really proud of that. Alan Dickson mentioned Margaret Mary Murray, who is a tremendous leader of the service; we are really proud of what she has achieved.

On Friday, I will be in Stornoway with the director general to talk to the teams, and I have no doubt that the issue will come up again.

**Richard Lochhead:** Thank you for giving evidence today.

I am thinking about all the political developments that have taken place in Scotland over the past decade or so, and Scotland's desire to be represented and for decisions to be taken closer to home. The two Scotland bills that have been passed have given more powers to the Scottish Parliament, and we had the referendum in 2014. It has been quite an eventful decade for Scotland.

My question is for Anne Bulford. Against that backdrop, why are we here, in 2016, discussing the fact that, as a result of the slow pace of

devolution within the BBC, only 55 per cent of Scottish licence payers' money is actually spent in this country?

12:45

**Anne Bulford:** There is never going to be equal arithmetic, with money from one part of the United Kingdom spent evenly in another part. That is because our services are national services and a significant part of the spend goes on services for everybody. For example, sports rights are negotiated for the networks, as opposed to having sports rights for BBC Scotland. Services are negotiated centrally and paid for centrally. Distribution contracts are handled and paid for in one place. Much of the core news-gathering effort, including the World Service, is dealt with for the whole of the BBC.

Setting all that I have just said to one side, we are very clear that we do not think that 55 per cent is enough. It is disappointing that the proportion of spend in Scotland has reduced in this financial year versus the previous year, as is reported in the accounts that we published in spring. We are encouraged that that is increasing back up in 2016-17. There is by no means a cap. We are a broadcaster across the United Kingdom and we want a creative contribution from across the United Kingdom because of the benefits that that spreads and because of the requirement to represent in programming.

The spend will come up more, but it is unlikely that it will be pound for pound. In that context, it is worth remembering that almost 90 per cent of Scottish audiences' consumption of BBC services is for network services, which have a rich range of spread with all the things that are available to everyone, including the Olympics and the football.

**Richard Lochhead:** The previous witnesses put a lot of emphasis on the need for more expenditure in Scotland to create a critical mass of talent in production companies and everything else to do with the television and film sector. Can you give the committee an assurance that the 55 per cent will be history? Do you believe that the proposed changes are strong enough? There is clearly a lot of doubt around the table—and certainly from the Scottish Government—that a substantially greater percentage of Scottish licence payers' money will actually be spent in this country on developing talent and producing our message for the rest of the world, be that news, drama or whatever.

**Anne Bulford:** The percentage of content spend on network television is what has been used historically, and I am sure that it will be used over the next number of years to drive that creative base in Scotland. We have said that we

expect to see the proportion increase in the current year and we are putting direct effort into building that base further in Scotland, so network spend should increase.

The pattern of BBC spending as we go through the 11-year charter will change; the mix of money that goes on, for example, digital distribution and the core infrastructure from which everybody benefits, wherever the cheques are written, may shift. However, network spend on content should increase.

I think that it is worth going back to the fact that opening up the whole production base to competition over the course of the charter—setting aside the in-house guarantee and opening up returning series, of which we saw the first batch put to the market last week—will offer real opportunity to the whole independent sector, including that in Scotland. People will have the opportunity to bid for the fixed titles in the schedule that audiences know and love. There is, of course, a constraint on opportunity unless those are put out to market.

**Richard Lochhead:** Where would you like expenditure to get to, as a percentage? I know that you cannot give a precise percentage, for the reasons that you have explained, but you have said that 55 per cent is unacceptable. Given that we need to give an assurance and some continuity to the media industry in Scotland and all the businesses that benefit, what do you think would be a reasonable figure?

**Anne Bulford:** I am considerably more encouraged by seeing it go up by £20 million this year. We will then need to look at what is a helpful landmark in the future as we do two things: build the content plan and service licences across the BBC; and look at and work up the service licences for Scotland.

It is hard to see that any part will hit a complete arithmetic match, but I will be considerably more encouraged to see things come back much closer to what were peak levels in 2013-14.

**Jackson Carlaw:** I hope that I will not be circular in some of my questioning but I want to go back. Am I right that the position of director of nations and regions is in fact a new position and that there is not a current occupant of that post?

**Anne Bulford:** That is right.

**Jackson Carlaw:** The need for the new post has been identified, but what is the problem that you think that the position is set to resolve? Also, what levels of authority will Ken MacQuarrie have in that position to effect the change that you believe it has been put in place to deliver?

**Anne Bulford:** Kenny MacQuarrie may wish to comment on this as well. I think that when the

director general announced the post, he was very clear that he wanted a weight of focus around the boardroom table. He wanted to ensure that, alongside the individual network services and the core infrastructure of the BBC—much of which I am responsible for—there was a person in the leadership team who reported directly to him and who represented the voices of the licence fee payers. He also wanted to ensure that many of the issues that we have been discussing today remain in focus and on the agenda and are turned to.

The person in that post will also oversee the operation of how the services around the UK are run and managed and will ensure that we get the best opportunity to share ideas and experience and make sure that good things that are done in one part of the UK are reflected elsewhere.

It is a role that spreads across the nations and the English regions, and it has considerable weight and authority at the table.

**Ken MacQuarrie:** Just to echo that, as I said, it is important to deliver the fourth purpose in terms of how we invest in the nations and regions, and the creative economy of the nations is absolutely at the top of the director general's priorities. The role will, weekly and daily, drive that.

The role will be supported by the totality of the BBC in terms of drawing resources—whether that is from marketing or research—across the whole organisation. There is huge potential within the nations and regions in relation to talent and there is a huge opportunity for us to use that talent between the nations, taking good lessons from one nation to another and using talent across the BBC. That is the director general's view; he has made that commitment in the letters that he has sent to the Scottish Government specifically in relation to Scotland but it goes for the whole of the UK.

**Jackson Carlaw:** I unreservedly welcome the appointment. I hope that it will lead to the confidence that we are hoping to see.

I was very struck by a phrase that you used at the beginning of the evidence session. I think that you said that the core purpose of the charter is to “live and breathe” that spirit. I imagine that when the last charter was awarded, some people might have said the same about its essence. It has been suggested, although not in any maliciously critical way, that the safe option is the option that some have fallen back on in coming up with the achievement of the 9 per cent of original programming target, because that was easier than potentially taking a risk.

You identified the appointment of a new drama commissioner in Scotland and talked about other potential commissioners. Earlier, we heard that those commissioners will not have a budget to

spend; they will still have to go through somebody who is at a higher level.

I go back to your comment that the core purpose of the charter is to “live and breathe” the spirit. Rather than people looking to achieve the letter, and not the spirit, of your objectives, what actions do you have in mind, as director of nations and regions, that might lead to the delivery, this time around, of the objectives that we are trying to see achieved?

**Ken MacQuarrie:** As I said, I am proud of what has been achieved in the existing charter, whether it is BBC Alba or the tripling of the spend. I take the criticism that has been offered in an open spirit and accept that there are areas where we have to do better.

Specifically, the first area on which we need to focus is drama, because of the volume of spend. The cost per hour of drama tends to drive the overall spend; drama also has iconic or emblematic status for audiences—we can see that from the success of “Shetland” and “One of Us”. The other area that is particularly important in terms of winning young audiences is comedy. The next charter will look at ensuring that we are providing for all audiences, but I think that we need to provide more for young audiences. Comedy, whether delivered digitally or in straightforward channel form—it can often be both—is one of the genres that has a high cost per hour but also has real mass appeal for audiences. We have a great slate of comedy coming up from Scotland between now and Christmas, including some notable commissioning successes.

It is important that the commissioners have the development spend so that they are able to seed and encourage ideas. The way that commissioning works is that, in essence, a channel schedule needs to be in place, and there is a channel controller whose assent you need to do something even if the overall head of genre commissioning wants to do it, because you are trying to make the best possible offer to all audiences. It is a complex set of decisions.

Ultimately, the benefits of having a commissioner on the ground are the development spend, their relationship and the trust that they have built up with either the independent sector or BBC Studios, and their ability to deliver the content. Where that works well, and despite the fact that the commissioner might not have the total devolved budget, you tend to find high levels of trust between the individuals who work in the sector. I am both optimistic and confident that we will see real returns from that.

**Jackson Carlaw:** Thank you.

**Emma Harper:** We have talked a lot about drama and comedy commissioners and putting

money into drama TV. I am interested in news. One of the public purposes in the draft charter is

“To provide impartial news and information to help people understand and engage with the world around them”.

I wonder whether a self-monitoring process has been proposed to check whether the news is impartial and whether, if there were evidence demonstrating an absence or lack of impartiality, there would be a strategy for acting on that.

**Ken MacQuarrie:** First, we certainly measure our impartiality. We have done so for a number of issues in the past; the trust has taken a number of reports in that regard. Providing a news service that is independent and impartial is at the bedrock of the charter. That is absolutely something that we pay close attention to. It is one of the most important deliveries for the public service broadcaster.

**Bill Matthews:** I sit on the editorial standards committee of the BBC trust, which is at the final stage of the complaints process on matters of impartiality, accuracy or fairness. We work very hard and put a lot of effort into reactively and proactively dealing with impartiality matters.

There is a wide spectrum. Most recently, we published what I think was a pretty well-received report on how the BBC presents statistics, and it looked at things that the BBC did well or could do better. That is an example of the work that has gone on under the trust’s auspices. Obviously, under the new governance mechanism, Ofcom will ultimately be the regulator of the BBC, which means that there will be a process replicating the editorial standards that are currently regulated by the BBC trust.

13:00

**The Convener:** Do you have another question, Emma? Are you finished?

**Emma Harper:** That is fine, convener.

**The Convener:** We are fast running out of time, but I want to finish up by pressing Anne Bulford again on the 55 per cent issue. If 55 per cent is unacceptable, what, in your view, is acceptable? Is it 74 per cent, as it is in Northern Ireland, or do you want to get the figure above 90 per cent? What is the target?

**Anne Bulford:** There is no target at present. As we have tried to explain, there is a structural difference between Scotland and Wales coming through the commitments—

**The Convener:** I am sorry to interrupt, but we have already heard that from Mr Dickson. I do not want to know about the past; I want to know about the future and what your commitment is.

**Anne Bulford:** The commitment is to continue to work with BBC Scotland on building the share of network commissioning. We previously set a target of ensuring that 8.6 per cent of network commissioning came from Scotland, and we have worked towards and achieved that. When we come to set the service licences and the content plan, we will revisit those targets—we have not yet done so. I should also point out that it is the network commissioning that provides the substantial opportunity to increase that percentage.

**The Convener:** It is also the network commissioning that, as this and previous committees have heard, has failed to be robust in insisting that the production that is commissioned is recognised as being Scottish both economically and creatively. How will you ensure that that target is met by authentically Scottish production companies that are based in Scotland, employ Scottish people and tell Scottish stories?

**Anne Bulford:** We will continue to operate within the rules as they are and to look to the spirit of that to build a creative base further in Scotland. Over the course of the last charter period, we have substantially grown, tripling the network spend in Scotland, and we have brought very many jobs to Scotland and some brilliant programming that audiences know and love.

Throughout the discussion, we have talked about the way in which out of London and independent definitions are monitored and managed. We have tried to change that in some way, but making a set of judgments about whether shareholders are sufficiently Cornish or Welsh, say, is very difficult. As the previous witnesses explained, there might be difficulties about having a spectrum, but the advantage of the current definitions is that they are used across the whole industry and across the whole UK.

**The Convener:** But that has not satisfied people. This is not about saying whether someone is sufficiently Cornish or Scottish, but about the content being produced here and emanating from Scotland. The snooker programme from Sheffield is a good example, but there are many other examples that not only this committee but previous committees have heard about. The sector talks about it continuously; it is seen as a failing—and, indeed, the figures suggest that it is a real failing. I do not think that anything that you have said today, Ms Bulford, has actually given us any real reassurance that the BBC is going to change at managerial level.

**Anne Bulford:** I am disappointed if that is the case, because I think that throughout the session we have tried to explain our commitment, enshrined in the charter, to building creative industries around the UK. We have spoken about

the way in which we are investing in Scotland and we have set out the shared ambition to build that base here.

It is not the case that there is no strong Scottish programming coming through in the network commissioning from here. “Shetland” is a wonderful example of a programme commissioned from Scotland that is representative of a community and which has a universal appeal. There are many more titles on the list that meet those criteria. Producers in Scotland can also make programmes that are from a broader base and are not necessarily specific to Scottish culture.

**Lewis Macdonald:** With the previous panel, we discussed the recent success of Scandinavian television programme making and we were told that, in part, that is to do with training, collaboration and planning over a 10-year period, which has produced an upsurge of very high-quality, exportable and creative programmes. Do you agree that the 11-year window of the current charter period creates an opportunity to do that? Will that address some of the questions that have been raised about future production?

**Anne Bulford:** Yes, it does. The length of the charter period and the security that comes from agreeing the licence fee mechanic throughout that period are extremely encouraging and give a great base to plan and build partnerships and to work with organisations such as Creative Scotland against the background of more certainty than there might otherwise be. That is entirely correct.

**Richard Lochhead:** I have a point of clarification. You have accepted that the fact that only 55 per cent of licence payers’ money from Scotland is spent here is unsatisfactory, and you said that you would look at targets in the future. Will you consider a target for the amount of the revenue that is raised in Scotland that should be spent in Scotland?

**Anne Bulford:** We are on the cusp of moving into a whole new governance process, which will have a whole new set of requirements that will come through the service licence agreements, which need to be agreed with Ofcom. It was disappointing to see the share of network commissioning, and the absolute pound notes for that, drop in 2015-16 versus 2014-15. However, I am pleased that the forecast is that that will increase back up in 2016-17. It is not a cap and there is not a different target, but that will comfortably bring the spend back to the 8.9 per cent plus, which is what we have been looking to achieve.

**The Convener:** In relation to long-term planning, we have heard that the fact that “Waterloo Road” was not recommissioned explains the fall-off that you mentioned. When the

“Waterloo Road” storyline moved to Greenock, as someone who went to a comprehensive school in Greenock, I regarded that as completely absurd, although, unlike many people, I did not say anything at the time because we were told that that would provide a springboard or platform for creative talent in Scotland. However absurd the plot, a major drama series was relocated from somewhere in the middle of England to Scotland. However, clearly, that springboard effect has not happened. That was a good few years ago now. We were told that the change was about long-term planning and was to help the growth of the sector in Scotland, but the programme has not been recommissioned. Where is the growth that we were told was the whole point of the thing?

**Anne Bulford:** What is encouraging is that this time next year, or when we publish the accounts in July and see the 2016-17 numbers, we will see that the money that was previously spent on that commission of “Waterloo Road” has been moved across to new commissions, some of which Alan Dickson and Ken MacQuarrie spoke about earlier, which have a different flavour and a different base. That commission and share of network has been replaced by a number of other titles, which we all very much hope will be a creative success as they are transmitted, so we will see that come back through.

We have seen—the previous witnesses, David Smith and David Strachan, spoke about this—considerable success in daytime and studio shows as a result of bringing titles to Scotland, where the skills base has been built up. In the next iterations, the new titles come through the BBC Scotland teams at Pacific Quay, and independent companies have been able to bid for those shows, successfully win those commissions and build returning series. A number of different tools and levers are being used to build up that base.

**The Convener:** What Scottish companies are making drama from Scotland for you?

**Ken MacQuarrie:** We have had a number of dramas. First, “River City” is made in BBC studios.

**The Convener:** Aside from “River City”.

**Ken MacQuarrie:** ITV Studios is making “Shetland” for us. We have some scripted comedy coming up, including “Still Game”, which is just about to launch, and “Two Doors Down”. Those are made by Scottish companies, so we have a huge slate of things coming up. All those skills—whether in scripted comedy or scripted drama—are complementary. The role of BBC Scotland in sustaining the craft base that we establish here is really important.

To answer Mr Macdonald’s point, a number of different aspects are at play. The first is the strength of the creative economy. The second is

the skills base and the industry’s capacity to provide. We have run a number of initiatives in partnerships, including with Skills Development Scotland. BBC Scotland has a fantastic record in running entry-level schemes for apprentices, and that has provided a level of encouragement.

The convener’s point about portrayal and representation is equally important. I believe that the success of a story that is rooted in a particular place—that is authentic, if you like—is likely to travel not only to the UK, but on a global basis. It is important for BBC Studios or the independent companies to have a mix.

**Alan Dickson:** May I add two quick points? The first is about drama. I refer the committee back to the director general’s note in May, which focused on drama. It mentioned a writers room, and some drama investment and commissioning. We need to do things like that, as well as just looking at the spending figures.

We talked earlier about having better partnerships with agencies in Scotland, and I am passionate about those partnerships being taken to a different level. We heard from the first panel about some of the building blocks that we need to put in place to reach the position of having returning series and returning shows. Having that would start to create much more of a feeling of sustainability and of retaining jobs and skills in Scotland.

**Jackson Carlaw:** Anne Bulford talked about the studio productions; “Songs of Praise” and “Holby City” are on that list. We heard earlier that Invest Northern Ireland has already moved to approach the independents in Northern Ireland that might be in a position to bid for some of those productions, with the intention of working in partnership with those independents.

I suppose this question is for Ken MacQuarrie and Alan Dickson. Do you believe that Scottish Enterprise and other agencies in Scotland are working similarly to support the independent sector in Scotland so that it is in a position to make sensible offers potentially to bid for some of those productions? Is there a danger that, unless Scottish Enterprise becomes a little bit more proactive in the sector—perhaps with the support of the Scottish Government—other countries such as Northern Ireland and Wales, whose development sectors are more actively engaged, will secure the productions and that Scotland might miss out?

13:15

**Ken MacQuarrie:** The fact that John McCormick is chairing a sort of review of that specific question, which will report at the end of the year, answers the question whether we think



that we can do better in this area. We will take responsibility for co-ordinating the BBC's part in that. On whether all of us who are involved in spending the public pound can get more value from that pound through longer-term planning and taking part in different types of conversation, I await the conclusions of the review. However, I am certainly open to doing things differently and listening to what our partners say is required.

**Alan Dickson:** The opening up of the BBC's commissioning slate to competition is a huge change. Last week, we heard about that being delivered from a network perspective, but those changes will happen locally within Scotland. The point about the level of preparedness that we can ensure happens in advance of that is a good one.

With regard to our plans about the future of BBC Studios and the opening up of the market, we are engaged in what I hope is a productive dialogue first and foremost with our in-house teams and with PACT, with which we have had two or three meetings—Rosina Robson was on the earlier panel. We would be delighted to have discussions with any other stakeholders that we think would have a positive impact.

**Stuart McMillan:** Mr MacQuarrie, you spoke earlier about your new role, the promotion of Scottish programmes, marketing and research and nations and regions talent. I suggested to the previous panel that the issue is about not just the commissioning of programmes but the promotion of programmes. How do you see your role developing in terms of the promotion of Scottish and Scottish-commissioned programmes?

**Ken MacQuarrie:** My role involves getting the programmes to the audience and ensuring that we get a wide audience for them in Scotland and across the UK. That is critically important. I will put the case for the prioritisation of certain titles that we want to make an impact. From the early days of commissioning right through to transmission, I will ensure that we have a plan in place about how we will get the programmes to the audience.

Recently, we have been investing in a number of areas and particularly in social media, which is important in getting to a young audience—it is important to ensure that the message is visible where the young audience is consuming the content. That has been an important strategy for BBC Scotland.

**Stuart McMillan:** How do you measure the success of that approach?

**Ken MacQuarrie:** We measure the success in terms of the views and the reach of a particular programme. We consider those two metrics, which are the key metrics at the moment as far as we are concerned.

There is a project that is being led across the UK to consider the total media experience across the BBC. We are trying to assess the platforms by which audiences are consuming the content—mobile, tablet, social media or online. Every company is wrestling with those issues as they try to get at the right way of measuring, and we are taking a first stab at it at the moment. That is a key issue.

**The Convener:** I thank our panel for coming and look forward to having an on-going relationship between the BBC and the committee. I ask for an assurance that the BBC will continue to provide us with detailed information on operations, income and spend in Scotland.

**Anne Bulford:** I can give you that assurance.

**The Convener:** Thank you very much.

13:18

*Meeting continued in private until 13:36.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

---

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

---

All documents are available on  
the Scottish Parliament website at:

[www.parliament.scot](http://www.parliament.scot)

Information on non-endorsed print suppliers  
is available here:

[www.parliament.scot/documents](http://www.parliament.scot/documents)

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: [sp.info@parliament.scot](mailto:sp.info@parliament.scot)

---



The Scottish Parliament  
Pàrlamaid na h-Alba