



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Relations Committee

Thursday 26 October 2017

Session 5



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CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
24th Meeting 2017, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Lewis Macdonald (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Jackson Carlaw (Eastwood) (Con)

*Mairi Gougeon (Angus North and Mearns) (SNP)

*Ross Greer (West Scotland) (Green)

*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

*Richard Lochhead (Moray) (SNP)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Anne Bulford (BBC)

Donalda MacKinnon (BBC Scotland)

Ken MacQuarrie (BBC)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 26 October 2017

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Joan McAlpine): Good morning and welcome to the 24th meeting of the Culture, Tourism, Europe and External Relations Committee in 2017. I remind members and the public to turn off mobile phones. Any members using electronic devices to access committee papers should ensure that they are turned to silent. Apologies have been received today from Jackson Carlaw and Tavish Scott.

Our first item of business today is a decision to take item 3 in private: are members content?

Members *indicated agreement.*

BBC Annual Report and Accounts 2016-17

10:01

The Convener: Our main theme of business today is an evidence session with representatives from the BBC and BBC Scotland on the BBC annual report and accounts for 2016-17. I welcome our witnesses: Anne Bulford, deputy director general; Donalda MacKinnon, director of BBC Scotland; and Ken MacQuarrie, director of nations and regions. Would any of our witnesses like to make an opening statement?

Anne Bulford (BBC): Yes, please, convener. Good morning everybody and thank you for the invitation to attend today. I last spoke with the committee in September 2016, and, of course, a great deal has happened in the intervening period. The director general was here in February to discuss the new BBC investment in Scotland in network production and in the exciting prospect of a new television channel. My colleagues Ken MacQuarrie and Donalda MacKinnon and I look forward to speaking more about those developments.

In July, the BBC published its annual report and accounts together with disclosure of all individuals who were paid more than £150,000 in the year from the licence fee. The annual report for 2016-17 reflected a very strong performance by BBC Scotland across the year. Spend on network television production from Scotland went up by nearly £20 million year on year, and there was a significant increase—over 200 hours—in the number of network television hours; network radio hours were also up. We very much want to build on those figures as we seek to reinvent the BBC for a new generation of audiences across the United Kingdom as much as for those in Scotland.

However, it is not an ambition without challenge. The year was the final year of the delivering quality first efficiency programme, under which the BBC had to achieve, in order to balance the books following the 2011 licence fee settlement, savings of some £700 million by the end of the last financial year. I am pleased to report to the committee that, in July, when we published our annual report and accounts, we were able to show that we had achieved annual savings of £720 million against that target of £700 million.

We now have a licence fee settlement that is linked to the consumer prices index, which is very helpful in planning for the future. However, we will also soon be required to absorb the cost of free licences for people over 75. Together with the need to meet inflationary costs we will, by 2021-22, be required to save an additional £800 million

a year. It is a big financial ask, particularly at a time when, rightly, BBC audiences are demanding more and more of the BBC.

In Scotland, we recognise that more needs to be done to support the broadcast industry and to provide a more effective means by which Scotland and its people can be portrayed and represented on air. The investment in a proposed new television channel and the guaranteed additional investment in network TV content, allied to a recent announcement by the First Minister indicating that a further £10 million of Government funding will be invested in TV and film in Scotland, provide a strong financial base on which we can collectively grow the industry here and provide a significant improvement in the offer to Scottish audiences.

I have heard many times from colleagues here in Scotland that there is a growing sense of what is possible through genuine partnership and collaboration and through taking a collaborative approach towards a truly sustainable broadcast model here in Scotland—one that crosses all broadcast platforms and embraces all audiences. Recent Government announcements on the attempt to establish a dedicated screen unit in Creative Scotland to provide funding for the establishment of a hub of the national film and television school at the BBC headquarters at Pacific quay in Glasgow give a clear indication of the determination and commitment to develop the industry and provide much needed training and jobs in Scotland.

Although the BBC has financial challenges ahead of it in the years to come, I believe that we have before us a tremendous opportunity collectively to help to develop and build an industry sector and a broadcast offer that really meets the needs and expectations of all audiences in Scotland and showcases the best of Scottish talent across the UK.

Thank you, convener, for the opportunity to offer those opening remarks.

The Convener: Thank you very much, Ms Bulford.

I will start by asking about the new channel and then go into more detail about the network spend in Scotland. Obviously, committee members, like many people in Scotland, welcomed the new channel, but I understand that it is not a done deal. You have to make your proposal to Ofcom, and there is a chance that Ofcom will reject it. Will you explain that process for the benefit of viewers at home?

Anne Bulford: I will start and then pass to Donalda MacKinnon, if that would be helpful.

The new channel is subject to a public interest test under our regulations. The first stage of that is for the BBC board to consider whether the public value of the new channel justifies any potential adverse impact on competition, which is a regulatory requirement. The board has undertaken that review, considered the question and confirmed that the public value indeed justifies the new channel. The proposal now needs to be sent on to Ofcom, and it will be for Ofcom to make a further assessment of the BBC's process as well as to reach its own view on the balance between the public value proposal and any effect on competition. The process will take up to a maximum of six months to complete and, as part of our submission, we have made our argument strongly as to the public value of the new proposition.

The Convener: When are we likely to see the new channel on air?

Donalda MacKinnon (BBC Scotland): At the beginning of the year, we announced that the ambition was to launch the channel in autumn 2018 and, approvals permitting, that plan is still in place. We have not yet absolutely identified a date. We do not want to commit to that date because, as Anne Bulford has explained, the approvals process could take up to six months. I am confident, however, that, if we get approval, we will be able to launch some time in autumn 2018. The autumn, as I have pointed out to a number of people, can stretch as far as December 2018.

The Convener: One criticism that has been made of the proposal is the budget of £30 million. I think that the First Minister, in her speech to the television festival, made the point that £30 million compares very poorly with the £75 million that the Scottish Broadcasting Commission said would be required for a Scottish digital network and is well behind, for example, the budget for RTÉ One. I know that a former RTÉ executive is coming over to be your head of multiplatform commissioning. He is used to dealing with a budget of £142 million, but this channel will have to be produced for considerably less than that. How can that be done?

Donalda MacKinnon: I am delighted to say that Steve Carson has already joined us at BBC Scotland, having come via BBC Northern Ireland from RTÉ, as you rightly say. I am very confident that, with that £30 million as a starting point, we can work cleverly with others, as I have said previously, to extract maximum value. We will do that not just by working cleverly with colleagues across the BBC but by working with other organisations and institutions, partnering, being entrepreneurial and even looking across the Atlantic or indeed to Europe and working with

other broadcasters. I am confident that we can make the money work really well to deliver an exciting proposition for audiences in Scotland. We have an opportunity now that we have not had in the past. We have the real estate, provided that we get the approval, to do something significant to address audience expectations in Scotland.

The Convener: Audience expectations are high. You have already committed to an hour of news and said that there will be original drama. I have had a look at the BBC's tariffs for drama. I was surprised to see that there is a different tariff expectation for drama and, indeed, all content between network and nations and regions. For example, drama for network can cost between £50,000 and £100,000 per hour, whereas you have allocated between £30,000 and £450,000 per hour for drama in nations and regions. That is reflected in entertainment and factual as well. What will the tariff be for the new channel? How much will you spend on drama? Will it be the nations and regions tariff, or will it be the network tariff, if it is the national channel for Scotland?

Donalda MacKinnon: As I have just said, I would rather look at what we do to exploit what resource we have across the BBC. That will mean working very differently with network colleagues, and I am absolutely confident that I have their full support. There is that, and then there is, as I said, working with other institutions and other public money and, indeed, working with BBC Worldwide to extend that funding envelope.

As you rightly say, the sums are challenging. Scripted comedy and drama are expensive to produce, but I am confident that, through acquisition, through working with others and through experimental efforts and endeavours on our part, we will be able to offer a wide range of content.

The Convener: I will press you on that. What tariff are you operating in the new channel? Is it the nations and regions tariff, or is it a network tariff?

Donalda MacKinnon: To be honest, we have not identified what tariffs we will work on yet. As I said, I want to look at how we work with others to increase the value of the spend. Obviously, there will be other programmes for which, across a range—factual and entertainment—we will have some set tariffs, but we have not got into that kind of detail.

The Convener: It is quite important. There are huge differences, and there are high expectations that it will be a high-quality national channel. If the spend is just a fraction of what you spend on national production, that will inevitably leave people disappointed.

Donalda MacKinnon: I understand that but, set against the backdrop that Anne Bulford has identified, I think that we are very fortunate to have this new investment coming into Scotland. It is the biggest investment in Scotland in nearly 20 years. I intend to make the most of that and, as I said, I am confident that we will be able to deliver something of real quality.

The Convener: Right. Are you continuing to push for more money?

Donalda MacKinnon: As always, yes, of course. As Tony Hall explained, we have a funding settlement for the next three years, and this is a starting point.

The Convener: Okay. I want to move on to other members, but I also want to ask about the network spend. Ms Bulford said that it had increased this year, but it is variable. It was much lower last year; it was higher the year before. The amount of the licence fee money spent in Scotland that is raised here is always much lower than in Northern Ireland and Wales. How do you account for the rise in the network spend this year and the amount of money from the licence fee that is spent in Scotland? Is there any particular reason why it has risen this year?

Anne Bulford: The expenditure in 2016-17 in Scotland was £233 million across all services and platforms, which was an 11 per cent increase from 2015-16. It is primarily driven by a significant increase in network TV investment in original commissions coming from Scotland. That was an increase of some £20 million. The growth reflects the increased drama content, with new titles such as "The Replacement" and "One of Us" transmitting alongside comedy including "Two Doors Down" and the very successful "Still Game". That attracted audiences of something like 1.7 million in Scotland and 3.8 million across the UK. As a consequence, the value of qualifying BBC network TV content from Scotland relative to all qualifying BBC spend exceeded the 2016 target of 8.6 per cent and reached 10.3 per cent.

The Convener: You mentioned drama. I am also convener of the cross-party group in the Scottish Parliament on culture, which held a session on television drama earlier this year. A number of producers who attended made the point that a lot of the drama that has been commissioned and allocated to the network is being made by production companies outwith Scotland but is being classified as BBC Scotland drama. Quite often, it is not representative of Scotland. It may be set here—"Rillington Place" was made in Scotland—but I do not think that, by any stretch of the imagination, one could consider it Scottish. Indeed, most of the drama that you say is Scottish drama produced for the network is not, in terms of the producers we spoke to, really

drama emanating from Scotland that would tick the box for accurately representing the nation to the rest of the UK.

10:15

Anne Bulford: There were two separate questions in there. The first is the qualifying definition, which is laid down under regulation. It applies to everybody, and we meet that definition. There is a mix—

The Convener: How can you say that you meet the definition? A lot of—

Anne Bulford: We know we—

The Convener: People in the culture sector look at the drama that you produce for the network and which you say is Scottish, and they say, “Well, it’s not. The production companies aren’t based here. It’s not written here. It’s not directed by people who are based here”. Often, the content is not even Scottish; it might have a Scottish backdrop. How can you say that it meets the definition?

Anne Bulford: I can say that it meets the definition because the definition, in terms of the location of the production company, the proportion of people working on the content and where those people are based, is laid down by regulation. It has been in operation since 2000 and operates across all broadcasters in all parts of the UK. That definition is subject to challenge. If people have concerns about it, they can complain to Ofcom. Ofcom has investigated in the past, and our definitions have been real and have been proved to be correct.

The second point was on portrayal. A great deal of drama goes out on television that is set in a place that is fictional; that is the nature of it. It is absolutely the case that there is a range of drama coming from Scotland, some of which absolutely fits into the portrayal of life in Scotland. Other drama coming from Scotland is made here, and, even where it is a more generic story, using locations in cities and around the countryside here, it resonates with audiences.

Furthermore, we can look at the impact of television production here. There are reports from the cities of Glasgow and Edinburgh about its real impact on the local economy. It is showing an improvement, and we are pleased to see that.

The Convener: The screen sector leadership group, which was led by John McCormick, a former head of BBC Scotland, and which drew from across the screen sector in Scotland was very critical of the type of drama that had been made and the definition of what constituted a Scottish programme for network.

Anne Bulford: We are pleased to see an increase in spend in Scotland on the scale that I have described, and we are pleased to see the percentage of money raised in Scotland and spent in Scotland increase. We expect to see that percentage increase as investment in the new channel comes in. Furthermore, the investment in network production in Scotland will increase again. We have a guaranteed increase of £20 million over the next couple of years, which will drive that percentage increase further.

Against that backdrop, we have to remember that the vast majority of the consumption of BBC services in Scotland is BBC network programmes designed for the nation as a whole. We are a UK broadcaster. A lot of our money is spent on services that are provided to the whole of the nation, which are very much enjoyed by audiences in Scotland. Whether it is the technology that supports iPlayer, the worldwide newsgathering operation or sports rights, Scottish audiences benefit from all that. None of that counts as Scottish spend.

Donalda MacKinnon: I understand what you say, convener, but, to echo what Anne Bulford has said, it is really important that the quotas of 70 per cent of spend and 50 per cent of production staff have to be met. That is happening in Scotland. Those are important jobs for the industry.

It is absolutely our ambition to encourage indigenous independent production companies or, indeed, drama producers. Very recently, the commission has been announced of two dramas to be produced this coming year. One is “The Cry”, which will be produced by a company called Synchronicity, which is based in Scotland. The other is “The Victim” by STV. We are moving in that direction.

It is important that audiences are demanding quality drama on their screens, and I believe that that is what we are doing across the BBC. What is really important for me is that we are portraying Scotland in these dramas. Whether that is “Shetland”, “Clique”, “One of Us” or “Trust Me”, we are seeing Scotland on the screen, at least in the past year and, hopefully, in the coming years, in a way we have not seen for some time.

The Convener: Okay. Thank you.

Lewis Macdonald (North East Scotland) (Lab): From looking at the performance statement, the audience statement and so on from Ofcom, it is clear that in planning ahead you will be thinking about how to meet, understand and respond to those requirements. May I ask about a couple of those requirements?

The first is about portraying the diversity of the United Kingdom and its constituent nations and regions. What do you understand that requirement

to be in relation to where you are now, and what further changes might you envisage in order to continue to meet it in the future? Perhaps we can start with that diversity question; I will be interested in your view.

Ken MacQuarrie (BBC): To pick up on the convener's point, our drama strategy is certainly to have more drama that speaks of Scotland and to Scotland. In that regard, we are doing a lot of training and investing with things like the writers' room, where in May we had 200 young writers from Scotland attending an event.

The diversity of the UK is firmly not only in the charter but in the Ofcom requirement, and we absolutely welcome that challenge and welcome meeting it, whether that is through drama or through programmes such as "This Farming Life", for example. We have had feedback that that programme gives a very accurate portrayal of what it is to run a modern business in rural Scotland today. We are really pleased with the response to that. The success of that programme, which has been welcomed by audiences not only in Scotland but across the UK, means that we are likely to do more stories that speak of a place, have diverse characters and situations and in which the particular, if you like, becomes the universal. It is something that I am particularly passionate about; it is at the heart of good storytelling.

Lewis Macdonald: I am struck by that, and I agree there has been some strong programme making reflecting parts of Scotland that perhaps have not been well reflected on television before, including the programme you mentioned. I am also interested in the point about networking some of the programmes, and I wonder how far that means that there will be more networking of programmes made across the nations and regions in other nations and regions of the UK. That would be a very welcome development. If "This Farming Life" has been welcomed outside Scotland, that is a good sign and perhaps a sign that more of that should be done.

Ken MacQuarrie: On the relationships between Scotland, Wales and Northern Ireland—we talked about Steve Carson coming from BBC Northern Ireland—the nations and regions have a really close conversation where we look at what we are developing together and what we are doing individually. We learn lessons from each other. For example, "The Social", which we started on BBC Scotland, will now have a manifestation on BBC Wales and possibly more widely across the BBC. There is an absolute welcome to taking programmes from the nations to the network and showing them to different parts of the country. There are strong relationships across all the channels, and there is a really rich conversation

going on regularly between the channel commissioners and Donalda and all of our commissioning team. Can we do more? Certainly, and we absolutely will.

Donalda MacKinnon: It is really important that we reflect the whole of Scotland to audiences in Scotland. Kenny mentioned the importance of "The Social": that project has featured not just more faces and voices from across Scotland but content producers from across Scotland. It has been a really important development. They have also been commissioned by BBC Three to make a version of "The Social" for them. They are very entrepreneurial as well.

I would also like to mention the importance of radio to our portfolio of services and how we reflect the realities of Scottish life across all the portfolios. What we do out of Aberdeen is really important, and it continues to be massively important to me that we reflect the length and breadth of the country, particularly that production centre, which has just made a series of programmes called "Scotland from the Sky", building on the successes of "Landward". There is also what we do on radio, online and news from the north-east. There is a programme on Radio Scotland called "Our Story" that, again, I think is a really important offering. We need to build on the skills bases that we have and, indeed, share these stories as widely as we can, so that we genuinely reflect a very diverse nation.

Lewis Macdonald: Another aspect of the performance statement is about spending on programming across the four nations, including England, and the requirement that there should be broadly similar expenditure on programming in the four nations. I am interested to know your understanding of what "broadly" means in that context and how you intend to meet and deliver that requirement.

Ken MacQuarrie: On the four nations, we are looking at where we want to move with creative endeavour to get the very best of content. We are trying to learn from each other across the nations. For example, we have a particularly good partnership with Northern Ireland Screen. I have had very close contact with the team in Northern Ireland. That will inform Donalda MacKinnon, and we will be able to bring that to the various discussions that we have with all our partners in Scotland to see what works well there, so that we do not reinvent a particular wheel but understand what worked and what did not.

We are bringing together that intelligence from across the four nations and, in my current role, from the regions of England, where there has been success, for example, in the north-west, in the city partnership with Manchester and Salford. There are important lessons that we can learn. It is

about having an absolute ambition to continually deliver more value and more representation, as far as the audience is concerned, but having the constructive conversations. I look forward to doing that.

Donalda MacKinnon: We work hard with our colleagues in the nations and regions. Another great example of Scotland exporting some of its ideas and talent is the Comedy Unit, which is one of our prolific independent production companies in Scotland. It has just been commissioned to make a version of “Scot Squad” for BBC Wales, and BBC Northern Ireland is also looking at that. It is important to mention that we export as much as we import ideas and templates.

Lewis Macdonald: Thank you very much.

Ross Greer (West Scotland) (Green): When we met in February, one of the issues that I raised was the drama commissioner for Scotland role. You were in the application process at that point, so you were somewhat limited in what you were able to say about it. To briefly follow up on that before I go on to a point about radio, will you confirm that the drama commissioner for Scotland is, in fact, now a role based in Scotland for the majority of the working week?

Donalda MacKinnon: Gaynor Holmes, who is the commissioning executive for drama, is absolutely based in Scotland.

Ross Greer: Excellent. Thank you very much.

Donalda MacKinnon just mentioned radio. Network radio spend in Scotland has been declining year on year. The Radio Scotland spend has fluctuated somewhat, but it is down this year compared with last year, and the number of broadcasters is down about 6 per cent. What is your ambition for radio in Scotland? Is that part of a gradual slow decline as we move towards other platforms, or are you still committed to radio production?

10:30

Donalda MacKinnon: We are absolutely 100 per cent committed to radio production, and I am exceptionally proud of our network radio production teams from radio drama to the work that we do in features to what we do in music—jazz, classical and what we do with our orchestra, the Scottish Symphony Orchestra.

I am conscious that there are fluctuations in spend and commitment, but I am absolutely keeping an eye on that. In fact, where there can be some alteration as a result of the mix of commissioning, that can affect the numbers. I am pleased to say that the numbers were going in the right direction, as far as I am concerned, the last time I looked at them.

It is really important to say that we continue to produce quality network programmes from Scotland. In the past few weeks, a series produced by our radio drama department—“Rebus: Fleshmarket Close”—went out on Saturday afternoons on Radio 4. Building on that, Ian Rankin has just written another five-part serial that will again go out on Radio 4. As I said, I am hugely proud of what our radio features teams do—everything from “Enlightenment” to the science output that we continue to produce. I am equally proud of music from here. I would like those figures to rise. I would like us to do more for network radio, and I will work with colleagues to ensure that that happens.

Richard Lochhead (Moray) (SNP): I have a couple of questions that will pick up on some themes that others have raised.

I am a huge fan of the Proclaimers, and I bought their album “This is the Story” in 1987. It is one of my favourite albums; it is great. I was excited, therefore, when the BBC made a documentary in Scotland celebrating their 30th anniversary, but it was shown only on BBC2 Scotland and not across all parts of the UK network. I was slightly surprised about that, because they are quite a big band. How do you make such decisions? Why, for instance, was that programme designated for BBC2 Scotland only?

Donalda MacKinnon: Many such titles find their way onto the network, although they are possibly not shown everywhere at the same time. It was probably important for us to have the first window on that transmission. The Proclaimers are hugely important to us culturally, so we wanted to celebrate that anniversary. I am really glad that the programme appealed to Richard Lochhead. I think that it was one of our highest quality productions this year, and I am very proud of it.

It is really important that we continue to have dialogue about such things with our network colleagues. We do it regularly, and I am absolutely confident that that programme will get a network airing at some point—as will the programme that we made about Billy Connolly, which went out around the same time.

Richard Lochhead: I suspect that had there been a 30th anniversary programme about the Beautiful South or some other band, it would have been shown across the whole network at the same time. I am trying to work out how such decisions are taken, because I found that one quite puzzling.

As for the Scottish spend, I take the point that was made in response to the convener’s questions that there are regulations and anyone who wants to complain can do so through Ofcom, but that is quite convoluted. What does the BBC do to check that spend is genuinely Scottish spend and that it

is not the case that companies that are based in Scotland are given commissions but then commission companies elsewhere to supply personnel and skills?

Anne Bulford: Across the whole UK, we check line by line, through the returns, against the criteria for the base of the production company and the percentages of people, in order to ensure that that does not happen. It is a well-established process that has been running for many years and it covers outside-London quotas as well as national and regional quotas. It is not a mechanism in which there is lots of room for manoeuvre; it is a regulatory process that we must follow.

Over the years, since the definitions were introduced back in 2002, there has from time to time been debate—not only at this committee—about whether they should be changed or interpreted differently. When I last spoke to the committee, I said that my view is that it is inappropriate and unhelpful for individual broadcasters to start flexing them: the rules are the rules and they are for everybody. Ofcom has said that it will review the definitions and that it will consult in that process; we will all have an opportunity to contribute to that consultation. If there are changes, of course we will apply them when they come through.

Richard Lochhead: Thank you. I am sure that the committee can look at that.

My final question follows on from the question from Lewis Macdonald, the deputy convener, about diversity in Scotland and the UK. I read that you are going to employ 80 new news journalists in Scotland. Where will they be based, and how will that decision be taken? STV, for example, has a journalist based in my constituency of Moray, but there is no BBC journalist. How will you reflect rural issues and diversity in Scotland in terms of where the journalists are located?

Donalda MacKinnon: There is the opportunity now to recruit from across Scotland. Clearly, our news headquarters will continue to be in Glasgow, but it is an ambition of mine that we spread the number of journalists that we have across the country, so that we have optimum news gathering potential in order—as Richard Lochhead suggests—to cover rural issues and other issues in different parts of the country. We have also invested—with the Scottish Newspaper Society and in conjunction with colleagues from across the BBC—in 20 new journalists to work in local newspapers. Recruitment for those posts will begin soon. We hope that those positions will be spread across the country, and we are already working with the Scottish Newspaper Society to achieve that. That is over and above the 80 posts that we have announced. We will recruit next year.

The Convener: I want to ask about costs. In the accounts, there is a figure of £36 million for distribution for 2016-17, which has not appeared in previous years. What is that, and why has it not appeared in previous years' accounts?

Anne Bulford: That figure relates to the proportion of costs that deal with transmission and digital terrestrial transmission around the regions and nations of the UK. That cost has always existed, but we have, in the interests of transparency, simply called it out and made it more transparent in the 2016-17 document, which I hope is helpful.

The Convener: Okay.

Mairi Gougeon (Angus North and Mearns) (SNP): I have a question about the new channel. It will be available throughout Scotland in standard definition rather than in high definition. Why is that?

Anne Bulford: Such decisions are about striking a balance. The decision that was taken and confirmed through the planning stage was that with limited resources the priority was to invest in content rather than in distribution. There is not an available HD slot for the channel. It is expensive to buy such slots. An HD channel cannot be run through the same transmission network as a standard definition channel; it must be on a separate parallel one. It is also not always the case that people turn to HD when it is there for them.

In any event, we are in a technology transition, and all material will be available via the iPlayer in HD format. I understand that, in order to view HD via the iPlayer, people must have access to good broadband, so we have to keep an eye on that, and it will happen over time.

The decision was a straightforward priority decision about cost. Our view is that we want, in the early stages of the channel, to prioritise spend on content rather than on distribution, where there is a good alternative.

Mairi Gougeon: Is that something that can be looked at and changed further down the line, as things develop?

Anne Bulford: The format could be changed, but that would need to be looked at in terms of the build-up of availability of HD compared to use of the iPlayer and access to it. The iPlayer is a much cheaper and much more efficient way of providing HD format to audiences.

Mairi Gougeon: Thank you. From the information that we have, we can see the current gender pay gap at the BBC. How do you intend to address it?

Anne Bulford: A few weeks ago we published the “BBC Statutory Gender Pay Report 2017”, which shows a gender pay gap across the whole BBC of 9.3 per cent, compared with the national rate, as indicated by the Government, of about 18 per cent. The report is, I hope, helpful in explaining the gender pay gap, which is the difference between the average pay of all men and the average pay of all women across the organisation. It illustrates that the vast majority of that gap is coming through a mix of staff at different levels.

Although the percentages in our mix of genders—48 per cent women and 52 per cent men—are quite close, we have a higher proportion of men than women in higher-paid jobs, either because of seniority or because there is a concentration of men in parts of the organisation where salaries tend to be high—software engineering, for example, where we have more men than women.

We have been working on that and speaking about the gender pay gap for some time. The way to address it is to encourage more women to develop and come through into more senior roles, and to try to close the gaps in staff roles in which we have fewer women than we would ideally like. It is an important aspect of our overall diversity programme.

In our gender pay report, we also voluntarily disclosed our pay gap in terms of black and minority ethnic employees: it is negligible. That is no cause for complacency however, because we know that we need to do more to bring black and minority ethnic people into senior roles and to improve the diversity of our senior leadership group.

Mairi Gougeon: The committee papers mention an Ofcom report, “Diversity and equal opportunities in television: Monitoring report on the UK broadcasting industry”. That report highlights that

“The BBC is fourth out of the five broadcasters on representation of women”

and

“third out of the five broadcasters on representation of senior women.”

You talk about trying to encourage more women to come through to senior roles. What specifically are you doing to tackle that? What are other channels doing that is not happening at the BBC?

Anne Bulford: The senior leadership mix at the BBC is 42 per cent women to 58 per cent men. That is not cause for complacency; we would like it to be 50:50. We run a number of leadership development programmes to encourage women to come through. The director general spoke in July, and again in September, about additional things

that we will do to try to improve that. One will be to ensure that we do not have single-sex interview panels, which will be a good discipline to have across the organisation and will build on best practice. We will also look again at our overall practice in terms of attracting, recruiting and selecting the best talent and moving it through. As many organisations do, we still use traditional interview boards a lot. They do not suit everybody, and there are techniques that we can add.

Addressing the gap is a very high priority and we continue to do it. When we look at the most senior roles and the highest-paid people, we see a lot of progress: over the past three years, 60 per cent of promotions into that group have been women or ethnically diverse people.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Good morning. Am I right that the BBC is also running a separate review looking into the BBC’s approach to on-air presenters, editors and correspondents?

Anne Bulford: Yes.

Rachael Hamilton: Will that review result in a more representative pool of talent to serve BBC audiences?

Anne Bulford: We have been doing three things. I spoke about the gender pay report. Alongside that, we published our “BBC Equal Pay Audit Report: October 2017” for graded staff, which concluded that we do not have a systemic problem of gender bias, although there is more that we can do to improve transparency. We decided that we need to look at on-air talent differently and to take more time over that because the contractual arrangements and patterns of work are different, and the frameworks for deciding what, why and how people are paid are different. We are running that work now; it is really about whom we have and what we pay them.

About one third of the people on the most senior talent list that was published in July are women. We are not happy with that; we want the figure to be much closer to 50 per cent. It will take a range of actions over time to refresh the talent line-up, to bring people on and to take opportunities in the schedule. The director general and the board are all committed to trying to achieve that by 2020, and will take every opportunity to do so as it comes up, but balancing the most senior on-air representation will require that a series of steps be taken.

10:45

Rachael Hamilton: On skills, training and recruitment, the National Film and Television School hub will start next April at Pacific Quay.

How will you meet the aim to enhance equality and diversity in the screen sector? How will you address the existing skills gaps? I will let you answer those two questions, then ask two more short ones.

Donalda MacKinnon: We were delighted to announce that the National Film and Television School hub is to open in Scotland in, we hope, January 2018, with a view to the first cohort of students enrolling from April next year. Diversity and inclusion are key priorities, and there is a joint aspiration that a third of all the places in the first two years will be fully funded scholarship places. The Scottish Government and the BBC are contributing to a bursary fund to meet scholarship costs and ensure that students are drawn from a broad range of backgrounds. That is important not only for the National Film and Television School but for us all across the BBC.

In BBC Scotland, we have been running an apprenticeship scheme, which is now into its sixth year. We also have numerous traineeships. With the forthcoming new recruitment in news reporting, we absolutely want to ensure that we are extending the invitation to apply for those jobs in order to attract as much diversity as possible and to increase inclusion of all the groups that have been identified.

Rachael Hamilton: My other question was this: will that address your existing skills gap?

Donalda MacKinnon: All those initiatives, and working cleverly with not just the National Film and Television School but other higher education and further education institutions, will be important to ensure that we have the right skills mix. That is a priority for us.

Rachael Hamilton: Okay. You have answered what was to be my last question, so I will ask just one more. How do you encourage young talent to work in screen and television? You mentioned a blend of learning approaches including modern apprenticeships and further and higher education. How do you encourage children and school leavers from Scotland to come into the media and the screen sector?

Donalda MacKinnon: We are, as I said, working weekly, and almost daily in some cases, with schools and colleges. We hope that some of the really important work that we do through our learning initiatives exposes even young children to the idea of being part of programme making. We mentioned "The Social": we need to do more of that. We need to make jobs in the BBC more attractive to people who might think that they are not suitable for applying. That is really important work that we are engaging in with schools, colleges and universities.

Jackson Carlaw (Eastwood) (Con): Good morning. I will say straight away that I am still a huge fan of the BBC. I have a couple of questions from constituents.

First, my constituents commend Gary Robertson and the whole "Good Morning Scotland" team, who are, I think, the flagship current affairs team in Scotland. I have been asked how their salaries stand in comparison with those of the rather pampered personalities on the BBC Radio 4 "Today" programme, who have all been engaging in a rather public spat about not being paid enough. Justin Webb says that he is paid a fraction of what Nick Robinson and everybody else is paid. How is the BBC Scotland team, which manages to perform a terrific service in representing current affairs in Scotland, paid by comparison? I commend the team on their discretion.

Donalda MacKinnon: I suppose that, as you have identified, there are different markets. There is a local market and there is a network market, and there are differing sizes of budgets for network programmes and local programmes. I guess that it is in that context that we pay our on-air talent. However, I absolutely agree that the "Good Morning Scotland" team do a fantastic job. We value them hugely. I hope they are remunerated fairly; if they are not, my door is always open.

Jackson Carlaw: That is good to know. The £900,000 that is paid to John Humphrys and Nick Robinson could, I am sure, be much better deployed.

Since we last met you, the lovely swimming elephants have been consigned to the archives and you have a new series of screen identities now—the BBC's "Oneness" idents. I would like to know what that is about, because a number of people have asked me. How many of the new corporate ident links are Scotland-based? How are they determined in terms of their reflection of Scottish life, which is what I understand the idents to be about, and what are they?

Donalda MacKinnon: There are a number of idents. I would have to go back to find out exactly how many there are; we can certainly get that information to you. We change all idents time to time: sometimes they appeal to people, and sometimes they do not. The most recent BBC idents have—Anne Bulford will correct me, if I am wrong—evolved over time and have increased the amount of representation from around the country of groups that are featured in them. They enjoyed a soft launch to begin with; that has been ramped up, and we see more representation from across the UK.

Jackson Carlaw: If possible, it would be nice to find out how idents are determined, what the Scottish ones are and what percentage of them represent the network coverage. In its own subliminal way, an ident creates a national impression of Scottish life and I am interested to know how what they are and what they do is assessed.

I apologise, convener, if this question came up earlier; it is about the new channel. I note that there was a public consultation—the BBC will have had the conclusions of that. I note that those conclusions will form the basis of the representation that is made to Ofcom. I want to know that there was nothing in the public consultation that caused you to substantially alter the intention or direction of the ambition for the new channel and that, as matters stand—many people whom I have met are quite excited about the prospect—it largely remains intact and as you originally envisaged.

Donalda MacKinnon: It largely remains intact. Obviously, we have responded to some of the consultation, and that has been included in the public interest test as submitted to the BBC unity board just over a week ago. The public interest test has gone through that process now and will go to Ofcom in the middle of November.

Jackson Carlaw: Was there anything in the consultation that led you to adjust or alter anything in any significant or particular way?

Donalda MacKinnon: I cannot share that with you today. The public interest test remains confidential until such time as we hand it on to Ofcom, when it will be published.

Jackson Carlaw: Are you able to say, without giving the detail of any change, whether anything is different in the representation that will go forward?

Donalda MacKinnon: I do not believe that it is significant.

Jackson Carlaw: Right, okay. Thank you.

Stuart McMillan (Greenock and Inverclyde) (SNP): Ms MacKinnon, you spoke about the 20 local journalists with the newspapers. I was made aware of that by my local paper, the *Greenock Telegraph*. Can you provide a bit more information about that, please?

Donalda MacKinnon: That was part of an overall BBC local democracy initiative—perhaps Kenny MacQuarrie can say a bit more about it. The BBC decided that, in order to extend our ability to cover local politics and local government, we would work in collaboration with local newspapers not only to appoint new journalists whom the BBC will fund and who will work with local newspapers but to provide what we are

calling a news hub, from which newspapers will be free to access content post transmission. It is very much an effort on the part of the BBC to enhance our local democracy provision and work with local newspapers, where they want to work with us, to achieve that aim. Do you wish to add anything, Kenny?

Ken MacQuarrie: The basis of this initiative is a particular focus on the reportage of local government and local government institutions. There was common agreement with the newspaper industry that, where we could, we would like to support the improvement of that coverage. Overall, the BBC has committed to shouldering the cost of the trainees, who will be based in the newspapers, but the content will be available not only to the newspapers but to the BBC.

Stuart McMillan: Is the main focus local government?

Ken MacQuarrie: The broad base, yes; that is the initial thinking. Different regions and areas will be able to apply discretion, but the intention is certainly to improve that coverage.

Stuart McMillan: That certainly sounds like a positive development. If I may say—this is not just about the BBC but about others, too—there is a world in urban Scotland that is outside Glasgow or Edinburgh and a lot of excellent things happen there. I represent Greenock and Inverclyde, and sometimes, when you watch BBC Scotland or STV, there seems to be a Glasgow and Edinburgh or a cities focus compared with some of the good stories that happen in my area and, potentially, in north Ayrshire, west Dunbartonshire and elsewhere.

Donalda MacKinnon: I could not agree more; I absolutely agree with that. There are fantastic stories that, sometimes, we do not get to, but I think that we now have an opportunity with the new investment and, indeed, with the new news hour to do just what you describe.

Stuart McMillan: Thank you for that. I have one other question, regarding BBC Alba. It has certainly received less support from the BBC than any other channel. When can we expect to see some improvement in the BBC's funding of BBC Alba?

Donalda MacKinnon: Nobody will be surprised to hear that I am hugely committed to BBC Alba. I am very proud of what BBC Alba has achieved. I know that Kenny MacQuarrie and Anne Bulford are too.

We have to prioritise what we fund sometimes. I think that what we have managed to achieve in partnership with MG Alba has been fantastic over the years. I am not complacent about that. We

need to address the number of repeats, and we are working hard with MG Alba. We have started a piece of work to look at how we can make the new investment work harder so that we can deliver more origination. We have absolutely committed to delivering weekend news. Since taking on the post of director, I have combined our two news teams—our Gaelic and English language teams. I think that we will get a strengthened offer as a result of the new investment, certainly, but also as a result of greater collaboration. I have also undertaken a major restructure of BBC Scotland, partly because of our new charter commitments to split commissioning from production. Within that, there are huge opportunities to work in a multi-platform, multi-channel way to achieve significant read-across for BBC Alba.

Stuart McMillan: There has been that consistent disparity in funding for BBC Alba, certainly in comparison with Welsh TV. That point has been raised before in this committee and in others. A head of steam is building up about when this will be addressed and when there will be parity of funding between the two.

11:00

Ken MacQuarrie: As regards the provision of Welsh language broadcasting, the history of BBC Alba is very different from that of S4C and Radio Cymru in terms of the commitment. You are absolutely right to draw attention to the disparity in the funding. That is certainly historical.

We have tried to approach BBC Alba in a different way. It is a channel that is for Gaelic speakers but is inclusive of the whole of Scotland in the way that the programmes are, I think, welcoming to all of Scotland. As Donalda MacKinnon says, I am extraordinarily proud of what the channel has achieved and the impact that it has made in Scotland, whether that be through programmes like “Bannan”, for example, which was made in Skye, or some of the commemoration of the first world war, where individual stories told through Gaelic poetry and so on have been both archived and made available online.

Total funding over Radio nan Gàidheal and into television from the BBC and online is of the order of £15 million or thereabouts. We have had a really tough licence fee settlement. The deputy director general outlined exactly where we are in the organisation, but we are determined to be absolutely innovative in supporting BBC Alba and, where we have any initiative that is pan-BBC, to ensure that BBC Alba can participate in that. The commemoration of the first world war was a good example of that, where funding was allocated to BBC Alba as part of the overall provision. Where

we buy sports rights, we will be innovative and look at buying collective sports rights.

As Donalda MacKinnon says about the commissioning split, Margaret Mary Murray and Steve Carson, the multi-platform commissioner, will work closely together. There will be transparency about their strategies and what they are trying to achieve. We have built a good dialogue with MG Alba, and we are absolutely clear about what we want to deliver.

You asked about getting to parity with S4C. The director general said, when he gave evidence previously, that we have a three-year settlement of the budget and that, in that three-year period, we will not get to parity with S4C. I think that that is largely because of the different histories and the different approaches, but also because of the different ambitions that we have in how we want to bring the channel to the people of Scotland.

Stuart McMillan: I have a final question. Do you see opportunities for BBC Alba to increase content with the new channel and potentially increase commissioning opportunities?

Donalda MacKinnon: Absolutely. As Kenny MacQuarrie said, the multi-platform commissioning team will work closely together. It is really important that we not only work together but learn from what BBC Alba has done. I know that Margaret Mary Murray and Steve Carson are in regular conversation. It is really important that the big sister channel remains distinctive and that what is on offer there is not compromised, and we will make every effort to ensure that that does not happen. Equally, there might be times when we can showcase and, where possible, we want to share content. If it goes out first on BBC Alba, we might want to have a window of transmission where we can join forces in sport, live events and music. We should absolutely do that, notwithstanding that we should absolutely make every effort to ensure the distinctiveness of each offering.

Ross Greer: One of your answers about the new channel reminded me of a point related to my question about radio. There was a temporary radio station in the lead-up to St Andrew’s day that was, I understand, very successful. Does its success indicate that there may be scope for a permanent Scottish music station?

Donalda MacKinnon: As I said, I will continue to emphasise the importance to me of radio in Scotland. That ambition to deliver an additional radio service in Scotland absolutely remains on the table. The focus of our attention has to be on getting the linear channel off the ground next year, but I have not lost sight of that and it remains an ambition.

As technology and opportunity improve, and we get deeper into personalisation, the potential to deliver bespoke services for people in radio is much greater. I look at the way my 25-year-old consumes radio on the move and I see that podcasting is something that we really need to understand better and get better at doing. I am considering initiatives to ensure that that happens, particularly in relation to the new services, and to consider what we can do in the read-across with the new content that we create that could live on radio in a different form.

The Convener: In response to Stuart McMillan's question, Ken MacQuarrie talked about the lack of parity with the Welsh language channel and about the historical reasons for that. If you compare Scotland, Northern Ireland and Wales, you will see that, even with the amount of licence fee raised in Scotland that is also spent in Scotland having increased to 72 per cent, we are still way behind Wales and Northern Ireland, which are reaching almost 100 per cent. I know that we touched on this at the beginning, but I do not think that we got satisfactory answers. I will repeat that the screen sector leadership group, which is led by John McCormick, said that you should have a strategy in place over five years to tell us how you will get to 100 per cent. Would you like to have another stab at that question and explain why Ireland and Wales are getting to almost 100 per cent while Scotland is not?

Ken MacQuarrie: First, as we said, we have put in place a number of measures. We have increased the network spend, we have delivered 10.3 per cent of network in the year gone by and we have a three-year budget in which we will absolutely maintain and increase that over time.

Wales has a specialism in the supply of continuing drama, particularly around Roath Lock, and the high-value productions tend to make up the bulk of the difference in spend between Scotland and Wales. That is in place. We are really proud of what is coming out of BBC Wales, with programmes like "Sherlock" and "Doctor Who", which are high-cost productions. They contribute a tremendous amount not only to Wales but to audiences across the UK.

In Scotland, we want the most sustainable and vibrant economy that we can have. We have increased the figures. We do not have a limit to our ambition, but nor are we saying that we must get to a certain spend. We want to get the best possible content and to make sure that we have a competitive environment in Scotland in which we deliver the very best programmes. I am confident that that will come through.

I note John McCormick's comment on the spend and the licence fee. We have a three-year plan and we are working within that envelope. We have

stressed the tightness of the financial envelope that we are working in under the current settlement—I think that the deputy director general outlined that fully in the opening statement. That is the situation that we are in. We are absolutely ambitious to turn the amount of content into sustainable businesses in Scotland, delivering great stories that represent Scotland from across the UK. Clearly, if we get more drama on the air—drama is the biggest driver of spend, much more than, say, factual or some of the other programming—that will begin to affect that.

We also want to see how the channel strategy works out. We have invested heavily in the channel. Wales does not have a channel. Scotland will have a channel from 2018. We are really ambitious for and positive about how that will change the environment in Scotland. We want to give that a chance to succeed.

BBC Scotland was represented on that group and I absolutely understand—

The Convener: Everyone in the screen sector was represented. It is not just Mr McCormick, respected figure though he is. As you know, the whole of the screen sector was represented on that group.

Ken MacQuarrie: Absolutely. We have looked closely at the report and noted the ask over five years. For the moment, we are on a three-year journey as far as the BBC is concerned.

The Convener: On the subject of representation, I have been looking again at public purpose 4, as outlined by Ofcom, in relation to the nations and regions. It says that nations and regions must be "accurately" represented and that the BBC should support the creative industries in the nations and regions. I re-emphasise the points that we made earlier about drama and even what Jackson Carlaw was getting at about the idents: the country has to be accurately represented on the network, and you have an obligation to support the creative industries in the nations and regions. I found it quite concerning that Ms Bulford did not seem to think that there was a problem. Everyone in the screen sector in Scotland has talked about how drama is produced and commissioned, and that Scottish production facilities are not necessarily used.

Anne Bulford: We have spoken about the definitions and the confidence that we have in the way in which they are applied. When the director general and I last appeared here, we explained that we were very conscious of the need to do more in Scotland to improve engagement with Scottish audiences. That is why we have done two things: we have set aside the significant investment in the new channel, and we have made a substantial commitment to sustain and grow

investment from the network into Scotland. There is a real opportunity to not only increase network spend but sustain it and grow the content that will appeal most to Scottish audiences in the way that you outlined, convener.

Ken MacQuarrie: There are examples of things that would not be qualifying spend but that will represent Scotland to a very large constituency. For example, the European championships next year are based between Glasgow and Berlin. We are investing heavily in that and we are already working with Europe to ensure that Glasgow will be shown across a range of European countries. That spend will not qualify, but it certainly will be investment—not all of the investment is captured. I am sure that Scots will enjoy enormously seeing one of their cities twinning with Berlin in those games. Representing the nations and regions is a fairly complex equation and not all of the investment is caught by the definition, but there is clearly value to audiences in that sort of spend as well.

The Convener: I am sure that it will be very enjoyable, but I am just reflecting what the entire screen sector in Scotland tells us. Thank you very much.

11:11

Meeting continued in private until 11:23.

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