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Europe, External Affairs and Culture Committee

Comataidh na Roinn Eòrpa, Cùisean Taobh A-muigh agus Cultar

Tuesday 24 November 2026

Session 7

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Tuesday 24 November 2026

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EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
11th Meeting 2026, Session 7

CONVENER

*Patrick Harvie (Glasgow) (Green)

DEPUTY CONVENER

*Victor Currie (Highlands and Islands) (Reform)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North) (SNP)
*Keith Brown (Clackmannanshire and Dunblane) (SNP)
*David Green (Caithness, Sutherland and Ross) (LD)
*Pauline Stafford (Bathgate) (SNP)
Jenny Young (Central Scot and Lothians West) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Rufus Radcliffe (STV)
Rhodri Talfan Davies (BBC)
Louise Thornton (BBC Scotland)
Hayley Valentine (BBC Scotland)

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Europe, External Affairs and Culture Committee

Tuesday 24 November 2026

[The Convener opened the meeting at 09:03]

Decision on Taking Business in Private

The Convener (Patrick Harvie): Good morning, and welcome to the 11th meeting of the Europe, External Affairs and Culture Committee this year. We have received apologies from Jenny Young. Given the subject matter of the meeting, I remind members that my entry in the register of members' interests indicates that I am an associate member of the National Union of Journalists.

The first item of business is to decide whether to take items 3 and 4 in private. Do members agree to do so?

Members *indicated agreement*.

Broadcasting and News

09:03

The Convener: That brings us to the main business of the meeting. We have two evidence panels as part of the sessions that we have been hosting on broadcasting and news, the first of which is about STV.

I welcome warmly to the committee Rufus Radcliffe, who is chief executive at STV. I gather that Mr Radcliffe would like to make some opening remarks. Please go ahead.

Rufus Radcliffe (STV): Convener and members of the committee, I thank you for the opportunity to speak to you today.

Public service media are hugely valued and are needed more than ever to help combat the rise of misinformation and disinformation. However, the way in which audiences consume and use media is changing rapidly. News is consumed 24 hours a day on people's phones, with content increasingly being served to them by artificial intelligence. Global platforms such as YouTube, Amazon and Netflix have disrupted the market, competing with us for audiences and advertisers. Consolidation is happening across the sector.

In this shifting landscape, the commercial model that funds public service content is under growing pressure. Standing still means falling behind, and a vital public service is put at risk in an age when, arguably, it is needed most.

At STV, we, like other public service broadcasters, are adapting at pace. We are modernising our news service while keeping it local and expanding across streaming, audio and digital. Those are necessary and strategic choices to build a more sustainable business.

The valued and trusted news that we produce is not a profitable enterprise. As STV receives no public money, we rely on revenues from advertising, production and other ventures to fund our significant public service media commitments. In the face of fragmenting audiences and against a challenging economic backdrop, including a weak advertising market, we must make bold and difficult decisions to ensure that we can continue to serve our audiences now and in the years to come.

I am sure that you will want to hear an update on the implementation of our licence amendments. We still have distinct north and central editions of "STV News at Six", with studios in use in Aberdeen and Glasgow. Our news-gathering teams operate across Scotland—in Inverness, Aberdeen, Dundee, Edinburgh and Glasgow—and editorial

decisions are made close to the stories and communities that we cover.

Four months in, the signs are positive. Our television performance is strong, our digital reach is growing and we are getting more of our journalism in front of more people. Those changes have given us a much stronger platform to keep STV News trusted, relevant and sustainable for the future.

I look forward to discussing how we can ensure that the Media Act 2024 delivers for Scotland. That means meaningful regional prominence and enabling Scottish viewers to easily find STV and our streaming service, STV Player. Prominence is fundamental to the framework of public service media; failing to properly implement the 2024 act in Scotland risks the sustainability not only of STV but of all current and future public broadcasting.

The Convener: Thank you, Mr Radcliffe. Members will want to get into some of the specifics that you mentioned, including the regional issues, such as prominence, in relation to the Media Act 2024. I know that there is broad concern about the context of disinformation in today's age.

I will start with a more general question. You said that standing still is falling behind, or words to that effect. How do you assess STV's position in that respect? Has STV been falling behind or has it made decisions in recent times that have paid off and brought success?

Rufus Radcliffe: Taking a step back, I would say that the media sector is going through profound change. Every day, there is more change and we are in a competitive landscape.

I have worked in media for more than 20 years. Previously, success would be about, "Who won last night—is it the BBC, Channel 4 or STV?" Now, we are competing with huge global organisations—Netflix, Amazon and Disney—and YouTube is growing very fast. The competitive set that we are in is almost unrecognisable from 10 years ago.

That means that we have to make decisions based on where our audiences are going and where they are spending time. We have moved very fast—in fact, STV Player, which is our streaming service, has had record amounts of viewing hours and users this year. That service has existed for 17 years.

Public service broadcasting has always been aware of where audiences are going and we are moving fast but, in a global context, we have to make difficult decisions. Some of those decisions are unpalatable for people, but they are the right decisions for the sustainability of public service broadcasting and for our audiences.

One of the decisions that we made, more than a year ago, was to launch a Scottish radio station, because we recognised that radio was a sector where we thought that we could compete successfully. The station is an unequivocally mainstream music station, broadcasting from Scotland for Scotland, and we are already a top-10 radio station there. That is an example of us not standing still and recognising where there are opportunities to deliver profitable ventures for STV. The reason why such ventures and opportunities are important is that they help fund public service broadcasting.

The Convener: How would you judge the success of your approach to seeking commissions elsewhere? You talked about competing with global players, and that is not just for audience but for productions. What is the state of play? How does STV judge the success of its approach in that respect?

Rufus Radcliffe: We have 20 production labels—or companies—and STV Studios is also Scotland's leading production company. The commissioning market is difficult at the moment. The challenges of public service broadcasting have had an impact on our studios division, which is what we call our 20 production companies, because our customers—the BBC, ITV, Channel 4—are all going through many of the challenges that we have been going through.

We have had really good creative success and are making shows in Scotland. As we speak, we are making "Bridge of Lies" in Glasgow for the BBC with Ross Kemp, who is very topical at the moment, having been in "The Celebrity Traitors". We make a show called "Game of Wool: Britain's Best Knitter" in Ayrshire, which stars Tom Daley. We are proud of the programmes that we make in Scotland, but we are also becoming more internationally focused. Earlier this year, we made our first big drama for Netflix, "The Witness", which was the most watched drama on Netflix across the entire world in June this year—it was a harrowing and powerful drama about the murder of Rachel Nickell on Wimbledon Common in 1992, which many of you may remember. We have also made a very fun reality-format show called "The Mob" for Hulu—part of the Disney empire—that launched a couple of weeks ago. So, although public service broadcasting customers are incredibly important for our studios division, we also recognise the international opportunities that exist.

The Convener: There are potential changes on the horizon regarding ITV. You are not immediately part of that, but to what extent are you functionally still quite dependent on ITV in terms of the shared content that viewers see, the platforms that they view it on and how they interact with the service? Are you a fully independent broadcaster

in the sense that you might be unaffected by the kind of changes that are on the horizon? To what extent is that dependence fundamental to who you are and how you operate?

Rufus Radcliffe: Sky is in the process of buying what is called the media and entertainment division of ITV—it is going through a regulatory process at the moment. We recognise that that is an example of businesses trying to scale up in the global market that we are in.

As you have pointed out, we have a wide-ranging set of arrangements with ITV but, for the record, we are an independent business; we are not part of ITV. We run the two channel 3 licences in Scotland, and we are an entirely separate business.

If that transaction goes through, the majority of our arrangements with ITV will be protected by the change-of-control provisions that are in place. However, clearly, a merged Sky-ITV will be a big part of our business, and we are making sure that our commercial foundations are not weakened by that transaction. We are involved in the Competition and Markets Authority process and in Ofcom's exploration of the audience impact of the transaction.

09:15

The Convener: I have one last question before I bring in colleagues. All of us across the political spectrum have a shared interest in seeing a successful and thriving screen sector in Scotland. STV is part of that, as are other broadcasters that we hear from, and many elements need to be put in place if success is to be greater in the future. The Scottish Government proposes to float Screen Scotland into being a separate entity, intending to build on the successes that it is claimed to have had to date. What does STV need from the Scottish Government, the culture secretary or Screen Scotland for a thriving future in which not only your own business but the wider screen sector in Scotland can see greater success?

Rufus Radcliffe: We note that a consultation was launched yesterday on how that might work, and we will contribute to that.

Screen Scotland has been supportive of a number of productions for STV over the years—for example, a big drama, called "Screw", that we did a few years ago for Channel 4. It also supported "Game of Wool" and a documentary that we did called "Disease X: Hunting the Next Pandemic".

It is vital that, in Scotland, we have a thriving sector, emerging talent and the production expertise to ensure that more stuff can be made here. We will be contributing to that consultation process.

The Convener: Is there no more detail at this point, then, on what the sector generally needs from Screen Scotland?

Rufus Radcliffe: It needs from Screen Scotland the support to make as many programmes as we can in Scotland. As I said earlier, we are currently in production with shows such as "Bridge of Lies" and "Game of Wool", but we want to make as many programmes as possible in Scotland, and we would welcome any conditions that can be created by Screen Scotland to encourage that.

The Convener: We will look forward to your consultation submission.

David Green (Caithness, Sutherland and Ross) (LD): Welcome, Mr Radcliffe. You will know that I have had concerns over the changes, particularly those to STV North. Ofcom approved those changes on the basis that 30 per cent of content would remain bespoke to each region. Can you tell me how the newsroom assesses what "local" is, and how it is monitoring the situation?

Rufus Radcliffe: You are right. Thirty per cent of content at 6 pm every night will be bespoke to the different licence areas. Our teams and STV more broadly view that as a floor. We consistently deliver above that.

David Green: Do you have that monitored?

Rufus Radcliffe: Yes, and we will give a formal report to Ofcom at the end of the year. We welcome being held to account on that, and we are comfortably above that 30 per cent. We have journalists across Scotland—for example, in Inverness, Dundee and Aberdeen.

David Green: You have fewer journalists, though, do you not?

Rufus Radcliffe: We have fewer journalists; you are right. We implemented changes to the news, which went live on 13 July. However, we are delivering important stories for viewers every day of the week across the whole of Scotland, and we will continue to do that.

David Green: How do you assess the quality? It is not just about a spreadsheet, a number in a box, or "X stories come from Inverness" or wherever it might be. How do you assess the quality?

Rufus Radcliffe: We are not about spreadsheet journalism but about delivering the stories that matter for people. The main judge of the quality of our journalism should be our audiences. Since we implemented the changes on 13 July, our viewing share has gone up by 6 per cent, and the viewing volume—the amount of people who are watching—has remained the same.

David Green: That is an interesting statistic and a positive story that you would want to tell. How much of that is due to habits not having changed—a lot of audiences, particularly in the older demographic, sitting down at 6 o'clock because that is what they do—and how much is due to the changes that you have made? Are you suggesting that your changes have contributed to that increase in audience share?

Rufus Radcliffe: I would say that we are continuing to have an extremely strong proposition for the north and the central every night of the week. We are the most watched programme at 6 pm.

On the topic of the online environment, misinformation and disinformation, which I am sure we will touch on today, the changes have also enabled us to put more stories online.

David Green: I am keen to come back to that issue, Mr Radcliffe, but I am conscious of the fact that my time with you is quite tight. I did not hear in what you just said a direct argument as to why the audience share increased as a result of the changes.

Rufus Radcliffe: I am saying that, since we made the changes, we have continued to have a very compelling news proposition at 6 pm. They have had no impact on the quality of the journalism. We have had huge stories from the north and from the central, and I have a list of amazing pieces of journalism that we have done, but I would like to come back to the point around the digital opportunities.

David Green: I am keen to come to that point, and I will ask you about that when I have an opportunity. I think that I have heard what I am going to get about monitoring the results of the changes. It would be helpful if you could share some of those journalism examples with the committee in writing, because I am concerned about quality, not just numbers. I am sure that we can follow up on that.

On staff morale—I will come back to the point about digital—in the feedback that I have had from staff, the atmosphere is subdued. They are uncertain about their future and deeply frustrated about the changes that have been made. I would suggest that staff morale is still low. Would you recognise that?

Rufus Radcliffe: The changes that we have made have been big changes. We made them to make public service broadcasting and STV News sustainable for the future. It is important that I make the point that we are very proud of STV News and it is an important part of what we do, but public service broadcasting is under enormous pressure, so we have to find a way of funding it for the future.

David Green: I will come back in to say that I think that that is absolutely justified. It is a very fair point. I recognise the external challenges, and you will find allies around the committee in that regard. However, your staff will be listening to this as well, and I would suggest to you that staff morale is still low. Do you recognise that? What steps are you taking to provide greater reassurances to your staff?

Rufus Radcliffe: I recognise that morale has been difficult—I absolutely recognise that. We did an all-colleagues survey in August, which is called "Have Your Say". Over the past couple of months, I have had 17 individual sessions with different groups across STV, and it has been a big listening exercise to hear from everyone. I think that morale has been hard hit but that people are now focused on the future, and I am encouraged by that.

Earlier this summer, we also did a bespoke piece of internal research with all our news teams. We called it a "check-in exercise". We held one-to-one sessions with every member of the news team, in which we got feedback on wellbeing, workload, whether we had a respectful working environment and so on. We were encouraged by some of the scores that came through from that—

David Green: Have you published any of that?

Rufus Radcliffe: Internally, yes.

David Green: Could you write to the committee with some top-line numbers?

Rufus Radcliffe: I am really happy to. I could even talk about one or two things from that today. It was both a qualitative and a quantitative piece of work. The overall score on wellbeing, whether there is a professional, respectful working environment, whether there is clear guidance, and workload was 4 out of 5. In other areas, there are opportunities to do more. Around communication and equipment, scores were a bit lower—3 out of 5—so we have a plan to deliver against those issues. We take morale extremely seriously, and we have spent a lot of time over the last two or three months listening to our people.

David Green: I know that you want to discuss digital, Mr Radcliffe, and the fact that the changes include a move to more digital output for some of your audiences. I understand that conversations are being had with regard to what could be put out on channels after the 6 o'clock programme in response to the greater media bubble that we have. Can you say more about that?

Moreover, can you, in your reflections, address the point that has been put to me that staff are effectively being asked to do more with less and

the fact that head count is now lower than it was? Do you recognise that, too? How are you trying to address those capacity challenges?

Rufus Radcliffe: As I have said, the score that we got on workload from the check-in process was 4 out of 5. However, I completely recognise that the period of change that we had, in which we were effectively working on the old model but with new resource levels, was difficult.

As I said earlier, though, the STV News teams are now focused on the future and are delivering brilliant journalism. What people are identifying now are the opportunities provided by the digital landscape.

David Green: There are certainly opportunities, and it is quite an exciting and positive story to be told. However, I am just trying to get my head around it and am somewhat concerned by it. After all, if you have fewer permanent news gatherers and journalists—particularly in the north region, where it is harder to respond to breaking news—and if you do not have the head count overall, how will you continue to meet the expectation of delivering the 6 o'clock programme as well as have this additional digital capacity?

Rufus Radcliffe: That is why we are no longer doing the different opt-outs. Previously, we had four versions going out at 6 pm, two in the central licence area and two in the north, and we are no longer doing that. We have simplified things; the production process for the 6 pm news now is, I think, working well, and people are now working well in a rhythm. Obviously, if people had concerns about workload, we would take them seriously and fix them.

David Green: Thank you. I think that that will be certainly well received.

With regard to the next generation of journalists coming through STV, again there are concerns that, if you have fewer journalists, there will be fewer opportunities for graduates to do shadowing. I am thinking of, say, Robert Gordon University and its fantastic courses. What is STV doing to address some of those concerns? What does the next pipeline look like? Do you have any positive stories to tell, or are there steps that you need to take in that respect?

Rufus Radcliffe: We want to identify the next emerging talent, and we want to give them opportunities at STV—that is absolutely true. We have a long-standing relationship with the Royal Television Society, and we have given more than 50 students, whom we call scholars, RTS bursaries over the past five years. In fact, we onboarded two students just last week. We will always offer those opportunities, where we can.

The bursary scheme provides cash, mentorship and work experience. We have a brilliant young scholar working on our "Scotland Tonight" team, so we have got a really good track record of giving young talent opportunities.

We also have relationships with many Scottish higher education organisations, not just Robert Gordon University but the University of the West of Scotland and Glasgow Caledonian University. We take our responsibilities in that space seriously; we always want to offer opportunities to new emerging talent, and that will be something that we will continue to do.

David Green: That is excellent. I will be keen to hear more about that going forward—and particularly in relation to my own part of the world in the Highlands, where I remain concerned about the wider ecosystem with regard to the sector. It is not just you, of course, but STV has a role to play in that respect.

Finally, I have a quick question of clarification, if that is okay, convener. There has been a lot of conversation about the devolution of broadcasting. Has the Scottish Government's culture secretary met you, or written to you, to set out in detail what her plans look like?

Rufus Radcliffe: No. I have written to her asking for a meeting, and I hope that we can get something arranged soon.

David Green: That was helpful. Thank you very much, Mr Radcliffe.

Victor Currie (Highlands and Islands) (Reform): Thank you for attending this morning, Mr Radcliffe. You said that you were on track to make £8 million of annual savings by the end of this year. How much of that has come out of news, and how many news jobs exactly have gone?

Rufus Radcliffe: In total, 53 people's roles were impacted, but it was 21 colleagues in news specifically.

Victor Currie: Your submission says that news delivers very little direct financial return and is paid for by the rest of the business. If the rest of the business is shrinking, will news be the place you look in the next round?

Rufus Radcliffe: I would not characterise the rest of our business as shrinking. We are an advertising business, but we are also diversifying into the studios that I talked about earlier. Based on your question, I reiterate that news is not a profitable enterprise for us but that it is an extremely important part of what we do and we are very proud of it. However, our commercial ventures subsidise that. Part of the public service compact, if you will, is that we get guaranteed prominence—so you can find STV—in return for

which we have public service obligations. I would like to talk about prominence and discoverability at some point, because that is a very big issue. I am sure that we can come to that.

Victor Currie: During your opening remarks, you made the important point that STV receives no public funding. The BBC took nearly £3.9 billion from the licence fee last year, albeit that was across the whole of the UK. Does a compulsory licence fee make it harder for STV to compete for audiences and talent?

Rufus Radcliffe: The BBC is a competitor for audiences but it also commissions our programmes from STV Studios. A strong BBC is good for the public service sector as a whole, but specific questions around the BBC are probably best directed to it.

Victor Currie: Okay, but my question was more about how you feel about the landscape, with a media producer that is block funded reliably, relative to your own business.

Rufus Radcliffe: The unifying theme across everything is that public service broadcasting has challenges. Whether you are at the scale of the BBC or whether you are STV, we are all competing for eyeballs against global organisations that did not even have a footprint in the UK 10 years ago.

Victor Currie: Ofcom itself found that Scottish viewers rate STV more highly than the BBC for trusted news; it is about 71 per cent to 65 per cent. Does that show that trusted news can be delivered without public money?

Rufus Radcliffe: We deliver trusted news without public money every single day of the week, and we are very proud of that.

Victor Currie: I have a final question, if the convener will allow me a little latitude. In your opening remarks, you mentioned the fact that the media landscape has changed dramatically over the past decades. I think that everyone on the committee would agree that public service broadcasting and the ethos that underpins it are extremely important and that we should do all we can to support that. You mentioned new players such as YouTube growing and getting quite big, and that is where people are starting to go for their media content. Given that YouTube is just a platform and not, of itself, a content creator for Scottish news that people often go to, is there scope for STV to put content on YouTube? Is there anything that gets in the way of that happening—in a legislative sense, for example?

Rufus Radcliffe: We are already on YouTube. STV News is on YouTube, and we are using it to publish longer-form journalism. There is a very good piece on the economic future of Aberdeen that was made by our Aberdeen team—you should see it. It is on YouTube and it is gathering more viewers every day. It was published about a month ago now, but it is an example of long-form journalism that we can use those platforms for.

The challenge we have with YouTube, which I think Ofcom recognises, is how we ensure that fair, impartial and independent news gets discovered on it. The tyranny of the algorithm on YouTube can mean that stuff that, frankly, is not true gets surfaced ahead of what we are doing. Ofcom is very mindful of the need to explore that issue, but, as you can imagine, it is also a complex minefield. YouTube is a tremendous opportunity for us, but it is a challenge, too.

The Convener: I wonder whether I could clarify a couple of your answers. At one point, you said that STV's commercial operations subsidise the news, and you also made the point that some of STV's commercial operations are commissions from the BBC. Would it be true to say that licence-fee-funded commissions are one of the things that allow you to subsidise non-profitable activities?

Rufus Radcliffe: To clarify for the committee, so that everyone understands this, when I say "subsidise", I mean that it is hard to generate advertising around news. There are challenges around that, so our commercial ventures help to fund it. However, I want to be really clear that STV News is a defining part of our organisation. We have brilliant teams and fantastic journalists, and we break important stories every day of the week. I do not want the word "subsidise" to be misconstrued. STV News is such an important part of what we do, but we take no public money, and our commercial ventures help to fund it.

The Convener: For clarity, the word "subsidy" is never a pejorative when I use it, not in any context.

Rufus Radcliffe: Great.

The Convener: Finally, you talked about prominence on social media platforms—I am sure that we will come on to prominence on other platforms. My question, which is addressed slightly in the green paper, is about potential changes to make it possible to ensure that news from trustworthy sources—however that ends up being defined—has prominence on social media platforms and platforms such as YouTube.

I have put this concern to the BBC in the past, and I am sure will do so again. Whatever level of regulation approaches the algorithm to say that prominence must be given to trustworthy news sources, is there a danger that your news, or that of the BBC, will be put alongside content such as conspiracy theories, anti-migrant and anti-queer propaganda and climate denial? People might mistake conspiracy theories and untrustworthy sources for news and think that they have seen the

news, when in fact they have seen propaganda. If there are trustworthy news sources alongside that, instead of exposing people to trustworthy sources, it may ultimately degrade trust.

Rufus Radcliffe: The alternative is that we only have some of the terrifying stuff that you have just identified and we are not there at all. That is an even worse outcome. Are you suggesting that if public service news is alongside that content on YouTube, for example, it could give such content the same status as us?

The Convener: My suggestion is that the UK Government ought to consider that the alternative is to apply public service principles to the internet.

Rufus Radcliffe: That is a huge endeavour, but would that not be a wonderful thing? I can imagine the complexity and difficulty of doing that. Our priority, first and foremost, is to ensure that people can find our content, and that they can find it on a big screen, online or wherever we are.

The Convener: Would it be fundamentally more difficult for Ofcom or an equivalent regulator to hold YouTube to account for putting out propaganda than it would be if you were to do that?

Rufus Radcliffe: That is a question for Ofcom. I know from my conversations with Ofcom that it is actively exploring that issue. As you said, it is suggested in the green paper that that is a challenge that needs to be addressed.

The Convener: Let me come on to other members. Colin, I think that you had your hand up.

Colin Beattie (Midlothian North) (SNP): Mr Radcliffe, you have referred several times to the competition, the changing world out there and the way that content is delivered, and especially the way that it has been delivered over the past 10 years. Would you say that STV is more reactive to that than proactive? In other words, are you getting ahead of the game or are you just following other people?

Rufus Radcliffe: I think that we are moving very fast. The changes that we have made over the past two years show that we are actively moving to where our audiences are going. We must take an audience-led approach to the decisions that we make, and I think that we are doing that.

I mentioned that STV Player, our streaming service, has had a record year this year. We launched that service 17 years ago, which showed foresight and demonstrated that we were mindful of where audiences were going. If you talk to anyone at STV, they will tell you that we are obsessed with where audiences are going and with the need to deliver for them. Just over a year ago, we launched the STV football podcast, which gets very big numbers every week. That is an example of how we can join everything up at STV. As a result of that podcast, we now have a Friday night football show on the STV channel, which is the most watched TV show about Scottish football that there is at the moment.

We identify opportunities and we move very fast. I do not underestimate the challenges that we face or the speed of change in our sector, but I would certainly not recognise that we are struggling to keep up.

Colin Beattie: It is clear that the changes in the market are driving changes within STV—I am talking about fairly profound changes—but there is always a cost attached to that. Changing in order to be innovative or to invest in new systems or new approaches always involves a cost. In 2025, STV's adjusted operating profit fell by 44 per cent, and, in the first half of 2026, group revenue fell by 37 per cent. How will you be able to deliver for shareholders, keep the public happy and ensure that you have cash in the bank? That is quite a mix.

Rufus Radcliffe: You correctly identify that the challenging environment that we are operating in has had an impact on our financial performance, which is why we made the difficult decisions that we made to put STV on a sustainable cost footing.

However, we are now focused on the future and on identifying growth opportunities. Mention has been made of the opportunities that exist in relation to studios, particularly for international customers. We have talked about commissions for Netflix and Disney. We are also very pleased with our new venture, STV Radio, which will be profitable in 2027—next year. That is an extremely quick path to profitability.

Although you have pointed to the financial challenges that STV faces, we are absolutely focused on growing our business for the future.

Colin Beattie: To what extent would you say that the dip in profits is related to the need to invest in new technology and new innovations in order to keep up with the market? Is there a direct link there?

Rufus Radcliffe: No. The impact on our profitability has come about as a result of the markets that we are operating in at the moment. The advertising market is tough, as is the commissioning market. That is what has had an impact on the profitability of our business, not the investment decisions that we have made.

We made a modest investment in STV Radio, but, as I said, that will be profitable next year, which represents a very quick pathway to profitability. The root cause of our financial performance has been the state of the markets that we are operating in.

Colin Beattie: To what extent are the decisions that you take shareholder driven? As a private company, you have to deliver at some point. To what extent does that drive your decisions on a day-to-day basis?

Rufus Radcliffe: We are a listed company. You are right—we have shareholders, who expect us to deliver a profitable business, but I think that our shareholders recognise the challenges that exist in the sector at the moment and the decisions that we are having to make. We have many stakeholders at STV. We have advertisers, shareholders, audiences and our colleagues, and we make decisions that factor in the interests of everyone.

09:45

Colin Beattie: A few minutes ago, you mentioned the investment into STV Radio, which was about £500,000. How did you balance cutting services such as the news and going ahead with that investment? You say that you will get a return on it next year, which is remarkably quick. Was that a higher priority for management than protecting the STV North news programming?

Rufus Radcliffe: It is interesting. In the discussions that we have had about that, it has always been characterised as either continuing with news operations as they are or investing in STV Radio, but that is not the way that we look at it. We have to identify new opportunities to grow our business—that is vital. By next year, because it will be profitable by then, STV Radio will be helping to fund STV News.

We cannot go back to the way things were. We have to move to where our audiences are, and we have to make difficult decisions. STV Radio will help to fund all our public service commitments. I note that we have news on STV Radio, as well, and we are very proud of it. STV Radio is a growth initiative that we have delivered very fast that will help to support our public service commitments.

Colin Beattie: You have mentioned a few times how important advertising is to the business and how challenging it is in the market at the moment. As a layperson, I can see the number of channels and the number of ways in which advertising is now delivered and I wonder where the money is coming from for that across the market. How do you see that developing in the future? I am talking about right across the board, because there have clearly been huge changes—as there have been in other things that we have talked about—in how advertisers are approaching the market.

Rufus Radcliffe: We work with more than 300 businesses in Scotland who advertise on STV, and we have fantastic relationships with them. We offer a range of advertising products. It is really important that we do not stand still on that, and there are new products that we have launched over the past few months. There is one called pause ads, for example. If you are watching STV Player, you press pause—the clue is in the title—and you get, in effect, a poster in your living room on your TV. We have had tremendous demand from advertisers for that.

In the next few weeks, we will be launching a new advertising product that we are calling STV Adapt, which will be a low-cost entry point for advertisers who want to target on a micro level—almost at postcode level—throughout Scotland. We are interested in that because it will offer an opportunity for advertisers who currently spend a few hundred pounds with Meta. They will be able to advertise with STV for the first time and target audiences through us.

There are big brands that make big campaign commitments with STV and with whom we have worked for many years, but we are also using the opportunity of the digital world that we are in to create new opportunities for new advertisers.

We have some great relationships with advertisers. Last night, I was with the Tunnock's team. They were in Pacific Quay celebrating their long service awards, as they have a number of people who have worked at Tunnock's for more than 25 years. Tunnock's was the first ever advertiser on STV in 1957, and it was also our first advertiser on STV Radio on 6 January this year. We have incredibly long-standing relationships such as that, and we are also working with new brands that we have never worked with before. Almost 30 brands have advertised on STV Radio that have never before advertised with STV, and that is a really important barometer of whether we are doing the right thing and whether we can bring into STV new businesses with which we can partner to deliver the business outcomes that they want.

Pauline Stafford (Bathgate) (SNP): Good morning. We are a new committee and it is the first time that we have met STV since the changes to your licences, so it might feel as if my questions are going over old ground.

You have outlined that you are going into a difficult period, which is something that we have heard from all public service broadcasters. I do not think that this will be the last of the changes that we must cope with, so it is important that we understand how decisions are being made. To pick up on the 30 per cent regional news protection that is now in your licence, the original proposals did not contain that commitment to 30 per cent bespoke regional news. Why was that protection not in the initial proposal that you put forward? Did you think that that would be acceptable for Scottish audiences?

Rufus Radcliffe: You are right that our original proposal did not have the 30 per cent floor, but a central part of it was, and has always been, that we would continue to have journalists and regional newsrooms across Scotland. The engagement that we had with Ofcom during its consultation period meant that we then moved our position, which I think is an example of a business working sensibly with a regulator. We came up with what we thought would be the right thing for audiences, but Ofcom said that that was not acceptable, so we reached a solution that worked not only for STV but for audiences.

Pauline Stafford: The consultation with audiences across Scotland that followed showed that something like 93 per cent of people were against the subsequent changes. Could you reflect a wee bit on that? Do you think that that situation has improved since the changes have come in and people have experienced them?

Rufus Radcliffe: I reiterate the point that our share of viewing has gone up since we made the changes on 13 July. The changes have also allowed us to do more in digital than we had done previously, and we are encouraged by the audience response to that.

You are right that viewers in the north had a lot of feedback about our proposed changes. However, to come back to a theme that we have talked about, there was quite a lot of misinformation out there about our intentions. There was a sense that we were closing the studio in Aberdeen, which we were not, and that we would not have journalists on the ground in communities, which we do. That was difficult for us, because we had to correct a lot of things through that process. I know that it probably sounds counterintuitive, but the level of response that we got was an indication of how much public service broadcasting matters.

Pauline Stafford: Absolutely. We touched on the fact that people really value local news and news that is made as close to them as possible. That is what keeps it relevant for people, even if it is not profitable at that moment.

You mentioned earlier that you are trying to make editorial decisions as close as possible to where the news is made. How does that process work daily since the changes have come in? Where are those editorial decisions made?

Rufus Radcliffe: Those editorial decisions are and will continue to be made on the ground in our regional news offices. I think that we have made the right editorial decisions on the ground on some of the stories that we have told over the past few months, whether it was the tragedy of the crew of the fishing boat in the Isle of Lewis or the Jackdaw decision, which was broadcast and livestreamed from Aberdeen harbour. The editorial decisions are not centralised.

Pauline Stafford: That is good to hear. Am I right in saying that the formal report that you mentioned will go to Ofcom at the end of the year?

Rufus Radcliffe: It will happen at the end of next year. It is our statement of programme policy, in which we will report back on the delivery of our licence requirements.

Pauline Stafford: Will it contain viewing figures from before and after the changes to licences and will it have a regional breakdown?

Rufus Radcliffe: There is no regional breakdown, because we do not have that data. We have not had programming data split by licence area for over 20 years now; instead, we get the data from Barb Audiences Ltd, which is a combined figure for the central and north areas.

Pauline Stafford: Are you able to share those numbers with the committee?

Rufus Radcliffe: No. I cannot break it down, because we do not have the data. Unfortunately, it is not published.

Pauline Stafford: That is fine.

You have covered some of this already, but you mentioned that STV Radio produces news. Do you see STV Radio as part of your public service broadcasting obligations, or is it an entirely commercial venture that supports them?

Rufus Radcliffe: It is an entirely commercial venture. There are many good things about it, but what I would say about it is that it is also starting to uncover young emerging music talent. Two young stars, Ben Walker and Kevin McGuire, found their first opportunities through it, and the legend that is Marti Pellow ran a competition on STV Radio to find three young acts to perform with him at the bandstand at Kelvingrove park. Although it is unequivocally a mainstream commercial music proposition, the team are doing fantastic stuff in discovering young music talent for Scotland.

Pauline Stafford: Marti Pellow—that is a name that I have not heard for a long time.

Obviously you are balancing out the priorities as you go, but if your financial performance were to recover considerably, would STV look at restoring its investment in regional news, including STV North, or is it your opinion that once it is lost, it is lost?

Rufus Radcliffe: We are absolutely focused on delivering our new licence arrangements now, and we will not be returning to our previous licence arrangements.

Pauline Stafford: The ITV-Sky deal that is going through has been touched on already. As you have said, STV is an entirely separate independent business, but the UK culture secretary, Lisa Nandy, has decided to introduce a public interest intervention notice and has tasked the regulator to look at the deal in terms of media plurality and free speech across the UK. Will that have any implications for STV in Scotland? If Ofcom were to come back in January highlighting the same issues, what would you like the Scottish Government, the UK Government or the regulator to put in place to protect us from some of those issues?

Rufus Radcliffe: Look, we need to ensure that our commercial foundations are not weakened, but I think that this is an issue that goes beyond the Sky-ITV transaction. The issue is the successful implementation of the Media Act 2024 and Scottish audiences being able to find our content.

The 2024 act stipulates the need for prominence to be given in the digital space to public service broadcasting, but we have an anomalous situation in which there is UK prominence but not necessarily Scottish prominence, and the scenario that we are facing, and which it is incredibly important to get resolved, is that, on many connected TV platforms in Scotland—think Samsung, LG, Google TV or Amazon Fire TV—people will find ITVX and not STV Player first in terms of guaranteed prominence. Clearly, that is bad for STV, but it is also bad for audiences, because when they click on those apps, they will get a blank screen. Also, these connected TVs have TV guides where you will find ITV1 rather than STV and, again, when you click on it, you will get a blank screen. That is a terrible experience for audiences, and it is clearly bad for STV.

Therefore, we need the right protections from the 2024 act to deal with the issue of prominence and discoverability and the ability for people to find our content. If there is one thing that I would love the committee to take away from this meeting, it is the importance of that issue.

Pauline Stafford: You have already been clear about the issue of regionalisation and how STV has been disadvantaged. Is there any indication that a resolution is on the horizon?

Rufus Radcliffe: Clarification is imminent, so it will happen very soon. However, I have not been given a specific date—I hope it will be before the end of the year.

Pauline Stafford: Finally, you have said that there has been a failure to properly implement parts of the Media Act 2024. You have highlighted your priority in that respect, but are there other parts of the act that you would like to see implemented to help with sustainability?

Rufus Radcliffe: I think that the Media Act 2024 was a very important intervention, and it recognised the importance of public service broadcasting and the challenges that we have. However, as with all pieces of legislation, the devil is in the detail, and we are working with big global platforms that do not understand the complexity of the UK or how the channel 3 network arrangements work, including the fact that ITV has 13 licences and we have two—and that we need to be discoverable in Scotland. That is the big priority for us.

10:00

Keith Brown (Clackmannanshire and Dunblane) (SNP): Thank you for appearing today, Mr Radcliffe. I will follow up on one of Pauline Stafford's points. Given Colin Beattie's points about falling revenues and falling profit, going back to what will happen with ITV and Sky post-deal—if the deal happens—is STV able to protect itself and its independence from bids that follow? You might get what you want from the 2024 act, and it might help with prominence and so on, but it is quite a hostile world out there, so how well is STV able to defend its independence?

Rufus Radcliffe: We are delivering our plan, and we will continue to be an independent company. As I said on the Sky-ITV transaction, we have change-of-control protections in place and we are engaging in the CMA process. One of the themes coming through our discussion today is that it is a challenging market out there, but we have made the right decisions to put STV on a sustainable footing moving forward, and we are focused on delivering what we said we would deliver.

Keith Brown: I am just trying to work through that. How much of a guarantee do those change-of-control protections provide? I am trying to understand the extent of the vulnerability of STV, if the deal goes ahead or as a result of any other potential threats on the horizon. We currently get an appalling service from Sky in terms of Scottish news. Would a change of ownership in STV undermine those protections, or would they continue after a change of ownership?

Rufus Radcliffe: We are an independent business, and we are continuing to deliver on that basis, but we have licence requirements until 2034 that we will continue to deliver.

Keith Brown: That does not really answer my question, because I am asking you about your potential vulnerability. You might have those plans, you might focus on this, that and the other, and you might even have licensing protections, but if you are taken over in a hostile way, those protections will be afforded to whoever the new

owner is. I am trying to get to the bottom of how strong STV is and how confident it is that it will be able to defend its position as an independent country.

Rufus Radcliffe: An independent—

Keith Brown: I mean an independent company—sorry—but that, too.

Rufus Radcliffe: I was thinking, "We really are going into a different space now."

Keith Brown: Feel free to answer on that, too, if you like.

Rufus Radcliffe: We are actively engaged in the CMA process to ensure that our commercial foundations are not weakened. We are a listed business with shareholders, so I am sure you understand that I cannot really comment further on that.

Keith Brown: It is quite worrying. I am the last to ask questions, so, inevitably, all the ground has been covered. However, on the point about public service news and broadcasting, I am putting words in your mouth a bit, but it seems that it is either cross-subsidised or it is not an essential thing, and nearly 40 per cent of the redundancies or job impacts so far have been on the news and journalism side. It sounds a bit beleaguered to me and as though news is not exactly central to what STV is doing.

If it is the case that, as you said, you have tried to diversify and use platforms such as YouTube—you are not the only company doing that—surely there is a question to be answered about whether the things that are most valuable, namely trust and relevance, are undermined in the way that the convener mentioned. If you are part of the morass of YouTube, with all that goes with that, or of the wider internet, although it might be a bit counterintuitive now, perhaps you should be sticking with who you are—being trusted and relevant, as you certainly were in the north-east of Scotland. Surely you are gambling on a trend that might well reverse itself.

For example, we have already heard from some schools and police that trusted sources are now at more of a premium because young people struggle to understand what is true, what is relevant to them and what they can trust. Are you not undermining that with these changes?

Rufus Radcliffe: We are not undermining that. You made the point that STV News is not central to what we do. In fact, 25 per cent of all colleagues at STV work on news, we are extremely proud of it and it is an incredibly important part of what we do and will continue to be so.

You are right to identify the challenges with trust in general. That is why one positive of the changes that we have made is that they will allow us to do more in digital. There is so much misinformation and disinformation out there, so it is important that the values of STV News can apply equally in the digital space, as they do in the broadcast space.

It is vital that we are on those platforms so that we can engage with young audiences where they are spending their time. We are on 13 platforms at the moment; importantly, one of the biggest platforms for STV News is TikTok. There is a scenario in which we double down on our 6 pm news broadcast proposition, we do not go into the digital space because it is full of misinformation and disinformation, and we wave the white flag. We are taking a completely different view: that is where audiences are now, and we need to take the values that have supported STV News for 70 years and apply them in the digital space at scale, so that we can bring new audiences in to engage with our brand.

Keith Brown: I have mastered STV Player, but TikTok is a step too far for me.

I go back to the point about the extent to which you value news. Much of the discussion so far has concentrated on the size of the hit to news in the recent changes, and on the way in which you have talked about the news and the public broadcasting element of what you do. For example, you did not cover the general election—you had no programme for that—you did not cover the Scottish election and you are ditching the Thursday night programme. That does not sound like an organisation that is committed to its news function.

Rufus Radcliffe: We had a live election debate in Edinburgh during the Scottish election. I was proud of our coverage of the Scottish election. You are right that we did not have any election day coverage, but our coverage leading up to the election was excellent. As I said earlier, 25 per cent of our colleagues work on STV News. It is a huge part of what we do and will continue to be so.

Keith Brown: You say that you had excellent coverage on the way up to the election. Surely, having excellent coverage of an event and then not covering the event itself on the day is a bit perverse.

Rufus Radcliffe: The reason why we did not have coverage on the day was that there was industrial action.

Keith Brown: Not for the general election, though.

Rufus Radcliffe: Oh, for the general election—no, you are right. However, as I said, our coverage of Scottish and UK politics has been first rate and will continue to be so.

Keith Brown: It is just that the facts might say otherwise.

My last question is about something that you mentioned before. I do not know anything about this area and it would be useful to have you talk through it, if possible. You mentioned in response to Pauline Stafford's question that it was not possible to disaggregate the figures for the two licence areas. Is that true across the UK—are there other licence areas that cannot have disaggregated figures? It would seem sensible to have them. Who should we talk to about that? You said that it was Barb.

Rufus Radcliffe: Barb has a gold-standard TV measurement system, which we all use. We get our viewing data every single morning. It does not split out programming performance across our two licences and it has not done so for more than 20 years.

Keith Brown: Is that so for the rest of the UK's licence areas?

Rufus Radcliffe: I will have to come back to you on that question.

Keith Brown: I do not want to speak on behalf of others, but there has been some dissatisfaction from the committee—let us put it like that—with Ofcom and the fact that, as it said, its raison d'être was to look after consumer interests but it did not seem to be interested in taking up any of the issues that were raised on consumers' behalf.

Barb may be a gold standard, but it is relevant to us in Scotland to have those figures disaggregated. That may be something that the committee will want to take up with Barb. I appreciate that you do not have the figures, but it would be interesting to know whether that happens in the rest of the UK or whether it is only Scotland where that does not happen. Thank you for your evidence.

The Convener: Before we finish, I just want to get clarification on a couple of points that have come up.

First of all, you have talked about the change-of-control protections that you have in respect of the potential ITV deal. How long are those protections in place? Do they rest on agreements with a fixed time limit?

Rufus Radcliffe: No. As you will understand, our arrangements with ITV are commercially sensitive, so I cannot go into a huge amount of detail on them, but the majority are evergreen—that is, they will continue.

The Convener: So, there will be no danger in that respect. I think that you said that you currently hold the licences to 2034.

Rufus Radcliffe: Yes.

The Convener: If STV were to continue as the licence holder in the longer term, could those agreements, as far as you are concerned, be relied on?

Rufus Radcliffe: Yes. The vast majority would continue but, as I have said, a lot of our arrangements with ITV are commercially sensitive, and as we are a listed business, I cannot go into any more detail on them. However, I can say that, for the majority of our arrangements, we have change-of-control protections in place.

The Convener: Which you are confident about for the longer term.

Rufus Radcliffe: Yes.

The Convener: I also want to ask about this issue of prominence on broadcast platforms and the implementation of the Media Act 2024. I apologise—I probably should know the answer to this already—but if the UK Government were to take forward the changes or the implementation that you are calling for, how quickly would that take effect? Would it simply regulate the smart channels on new TVs, or would it force existing systems to be upgraded? Would it apply to all the different platforms, not just smart TVs but streaming boxes and so on?

Rufus Radcliffe: There will be techno—tech—[*Interruption*.] I will put my teeth in. There will be technological challenges with it, but we hope that there would be a release for the TVs that are already in people's homes as well as new TVs. We hope that it would apply across the board.

The Convener: So it would initially apply to sales of new devices.

Rufus Radcliffe: No, I think that there would be a release retrofitting it to TVs that are already in people's homes.

The Convener: And would that apply to devices that are not televisions, such as streaming boxes or other things that people use to watch what we used to call television?

Rufus Radcliffe: Yes. It will need to apply to all devices on which people watch content.

The Convener: What about people who do not have a television set but watch ITV, STV or BBC on, say, a tablet?

Rufus Radcliffe: A tablet is different, because it does not tend to come with pre-installed apps. When you buy a tablet and take it out of the box, you have to download the apps individually. Therefore, we hope that people in Scotland who buy such devices will proactively go out and download BBC iPlayer, STV Player, Netflix and so on. They do not come pre-installed.

The Convener: So even if the implementation of the 2024 act were to be taken forward in the way that you are asking for—

Rufus Radcliffe: That will not make a difference to that.

The Convener: —there might in future be a growing cohort who have to take that individual step instead of having prominence delivered to them by default.

Rufus Radcliffe: Yes, but even in this world where there is a huge amount of change, the majority of viewing still happens on big screens. Although many people watch content on their phones, on their tablets and in lots of different ways, the vast majority—around 70 per cent, I think—still use a big screen. Therefore, priority number 1 is to get the prominence applied there.

The Convener: Thank you. Do members have any final questions, just to mop up any issues that we have not covered adequately?

David Green: Yes, convener. I will be very brief.

Jenny Young is not with us this morning, but last week, she put some good questions to Ofcom on artificial intelligence and preparation for some of the ethical issues in respect of news, in particular, but more broadly across the sector. Can you tell us briefly what internal response you have had to AI and how you are using it?

Rufus Radcliffe: Yes—

David Green: And please be short—I do not think that we have much time.

Rufus Radcliffe: AI is definitely a challenge—and certainly a huge challenge in the news space. The perennial theme that we keep coming back to is the amount of misinformation and disinformation out there. When you go online, you will find so much AI slop that has never happened.

AI will never be responsible for our journalism; it will never be used in that space, and it will never be part of the creative process of making brilliant content for other people, either. However, it does provide a huge opportunity to speed things up. It allows us to get to the starting line quicker, and it allows us to do routine tasks quicker and to improve workflows. In news, for example, it allows us to transcribe audio to text much quicker than we could previously.

It has also allowed us to scale up our accessibility provision—for example, the live subtitles on STV News are applied through an AI model—and it will help us to identify new commercial opportunities, too. That said, we are applying it in a responsible way, as you would expect any public service organisation to do.

David Green: Thank you.

The Convener: That brings us to the end of members' questions. Thank you very much for your time, and no doubt we will continue to engage with you, and the rest of the broadcast and screen sector, as things develop.

I suspend the meeting for a couple of minutes for a comfort break and a changeover of witnesses.

10:15

Meeting suspended.

10:20

On resuming—

The Convener: Let me welcome our second panel of witnesses. We are continuing our discussions on broadcasting and news with Rhodri Talfan Davies, deputy director-general of the BBC; and Hayley Valentine, director, and Louise Thornton, head of multiplatform commissioning, both from BBC Scotland. I thank you all warmly for joining us. Hayley Valentine is going to make some opening remarks on behalf of the BBC.

Hayley Valentine (BBC Scotland): Thank you very much for having us this morning. It is nice to see you all. We are meeting at a time of huge change in the media industry. Audience behaviour is changing rapidly. People are increasingly consuming content on demand, on multiple platforms, and they expect to access it whenever and wherever they want to. That is changing how we serve audiences in Scotland, but it does not change why we do it. Trusted information and high-quality content that reflects Scotland's people, communities and stories are needed more than ever.

It is also an important moment because of the conversation that is going on about the BBC's next charter. It is a chance to discuss what audiences want and expect from the BBC in the years ahead, as well as the role that public service media should play in society and how we ensure that the BBC remains relevant, universal and sustainable in a different media landscape.

Those discussions are taking place against the backdrop of serious financial pressures. The BBC has to make some difficult choices across the board, and BBC Scotland is no exception. However, although we must be realistic about those challenges, we are still very ambitious for Scotland.

I see our role as having two parts. First and foremost, it is to serve Scottish audiences through providing trusted and impartial news, distinctive sports coverage, educational content, cultural programming and our language services.

Secondly, it is to represent Scotland's people and stories, not only to audiences at home but across the wider BBC and across the rest of the United Kingdom and the world. Both roles are more important than ever. Audiences need trusted information in a complex world, and they rightly expect to see their lives, communities and experiences reflected on screen, on air and online.

Serving those audiences with quality, authority and reach is what people expect from us. However, people also have to be able to find that information. We need our content from Scotland to be prominent and easy to find. It is not enough to make great content any more; audiences must be able to find it, whether on BBC platforms or on external platforms.

The challenge is to deliver those purposes in a rapidly changing media landscape while facing severe financial pressures, and the charter settlement is central to that. Our focus must be on adapting to changing audiences' needs and ensuring that Scottish stories, voices and perspectives continue to be heard here and beyond. Although the challenges that we face are undoubtedly serious, BBC Scotland's creative and editorial ambition remains exceptionally strong.

We look forward to your questions.

The Convener: Thank you very much. I agree with the comment that you made in your opening remarks about the importance of trustworthy news in an era of misinformation—it is more important than ever, and that is a large part of the reason why the committee has decided to hold these meetings and have these discussions.

To begin, will you reflect on some of the changes and—let me use this word—cuts? There have been significant reductions not only in what is produced but in the jobs and the skills that are involved. Can you also tell us where you are on that journey? It has been put to me that the BBC has begun that process but anticipates making much more significant cuts in future financial years. Some of the workforce anticipate that future cuts will, frankly, be more brutal, rely less on voluntary redundancies and be more visible to the viewers—because the further you go down that route, the more inevitable that becomes. Where do you see the BBC in that journey? Unless political decisions at the UK level result in a significantly more generous financial settlement, is the degradation of the viewers' experience and of the BBC's ability to meet the current need inevitable?

Hayley Valentine: You started with trust. Trust is incredibly important to us—we hold it in the highest regard, and we hold impartiality as our central principle when we make our news programmes. We have looked at the savings challenge through the prism of how we can continue to serve audiences as well as possible when so much change is happening, not only in the BBC but in the marketplace and in the way that our audiences consume information.

Before we go into the detail of the numbers, where we are up to and where we need to go, I will say that behind all those decisions and numbers are individuals with jobs, careers and families, who want to work at the BBC for the very best of reasons—BBC Scotland, in particular, feels like a close family and many people have worked there for a long time—so there are no easy decisions in the process and we do not take those decisions lightly.

As I have said, our priority is to minimise the impact on our audience and content, and our first principle is to protect the areas where we know there is growth, both in news and in the broader context. We have looked carefully at where duplications might exist—the bits of content that other people are delivering—and at what we could do differently in the organisation while still delivering. As you said, convener, how we deliver will probably change dramatically, as will the required skill set, but it is still about delivering as much as we possibly can.

We are considering making all our content multiplatform. The way in which we deliver content has changed dramatically and continues to do so. We have recently reshaped our newsroom, and we will continue to do that. We are on that journey and it is not complete yet. Nobody is looking after an individual bit of content in one genre—there is no split between television, radio and online. Instead, we are looking at a single point of commissioning, in the middle of which is the story, which is the key. We then push it out to as many platforms and people as possible, which allows us to consider reshaping the whole place and doing things differently.

You will know that we are planning to close the "News at Seven" programme, for example—we will, no doubt, talk about that later. However, we deliver a huge volume of television content already and we need to ensure that, when we deliver for television—which is a central plank of our news journalism—we also deliver for digital and audio, on-platform and off-platform. We are doing a huge amount of work behind the scenes to examine how to deliver while minimising the impact on staff and audiences.

Realistically, it will not be possible to deliver everything that we do now with the level of cuts that we are looking at—I will use the term "cuts", too, since that is what we are talking about. As you know, we have announced that we are closing 70 posts in Scotland so far, which is roughly 10 per cent of our workforce. We hope that most of that

will happen through volunteers, but not all of it will. It is impossible to deliver that level of savings in that way, because we do not have that number of volunteers or that level of headroom in BBC Scotland. All our money, more or less, goes into content making, so it is difficult to consider the matter without looking at the possibility of compulsory redundancies.

We have more to do—Rhodri Talfan Davies might come in on the bigger picture of the whole of the BBC. I have been clear with the staff that this is not done yet, that we need to look again at the principles of how to avoid hitting audiences too hard and losing the volume, and look really hard at how we do business as well as how we deliver, how we could use technology and so on. However, we will undoubtedly have to come back to the question.

Do you want to pick up on the bigger picture, Rhodri?

Rhodri Talfan Davies (BBC): To give a little context to the committee on the wider financial outlook, it might be worth quickly explaining why we have that challenge. There have been year-on-year reductions in the number of households that pay the licence fee, which obviously creates unpredictability for our planning. There has also been higher-than-forecast inflation in wider society, but particularly in the creative and production economy, as well as increasing commercial headwinds—our commercial operation throws off about £200 million a year, which we have historically been able to reinvest in our public services. There are therefore a number of moving pieces, which effectively means that, if we continued to spend at our current rate, our public services would cost about £500 million in excess of the income that we are bringing in to fund them. That is the work in hand. Up to this point, we have announced around £200 million of savings towards the target of £500 million; however, as Hayley Valentine says, we have further to go.

10:30

We are considering the options. There are three categories, and there are always opportunities for additional efficiency—particularly in thinking about technology, innovation, AI and all the other opportunities that present themselves. We are considering those programmes that drive particular impact with audiences. As Hayley said, we are also thinking about the direction of travel of the marketplace. Amid the charter conversation and the financial challenge, a revolution is going on in viewing and consumption habits, so we must make changes that are consistent with that overall direction.

The Convener: A great many of those changes would be happening regardless of whether you were facing the current financial decline in income and the need to make cuts.

As I understand it, the cuts or savings—whichever word we prefer—that have been made to date have predominantly relied on voluntary redundancies. However, that is unlikely to be the case if you go forward from the £200 million to the £500 million.

Rhodri Talfan Davies: That is a great question. It will get harder. We have made a commitment to our trade unions that we will do everything we can to minimise compulsory redundancies. However, the levels of restructuring and post reductions mean that that will get harder and harder.

It is a fair point. We are working with the unions, and we have made significant strides during this first wave. You are suggesting that the second wave could be harder and more challenging, and I think that is probably right.

The Convener: It will also be more visible to viewers and listeners.

Rhodri Talfan Davies: We have deliberately been considering those parts of the organisation that do not face the audiences directly. Our professional services are back-office functions, and I would expect a disproportionate amount of savings to be found in those areas, not just because they are not audience facing but because the opportunities for automation and efficiency are significant there.

There is no doubt that there is an audience impact from the savings that we have announced already. The National Audit Office report that came out earlier this week, or last week, indicates that it will get harder to protect the services that we offer—and I think the NAO is right. The truth is that the BBC has no easy options. Everything that we touch or everything that we decide to close usually has a loyal audience that hugely values that programme or service. However, we have to consider the overall impact and the direction of travel of the market.

The Convener: I wish to pick up specifically on what you said about reducing licence fee income and fewer households paying the licence fee. That is predominantly not the result of fewer households ever watching television, is it? We are principally talking about people whom we would expect to be paying the licence fee but who are choosing not to. Is that the case?

Rhodri Talfan Davies: We have a structural problem. The director general has talked about the current licence fee being a straitjacket, and I think he is right. The licence fee model is anchored in live consumption but, clearly, the majority of the

audience has moved to on-demand consumption. There are swathes of services, such as BBC Radio and all our BBC online services other than iPlayer, that fall outside the definition of the TV licence. We are therefore anchored in a funding system that is out of time. That is the primary focus of our conversation with the UK Government.

There is not a consumption challenge for the BBC. UK consumption of the BBC is around 94 per cent on a monthly basis, but only 80 per cent of households pay. We have universal consumption, pretty much, and we need a funding model that reflects that.

The Convener: You have talked about aiming for £500 million of cost reductions, savings and cuts. However, your annual report says that licence fee income is down by the equivalent of £1.2 billion in real terms since the start of the charter period, in 2017. Is that accurate? If so, if that were reversed, it would more than obviate the need for this very difficult, challenging and harmful set of cuts.

Rhodri Talfan Davies: The quantum of loss over the past 10 years is, as you have described, very significant. It is almost a third of the BBC's income in real terms. That is the result of two things. One is the BBC being required during some periods to pay for benefits for certain types of payers; the other is the successive years of funding freezes. The loss has built up and accumulated.

To answer your question on whether that money would obviate the need for savings, it would, in part. However, to return to my earlier answer, there would still be a requirement to change, because broadcast audiences are in decline, so we need to double down and increase our investment in extending our digital services.

The Convener: My final question, before I bring in other colleagues, is about the longer term. When broadcasting was a new technology, in this country the BBC was it. Even into the latter part of the 20th century, the BBC was the backbone of broadcasting. We are now moving into a period when the BBC is one player in a market in which there are much bigger producers and commissioners of television, and there are potentially more eyeballs on YouTube than there are on the BBC.

The BBC used to be a place where journalism, in particular, was a secure career path that someone could have inside the institution, developing their skills and being involved in different types of journalism in different parts of the country. I put it to you that people do not feel that any more—they feel insecure. Is there a path back to the BBC being the backbone of journalism and the wider industry, as it previously was, without the UK Government fundamentally changing the financial picture?

Hayley Valentine: I will start, but I think that Rhodri Talfan Davies wants to say something on that, too. The BBC is still the best place to work in journalism in the UK, but there is something to be said about the word "insecure". The industry is changing massively. If someone asked me whether I would advise my children to go into journalism at the BBC, the answer would definitely be yes. I cannot sit here, having had the career that I have had in the BBC, and say otherwise. The difference now is that we need people who join the BBC to expect—in a way that I did not but, in time, learned to—to be utterly flexible in the way that they make their journalism.

Quality storytelling, both in news and much more broadly, remains the backbone of the BBC. I will come on to the point about the streamers in a second. What we need in the workforce is a flexibility that we support through reskilling, upskilling, training and the technology underneath it. To come into the BBC in 2026 thinking, "I do digital video, and this is what that looks like" will not work. In two years' time, it will look different. In five years' time, it will look different again in ways that you and I probably cannot predict.

There is still a really strong career path in the BBC, although not necessarily a job for life, because the world around us has changed and I would not expect or want people to think that that was what they were coming into. We still offer a brilliant training opportunity through journalism apprenticeships and more broadly, but you need to come into it thinking, "My life is going to change dramatically." The thing at the heart of it is the quality of the storytelling. That does not change.

On the streamers, you are absolutely right that we are working and living in a very different marketplace and that YouTube is a dominant player now, too. However, if you want to work on UK stories and, in this context, Scottish stories, we are still providing and working on those at volume—whether in drama, fact or news—in a way that our competitors are not.

Rhodri Talfan Davies: Can I prod back slightly on the first part of your question? It is easy to see global competition as somehow dwarfing the BBC's role, but, despite that fragmentation in consumption, if we look at video or television viewing, the BBC remains larger than Amazon, Netflix and Disney combined, and our news service is far and away the most trusted in the UK and internationally. There are 6,000 to 7,000 journalists working in the BBC at local level, at national level in Scotland and at UK level. The pathways are there, the scale is there and the investment is there.

I always think that there is a slight category error when we talk about Netflix and Amazon. They are not there to underpin our democracy, to tell UK and Scottish stories or to bind society and create connections between communities. They are media players, but we have a fundamental mission that is entirely different from that of the global streamers.

The Convener: I think that it would be fair to say that some of the platforms, but not necessarily the ones that you named, are actually there to do the opposite and undermine our democracy, and they are actively doing so.

As the BBC and the rest of our broadcasting landscape continues what seems to be a merger with an online world, the public service ethos that has characterised broadcasting in this country is fundamentally in jeopardy, is it not, as we look to future decades?

Rhodri Talfan Davies: Some of the changes that we are seeing at the moment should make us alive to the risks that we are facing. We have seen a fundamental transfer of cultural, creative and economic power to the west coast of the United States. Huge global gatekeepers hold a significant amount of personal data about us all, and they play a significantly bigger role in our lives year on year. We can debate questions of sovereignty in this place, but keeping the notion of UK sovereignty or Scottish sovereignty in the face of those global challenges is a real issue. The BBC is the best bet that this country has to maintain a substantial voice that determines whose stories are told by whom.

We all need to be alive to the risks. To me, as someone who has grown up in the industry for 30 years, Comcast's decision to acquire ITV represents a huge shift. We will very soon get to a place where the BBC will be the only sovereign media player of scale in this country, and that should concern us.

Hayley Valentine: In the Scottish context, our job is to do two things. One is to tell Scottish stories and reflect the lives of the people who pay the licence fee here, and I do not think that the streamers such as YouTube are doing that at volume. Some 80 per cent of the YouTube content that is viewed in this country is made somewhere else. I am not saying that the streamers have no commitment to doing what we do—we have done some brilliant projects in Scotland with Netflix, et cetera—but it is not their primary goal. My primary goal is to tell Scotland's stories, and we do that at volume.

The other thing is that we are here to support the sector in Scotland so that it is, we hope, in a position to thrive. If you took us out of the picture, the sector would not survive in Scotland. We are here to support the industry and provide the economic value that goes with that, alongside all the other things that we have talked about, such as being trusted and providing impartial news.

The Convener: I will bring in colleagues now. I said that I would bring in Pauline Stafford first.

Pauline Stafford: Thanks for coming in this morning. We will probably discuss quite a lot of the areas that we covered on STV, but the biggest difference is that the BBC is funded through the licence fee, and my first question is about where we are going with that. An article in *The Guardian* yesterday noted that a think tank has suggested that, within a decade, fewer than half of the households in Britain will be paying the licence fee, and that that funding is now locked into a spiral of decline. Is that your position?

The UK Government's green paper pretty much rules out any changes to general taxation or a household levy, and I note that a growing petition is calling for the licence fee not to be extended to include subscribers to streaming services. Is that realistic, given the position that we are in? You have outlined really clearly what we are defending. Is it a reasonable position that we should not look at those options for the licence fee?

Rhodri Talfan Davies: I do not want to pre-empt what the UK Government will say, given that we are probably only a few weeks away from seeing the white paper.

Our position is that the existing funding model is out of time. It is anchored in a live consumption model that no longer reflects modern reality and, as I said earlier, the figure for consumption of the BBC—94 per cent a month—is significantly higher than the 80 per cent of households who are paying for the BBC. There is a fairness issue in that, which we also need to think about.

10:45

The Government has said that it wishes to maintain the scale, size and impact of the BBC and that it is prepared to look at funding options that would modernise the funding flow and give us a sustainable base on which to plan. You are right that the Government has ruled out using taxation or the household levy model that Germany has adopted in recent years.

There are several ways to modernise. You will have seen speculation in the papers that there will be an extension to the scope of the licence fee so that viewing the streaming platforms also comes within the licence fee's definition. I think that we will have the answer from the Government very shortly—I do not want to second-guess it. The Government understands that, without reform, we will be in a position in which we are managing the decline of one of our biggest national and global

institutions. The Government understands the jeopardy and I hope to see its response to that in the next couple of weeks.

Pauline Stafford: That is really clear. This is a pivotal moment. Two weeks ago, the committee heard from witnesses that this is the point at which we have to sit down and decide what we want for public service broadcasting and how we are willing to fund it. We are at that critical tipping point.

Trust is a big part of that, regardless of which model the licence fee adopts going forward. When you were at the Scottish Affairs Committee at the start of the year, Hayley Valentine, you said that your ambition was for the BBC to cover and reflect the "big cultural moments" when a country can come together. Obviously, you have raised a number of issues over different periods—I am thinking about the Commonwealth games not being covered on the BBC, and the recent British Academy of Film and Television Arts awards, which were not covered. I know that there are licensing reasons for those things. On Saturday, the Scottish rugby team had a great victory but we were only able to watch the England match. With those decisions, do you think that you are achieving that ambition to cover those big cultural moments that audiences in Scotland want to see?

Hayley Valentine: At the BBC, we have those conversations all the time about maintaining uniqueness. We want to be universal but there are also some unique cultural events in Scotland that we need—and want—to cover. I will talk in a minute about the individual events that you have named.

It is important to us that we bring people together around those big moments. You will have seen the efforts that we made to get the Scottish international football and the impact that that has had. The audiences for those games have been huge, as has the support for them, and the Scottish Football Association and audiences have been pleased with how those matches have gone on to free-to-air television. We do not get much feedback, but the most positive feedback that we ever get is for the Scottish internationals. We work really hard on that stuff.

We also have a programme of events across the year, from Hogmanay to Burns night, to Belladrum, to the Mòd. There are a huge number of events where, if we did not cover them, nobody else would. Those are really important. We cover culture daily on our radio stations, we have a series of specialist music programmes that look at specific areas of Scottish music and we are proud to continue to do that. There are lots of examples that we can look to.

You mentioned the Commonwealth games, the BAFTAs and the rugby. The Scotland game was on ITV—I know that you could watch it on ITV, because I did—but it was not on the BBC. Those are very separate decisions made on different bases, and that issue is always in the mix.

As you know, we submitted a bid for coverage of the Commonwealth games and we lost out financially. I cannot go into the details of that, but we did try to get the games. Nobody was more disappointed than I was that we did not get them, but we are living in constrained times. We do not have a blank cheque book and deep pockets like some of the others do, and we lost out straightforwardly. Rhodri Talfan Davies might want to come in on that in a second.

On the BAFTAs, that was an editorial decision. No decision is made in isolation. We are making savings and we have to stop broadcasting some things in the way that we have done in the past. For the Scottish BAFTAs, we found that we were not attracting a very big audience for the television programme. The two aspects of the BAFTAs that people want to see are the glamour and the winners. By the time you put the programme on television, everybody has already seen those things.

Last year, the BAFTAs television programme attracted about 50,000 viewers. It had done less well the year before, in a less favourable slot, but putting it in a more favourable slot still did not get a huge number of viewers. This year, we sent the news team that we normally send to cover it on the day across all our news services—radio, digital and online—and a second team of people to film it for socials rather than television. Within 36 hours, more than a million people had viewed the content, which we managed to get out while the BAFTAs were still going on, in live time. That is how people will expect to view those events from now on.

Of course we saved some money in the process, but nothing is based on one decision only—these things are seen in the round but they are complex, and we felt that that was a good model. We were getting feedback from our audience, because we had huge numbers on our social media, where we were showing winners, the Scottish stars who were there and so on, on the Sunday night while the event was going on. That felt like one of those shifts towards where audiences are getting their content that worked for us.

Rhodri, do you want to say something on the Commonwealth games?

Rhodri Talfan Davies: We would have loved to provide the Commonwealth games, but we are living in a world of hard choices. I remember my first conversation with Hayley when she started in the role, when she said, "I'm bringing Scottish international football back to the BBC." When your money is constrained, you have to prioritise what

you believe will drive the biggest national impact in Scotland, and I think the acquisition of the football rights was a masterstroke in Scotland. It is very interesting to look at the data in last year's annual report on whether audiences believe that the BBC is for them—whether it represents them—because, last year, the figure on that was higher in Scotland than in any of the other three UK nations. That has not been the case in the past, and I suspect the acquisition of the football rights played a very big part in it.

Hayley Valentine: We might not be about to move on from the games, but I will just add that we were then offered the rights in Gaelic, and I think we produced 45 hours of content in Gaelic. The money we put into producing that was ring fenced for savings, but it was important to me that we took that out of the savings budget and spent it on the Commonwealth games, because it was important that it was available to audiences somewhere, if that was an option. Therefore, there were 45 hours of content in Gaelic, and our news teams covered it extensively. Josh Kerr has had a huge amount of coverage on the BBC, including some of the definitive articles on his progress and winning, so we did everything we could on the Commonwealth games—bar having the live rights, which we tried to get.

Pauline Stafford: I appreciate that and also that you are making these decisions in real time and reacting to the response from people, so I was really pleased to see that you reversed the decision on covering the world pipe band championships, which is really positive. Are you able to share any details about the reasons for that?

Hayley Valentine: We did not reverse the decision; we had not made a decision. We are contracted to cover the world pipe band championships for two years. Louise, do you want to come in on that? You were involved in it, too.

Louise Thornton: Yes, absolutely. We had a contract to cover the world pipes for two years, but, in my job, I look at everything every year, and, as I did on the BAFTAs coverage, I have to think about whether we are getting value for money and reaching the audience in the right way. We are absolutely committed to covering the pipes, but I can understand that, while we were looking at how we were going to cover the championships, there was perhaps anxiety about it, and people started to think we were not going to cover them, when, actually, we had just not decided how we were going to do so. The championships are a year away, and we are working with the production team to find the best way to cover them. We absolutely are covering them; it is just that, under savings pressure, I am looking at everything across the slate. We are analysing everything and trying to make sure that we are getting the best value for the licence fee payer.

Pauline Stafford: Yes, there is a lot to be said about perception and trust and then about the reality on the ground.

Hayley Valentine: On that, as I said, we did not make a decision that we then reversed. There was a bit of miscommunication.

Pauline Stafford: [*Inaudible*.]

Hayley Valentine: No, I know it is out there that that is what happened, but it is not what actually happened. There was a bit of miscommunication, and I think you can understand my point about the staff, because, regardless of whether they are worried about their own job—or whether their role is going—our staff are really unsettled by this stuff, and they will carry on being unsettled. Managing an unsettled workforce is a big part of the job at the moment, and that is understandable. I have people texting me about it, and we are going round the country talking to individuals, because, particularly if they are not in Glasgow, where our headquarters are, they can feel out of the loop about what is happening. We have been to Inverness and Aberdeen, and, last week, we did a session in Edinburgh with staff on where we are up to and where we might have to go next to try to settle some of that. It is a difficult time, but it is completely understandable in such an environment that people will think, "Oh, is my programme going?" or "Is there a problem?"

Pauline Stafford: Yes, absolutely, and people are quite invested in those things. I think there is a pipe band champion in my constituency—I have got to raise that here.

My final question for now, which is about the BBC channel, is again about perception and trust. Regardless of whether the viewing figures were large or otherwise, the impression is that Scotland is not worthy of having a linear news channel.

A couple of weeks ago, we heard from Professor Happer, whose opinion about the channel was that

"the conditions were never in place for it to flourish".—[*Official Report, Europe, External Affairs and Culture Committee*, 10 November 2026; c 5.]

Can you comment on that? What did not work about the channel? It was set up for a good reason.

Hayley Valentine: Yes—and both Louise Thornton and I were heavily involved in its launch. You can imagine that the conversations that took place around our exec about the decision to close it were difficult. We are both emotionally invested in the channel in different ways. I launched the news programme within it, and Louise was a commissioner at the time. Everyone around the

exec table felt that the decision was one on which the heart and the head were clashing.

We were given a huge amount of investment when the channel launched, which was partly in response to questions from people in this building, among other places, and suggestions that Scotland was not being given the investment that it deserved at the time. We were given an influx of cash that was linked to the launch of a channel.

That seems like yesterday to me, but it was a decade ago and things have moved so quickly since then. We launched a news programme at the heart of the channel, and a huge number of dramas, factual content and volume that we were not doing before. That was the right thing to do at the time. I will let Louise Thornton come in in a second, as she is much more across the detail of this than I am, but we now commission in a completely different way. We know that linear television news is under pressure.

The evidence was showing us two things. First, the channel as a whole and linear television watching did not have big numbers. We were just not getting the volume of people watching the channel, and there is not an opportunity for growth there. Increasingly, people are watching our content when and where they want to, and iPlayer is a massive growth area. The channel will remain on iPlayer. If you go on to iPlayer, as I do, and you click on the top of the page, where the various channels are, the Scotland channel will stay there, as a brand. When people get to that page, they will see all the content that we make, curated for them to watch as and when they want to.

In addition to that, all the content that we are currently commissioning and making for future years will be on BBC One or BBC Two—mostly on BBC One. Most of it is already there, either because it is presented in a co-commissioning way with the BBC network or because repeats of the content are taken. We found that, increasingly, the BBC Scotland channel has not had a growth pattern about it—the figures were not going up. Meanwhile, people have been watching our content in lots of other ways. My priority was to protect as much of the content budget as possible, and closing the channel was an easier way of doing that. The only programme that we are closing as a result of the channel going is “News at Seven”.

There is a symbolism around the channel. I have read lots about that, and I have heard people talking about it here and elsewhere, so closing it feels symbolic. To me, however, the most important thing is protecting the content. I cannot get wrapped up in the emotion and symbolism of something that was absolutely the right thing to do a decade ago and that allowed us to develop opportunities in the sector and inside the BBC; instead, I have to look at the hard facts and make decisions with my head. I can save a certain amount of money in one place, which means that I can protect more of our content budget. I looked after the news on the channel when it launched. Given that history of making television news programmes, it is very hard for me to see that that is not now the direction of travel.

Louise Thornton launched lots of other genres, and the work that we did then is apparent in the work that we are doing now in the Scottish sector.

Louise Thornton: I am so proud of what the BBC Scotland channel has achieved. I was part of the commissioning team; I was a digital and youth commissioner. Even though we were setting up a linear channel, it was always set up as a multiplatform channel—so, I am the head of multiplatform commissioning. It was always very important to us to have the linear channel, but also to have that real estate on iPlayer.

What happened was unanticipated. When we were launching the channel, we did not anticipate just how significant our growth would be on iPlayer. We have grown 70 per cent over four years. We have seen a decline in linear viewing, but that growth on iPlayer has been driven by the investment that was brought to Scotland because we were launching a channel.

I do not really commission for a channel any more; I am commissioning for iPlayer. Because of the emotional connection, I will be sad to see the channel go, and I think that most people who have been involved with it will, too. It was such a moment in Scottish broadcasting.

However, the fact that we are retaining that space on iPlayer and that we are going on BBC One and BBC Two, which will have a bigger reach for our programming in some cases, is important. We can be proud of everything that the channel has achieved, and I am really proud of the way that it has grown our ambition in Scotland.

11:00

When we started, we pretty much had one drama, “Guilt”, which is amazing, fantastic work from Neil Forsyth that went on to do three series. On my drama slate at the moment, we have just announced more than five big, premium dramas that are really significant. We had investment from the channel, but that just shows what we have grown with that investment. We have an incredible growth story on the money that that budget has attracted, which is shown in our audience figures. It is also incredibly important for the sector and for the kind of work that is being made within it in Scotland.

Keith Brown: I have three questions: two are for Hayley Valentine and one is for Rhodri Talfan Davies, and Louise Thornton is welcome to come in on them.

Hayley, I watched your podcast with Martin Geissler, which I found really interesting and useful, because it answered some of the questions that I would otherwise have asked. Unfortunately, I have not heard from Martin since the league cup semi-final, but I look forward to hearing from him again. [*Laughter*.]

Believe it or not, I very much support the BBC. I pay my licence fee and am happy to do so. On the discussions about the licence fee, it now seems to be pretty much an assumption that it will go. I have a feeling that you will go across the storm-tossed seas, look back from a distant place and say, "I wish we were back in licence fee land again." We shall see.

I want to address an issue that I raised the last time that Hayley was before the committee, when I got a very dismissive response to my question. It might sound like a trivial point, but Scottish news regularly gets delayed because the news from London overruns. It is not the case that it overruns only when something extraordinary has happened, which is the answer that I received the last time—it is routine. It happens all the time, and it shows a bit of contempt. It must necessarily be true for other parts of the UK, as well, because their news will also follow on from the UK or London news. Does BBC Scotland monitor that, or do you? Have you made any representations about it? It shows a degree of contempt for Scottish broadcasting.

Hayley Valentine: First, thank you for watching "Scotcast". Being interviewed by your own newsroom always has a bit of jeopardy about it, so I am glad that I got through it.

Secondly, I apologise if I came across as dismissive. It is never my intention to do so. At the previous meeting, I heard you talking about the overruns and I have looked into the matter, because I had not been aware of it being such an issue. This is slightly anoraky—I apologise for that, too—but at 6.30 we have a fixed time slot for "Reporting Scotland" that runs for 27 minutes and 45 seconds, not 30 minutes. When we ask for 30-minute programmes, we actually tend to ask for 28-minute programmes so that there is a buffer at either end for any potential overruns, as well as for things such as trails and action lines. News programmes are often a tiny bit shorter because it is more likely that we will have to put things such as action lines at the end of them. The "BBC News at Six" has about 29 minutes altogether, and there is then a two-minute weather forecast, which is for the whole of the UK. Our on-air time is officially 6.32, so the overrun that you have talked about is not an overrun—that is our on-air time. For "Reporting Scotland", we have the choice of a 6.30 or 6.35 billing, and we are clearly going to go for 6.30, so that people do not miss the top of the news. We have a fixed duration, and we use that fixed duration every night.

As I probably said the last time—sorry, but I cannot remember exactly what I said the last time—there will be the very odd occasion when there is a massive story that requires the 6 o'clock news to take more time. I am in regular contact with the editor of the 6 o'clock news—we are pretty close—and, in relation to what you said a couple of weeks ago, I texted him to ask, "What's going on?" He came back and said, "I don't think I am guilty of this." We looked into the exact timings, and it is a fixed time slot.

I nearly always watch the 6.30 news on delay, because I do not get home until a quarter to 7 or 7 o'clock. However, if your constituents or whoever is making representations to you tunes in at 6.30 on the dot, they will wait for two minutes while they watch the weather forecast, because that is when we are supposed to come on. We have a fixed duration for our news programme, so no one is being disrespectful or eating into our time if things overrun by two minutes—that is how we are set up to be. Does that answer your question?

Keith Brown: I think so. It may do for some of the instances. I did not realise that the time is set at 6.32, if I am honest, but at times it has been well past that.

I will move on to my second question. Hayley, you said that you watched our recent discussion with Ofcom, and Pauline Stafford mentioned Professor Happer's evidence. I forget her exact phraseology, but Professor Happer mentioned something like a unified audience, by which she meant—I am putting my interpretation on it—that the UK Government lost an opportunity, way back at the start of devolution, to devolve the BBC to Scotland, since when, whether it is "The Seven" or "The Nine", people in Scotland do not get one point of entry to all the news that is important to them. You mentioned that earlier, when you said "UK stories" but corrected yourself by saying "Scottish stories". We have to go to London to get the big news from around the world. If BBC Scotland had decided to show that, its news would have greatly increased relevance to people in Scotland.

I will give just one example of how, to me, BBC Scotland stays in its lane. BBC Scotland has run any number of investigations into the ferries situation, and there has been huge coverage of it because it is a big issue for lots of people. However, it has never touched something called the Airwave programme, which is the replacement telecommunications network for fire services, the

police, ambulance services and so on. The massive contract for that involves UK and Scottish taxpayers' money, and the Scottish Government contributes massively to it. The programme is years behind schedule and massively over budget, but BBC Scotland never touches that—it just stays in its lane. Ironically, there was huge coverage of the Milburn report last week, which was basically dressed up with questions for the Scottish Government.

I have trouble getting to the news values that BBC Scotland follows, given the things that you choose to leave alone. As I mentioned a couple of weeks ago, I have spoken to Gordon Brewer about this, and I have spoken to Martin Geissler as well. Why do you not touch those things? Gordon Brewer's response was that UK ministers will not come and talk to BBC Scotland about those issues, which is no answer at all, really.

I wonder whether you saw Professor Happer's evidence and whether you have any views on that.

Hayley Valentine: If I am completely honest, I saw bits and bobs of that evidence. I was on a train to Aberdeen and the signal kept cutting out. I have seen some of it but not every second of it.

The prism through which you are viewing the Scottish news is television, and the television news on BBC One is separated. We also have radio programmes that cover Scottish, UK and foreign news in a combined way on Radio Scotland, and, if you go online, we have Scottish news pages, but the Scottish news will feature on the front page of the website. So, I think this question is specifically about television news. We regularly cover UK stories in terms of how they affect Scotland. For example, we covered the UK budget extensively through the prism of how it impacts people in Scotland. We have a lot of stories on reserved matters such as asylum, and we have done masses on energy recently.

On the point about UK ministers, I counted recently and, since the schools went back, three months or so ago, we have had at least a dozen MPs on "Radio Scotland Breakfast" and the majority of them are UK ministers. We have had some Opposition MPs on as well.

I think that the heart of your question is about how we cover stories that impact Scotland but are based at Westminster. There are lots of examples of stories that we cover that are about reserved matters and are Westminster based, and we try to see them through the prism of how they affect people here. The television news contains news from and about Scotland, so it is a slightly different prism through which to look at things. However, in the round—as we have talked about, our output is increasingly on multiple platforms—we run stories from the whole of the UK through the prism of how they affect people here.

As we have talked about before, the ferries issue is a huge story for Scotland, which is reflected in how often it is mentioned in the Scottish Parliament and on television, on radio and online. We know from our audience that they want us to do journalism about stories that impact them, and the ferries issue clearly is, or was, having a huge daily impact on individuals. How people travel to work every day is a real issue for them, and we try very hard to cover that. Looking back to the legacy of "The Nine" and "The Seven", we know that audiences buy into stories more when we start with policy and what happens in the Parliament and then reflect how they are impacting people's lives.

Such decisions are and will always be individual editorial judgments—I will always say that—but we make those judgments on the basis of what impacts people most. The ferries was a big story that was impacting people a lot, and that was reflected in how often it was mentioned here as much as in how we covered it on the news.

I do not recognise the characterisation that we do not report UK-wide stories or do not hold UK ministers to account. We do.

Keith Brown: I refer to radio programmes as well. I would say that they subscribe to the same news values.

My second question goes back to the definition of interests and what affects the Scottish people. The absolute fiasco of the Ajax tank programme might not be on everyone's lips, but they are all paying towards it. I think that, if it is a matter of where taxpayers' money goes, you should be looking into that. The more you repeat that you do not see it through that prism, the more that seals off an avenue of relevance for BBC Scotland news, and there will continue to be fallout from that.

About 88 per cent of the licence money that is collected in Scotland is currently spent in Scotland. The difference between that 88 per cent and 100 per cent is roughly equivalent to the amount of savings that BBC Scotland has just made. To put it in the vernacular, Rhodri, why does Scotland get a double dunt here? Why do we get hit twice in that respect?

Rhodri Talfan Davies: This is about the per capita assessment of how much licence fee is spent in each of the four nations. First, the trajectory in Scotland has only been upwards. If you spool back 10 years, you will find that the proportion was 55 per cent. We are now pretty close to 90 per cent, according to the latest annual report. All the things that we have talked about regarding the investment that came with the channel—the tens of millions of pounds extra for

content investment—have delivered. The work that Louise Thornton has done in attracting additional investment from network television and from third-party providers also adds to the pot.

On the disparities between the nations, we typically see lower numbers for larger nations. The worst number—if that is how we want to see it—is in England, where the percentage is down in the 70s. The reason for the disparity is that a lot of broadcast costs are fixed around property and some of the core elements of news. Broadly, it costs the same to make a news programme in Wales, Scotland and Northern Ireland, but there is a larger population base here for the per capita formula. We do not aim for 100 per cent.

Another issue that is worth playing in is that a lot of the investments that directly benefit audiences in Scotland are not included in that calculation. For example, our coverage of the world cup in the summer is not included in that calculation. Our investment in the six nations and the Scottish internationals is not included in that, because that investment is benefiting everybody in the UK, although, in truth, it was specifically acquired to serve audiences in Scotland. The trajectory is up, but, for a number of reasons, that level is very unlikely to get to 100 per cent, because of the way that we calculate it.

It is also worth saying that the World Service is not included in the calculation, although it brings very significant benefits for people in Scotland in terms of our global news gathering and our correspondents and editors based across the world.

That is why you see some discrepancies. Per capita calculations will always look more favourable to smaller populations.

Keith Brown: You said that there is a benefit, but how much of the spend for the other aspects that you have mentioned—the World Service and so on—is in Scotland?

Rhodri Talfan Davies: For the World Service specifically?

Keith Brown: For all the other things that you have said. You have said that the figure for England is lower, at 70 per cent, but I am guessing that the spend on many of the other things that you do happens in London or Birmingham, or elsewhere in England.

Rhodri Talfan Davies: Some of it would. For example, for the big UK sports rights, our main sports hub is in Salford, so some of that spend would be happening there. I would say that there was a disproportionate benefit to Scotland from the world cup investment in the past year, due to your qualification.

Keith Brown: Do you think that that is true? Thinking of the number of presenters, commentators and pundits, there was virtually nobody from Scotland involved at all.

Rhodri Talfan Davies: Do you want to talk about the Scottish representation for the world cup, Hayley?

Hayley Valentine: Yes. We try to keep the numbers as low as possible across the BBC. One of our ambitions is to reduce the number of people we send to events, as these things cost a lot of money. I think that we settled on 30 people from Scotland going to the world cup, which is a significant number. We spent a significant amount of money on them going.

11:15

One of the things that we achieved this time, which is slightly different from how we have covered world cups in the past—although it has been a while since we were there—was that our commentary team and our summarisers broadcast for everyone, on both radio and television. We had Liam McLeod on television and Al Lamont on radio primarily doing the Scotland games for the whole of the BBC. We were not a separate team; we were operating as part of the bigger whole. In between the Scotland games, those commentary teams and summarisers worked on other games—that is, games not involving our international teams—to make the most of the money that it cost us to send them there.

We had a significant presence, both for the sport and for the news. You will have see Chris McLaughlin or Amy Irons on the television news, both in Scotland and across the whole UK, delivering from the Scotland camp or around the main games, from the cities where Scotland were playing. That was how we did things this time. We worked very closely with Salford to save money, as we know that the licence fee is valuable—we do not want to send too many people or have any duplication—but we had a significant presence in both Boston and Miami.

Keith Brown: I know that you had a presence—I was over for the world cup myself—but, if we consider the world cup as a whole, not Scotland or England matches, the coverage was provided entirely by London/England pundits, commentators, summarisers and all the rest of it.

I will finish on a positive point. The stuff that BBC Alba does for women's football is excellent, and I think that that will only grow, given the news that we have had over the past day about the world cup coming to Scotland and elsewhere.

The Convener: Keith Brown will always ask about football. I will always ask for another Scottish Doctor in "Doctor Who".

Victor Currie: Mr Talfan Davies, I will give you a chance to develop the answer that you gave to my colleague Keith Brown a little more. Revisiting the figures, we see that Scots paid £313 million in licence fees last year, and we can identify £278 million that was spent here. Looking more widely, we see that about £1 billion of licence fee spend is not identified against any of the four UK nations. I wish to ask for a little more detail on where that goes. Can you identify any advantages or benefits for Scottish licence fee payers from splitting the bill across the rest of the UK?

Rhodri Talfan Davies: The Scottish Government commissioned a report on that three or four years ago, and I can send it to you if that would be helpful. It details which parts of the spend are excluded from the calculation. There is a very significant global spend, with several thousand journalists based in cities across the world contributing to our global news coverage, both in the countries where they are based and serving UK audiences back home. We do not attribute any of that spend to the four nations.

There is also hundreds of millions of pounds of investment in UK-wide sports rights. We do not ascribe spend on the Euro football championships, the world cup or the Olympics to any of the four nations, because, in a typical year, that spending is primarily overseas. Sports rights alone would probably get us to half of the number, and we quickly get to a very significant sum of money, which is benefiting everybody in the UK, but it does not neatly sit anywhere in terms of the attribution of its value.

Victor Currie: I will try not to get too creative with the answer that you have just given. However, if broadcasting was devolved wholesale down to a Scottish level and we were to try to replicate the level of content output that Scottish licence fee payers get now, under the current settlement, would what we were able to put out as Scottish broadcasting be more expensive to the Scottish taxpayer or licence fee payer?

Rhodri Talfan Davies: That is an intriguing question. I am not sure that I want to answer it.

There are lots of debates about how to organise broadcasting, and that is a matter for the Government. I am not going to stray into that area.

Going back to the earlier question, the challenge with such calculations is that Scottish audiences also derive enormous value from content that is not produced or funded in Scotland. How do you attribute that value? What would Scotland's contribution be to that output? I have no idea. I honestly think that it is for someone else to determine what would produce the optimal output for Scottish audiences.

Victor Currie: Okay. I will accept that. In fact, no—I won't. I am sorry.

Rhodri Talfan Davies: It is okay.

Victor Currie: Scottish licence fee payers are currently paying £313 million. Surely, to get everything that they are currently getting from their own locally raised licence fees, the figure would have to be more than £313 million a year, given that you are saying that licence fee payers in England, Wales and Northern Ireland are all also contributing to a pool of production that we all benefit from.

Rhodri Talfan Davies: The trouble with the conceptual model of the 100 per cent calculation is the reality that every programme or service that the BBC produces is funded by a shared investment made by everybody across the United Kingdom. Therefore, in truth, the cost of BBC Alba is met not by the Scottish licence fee payer but by a contribution from every licence fee payer in the UK. It is the same for "Doctor Who" in Cardiff and for "EastEnders" in London. The abstraction of the 100 per cent gets you only so far. The reality is that the lion's share of BBC consumption in Scotland is of content that is not produced in Scotland, so how do you attribute the right value to that? I am not giving you answers, by the way—I am just saying that the models get you only so far.

Victor Currie: Okay. That is a wider meta point that is actually quite useful to our inquiry.

Ms Valentine, at our previous evidence session on broadcasting and news, Glenn Preston from Ofcom told us that the BBC's own business case said that the "BBC Reporting Scotland: News at Seven" programme was there "to serve C2DE audiences." He went on:

> "We are not yet clear what the alternative for serving that audience looks like"—[*Official Report, Europe, External Affairs and Culture Committee*, 10 November 2026; c 37.]

when the programme comes to an end in March next year. What is the alternative for that particular audience?

Hayley Valentine: The truth is that that is how it was set up. That is what we planned to do—we planned to serve an audience that was potentially not getting enough out of our general news services, namely the C2DE audience, or, to use slightly more normal phraseology, a working-class audience. We actually serve those audiences pretty well across the piece, and increasingly so in our main news programmes. Even though "News at Seven" was set up specifically to serve the C2DE audience—I should say that it is a great programme that I am very proud of—bigger

numbers of that audience are already consuming the rest of the content under the "Reporting Scotland" television brand. I think that C2DE/working-class audiences make up about 45 per cent of the population, and the proportion of people watching our other TV services—if we are talking just about television news—is about the same as that.

One of the legacies of "The Nine" and "The Seven" is that the way in which we tell stories—to go back to the point about making the stories feel like they impact people's lives—has changed on our mainstream services on BBC One as a result of the experimentation we did around those programmes. We are now more likely to tell stories in a way that is at the heart of the community and the people impacted by the stories than we were perhaps 10 years ago. That approach has become more appealing to that audience, and we are getting more of them. The truth is there in the numbers, because 1.3 million people watch television news made in Scotland every week, and, within that, there is a much bigger number of C2DEs watching the television news than we are ever going to get for "The Seven" as it stands.

However, it is not the only show in town. Our current affairs programme "Debate Night" reaches about 50 per cent of the C2DE audience. Our radio services reach about the population size of the working-class audience, and our digital content reaches 5 million people a week within that big number of the C2DE audience. As you know, we recently launched "Scotcast", which goes out across five platforms, and a bigger number of people watch it on iPlayer than listen to it on the radio, even though it is primarily an audio product. I think that Keith Brown said he saw me, rather than heard me, on "Scotcast"—people are watching it on either iPlayer or television. It is designed to go out across multiple platforms, and we are reaching big numbers with that. The challenge that we had in reaching more of the working-class audience has resolved itself slightly in the way that we are telling stories and the volume of content that we produce, and the numbers that we get across the piece are bigger than they were.

The other thing to say is that we are trying to reach younger audiences; therefore, a lot of the efforts of our newsroom are going into making stories for off-platform content—for social and digital platforms, including for YouTube, as we have discussed and will probably discuss further. Again, those audiences cross over the demographics of working class, middle class or however you want to describe the audiences. Younger audiences are a big challenge for us, because they are not consuming enough news generally and they are not coming to the BBC as much as we would like them to. Our efforts have to go into that. As I said, in these times of constrained finances, the decision was taken that the number of people watching the programmes was too small and that, indeed, we were serving them elsewhere.

Victor Currie: My final question is for Mr Talfan Davies. You referred earlier to the director general saying that the current licence fee model was a "straitjacket". I cannot think of many scenarios in which that is a positive metaphor.

Given your unique inside perspective—relative to that of this committee and the UK Government—on operational decision making, production pathways and the long-term workforce cycle, what do you, as an organisational leader, think should replace the current licence fee model?

Rhodri Talfan Davies: In our discussions with the UK Government, we have taken a very deliberate decision to lay out the financial challenge, extrapolate how simply continuing with the existing funding mechanism would lock the BBC into long-term managed decline and assist the Government to look at a range of funding options. We have not gone into those discussions saying, "Here is the solution", because there are clearly many. I work as part of the European Broadcasting Union, and I work with many member states, all of which have very different flavours of funding mechanism.

The essential principle that we have argued in the discussions with the UK Government is that we need a connection between consumption and payment. At the moment, we are seeing a growing year-on-year disparity between the number of households consuming and the number paying.

As I say, the UK Government has publicly rejected certain solutions, including the household levy and the use of taxation, so many will be speculating that the answer will be an extension of the BBC's scope. I am more interested in whether the funding model puts us on a sustainable financial footing than in the nuance of how the mechanism works. However, there is a fairness issue at stake: if people use the BBC, they should make a contribution to it.

In addition—this goes back to the point that I made to the convener earlier—we are not Netflix. We are an investment in society, community, culture and democracy, and that benefits everybody. I have no hesitation in saying that, as a universal broadcaster with a universal commitment, we should have a funding model that broadly mirrors that.

Victor Currie: I clearly do not want to undermine the conversations that you have already had with the UK Government—that would probably be inappropriate and really not very

helpful in this context. However, would it be fair to say that a consumption-payment relationship is probably best served by a subscription model, that the public service element might be best served by a more general taxation model and that the current licence fee model is a sort of halfway house that does not really help anyone? Perhaps that is putting far too many words in your mouth at one time.

Rhodri Talfan Davies: Let me unpack that. I am sure that the BBC could run a very good subscription service, but it would not be the BBC that you know. The BBC that you know is driven by a universal commitment to all audiences. As soon as you move to a subscription model, you care about only those who use you, so it would be a fundamentally different organisation.

Our view is that a direct taxation model is dangerous. Trust in the BBC rests on its independence, including from Government. The volatility in taxation, and the volatility that that would create in the funding flow, is best avoided.

The Convener: I will pick up very briefly on some of the language that you used. You talked about the connection between consumption and payment. When you make that case to the UK Government, are you talking specifically and solely about the connection between consumption of the BBC's output and payment, or, in the context of a universal service and the contribution that the BBC as an institution makes to our society and democracy, are you talking about the connection between the consumption of public service broadcasting, news and media, and payment?

Rhodri Talfan Davies: We have a clear vested interest in the health of the wider public service ecology, so the health of STV is important to us because it benefits Scotland and creates competition within the sector. Clearly, though, the lion's share of the conversation in relation to charter is focused on the BBC's contribution to society. You are right: it is an issue not just of consumption but of the broader societal benefits of having a major public service organisation. That is the focus of the conversation.

11:30

Colin Beattie: Forgive me for briefly going back to the Commonwealth games. They were a fantastic advert for Scotland, and yet the chance for viewers to experience them was restricted because of the lack of free coverage. The BBC failed to secure the rights to broadcast the games but put £10 million into the Birmingham games. Why was there a different approach for Glasgow?

Rhodri Talfan Davies: I will make a couple of points, then Hayley Valentine may want to come in. The reality is that the Glasgow games had changed in shape and format, so there is not a like-for-like comparison with Birmingham. We were also in a far tighter financial climate. There is a growing gap between our income and our expenditure, so our choices have become far sharper. Although we were able to make a bid for the Commonwealth games, we were unable to match the sums that TNT had on the table. Twelve months earlier, we had been discussing how we were going to find the funding to purchase the Scottish, Welsh and Northern Irish football internationals.

We are in constant discussion about priorities, and about maintaining the BBC's grip on major recurring competitions, whether that is the world cup, the Euros or Wimbledon. We have to decide where our priorities lie. BBC Scotland certainly wanted to be at the table; we put money on the table, but it was not sufficient to win this time. You win some and you lose some when you are bidding for sports rights.

Colin Beattie: What was the winning bid?

Rhodri Talfan Davies: I have no idea. TNT would not share its winning bid with us.

Colin Beattie: That seems to be yet another argument for devolving broadcasting, but I will move on to a slightly different issue, which I discussed with STV. We have been talking about the changes in the market and how the market is more competitive. We have also been talking about new and more innovative ways of delivering programming and about large international companies that were not there 10 years ago moving in. Do you feel that the BBC is being reactive to such competitive challenges? Is there any innovation that would bring you to the front of the pack, so to speak, or are you settling for being one of the pack, without taking that extra step?

Hayley Valentine: Rhodri Talfan Davies might want to come in on the bigger picture across the BBC. I have been in this job for almost exactly two years and, from the day that I started, we have made significant changes in the way that we organise ourselves in BBC Scotland. We have restructured almost all of our internal teams to be match fit—to paraphrase what you said—around innovation. Louise Thornton's team has been restructured to be fit for the market that we are working in—I will let her talk about that a bit more in a second. Our audio team has been restructured so that we are not only a radio station but digitally focused. This week, there were 7 million views of Radio Scotland content on social—7 million views for a radio station. We continue to restructure the way that we organise our news team. The ambition around news gathering has not changed, but the way in which we curate the news has changed dramatically and will continue to do so.

Behind the scenes, we have a brilliant production team. Without the operations team that puts things on air for us, we would be nowhere. The team is constantly innovating how we make content and what the technology can do to help us. That is partly savings related, but it is also partly because it is the right thing to do.

For example, we are innovating around how we deliver live football, saving considerable amounts of money through the use of remote studios, and, 18 months ago, we built the Scotcast studio in Glasgow, which now delivers high-quality multiplatform content—it is arguably the best podcast studio that the BBC has, and we recently installed a streaming studio on the ground floor.

The idea that we are not innovating and that we are waiting for someone else to lead is not what it feels like in BBC Scotland at the moment. Across all the team's video, audio, news and sport broadcasting, the way that content is made has been recalibrated. There is no such thing as a television reporter any more: people are expected to deliver for all platforms. We are constantly looking at upskilling and retraining. We have gone from a model in which most of our stories were delivered with a shoot edit, using the big cameras that you see in this building and elsewhere, to a model in which we often use two mobile phones for the same interview—one for vertical and one for horizontal.

Louise can talk about how her team now works as opposed to how it worked a couple of years ago.

Louise Thornton: I run the commissioning team, which commissions across scripted and unscripted programming. I have restructured the team in two ways. Now, we pretty much commission 80 per cent network programming. We are making programmes that come from Scotland and reflect Scotland but go across the UK and really deliver on iPlayer. Also, each of my commissioners is now part of the network genre teams that commission programmes.

The other place where we are innovating concerns digital, and I have commissioners pointed at what we are doing to reflect YouTube consumption which, as we know, is on the rise. My commissioners are commissioning documentaries under the newly launched the BBC deepwatch brand, which is a pan-BBC brand of documentaries aimed at younger audiences. This week, we are running a briefing for deepwatch in Scotland and an event that involves inviting creators into the building in Glasgow to work with us on new forms of content across comedy and drama.

We are really thinking about how we are pushing things in Scotland. We are the biggest buyer in Scotland by a country mile, and I feel that we are really leading the charge on this. I have a digital background and, when I came into commissioning, I was looking at how we commission with regard to platforms such as Facebook and Instagram. Our BBC Scotland TikTok channel received 80 million global views last year. We really are pushing into those spaces. We are doing it within BBC guidelines and we are trying to work with the industry to upskill its workforce in that area.

Although we are producing the big premium network shows, we are also investing in digital commissioning.

Colin Beattie: The feedback that you are giving is indicative of a huge amount of investment going into innovation in order to be competitive in the market. However, on the other side of the coin, the BBC is looking to make savings of £500 million by 2028, and a great deal of that has already been achieved. The BBC also announced reductions in commissioning expenditure and so on. Clearly, there will be a cost to making a transition into new technology and new and innovative ways of working. On one side, you are cutting expenditure and saving money; and, on the other side, you need to free up the capital that will enable you to afford all the innovations and so on that you are pulling through. How will you do that?

Hayley Valentine: In Scotland, we are working within the restrictions of the savings target that we have to meet. We are changing the wheels as the car is being driven and perhaps going down a grade of car at the same time, if that analogy is not taking things too far. Basically, we are changing the way that we do business. A lot of what we are doing is led by conversations around savings. For example, we do not have many people who have the words "television" or "radio" in their job title, but we have people who have "digital" and "formats" and "AI" in their job title. We are shifting the way in which we do business at the same time as making the savings.

Louise Thornton has taken a bit out of her commissioning budget—you are right to suggest that that sort of thing is happening—but she is having to make the money that she has work harder for her and make the content that she makes travel further than it might have done. We cannot sit here and say, "We in Scotland, on our own, are going to make a television drama that is going to do well for audiences in Scotland."

We must think about how we work to make the money that we have in Scotland, which is a bit less than we had two years ago, develop alongside money that other parts of the BBC have, and how we attract investment from third parties in order to compete in, for example, drama on a world scale, which means producing world-class drama that

will travel further and that might have a short-form and a mid-form iteration, as well as long-form premium work.

We are changing and shifting within the envelope that we have, which is not easy but is absolutely necessary. Some of the conversations that we are having around savings are useful in pushing that innovation faster.

Colin Beattie: From what you say, the drive for innovation has a cost attached to it. You have your cost savings, and combining the two is driving more savings within the BBC than just the £500 million, because you must free up capital for the investment that you are talking about.

Rhodri Talfan Davies: That is a really sharp question. To be clear, the £500 million gap is due to a straight reduction in funding, so we have to fill that gap and reduce our costs in line with that £500 million, but we also need to think about how we reinvest in new priorities.

You will have heard from the new director general a number of significant themes that we might touch on, which include moving more of our investment on to social media, particularly to engage younger audiences, and investing more in iPlayer to make a more personalised and relevant service for users.

We will need to innovate quickly on AI. One of the biggest challenges that newsrooms around the world currently face is the change in the shape of search engines—the list of options that we are used to is disappearing and we are being provided with a single answer. That does not threaten our revenue model, but it is clearly very damaging to commercial revenue models.

We need to see a constant cycle of innovation, and we will need to think about how we do that above and beyond the £500 million, which is challenging. It would be happening in any case; we have always been repurposing money. I remember the howls of anger in 1996 when we took money out of BBC One and BBC Two to launch the BBC News website. It was the same with the launch of iPlayer in 2008. We have always done the hard yards when it comes to moving money around the organisation.

The point that you are making, which is right, is that it is harder than ever, because the first job is to make sure that we close that £500 million gap.

Colin Beattie: It must also create a certain risk—

The Convener: This will have to be your final question, Colin.

Colin Beattie: It must also create a great deal of risk, because you are cutting costs to reach a figure that is cast in iron. You must then free up more resources to be able to invest in the direction in which you are now going. Some of that money would have been invested in something anyway, but it might be redirected, but some of it must come from cost savings, and I do not see a great definition of how that mix will work.

Rhodri Talfan Davies: That is a fair point. At the moment, we cannot see our funding flow beyond the end of 2027, because the reality of the charter is that our existing funding model comes to an end at the end of 2027. The biggest risk that we run is around the uncertainty of the funding model and what available capital a new funding model will deliver in real terms. That will become clearer only over the next four or five months. Once the Government has published the white paper and we get close to a charter agreement, I suspect that it will come back here for you to kick the tyres on it, both as a Parliament and as a committee.

Colin Beattie: Thank you.

David Green: Thank you very much for your evidence this morning, which has been very informative and helpful.

It is important to put on the record, because we do not hear this often enough in our political discourse, that the work of the BBC, both here and globally, is incredibly valued. Prior to my election to the Parliament, I worked with Christian Aid, whose work with the Disasters Emergency Committee is unique—no other international development sector in any other country has that. The BBC World Service, which we have talked about and which we put licence fee money into, is incredibly important, not just for gathering the news that we get here but for making our imprint on the world. It is vital to say that.

11:45

It is also important to say that we share our solidarity with workers who are under a great deal of uncertainty right now—who are losing their jobs, whether they be in Scotland or anywhere else in the United Kingdom.

I am pleased at some of what Hayley Valentine said about the change management process, such as going out to local offices. I echo the convener's remarks about staff morale being low. You have recognised that, and it is certainly what I have heard. In particular, given some of the cuts at the top—for example, of key presenters—staff who are coming into the BBC right now will be looking at career prospects that are certainly not what they once were. Ms Valentine, you described your experience. I emphasise that the more that you can do in that space will be really important. Thank you for that.

When it comes to BBC Radio Scotland—particularly for parts of the country, such as the Highlands, part of which I represent, and which are distinct from central belt areas, where a large part of our population is—will opt-outs be protected? Underneath all that is local news gathering, which is really important.

Hayley Valentine: You are right to say that local news gathering is what is important.

It will not surprise you that I cannot say at any given point that anything will be completely ring fenced and protected. However, the opt-outs are going nowhere at the moment. That is not part of our plan.

As I have said, I was in Inverness two weeks ago and in Aberdeen last week. In the conversations that I have had, concern over local news gathering and the importance of covering the country properly has been heard loud and clear from colleagues in those places, as well as in the south of Scotland and the islands. We are committed to covering the whole of Scotland properly. In the context that we have been talking about today, the question that I have given to staff is not whether but how we do that. It goes without saying. It is very important to us that we cover the whole of Scotland properly.

We know that audiences value local news more highly than ever. We have 20-odd local democracy reporters in Scotland, and we are committed to those. The opts at the moment are highly useful and highly engaged with. The audiences appreciate them. However, two years ago, my answers about where the audience is going, and how fast, would have been different to those that I will give today. To me, the important thing is that we commit to covering the whole of Scotland properly.

David Green: It is helpful to know that what I hear currently is not on the table.

I am keen to press the point that the two-minute content should remain local, without any national input. Can you give me assurances on that?

Hayley Valentine: Sorry—do you mean the two minutes on the radio?

David Green: That is right.

Hayley Valentine: There are no plans to change the opts.

David Green: Will they remain? I hear about pressure to use those two minutes for national headlines.

Hayley Valentine: At the moment, the opts are how they are.

David Green: That is really helpful. Thank you.

I also understand that there were moves on stopping separate bulletins in Dumfries and Selkirk, and that there were some voluntary redundancies. That decision now looks to have been reversed, or at least reviewed. You have probably heard some of the suggestions that have been put to me, Ms Valentine. Perhaps you will explain that to me—very briefly, because we do not have much time.

Hayley Valentine: Again, it is slightly technical and anorakish. We had some problems with delivering, because of technology. That is not my strength, so I will not go into too much detail on it. We are upgrading the technology so that, for example, if we were short staffed, we would be able to deliver both opts from one of those two bases in the south of Scotland. I might get this wrong, but I think that, while we are sorting out that technology issue, we are delivering for Dumfries out of Selkirk. That is a temporary measure. We think that it will last for two or three months while we do the work; then we will go back to business as usual.

David Green: Thank you. That is helpful. Perhaps you would be able to write to the committee with a longer explanation.

Hayley Valentine: Yes.

David Green: Thank you very much. I appreciate that.

You mentioned BBC local democracy reporters. They are absolutely stellar and are important for the ecosystem in local news, to hold all of us here to account. I understand that the funding arrangement for them is due to run out in 2027. What future insight or guarantees can you give me? Will you give me a sense of who owns that decision? I ask that question of Mr Davies.

Rhodri Talfan Davies: The funding support for the local democracy reporting service runs until the end of the current charter. Obviously, it will depend on the funding settlement with the Government, but our intention is to continue with the LDRS and—if we can and it is affordable—extend it. We have seen it work on the ground, and it is addressing what are termed news deserts in some parts of the UK where local reporting coverage is threadbare. There is no plan to disband that service—I think that it has really proved its worth.

David Green: That is reassuring, and I certainly welcome it.

With regard to terrestrial TV, the Countryside Alliance has argued that

"Freeview should not be switched off until reliable, affordable and universal alternatives are available."

I, of course, represent a very rural part of the country; not only do we have different broadband

speeds from other parts of the country, but, in terms of the demographic affected, the digital skills gap is proportionally greater in my constituency than it is elsewhere. What is your response to the Countryside Alliance and, indeed, others who have raised these concerns?

Rhodri Talfan Davies: There are a number of aspects to this. As you will be aware, the UK Government is currently looking at whether a digital terrestrial television switch-off might happen in 2034 or 2044. It is the view of all public service broadcasters that 2034 is doable, if the conditions are in place to support the relatively low number of remaining households that receive DTT. We have some experience of this from the switchover that happened 12 or 13 years ago, but you are right—this will work only if we put in place the support to ensure that everybody gets the benefit of digital connectivity.

David Green: Those comments were quite helpful, but I wonder whether you can expand on them. I am thinking of, for example, rural or island communities impact assessments or equality impact assessments. What more reassurance can you give with regard to any movement on this matter if we do not meet demand by 2034?

Rhodri Talfan Davies: First, I would emphasise that this is a decision for the UK Government, and it has not yet shown its hand; it is simply consulting on two different options.

I cannot imagine a world in which a UK Government decision to support switching off DTT in 2034 would not come with some very clear conditions on how those who are not digitally connected are supported through the change. That is how we approached the last digital switchover, and I would not expect this one to be any different.

David Green: That was very helpful.

Turning to Gaelic provision—and staying with you, Mr Davies, if that is all right—I think that it is fair to say that funding for Gaelic is not on parity with, for example, funding for the Welsh language. You can look at very different metrics, and I heard you say earlier that you did not aim for 100 per cent—incidentally, I think that you are quite right—but regardless of how you look at the numbers and whether you look at this on, say, a per head of population basis, a Gaelic speaker basis or whatever, that parity is not quite there. What comment would you make on that to Scottish audiences—not just native speakers or learners, but those who might like to learn?

Rhodri Talfan Davies: As a Welsh speaker, I would say that the BBC's support for autochthonous languages is incredibly important across the UK. S4C's funding position is slightly different to those for all other languages, in that the UK Government prescribes a specific grant for it. With regard to the BBC's own commissioning power, I think that our support for MG Alba is around £10 million per annum, and our support for S4C is around £20 million per annum. Obviously, there are 10 times as many Welsh speakers as there are Gaelic speakers, so a broader range of services is required there.

However, I do understand the sensitivity around this. Interestingly, we were giving evidence to the Welsh Parliament yesterday, and the fact is that the amount of expenditure on English-language services in Scotland is something that comes up in Wales. I understand that, when it comes to minority languages, the numbers look challenging to Gaelic speakers, but I would stress that the size of grant for S4C is a decision for the UK Government; it is not a determination made by the BBC.

David Green: Thank you. That was quite helpful.

I want very briefly to raise with Louise Thornton an issue that I raised last week with Ofcom. Of course, a lot has been made of "The Traitors"; it has been an absolute success, and Ardross itself is in my constituency. However, a lot has also been made of Ofcom's staffing benchmark and where the production team is based. Although "The Traitors" has made a significant contribution to the local, and Scottish, economy, that particular benchmark has not been achieved. Can you offer me some insight into what you might do to address that situation and support wider production in Scotland? I certainly acknowledge your earlier comments that you are continuing to do that, but it would be good to hear some comments about "The Traitors".

Louise Thornton: I am a huge fan of "The Traitors"; it is a fantastic show. I do not personally have any commissioning money in "The Traitors"—it is not part of Hayley Valentine's remit or my own—although we are glad that it is made in Scotland. Rhodri Talfan Davies, do you want to take that question with regard to the spend?

Rhodri Talfan Davies: When Hayley Valentine and I were here at the Parliament about a year ago, we talked about how, although the BBC complies with Ofcom requirements, our view is that we want to set a higher bar. At that meeting last year, we discussed how there will be some productions, such as "The Traitors", that qualify only due to having a substantive base in Scotland; they do not qualify based on the level of talent that is used on the programme or the level of expenditure that is made in the local economy.

However, we expect to hit the target of 8 per cent spend in Scotland without relying on those

types of projects. “The Traitors” should be in addition to the projects that have deeper local spend, which are the ones that will get us to the 8 per cent target. That is the target that we have set ourselves for the next year or two, and it is what we are working to meet.

“The Traitors” is an extraordinary project to have in Scotland. I understand the point about talent—we all want to see those numbers rise—but the rest of the UK would kill to have the economic impact that the global profile of “The Traitors” is having on that particular part of the country.

David Green: That is fair. Ms Thornton, you said that you do not provide any sort of funding for “The Traitors”, but it would be helpful if you could succinctly—I have one more question after this one, and we are running out of time—touch on or explain to me how the programme complements and supports the wider production ecosystem in Scotland. I am sure that that is an investment that you are making.

Louise Thornton: That is right. The production takes place in Scotland, and the commissioner for “The Traitors” sits in Scotland. Although we do not have a budget for the show, we are having an ongoing dialogue with him about the representation of Scottish talent on it. We share production talent—that is, who may be available and suitable to work on the production. We also work with our partners at Screen Scotland, which runs a training scheme as part of “The Traitors”, and the trajectory is that the number of Scotland-based people who work on the show is increasing. As Rhodri Talfan Davies said—and as Hayley Valentine and I discuss all the time—we would like the level of Scottish talent to increase, and we are having an active conversation about that.

Generally speaking, the conversation that I have with the network commissioners who work on “The Traitors” relates to who in our industry now has experience of working on what we call constructed reality. We have not made many such shows in Scotland, but “The Traitors” has shown the ambition that can be achieved with people who live and work here. That has inspired the conversation with the entertainment genre when it comes to what we can build in Scotland.

Last year, I co-funded a training scheme in the entertainment genre that was run by TRC Media, which is a brilliant training provider in Scotland. The scheme took six Scottish-based independent companies through a programme to develop big entertainment ideas. We see the benefit of “The Traitors” there, because the ideas that we are developing through those companies are much more ambitious than they were a few years ago.

Does that answer your question?

David Green: Thank you. We could talk about that at great length, but I am so conscious of time, and the convener has been generous to me.

I have one more short question. A lot has been said of late about the devolution of broadcasting. The Cabinet Secretary for Education, Culture and Gaelic, Màiri McAllan, raised that topic in a parliamentary debate the week before last. Has she written to you to set out her plans for what that would look like, or have you met her to talk about it in detail? The devolution of broadcasting would have implications for the BBC. That question is perhaps for Hayley Valentine and Rhodri Talfan Davies.

Hayley Valentine: I have met Ms McAllan, but the devolution of broadcasting is a matter for Government—the Scottish Government and, clearly, the Government at Westminster. The BBC operates with all our challenges, opportunities and ambitions, and that will not change. I think that I have a good relationship with the Scottish Government and the Westminster Government in Scotland, and we meet regularly. I am happy to meet politicians who have ideas on how we operate and how we might operate better, and I am happy to keep that dialogue going. However, the formalities of whether broadcasting should be devolved are matters for Government.

David Green: It sounds as though you have not heard much more detail than I have, but I will leave it there—my point has been made. Thank you—I appreciate your evidence.

The Convener: There were some other questions that we will not have time for—

David Green: Sorry.

The Convener: No, it is fine. I am sure that we will continue the dialogue and have further conversations, particularly once we see the contents of the UK Government’s white paper and as all the implications that it will have, not only for the BBC but the rest of the broadcasting landscape, become clear. You have sat through quite a long evidence session with us, and I thank you for your time in answering members’ questions.

12:00

Meeting continued in private until 12:27.

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