

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 9 December 2009

Session 3

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EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE 33rd Meeting 2009, Session 3

CONVENER

*Karen Whitefield (Airdrie and Shotts) (Lab)

DEPUTY CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)
*Aileen Campbell (South of Scotland) (SNP)
Ken Macintosh (Eastwood) (Lab)
*Christina McKelvie (Central Scotland) (SNP)
*Elizabeth Smith (Mid Scotland and Fife) (Con)
*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

*Ted Brocklebank (Mid Scotland and Fife) (Con)
Hugh O'Donnell (Central Scotland) (LD)
Cathy Peattie (Falkirk East) (Lab)
Dave Thompson (Highlands and Islands) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Stuart Cosgrove (Channel 4)
Vicki Nash (Office of Communications)
Thomas Prag (Office of Communications)
Joyce Taylor (Office of Communications)
Chris Woolard (Office of Communications)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Nick Hawthorne

ASSISTANT CLERK

Emma Berry

LOCATION

Committee Room 4

Scottish Parliament

Education, Lifelong Learning and Culture Committee

Wednesday 9 December 2009

[THE CONVENER *opened the meeting at 10:01*]

Decision on Taking Business in Private

The Convener (Karen Whitefield): Good morning and welcome to the 33rd meeting in 2009 of the Education, Lifelong Learning and Culture Committee. I remind everyone present that mobile phones and BlackBerrys should be switched off for the duration of the meeting. I have apologies from Ken Macintosh, who is unable to join us due to illness.

I understand that Ted Brocklebank plans to join the meeting at some point this morning. Ted is not a committee member but he has a long-standing interest in broadcasting and the media.

The first item on the agenda is a decision on whether to take in private item 4, which is the selection of an advisor to assist the committee's likely scrutiny of the proposed children's hearings bill. Do members agree to take item 4 in private?

Members indicated agreement.

Broadcasting in Scotland

10:02

The Convener: The second item is our continued consideration of matters relating to broadcasting in Scotland. There are two panels this morning. First, we are joined by Stuart Cosgrove, who is Channel 4's head of nations and regions.

Stuart Cosgrove (Channel 4): Good morning. I will begin by painting the current scene at Channel 4 and how it relates to our business outside of London. Although I am a Scot, and we have an office in Glasgow, we work throughout the United Kingdom. I manage our strategy and functions outside of London, which includes Scotland, Northern Ireland, Wales and the northern English regions. I mention that because it might be fruitful if, perhaps later in the deliberations, we compare and contrast Scotland's performance with that of other parts of the UK, and not exclusively with the epicentre of the media business, in London. That is my first thought.

Secondly, I would like to give the committee a perspective of Channel 4 and how it operates. Channel 4 is often compared to the BBC, which is the main public broadcaster in the UK. However, there are a number of significant differences. The first difference is that Channel 4 derives all of its income from activity in the commercial sector, particularly through raising money by selling advertising in and around its programmes. It has no direct benefit from public funding via the licence fee.

The second difference is that Channel 4 is a publisher-broadcaster, which differentiates it from the BBC. A publisher-broadcaster is a broadcaster that, under its licence and remit requirements, can commission programmes only from third-party companies, which we broadly refer to as the "indies"—the independent production sector. Unlike the BBC, Channel 4's success, progress or activity is wholly dependent on the strengths and creativity of the independent sector. There is a huge benefit to Channel 4 in that. We subcontract to upwards of about 400 companies a year. Of course, we benefit from their phenomenal innovation. The independent sector is one of the very innovative parts of UK culture; it has grown up with Channel 4 since the 1980s, when we were first established. The sector is now very significant to UK creativity.

However, that situation is not without its challenges. Channel 4 is not in a position to instruct those third-party companies in any way to move location, change the nature of their contracts and so on. When we discuss production in

Scotland, which I am sure we will come to later, it is important to understand that, unlike the BBC, Channel 4 does not have series or departments that can necessarily be moved around the UK.

On Channel 4's engagement with the various companies, it is worth understanding that, due to terms of trade that are agreed within the economy of broadcasting, the power and the influence over value and rights within commissioning reside with the independents, rather than the broadcaster. That gives Channel 4 an important role in catalysing production but not necessarily in relation to how production can be exploited in international sales and so on. The picture for Channel 4 is slightly more complex than that for the BBC, but, nonetheless, it has been really exciting.

I will conclude by looking at some of the success that we are currently enjoying in Scotland and pointing to where there remain dogged and deeply entrenched challenges.

Against the backdrop of the recession and decline in our overall budget, we have seen a pretty decent increase in our spend in Scotland. We forecast that we will spend £6.1 million in Scotland this year purely on independent production commissioning. However, that excludes some other spend. We are measured by the amount of money that we spend within our core programme budget, which tends not to include a number of other activities that we are involved in, not the least of which is film commissioning. We are the single biggest investor in independent film in Scotland's history bar none. That includes "Trainspotting" and, more recently, "The Last King of Scotland". Channel 4 is far and away the biggest investor in film production in Scotland. Currently, we have two feature films shooting in Scotland. Peter Mullan and Andrew Macdonald are both making new films in Scotland just now through Film4. Our Film4 wing is set up as a mini commissioning studio. Scotland has often benefited from that unit's film commissioning power.

I am proud that Channel 4 has played such a pre-eminent role in Scotland's film history. I am personally very proud of "True Stories", which is a series of documentaries by young international documentary film makers. Half of our next run of those has been produced in Scotland by young talent that is emerging through the ranks. One is a particularly fine film by Mark Cousins about Iraq, which goes out before Christmas. The strength of those productions is that they will be international and reputation forming, they will be award winning and they will bring all sorts of value and credibility to Scotland as a creative country. One problem is that they are the products of individual commissions—in other words, they are single

films—therefore they are less likely to be replicable and to return.

I keep coming back to this as an issue for Scotland, because it is something that as a nation we must fundamentally look to address: we are relatively weak in the most economically powerful area of television, which is the returning format brand of mainstream television, whether that is reality-based formats, daytime shows, game shows or returning drama.

By way of conclusion, I will compare and contrast our current performance in the city of Glasgow with that in Manchester—Glasgow is our third biggest city in the UK after Manchester and Bristol, if we leave London out of the scenario. In Glasgow, the spend on productions is somewhere around £10 million in a production period of 18 months, whereas in Manchester it is probably closer to £40 million. The big difference between the two cities is not studio capacity, because Pacific Quay is in Glasgow, and it is not even to do with the creativity of the talent—I have gone through all the things that we are doing with Film4 and "True Stories". What makes the difference between the amount of spend in the two cities is the fact that two series in Manchester—"Hollyoaks" and "Shameless"—are returning dramas with huge scale. Scotland has traditionally been quite weak in that area, and it remains so. There are some challenges for us as a culture. Having said that, if we want to compare only feature films, we have none shooting in Manchester but we have two shooting in Glasgow.

The picture is complex. Scotland is doing well, but it could do a lot better. To close the gap, we have to focus on returnable, scaled, volume television production.

The Convener: Thank you for setting the scene. The committee has a number of questions. I will start, if that is okay.

In February 2009, Channel 4 announced that it planned to appoint a new commissioning editor. Has that post been filled yet?

Stuart Cosgrove: That was the documentary commissioning editor. No, the post has not yet been filled, but our intention is to fill it. It has not been filled because, given the structural problems with the recession, we have had a freeze on all recruitment. Sadly, the promise was made at the back end of the Scottish Broadcasting Commission, which reported two years ago, but the worldwide recession has had slightly more catalytic power over our business than has the commission.

I have managed to argue that we should partially lift the freeze on recruitment, so we are advertising for two posts in the new year. That matters but, to be honest, it matters in a symbolic sense more

than in a real sense. You will be surprised to learn that, in commissioning culture, although there is no question but that commissioning editors have some power within the process, so too do programme planners. If you consider Channel 4 just now, E4, which is our youth entertainment channel, has only four staff, so the entire commissioning culture of that channel comes from four people. I would not be too worried about whether someone symbolically is or is not in Scotland; it is more to do with the way in which independent production companies engage with the channels.

I will give you an illustration of that in relation to E4. I have checked and audited the ideas that have been submitted over the past three years, and E4 has not received a single idea for returning drama from Scotland. That takes us back to the issue that we lack production companies with scale in certain key areas of our economy.

The Convener: You said that you will advertise two posts in the new year. Can you tell us what those posts will be?

Stuart Cosgrove: For various reasons, the answer is no, although I could tell you in confidence. However, two posts will be advertised. One of the issues is employment law, for reasons that I will not go into.

The Convener: You mentioned that there is an issue about the type of production companies that are based in Scotland and their expertise and talent. How can we build on the expertise and talent that exist in Scotland so that, just as we are building a reputation for film production, we can build the capacity to make great drama in Scotland?

10:15

Stuart Cosgrove: In classic economic development agency terms, the choice that we face can be broken down into two key areas. The first area is the indigenous growth of the existing companies and how they diversify and grow as independents in competition with all sorts of independents across the UK and specifically in London. The second area is inward investment and the extent to which Scotland wants to attract companies that bring value with them. There are strengths and weaknesses in both approaches.

I have always favoured the growth of indigenous companies over inward investment for the simple reason that we are talking about small companies. Channel 4 itself is a relatively small company; it is a quarter of the size of my high school and has around 600 staff. In the independent production sector, businesses will grow if the show winners—the people who bring in the business—have a vested, long-term interest in the local community

and culture because they are from there, they live there, their kids go to school there, they have fallen in love with the area and stayed there, or whatever. The companies that are most likely to open and then close are those that set up for a short-term business gain.

I have always favoured the growth of indigenous companies, but that is a long and sometimes difficult route. At the moment, in the global television economy, no single world-known, formatted brand has been innovated and grown in Scotland—no “X Factor” or “Fame Academy”. Scotland is not strong in that area, although we have a fantastic independent film culture. As a community, we must face up to that as a cultural challenge rather than see it as inextricably to do with the failures of London broadcasters—of which there are many, I assure you.

The Convener: Might that relate partly to the BBC’s commissioning policy? Would more commissioning of BBC dramas in Scotland encourage independent companies to be based here?

Stuart Cosgrove: The simple answer is yes, but it is a yes with an important story to tell. Because I manage our relationships in Manchester and Glasgow, I am compelled to make a comparison between the two. Glasgow is a big production centre but Manchester is currently an even bigger one. It is reasonable to ask why one city is doing well in certain areas, why the other is doing well in other areas and what they could learn from each other. I tend not to get caught up in the idea that it is all London’s fault or in blaming our targets on some mysterious people in London who are conspiring against us. I think that that is nonsense.

In relation to the gap between Manchester and Glasgow, I point you to two brands: “Hollyoaks” and “Shameless”. Those account for the difference between the performances of the two cities. “Hollyoaks” is a by-product of “Brookside”, which Channel 4 decommissioned in the 1990s. “Hollyoaks” grew up alongside “Brookside”, and we commissioned it for five days a week. I was involved in that process in a previous role at Channel 4. The programme has been of huge economic benefit to the north-west of England. The other programme, “Shameless”, is now in its sixth series. The key creative personnel around those two shows share one significant thing in common: their companies came out of big soap operas that were set in the north-west—“Brookside” and “Coronation Street”.

In Manchester, five companies, including Red Production Company, Company Pictures North and Lime Pictures, make returning dramas for the UK networks. Equivalents of those companies do not exist in Glasgow. Perhaps one reason for that is that Scotland did not have a soap on the

national network over a 20-year period: we did not have the equivalent of "Brookside", "Coronation Street" or "Emmerdale". Our independent production sector has therefore been shaped by that absence, and that is one of the big problems that I face.

It is all very well to pontificate on how we might move and change, but the reality is that Channel 4 commissions "Hollyoaks" but does not own it. We should consider what would happen if I said, "I've just had a great idea. I've been to the new Parliament in Scotland, and we've decided that we'll cancel our most successful commercial show, 'Hollyoaks', or, better still, move it to Glasgow, where no production company exists that could do it." There is a big challenge for us here. I would prefer to deal with challenges rather than with pontificating. I have often heard in Scotland that what is happening is to do with inherent London biases. I am sorry, but "Hollyoaks" and "Shameless" are not set in London; they are set in Liverpool and Manchester. There is not an inherent bias against commissioning out of London; the problem is that Scotland does not have a returning drama company of scale.

The Convener: Is there anything that we can do to get returning dramas that are based in Scotland?

Stuart Cosgrove: Yes. A number of things can be done. I think that change is happening. We could support areas of activity that allow companies to grow their ambitions nationally or internationally, and we could have regular dialogue with, say, Scottish Enterprise as part of its support for the creative industries.

It is interesting that I have in front of me, hot off the press, information about digital media advisory activities—I have been chairing the digital media advisory group—as opposed to about television production specifically. I will leave that with the committee. There are a number of comparable areas. We need more companies and more companies of scale.

There is a correlation with the BBC, as it does drama, and we have an increasingly strong drama commissioning presence in Scotland. I recently met Anne Mensah, who is the drama commissioner for the BBC in Scotland. We talk regularly about that, and we talked about work that we might do this year conjoined as public broadcasters to address the issue, which she also faces. We would like to try to resolve it. More work and co-operation between the two broadcasters would help.

Asking the BBC how in Scotland drama companies could spin out of long-term investments would also help significantly. The

BBC has not necessarily asked that question. It is clear that it has its own priorities and challenges. The logic of Manchester's experience tells us that if a major studio is returning a soap, talented people will eventually say that they want to go their own way. They will say that they have learned what they can and that they want a new challenge, that they want to do something with E4 for a younger audience, or that they want to work across the network with Channel 4 or on a big ITV prime-time drama. Such people are more likely to spin out of drama production hothouses. "River City" in Scotland has not yet produced a spin-out, but it might do so in the next two or three years. We do not know; we cannot predict that. However, we should always remember that we should try to create industry strength here rather than merely deliver a show.

Kenneth Gibson (Cunninghame North) (SNP):

The convener has reminded me that it was my idea to invite you to the meeting. I apologise for dragging you into the Scottish Parliament on a Wednesday morning.

I take it that the subtext of what you have said is, "Thank God for 'River City'," because we need such programmes, game shows and so on to form a production base that other companies can hive off from so that we can grow the creative industries in Scotland.

You talk about there being no big conspiracy in London, and I am totally convinced by that. Historically, the industry grew up in London. Everyone accepts that it is inevitable that the metropolis will attract some of our more talented and creative people. At the same time, levels of production in Scotland are an issue. You said that you considered expenditure of £6.1 million in Scotland a success. I take it that that is not a baseline and that there is a bit of a rollercoaster—next year the figure could be £4 million or £10 million. How stable is the industry in Scotland? I imagine that many of the creative companies here are relatively fragile—they are only as good as their previous production. How do we ensure that those companies survive and thrive and that there is a baseline?

Stuart Cosgrove: I hope that I did not paint the £6.1 million as a success story; in fact, it is about 2 per cent of our network's spending, which is considerably lower than I wish it to be. I was pointing to the significant success in film and high-quality international documentary and to the fact that, although those are great for reputation, they do not add up to a lot of spending, as volume spending requires returnability. A significant part of the £6.1 million relates to property franchises such as "Location, Location, Location", "Relocation, Relocation", "Kirstie's Homemade Home" and "Kirstie's Homemade Christmas", all of which are

made at the IWC Media studios in Glasgow. A week on Monday, filming will start in Glasgow on a new show called "The Iron Chef", which is a returning, daytime-based show.

There is no question but that the direction of travel is right, although the movement is not fast or substantial enough. Again, I point to the scale of companies. Most of our indigenous companies—with two or three exceptions—are based on the single film model. They make a film, produce it—production is the key to the model—deliver it and try to promote it through the festival circuit. It is great if they win awards and feel good about the film but, once they have had their final party, celebrated the transmission of the film and got over the hangover, they wake up the next day to a blank sheet of paper. There is no return business from the film—its glow may enhance their reputation or have a halo effect, but they must start pitching again. The sector is very competitive, as hundreds upon thousands of people all over the world are doing the same thing. Scottish companies are competing with companies in America, Toronto and other places for budgets.

It is important to have scaled companies that can do returnable work. IWC Media produces "Location, Location, Location", which has been a huge success story. Part of the company's success is due to the fact that, eventually, it was acquired by RDF Media Group; it is now RDF Scotland. The process of merger and acquisition has accelerated over the past four or five years, in particular. Scotland has not been particularly strong in that area in comparison with places such as Cardiff. Two companies in Wales—Tinopolis and Boomerang Plus—are among the more acquisitive companies in the UK regional independent sector.

I do not know how to explain away that fact. Perhaps we have been less acquisitive as a culture than Wales. Admittedly, Wales has the local benefits of S4C, the Welsh language channel, which provides £60 million of value that is effectively ring fenced—S4C is a walled garden to which mostly Welsh or Welsh-language companies pitch. We do not have anything equivalent to that in Scotland. That might be the economic rationale for the Scottish Broadcasting Commission's proposal a couple of years ago to establish a Scottish digital network. In the absence of such an influence in the local economy, we need companies that can win business in the network and internationally to grow. There are challenges associated with that.

10:30

Kenneth Gibson: What is Channel 4's advertising revenue from Scotland?

Stuart Cosgrove: In terms of advertising, Scotland is sold as a macroeconomic area of the UK. Principally, the UK is sold as the UK. Two types of adverts are sold. The majority of advertising, by some distance, comes from global or UK brands trying to buy the UK. Peugeot, for instance, might seek to reach all the markets across the UK simultaneously at the time of its sales promotion. There is then a much smaller market whereby a company decides, for business reasons or whatever, that it wants to target only a single part of the UK. There could be a macroregional possibility for the company to buy advertising in what is called the Scottish region. That is not a huge part of our business, but it exists as a small part of it.

Roughly 97 to 98 per cent of Channel 4's business income is derived from advertising sales, largely through agencies. Stop me if this sounds like business studies-speak, but we sell against two key demographics, one of which is upmarket, the other of which is young. That is one of the reasons why our two portfolio channels—More4 and E4—are skewed. More4 is intended to be more upmarket, for the professional classes; E4 is younger and entertainment based. We sell against those two demographics at what is called a premium to the market. In other words, Channel 4 is more expensive to advertise on than other channels—it is "reassuringly expensive".

Kenneth Gibson: But that does not answer the question of how much money comes in from the Scottish sector. That is the issue—

Stuart Cosgrove: I cannot give you the answer off the top of my head, for the simple reason—

Kenneth Gibson: You could take 10 per cent of the UK figure, perhaps.

Stuart Cosgrove: I could probably come back to you with a figure, but it would be very much a guesstimate.

Kenneth Gibson: That would be okay—that is what I was looking for, rather than a specific figure.

Stuart Cosgrove: In which case I would say 6.8 per cent.

Kenneth Gibson: Fair enough—6.8 per cent of £300 million is pretty specific: that is £20 million or so a year.

What about stimulating the creative industries, from our perspective as a Parliament? What about the education sector?

Stuart Cosgrove: Just before we come to that, I should say that, although what you have just said has a wonderful, clear political logic to it, 6.8 per cent of the production companies in Britain are not in Scotland, unfortunately.

Kenneth Gibson: I am well aware of that. That is why—

Stuart Cosgrove: I did not want to leave that unsaid. We are not talking about how advertising is adumbrated; we are talking about how commissioning is produced. We do not have 6.8 per cent of the value and talent in Scotland.

Kenneth Gibson: I do not think that Scotland should have 6.8 per cent of that—I would like Scotland to have 10 per cent. We could perhaps have the strength of companies to generate that in 10 or 20 years. I was trying to get your perspective on that.

Stuart Cosgrove: I agree with you on that.

Kenneth Gibson: I am not saying that we should simply have a share of the UK expenditure by any means; that would be neither practicable nor feasible. However, it is interesting to consider where we are relative to the rest of the UK.

What can we do with regard to training, skills and stimulation of the creative industries? Where are the areas in which there are issues around ensuring that creative talent is brought to the fore or nurtured and that people are encouraged to enter your industry? We have problems with company formation generally, never mind in the creative industries.

I imagine that it must be pretty daunting for someone to approach that Mr Cosgrove bloke or his colleagues with an idea and a pitch. If we start off simply with a person who has ideas, what can the Parliament do, and what can the education system, in the broadest sense, do to ensure a continuous flow of creative talent coming forward? That talent can be picked up and nurtured, and if the person has ideas they might attract the investment that will bring them to fruition, and they could make a solid contribution to programme making here and in the wider world.

Stuart Cosgrove: It might not be visible to everybody, but this is an area in which Channel 4 has significant strengths. In my Glasgow office, we have an organisation called TRC Media—it was previously called the research centre. Channel 4's vision was to set up something in the Scottish sector that could work across the UK, but principally within Scotland, to develop talent, particularly in the area of start-up companies and so on, to which you pointed. The TRC Media unit is on the same floor as my Scottish desk and we have a team of five people working there. We have six hot desks for people in their first year as Scottish start-ups. They are given rent-free accommodation for six months, for which Channel 4 pays, which includes their overheads for heat, light, broadband and so on. We turn around companies all the time, so in any given year in

Scotland we probably assist as many as 80 companies at various stages of their development.

TRC Media is hosted at Channel 4, but it can work with other broadcasters. For example, it is producing a series of programmes for the BBC just now. Yesterday, I was selecting with the TRC's director the Scottish companies that will go on a prestigious international development programme that we have. The objective is to enable companies to sell directly to the US market in particular, focusing on fact-based programming on the east coast of the States, where there is a strong commissioning culture. The companies go on a training programme that lasts a year; they work with international developers and bigger companies in the UK, then they go off on pitching sessions to America for two weeks. The programme is funded by Channel 4 and overseen by TRC Media.

TRC Media also has a training programme called gen up, which is for individuals who are trying to break into the industry. We had a strong programme of 10 students on that who graduated just two weeks ago from the University of Abertay and from some of our top technology universities—for example, the informatics department at the University of Edinburgh. Those students spend a summer with us, going through all the inducement programmes and meeting creatives from different sectors, such as advertising and television.

TRC Media is therefore a successful organisation, which enjoys support from Scottish Enterprise, Skillset and other agencies. With it, we are involved in a hidden gem of activity that does not hit the £6.1 million, is not part of the 6.8 per cent and is not part of the 2 per cent if you take 3 per cent off—it has nothing to do with all that. It is something that is happening on the ground every day. Curiously enough—this is not for repeating, so I will cover the microphone—TRC has built up a bit of success itself as a business within the training and start-up area. We would therefore never want to float it off, because it is right that Channel 4 hosts and supports it. The value to TRC and to companies that have gone on its programmes is immensely significant. For example, I know of two Scottish companies working in the US market that first met the commissioners with whom they are working through a Channel 4 training programme.

The important point is that Channel 4 gains no great direct business benefit from all that. If a company originates an idea, we cannot own it; if it goes to America and wins a commission, all we get is a nice warm glow from having helped it. This is not about doing something in-house to train our people for our business in order to become more profitable; it is about helping the industry. TRC has

been a big success story for us and we are proud to be part of it.

However, we could do more. I am struck by how we solve the problem of the gap between the individual creative and the business grower and developer. That points to something that I have spoken about with Jim Mather: why there is a cultural reluctance in Scotland around start-up and investing equity in early-stage companies. That reluctance is shared across the life sciences sector, the digital industries and so on—as a nation, we must address it. The only rationale that I can think of is that that reluctance is related to something that I was always told as a kid, which was never to get into debt. Perhaps there is a wee bit of the attitude that says, “Don’t take too many risks, you’ll go bust. And if you go bust, the neighbours’ll laugh at you.”

Kenneth Gibson: The programme that you described sounds fascinating. Should that kind of programme be expanded across the media sector?

Stuart Cosgrove: Yes. We were keen to ensure that it was not seen as being owned by Channel 4. We worked hard on it in the first two or three years.

TRC Media is based at Channel 4; we host it, pay the costs and all the rest of it. We do that to give it the best fighting chance of surviving and succeeding. We did not want it to be pulled down by overheads or whatever. For us, the company is a value-added addition to the sector.

At the moment, the board of trustees of TRC Media has three people from the BBC—I think that that is the figure—and only two from Channel 4. I was the chair, but I have long-since retired. We felt that it was important for the board not to be seen as a Channel 4 fiefdom, something that was connected to Stuart Cosgrove or whatever. We therefore took that decision.

Instead of me talking you through all of TRC Media’s programmes, I suggest that you call Carol Sinclair, its director, to give evidence at a future date. She is one of the key people who are seeking answers to the questions that you are asking on how to grow such companies and narrow the gap between the 2 per cent and the 10 per cent. As I said, I would like us to get to that point.

Aileen Campbell (South of Scotland) (SNP): The Scottish Broadcasting Commission recommended that, once established, the new Scottish network should work together more collaboratively with the BBC and Channel 4. You mentioned the informal way in which you work with the BBC. Are there any plans for a more formal working together with the BBC? If so, what is the timescale?

Stuart Cosgrove: One outcome of the Scottish Broadcasting Commission report was that kind of collaborative activity. I will pick up on the last point and take it forward a bit. The BBC has now joined us in taking forward TRC Media as a training driver in the independent sector. Although we host and oversee things—we pay for the overheads and hot desks, and fund some of the activity—the BBC is now an equally big funder of that activity. The shift has taken place over the past four years. At the outset, only Channel 4 funded TRC Media, but it is now seen as being industry wide.

In my informal conversations with the head of drama, I directly addressed the first point. I refer to the returnability of drama in Scotland. You may be surprised to know how long the evolution of a drama can be. At times, we take three or four years to get a successful drama on air; the process can be tremendously daunting. Often, the disconnect is between the producer’s focus on the desires of the market and what the writers look to do. Writers want to work from that which they wish to write about—a story, a subject, a belief, a passion or whatever—whereas, for producers, elements other than creativity are equally important. Producers ask questions such as: who is this programme being made for; which slot will it be shown in; and what age group will watch it? In Scotland, the deep interconnect between the two has not been fully understood thus far. We have a romantic view of the writer as the person with the vision; we think that television should meet the challenge of replicating that vision.

We have had three successful dramas on the E4 channel, two of which were made outside London and one in London. Our biggest hit is probably “Skins”, which is made in Bristol. The committee will love the fact that the programme is executive produced and written by a Scot—Bryan Elsley—who is based in Bristol and works with young people in making the series. There is no absence of Scottish talent on the programme albeit that it is not made in Glasgow. Interestingly, the writer targeted the E4 teenage market: he wanted to make a modern drama for 17 and 18-year-olds at that key staging point in their lives.

The programme began on MySpace before coming over to Channel 4. We worked on it for a year and a half before bringing it over. The characters were seeded on social networking sites such as MySpace and Bebo. They were given a life before they were written up. It was not necessarily about the writer’s vision; it evolved from the idea that the characters would take on a life of their own on the web through social networks and would then be shaped into a drama. The web was always as important to the project as television was.

We have strong digital companies in Scotland and we could do more in that area. I am working on a project in precisely that area, which I will talk about next week. We have not had a single idea of that sort pitched to E4, because our writers tend to be thinking about not 16 and 17-year-olds but other types of narrative and storyline. I have got myself into trouble in Scotland by stereotyping those narratives, so I will resist the temptation to say more.

10:45

Aileen Campbell: Why do people not realise that they can write for that age group? What is not happening? Is there an issue to do with training?

Stuart Cosgrove: It is to do with the producers, in the sense that we simply do not have enough of them. Nothing is easy in this business, but it is easier to make a short film on a low-to-no budget than it is to win a commission for a returning drama on Channel 4. The difference is huge.

In Scotland there has been a tendency for us to address the single film rather than the returning project, because of the different complexities of doing that. It is a wee bit like saying, "I'd like to set up my own shop or boutique bed and breakfast", as opposed to saying, "I'd love to own a hotel chain." They are simply different things, and we are missing the second and not the first.

Aileen Campbell: Is there an inherent lack of confidence?

Stuart Cosgrove: There is an element of that. However, we are talking about a business in which scale really matters. Let us consider a big-scale show. "The X Factor", which is not on Channel 4, has similar resonances to "Big Brother": it has a strong live dimension, there is a lot of public voting, and regional heats are held throughout the UK. It is a huge operation. The Scottish Exhibition and Conference Centre and the Birmingham National Exhibition Centre have to be hired, people have to be wheeled in, and there must be live skills, big talent development and connections with big industry players in music and the tabloid press or whatever. Scotland has not had key strengths in relation to huge operations such as that.

Aileen Campbell: At the most recent meeting at which the committee discussed broadcasting in Scotland, Ken MacQuarrie and Mark Thompson talked about the memorandum of understanding between Scottish Television and the BBC. They talked about training, which you have mentioned, and about the potential for online collaboration and use of the hub around Pacific Quay, on the Clyde. Could Channel 4 buy into that?

Stuart Cosgrove: Yes. We play a role in that. For example, if a producer wants to use those facilities for a project we give them our support and strategic backing. For example, if you are free on Monday night you can come and watch us record a new Frankie Boyle show in Glasgow—

Aileen Campbell: Can I get tickets?

Stuart Cosgrove: The show will either mean that I end up in jail next week or it will be another step forward. We will be using facilities in Pacific Quay.

Remember that—stay with this, because it is important—we commission a company, which is entirely free to make choices that it wants to make and owns the rights. We cannot say to the company—in the case that I am talking about it is The Comedy Unit, which also makes "Rab C Nesbitt"—that under the contract it is obliged to work at the hub at Pacific Quay and to do eight things, because ultimately we will need to produce the show for the Channel 4 network. There is only a certain amount that we can do.

You must bear in mind that smaller and younger companies often evolve indigenously in areas of cities where the rent is cheap or where they can find other ways of cutting costs—some people work from home, and some come into TRC Media and take a hot desk. They are not always able to pay a city centre rent at Pacific Quay prices. Even with the best will in the world and subsidies from Scottish Enterprise, they are more likely to be located in areas such as Dennistoun, in the east end of Glasgow. I live there and know of four or five companies that are based locally in places such as Wasps studios. They are based there because the rent is cheap—that is what motivates them. Much as we might want a big, glamorous, shiny thing by the Clyde, the truth of the matter is that young companies rightly should and will end up locating their businesses where they think that they can afford to be.

Aileen Campbell: I am a regional MSP for the South of Scotland. Might we think about having shiny things in other parts of the country? One of the Scottish Broadcasting Commission's recommendations is that we should not replicate the current London-centric nature of broadcasting: if there are moves to increase production in Scotland, we should not concentrate it in one place. How do you see that being achieved?

Stuart Cosgrove: Production is not concentrated in one place—at least, in terms of the digital space, which is the other dynamic. I will hand out more information on digital media before we go, so that you will get a perspective on that. In Dundee, we see the emergence of a strong digital interactive entertainment and games sector. In Seabraes Yard and the Bell Street area in

Dundee, there is a cluster of 20—maybe more—games companies, some of which Channel 4 uses for iPhone games apps and all the rest of it. Jamie Oliver's Christmas recipes are downloadable on the iPhone, and such apps are more likely to be made in Dundee than in London.

You must, however, remember the chain that is involved. Channel 4 commissions the programme but it does not own the rights, so we cannot tell Jamie Oliver that he must work in Dundee. He owns the apps rights—we do not. There is a chain of value rather than something that is owned wholly by the broadcaster. The BBC makes and owns the rights to 65-70 per cent of its commissions because they are in-house. The BBC owns the formats and can decide what it wants to do with them, which is what BBC Worldwide is about. Channel 4 does not have that luxury.

Aileen Campbell: Let us return to the Scottish Broadcasting Commission's recommendations. There were some fairly hefty recommendations for Channel 4. You have explained how complex the picture is for the likes of Channel 4 but the commission said that it was disappointed that only 2 per cent of Channel 4's budget is invested in Scotland. If Channel 4 tried to reach the target that has been set for the BBC, that could add £25 million to the Scottish sector. How important would that money be in helping to create the sort of companies that you are talking about, to create scale and to boost the industry in Scotland?

Stuart Cosgrove: There is no question but that those things could and would be important, but we must keep things in perspective. First, a lot has happened since the commission reported—we are speaking as if it were current. Whatever decision Channel 4 may have made on publication of the commission's report, the worldwide recession has taken hundreds of millions of pounds out of Channel 4's business in the intervening period. We are now talking about a period of significant growth in Scotland against the backdrop of a significant decline in the amount of money that we have to spend. So, although the figure is still 2 per cent, it has been a big challenge to maintain that.

Secondly, an entirely new remit is being shaped for Channel 4 in the Digital Economy Bill. For good or bad, cognisance is not being taken of the findings of the Scottish Broadcasting Commission on that. That is not something over which Channel 4 has any power.

Channel 4 was asked to focus on two areas in the Digital Economy Bill. The first was digital media, on which we are focusing. We are currently carrying out a strong and significant range of commissioning in Scotland and are just about to announce another £2 million package of investment. It is not yet clear where the income

will come from to pay for delivering more in the digital media space, but we are off and doing it.

The second area on which we were asked to focus is about enshrining film in our remit. In the past, we have done film only through custom and practice but it will become a regulatory requirement.

The SBC has had an impact, but that impact must be considered to be limited. The new targets that we face require us to do 3 per cent outside London. We are on target to achieve that for 2012. We would like to exceed that target, but we must focus principally on what our statutory remit requires us to do rather than on what the commission said we should do.

Aileen Campbell: The Scottish Broadcasting Commission is in the past.

Stuart Cosgrove: I say on behalf of Channel 4 that it was very welcome.

Aileen Campbell: The SBC put a bit of a spotlight on the Scottish dimension of the industry, but we have been given figures to show that Channel 4's production expenditure in Scotland declined before the recession, so I am not sure how to square that with your comment that one of the reasons why less money had been spent in Scotland was the recession and that there had been a general contraction.

Stuart Cosgrove: I am sorry. Are you asking about the spend prior to the Scottish Broadcasting Commission?

Aileen Campbell: No. Perhaps I have taken it wrongly, but I thought that one of the reasons that you gave for less being spent—

Stuart Cosgrove: I meant that, during the recession, there has been growth in Scotland—definitely not decline. Prior to the recession, as Kenneth Gibson is trying to argue—sorry, perhaps he is not.

Aileen Campbell: No, it was a—

Kenneth Gibson: Sorry, I do not want to interrupt my colleague, but we have been presented with figures that say that the proportion of Channel 4's expenditure in Scotland went from 2.6 per cent in 2006 to 1.7 per cent in 2007 and 1.4 per cent in 2008. Those figures are the reverse of what you said, in that the proportion grew considerably smaller.

Stuart Cosgrove: What percentage did Scotland have in 2008?

Kenneth Gibson: It was 1.4 per cent.

Stuart Cosgrove: Yes. We are now at 2.1 per cent, so it has gone up in 2009.

Kenneth Gibson: That is less than it was in 2006.

Stuart Cosgrove: It is the figure for 2009.

Kenneth Gibson: Yes, but I am saying that the 2009 figure is less than that for 2006. It declined considerably—it almost halved.

Stuart Cosgrove: Yes. The simple rationale for that is that we lost two returning dramas in Scotland: “The Book Group” and “Wedding Belles”. “The Book Group” ran for four years, then the film maker went on to make the feature film “Festival” and the series did not return, although it has been picked up in America, which is good for her.

To be honest, we could go over the figures as much as you want, but it takes us back to the issue that, if we had eight returning programmes, I would be able to stand up and say, “No, your figures are wrong.” In 2009, we have commissioned “The Iron Chef”. If the Frankie Boyle project was to go to a series, we would have replaced “The Book Group” and “Wedding Belles”, but I need eight, not two. That is the problem to which we keep coming back.

Aileen Campbell: I would like to find out about the Channel 4 innovation for the public fund and how Scotland’s contribution to that can be taken forward.

Stuart Cosgrove: The 4iP fund is one of three legs of our digital media commissioning in Scotland. Channel 4 has committed to an investment period of three years and has put £22 million into the fund, which I raised throughout the United Kingdom. Our key funding areas are the West Midlands, Yorkshire and Scotland—actually, Scotland and Northern Ireland, but principally Scotland. The biggest areas are Yorkshire and the West Midlands, where we have a three-year agreement with our partners. The next-biggest area is Scotland, where we have had a relationship with Scottish Enterprise and Scottish Screen. That is beginning to kick in now, so we have a significant portfolio of activity.

11:00

The two other legs of our digital commissioning are in education, which is almost all digital rather than television, and what we call cross-platform, which is where the digital project derives from the strength of a TV show. Jamie Oliver’s Christmas recipe app is cross-platform, because a TV show helps drive people to it, whereas the project that we have been working on in Edinburgh with a company called Blipfoto comes out of digital media commissioning alone—no TV show is involved. One of my colleagues, Nicola More, who is sitting

in the gallery, was involved in driving the Blipfoto project.

Within the next six months, we are probably looking to do about £3 million of digital commissioning in Scotland and about the same amount in the other areas. That has been challenging. There is a big difference between a commission and a product. We commission a TV show for a certain time—we commission the idea and pay the value of the programme plus the production fee, which is usually about 15 per cent of the budget. That is a crude way of putting it but, in effect, it is the profit for the production company over and above the overheads that are paid to make the show.

Products that are commissioned in the digital media are often products that will have a life many years into the future. Blipfoto in Edinburgh is a digital media platform. When we work with it, we look at what its business plan might be over five years. Unlike television, it does not go on and off air—it is there and remains on the web forever, so we consider how the business will sustain itself over a much longer time. That means that the risk is higher. The rewards are less clear, because it is hard to extract advertising revenue from the web as we have done with television.

Unlike Google and the algorithmic search companies, we are not a search-based technology company; we are a TV broadcaster. If revenue cannot be generated from a platform on the web, some people might ask “Why do it?” A lot of people within my organisation ask that. The answer is that we do it to catalyse creativity in the Scottish economy. If it is not generating revenue for the company, then it is being seen as part of the solution. To make things really frustrating for me, such products do not pass through our programme budget and so do not form part of the 2 per cent that Kenneth Gibson asked about. If I come back in the future and you beat me because the figure is still 2 per cent, I will say, “But it doesn’t count this and it doesn’t count that”, but you will still give me a hard time. Would you like to add the figures for our digital media and film, because it will make the 2 per cent feel an awful lot better for me?

Aileen Campbell: Go on then.

Stuart Cosgrove: I think it would be about 3.5 per cent, which is still below where I would like it to be.

Elizabeth Smith (Mid Scotland and Fife) (Con): The Digital Economy Bill’s proposal is to extend the functions of Channel 4 quite considerably in terms of different age ranges. You said a bit about that. How do you intend to represent Scotland’s cultural diversity?

Stuart Cosgrove: Cultural diversity is a separate and different issue to the one that we have been talking about until now. There is no direct correlation between the amount that is spent and the range and representation in programmes on air. We have had two or three episodes of "The Secret Millionaire" in Scotland. A particularly good one that was made in Dundee went out in the previous series. It was one of those award-winning things, where you get really close to people's lives in ways that television is often not good at. It was very watchable, moving and philanthropic. Of course, the programme is made by a London production company, so it does not form part of what we have been talking about, although, of course, the company comes to Scotland and spends money and so on.

If you were to ask where Channel 4 is strong, I would say that we are stronger on real people programming. A lot of programmes are actuality and reality shows, which involve real people doing things in the real world. I will not go into a lot of detail about this, but we have a major project next year, which is about whether the kids of today can engineer in the way that we did in the past. Members will have seen programmes in which we sent people back to a school of the 1950s to see whether they could handle the 1950s regime of discipline or whatever. The new programme will be about whether kids in Scotland, Belfast or wherever have the foundry skills that their grandparents would have needed to produce the anchor for ships such as the Titanic or the Queen Elizabeth.

The representation of Scotland and of other regions of the UK in that programme will be immensely rich, regardless of how much is spent in Scotland. As it happens, the spend in Scotland will be quite heavy because we are using Glasgow School of Art for quite a lot of the 3D rendering for the project, but sometimes representation can be more to do with real people participating in programmes.

You will not want to hear this, but Scotland had more success in the "Big Brother" house than any other part of the UK—I can see members rolling their eyes. However, you will be pleased to learn that 70 per cent of the entrants into the house had degrees from good universities in the UK and that one of the most successful participants was a first-class honours graduate from Glasgow School of Art, so the position is not quite what you might have imagined. Regardless of whether one likes those shows, they are immensely rich in their representation of the UK.

I am passionately interested in diversity. There have been two great shows this year—one on the BBC and one on Channel 4—about Sighthill in Glasgow and asylum communities in Scotland.

That is a subject area in which Channel 4 should be strong. Historically, our performance in it has been good. We did a big show two years ago called "Gas Attack", which was set in the Sighthill community. "The Estate" was on this year, and there have been a number of other shows on the same theme.

Something is happening to the culture of modern Scotland that is very different to what is happening in England. I had a discussion about that with one of our diversity officers in London last week. London and Birmingham have tended to be shaped by a particular notion of multiculturalism, which probably grew out of the post-Windrush experience of people who came to the UK from Trinidad, Jamaica or elsewhere in the Caribbean. Scotland has a strong Asian community, but since it became a part of the UK for asylum seekers to be dispersed to, more and more people have come here from countries such as Somalia, Iraq and Iran. The fact that we have received people who have fled from war zones, such as Tamils from Sri Lanka, means that Scotland has a different diversity. Its story of diversity is different from that of, say, Leeds. I am keen that Channel 4 is seen as a place where that diversity—

Elizabeth Smith: Do you reflect the different languages as well?

Stuart Cosgrove: On the issue of how those languages butt against contemporary Scotland or the rest of the UK, we have been supporting a film about the Kurdish community in Glasgow, which is winning awards in the film world and will form one of our successful shows next year. It is right that Channel 4 is making such programmes. Our role is slightly different to that of the BBC—perhaps we should be surfing modern change more than the BBC should.

Elizabeth Smith: I have one last question. Do you anticipate doing more programmes that reflect local news rather than the national picture?

Stuart Cosgrove: That is a particularly challenging question. The political consensus has been that "Channel 4 News" at 7 o'clock at night will remain international in outlook and largely of network status. The committee should remember that the making of "Channel 4 News" is subcommissioned to ITN, which receives stories from all over the UK, particularly when they become big network stories.

I have a good example of that. We have a particularly good young producer working in Scotland who has made three great stories for "Channel 4 News" on Faslane. Instead of reflecting a specifically local story, which has traditionally been the role of the ITV network through its regional opt-out, a connection has been made with a bigger public debate on which

Scotland has a story to tell. We know the challenges that are faced with regard to local news, which is why the Office of Communications has floated the idea of independent news consortia, for which Scotland would be one of the pilot bid areas. I am not saying that Channel 4 and ITN could not play a role in that, but we would not be expected to be bidders in the process, because the proposal is not intended to resolve one of our challenges.

The innovatory work that 4iP is doing in digital media could be used to provide more localised services.

One of the strengths of the global positioning system for mobile phones is the fact that we can get things delivered to a much more local media platform. Curiously, that is an area in which we could make a contribution.

Ted Brocklebank (Mid Scotland and Fife) (Con): Good morning, Stuart.

Stuart Cosgrove: Good morning, Ted. How are you?

Ted Brocklebank: I am very well, thank you. You and I probably go back further than either of us cares to remember.

Stuart Cosgrove: Yes. That is a frightening thought.

Ted Brocklebank: How long have you been the head of nations and regions at Channel 4?

Stuart Cosgrove: I do not want to come over all heavy, but I am the director of nations and regions.

Ted Brocklebank: Gosh!

Stuart Cosgrove: I am sorry, but you demoted me to a previous job. I have been director of nations and regions for three years, I think.

Ted Brocklebank: For how many years have you been Channel 4's representative in Scotland?

Kenneth Gibson: Plenipotentiary.

Stuart Cosgrove: If you are asking when I started at Channel 4, it was in 1992. At that time, I was the commissioner for independent film and video. I then became the controller of arts and entertainment and, after that, I was deputy controller of Channel 4. I was made head of nations and regions when our targets came in, and I am now the director of nations and regions and an executive of our 4iP digital media fund.

Ted Brocklebank: I ask because I cannot think of any other Channel 4 executive who has been with the company longer than you. Am I right?

Stuart Cosgrove: That is probably right. I have seen off five chief executives, which I admit is a bit

unseemly. The truth is that it is the only TV station that I care about—I believe passionately in it. I believe in its mission and the subject that we are talking about, and I bring a tremendous amount of energy and passion to it. A lot of people—always in Scotland, never in England—talk to me about my football show on a Saturday, which occupies an hour and a half of my time and seems to occupy 90 per cent of people's perception of me in Scotland. The reality is that that—indeed, the future of the BBC—is not nearly as important to me as Channel 4. I consider myself lucky to have had two of the best jobs in the media. I was the editor of the *NME* and a creative director at Channel 4. The two organisations are similar in that they are both bold, skewed to the young and prone to controversy.

Ted Brocklebank: As you will know, it is not in my nature to be provocative. However, if I were a disgruntled independent in Scotland—

Stuart Cosgrove: You were for 10 years, Ted.

Ted Brocklebank: I might say, "Stuart Cosgrove has been great for Channel 4. He has kept the natives quiet and has done a great job in talking up Scotland. However, he has not really delivered very much for Scotland." The argument behind that would be the very thing that we were talking about earlier. Why is there no production base in Scotland? There should have been one, given the fact that, in the early days of STV, we had programmes such as "High Living" and "Take the High Road". In recent times, we have had "Machair" and "River City". There has been a build-up of dramatic talent in Scotland, but critics—not only of Channel 4, but of the BBC and, I suppose, of STV—would say that that talent has not been nurtured by the commissioning editors. The reason why we are in such a weak position now, relative to Manchester and Bristol, is the fact that we did not invest the seedcorn money and the commissioning editors failed Scotland. How would you react to that suggestion?

Stuart Cosgrove: I would say that that is a very partial reading of history. All the successes to which you point—"Take the High Road", "Machair" and even "River City"—have been regional opt-out productions. One of the challenges for Scotland has been in not having nearly as much visible content as I would wish on the network in those returning areas.

We can obsess about the things that we are doing. Ted Brocklebank produced a project on the history of the oil industry in Scotland. We often argue that the things that we are doing work for us and should, therefore, transfer to the network; however, often, they do not. For example, I face a challenge just now in Northern Ireland, where a very good Belfast-based company is virtually unknown to the network although it makes RTE's

biggest daytime show. I have had to take our daytime commissioning editors to Dublin to see the scale of the show. The truth is that they did not know that the company had the capability that it has until we helped them with that.

11:15

Scotland must also consider what has been strong and what has been weak in its own culture. I am massively proud of the fact that, from "Trainspotting" to "The Last King of Scotland", Channel 4 and Film4 have won more international awards for Scotland—British Academy of Film and Television Arts awards, Emmys and Oscars—than any other broadcaster. You might not want to hear it, but programmes such as "Machair" and "Take the High Road" did not win those awards. However great things might have felt in that era, it was in a bubble. On the global stage on which Film4 plays, Scotland does really well and wins awards. I would not want to trade that for another episode of "Take the High Road".

Ted Brocklebank: I want to return to the basic argument.

Stuart Cosgrove: Trading that for another episode of "Take the High Road" would be wrong for my culture and my country. You need to recognise that Channel 4 has delivered that fundamental and significant achievement in Scotland during my watch.

Ted Brocklebank: I want to return to the argument that you made, which is that, somehow or other, we are people who do not want to get into debt or take risks. Do not commissioning editors have a responsibility to nurture young companies? You have mentioned a few of those, but—

Stuart Cosgrove: They do that.

Ted Brocklebank: A number of young independent drama producers in Scotland have left because they could not see anything coming through the commissioning process here for them.

Stuart Cosgrove: There is an element of truth in that. However, if you want to say that that is endemic in the system, you would have to prove that those people went to do something in London because they could not have done it in Scotland. I know many people who have gone to London for all sorts of reasons. Let us consider the independent production sector at the moment and people such as Eileen Gallagher of Shed Productions, Alex Graham of Wall to Wall and Bryan Elsley of World Productions. Hundreds of Scots who have made decisions to move are succeeding. Eileen Gallagher was in Scotland, but she moved to Manchester and to London to pursue her career. Alex Graham, who is a

graduate of the University of Glasgow, moved to London for political reasons and his career morphed into television.

There is a question about whether we engage with our diaspora enough. We do not do so as much as Ireland does. That is a fair point. I had been to London twice before I joined Channel 4—one of those times was to become media editor of the *NME*. I could not have done that from Scotland—the post did not exist here. Therefore, I cannot apologise if people get on a train and go to London. It is good that they do that; it is even better when they win big gigs there and come back.

Ted Brocklebank: I agree with all of that, but there is a problem. I am saying that many producers have gone simply because they could not raise funds here—they could not get the seedcorn money. When they have gone, built things up elsewhere and shown that they are every bit as talented as producers in other parts of the country, they have been able to come back to Scotland with a reputation. It seems to me that commissioning editors have suddenly said then, "Isn't it wonderful? They've got a reputation." They seem to have done that rather than help to build that reputation in the first place.

Stuart Cosgrove: I work daily or weekly with most of the start-ups in Scotland and am not aware of a company that has said that it cannot make it in Scotland and has therefore closed down and moved house to London. I am sure that individuals have done that, but it is a slightly different matter if a freelance individual decides that he or she can get more work in London. I have not heard of any such company closing down and moving to London.

The Convener: That concludes our questions to Stuart Cosgrove. I thank him for taking Ted Brocklebank's questions in the good-natured spirit in which they were meant. It would appear that you have had such arguments before; you will possibly have them again.

Stuart Cosgrove: Yes—and it is always good when people park their agendas at the door.

Kenneth Gibson: When you said that the only thing that you really care about in broadcasting is Channel 4, you sounded a bit like the Mo Johnston of broadcasting. Channel 4 is the only team that you ever wanted to play for.

Stuart Cosgrove: That is a calumny, Kenneth, and you know it. The truth is that I have never flipped sides. Channel 4 controls my contract; it allows me to work for the BBC on Saturdays.

The Convener: Thank you very much for your attendance.

Stuart Cosgrove: I have been chairing the digital media advisory group for the Scottish Government. I will leave for members the group's vision document for digital media as opposed to broadcasting, for which there is a support document. The document is hot off the press. Members of the committee will be sent it in their capacity as MSPs, but I would not mind leaving copies of it here. It is a great read and it looks fantastic.

The Convener: Thank you. The clerks will take the copies from you.

11:20

Meeting suspended.

11:24

On resuming—

The Convener: We have now been joined by the members of our second panel, who have waited patiently and listened to Stuart Cosgrove from Channel 4. Chris Woolard is a partner at Ofcom and has responsibility for external affairs and governance with Ofcom in Scotland; Vicki Nash is director of Ofcom in Scotland; Joyce Taylor is a member of Ofcom and has responsibility for the content board for Scotland; and Thomas Prag is a member of Ofcom's advisory committee for Scotland. I understand that Vicki Nash wishes to make a statement before we move to questions.

Vicki Nash (Office of Communications): Thanks very much. Before we start, my fellow panellists—particularly Chris Woolard, who is new—might want to say a bit more about their roles.

Chris Woolard (Office of Communications): The convener has saved us from having to introduce ourselves but, for the committee's benefit, I point out that between us, we represent all the different bits of Ofcom. As Ms Whitefield said, I am a partner at Ofcom; I am also a member of our executive committee. Vicki Nash is also from the executive team at Ofcom; Joyce Taylor is a non-executive member of our content board; and Thomas Prag provides Ofcom with independent advice but is not a member of Ofcom staff. I say that just so that the committee is clear on all our roles, particularly if Thomas feels the need to dissent from us at various points—which is okay. That is how we all fit in. Vicki has a short statement to kick things off.

Vicki Nash: I thought it might be helpful to outline a few events in which we have played a part since we were here in June last year, and to chuck a few statistics at you. In our most recent appearance before the committee, we talked

about how difficult life was in the world of public service broadcasting and the structural changes that have impacted on the commercial broadcasters in particular.

Since we were here 18 months ago, the number of households in Scotland with digital television has gone up six percentage points to 91 per cent and the number of households with broadband has gone up seven percentage points to 60 per cent. Clearly, that puts further pressure on the system from the point of view of structural change in the industry. In addition, as has been discussed, there has been the recession.

There have been a number of key events since June last year. BBC Alba was launched in September last year. Ofcom has a statutory relationship with MG Alba, which is partnering the BBC in producing that channel. Although Ofcom played a part in the market impact assessment, we have no formal role to play in the review that is being carried out by the BBC trust, which is looking at whether the channel should be on Freeview. The launch of a channel for Gaelic viewers was a welcome development, and the channel is popular, too, with non-Gaelic speakers.

September last year also saw the publication of the Scottish Broadcasting Commission's report. Ofcom gave written and oral evidence to the commission. Initially, Ed Richards, our chief executive, gave an interim response to the recommendations in the report, largely because our own PSB review was mid-flow. That concluded in January of this year and, following the publication of our final report, we responded in full to the SBC. More recently, in September of this year, the Scottish Government published its report on progress on the SBC recommendations.

As I said, following conclusion of our PSB review in January of this year, we published our final report "Putting Viewers First". In pulling together that report, we carried out extensive research and consultation throughout the UK, including Scotland. In October last year, we had two public meetings in the Borders: one in Hawick and one in Dumfries. We wanted to meet the public, who were extremely concerned about ITV's proposed changes to the pattern of news provision in the Border Television area. In November last year, we had a major public conference here in Edinburgh, at which representatives of all the parties in the Scottish Parliament spoke, one of whom, I am happy to say, was Ted Brocklebank.

As well as including our short-term regulatory decisions—in other words, our decisions on STV and Border news and non-news—our final PSB report contained a range of longer-term ideas to help sustain public service broadcasting, which we fed into the work undertaken by Government, particularly the "Digital Britain" report. We

mentioned the Scottish Parliament's support for a Scottish digital network, as advocated by the SBC, and the idea of independently funded news consortia, to which Stuart Cosgrove referred, whereby a pot of money would be provided that could be bid for by consortia to provide news in the channel 3 slots. That offer would extend to radio, newspaper and online coverage.

11:30

Most recently, we had an event in Glasgow on local and regional media, which was attended by more than 80 people. That shows, I think, the strength of interest from newspapers, online broadcasters and indies in the need to sustain local and regional news in Scotland. You will have seen that the Department for Culture, Media and Sport advocated a pilot for Scotland and a pilot for the ITV Tyne Tees & Border area. The longer-term proposition of independently funded news consortia is set out in the Digital Economy Bill.

In June, the Calman commission published its final report, in which there was a section on broadcasting. We gave oral and written evidence to the commission. We were particularly pleased to see the good references that the commission made to the extent of engagement that Ofcom has here in Scotland. The commission said that it welcomed and was impressed by Ofcom's ongoing commitment to engagement with the Scottish Parliament and the Scottish Government, which was good news for us. As you know, a major part of my role is to engage with all stakeholders here in Scotland.

We have had several meetings with the culture ministers in the Scottish Government and the Minister for Enterprise, Energy and Tourism, in view of our responsibilities for telecommunications regulation and broadband. Our chief executive had a meeting with the First Minister in February 2009.

We also held a radio event. Let us not forget the strong role of radio in public service broadcasting in Scotland. It is important that we continue to engage with that sector to help inform the debate about the future of radio. Commercial radio is probably better placed in Scotland than in other parts of the UK. The audience figures here are relatively strong, but, nevertheless, these are still tough times. I am sure that you are aware of the demise about a year ago of Talk107, the Edinburgh talk radio station. More recently, Ness Community Radio and Jubilee FM in South Queensferry both indicated that they would not be going ahead, primarily for financial reasons. Clearly, these are tough times for the radio sector, too.

We have considered the implications of the "Digital Britain" report on the regulation of

localness in commercial radio. We have just concluded a consultation on our proposed changes to regulation should the UK Parliament pass the Digital Economy Bill. The consultation aims to increase the viability of local radio stations while protecting listeners' interests by safeguarding the provision of local content.

We published our communications market report for Scotland in August. You will know that we have an extensive programme of research in Scotland, which continues to inform the debate. Our research is regularly referenced by the First Minister—it was referenced when he launched the Scottish Broadcasting Commission. There has been quite a lot of press coverage of our communications market report for this year in relation to the out-of-London figures, which you discussed with Stuart Cosgrove earlier, and the drop in spend but also the increase in viewer hours in Scotland by the BBC and STV over the past year.

I hope that that has given you a headline indication of our broadcasting activity, our engagement and the means by which we seek to be accountable in Scotland. We are happy to take questions on any of that, and lots more besides. Chris Woolard will field the questions.

The Convener: Thank you for that opening statement. We move to questions, starting with Aileen Campbell.

Aileen Campbell: The Scottish Broadcasting Commission recommended a Scottish digital network, but I think that Ofcom would like other ideas to be pursued too, one of which is a competitive fund that would support a series of interconnected television, local television, online and radio content. How would that fund come into being and how would it be used?

Chris Woolard: We advanced various options as part of the PSB review that we completed much earlier in the year. In effect, we said that the idea of a Scottish digital network is one option and that another option is to look at the kind of funding model that you mentioned, for which there are precedents elsewhere. In the Republic of Ireland there is a similar role for commissioning content across a range of broadcast outlets, instead of having a single broadcast outlet that solely provides that service. That is one consideration. The key issues are where the funding comes from and the basis on which the model is established. To some extent, that series of issues sits in the Government's court.

Vicki Nash: It is essentially about extending the offer for people in Scotland to radio and perhaps making it more local. It would not simply be a channel with online content, as the SBC proposed.

Aileen Campbell: Where would the money come from? How does the Republic of Ireland model work? If that is the precedent, where does Ireland get the funding?

Chris Woolard: In the public service broadcasting review, we set out a range of options for funding, from direct Government intervention to using a proportion of the licence fee—the latter has been the subject of quite wide public debate. Other forms of levy within the broadcasting industry could be considered. There is a range of different funding methods. We do not advocate any one of those as the favourite; we have simply laid out the options.

I understand that a reasonable amount of the funding for the Irish model comes from a public levy for broadcasting. It is not directly analogous to the licence fee, but it is along those lines—it is a percentage of that sort of money. At the end of the day, it comes down to a decision whether to use direct public intervention to fund such a model.

Aileen Campbell: What advantages would that model offer over having a digital network?

Chris Woolard: It depends on the outcomes that you are trying to achieve. Potentially, the principal advantage is one of cost, in the sense that you would avoid setting up a further channel, with further overheads such as a headquarters building and so on. As far as possible, the money would flow directly into content. It would also allow you to have more competition for ideas because you would ask a number of people to bid into that fund. However, rather than saying that that is the only way to do it, we put it forward as an option, and exploring it is very much in the Government's court.

Aileen Campbell: People would bid into that fund and then rely on the existing television stations and so on to broadcast their content.

Chris Woolard: Yes.

Aileen Campbell: So there is no guarantee that that content would be shown—or is the whole purpose of the funding to ensure that those ideas, programmes and so on are broadcast?

Chris Woolard: Absolutely. If you were to establish such a fund you would expect it to work in harmony with the existing broadcasters. People would not bid into a fund if there was no reasonable chance of their ideas being shown on one of the existing channels. If you went down that route, you would expect the existing channels to be part of the bidding process.

Christina McKelvie (Central Scotland) (SNP): My question is for Vicki Nash. You said that you published your communications report for Scotland in August 2009, in which it emerged that

“People in Scotland watched an average of 22 hours per head of nations news bulletins in 2008”,

which was six hours higher than the UK average. How does Ofcom's decision to reduce STV's obligations serve that news plurality in Scotland?

Vicki Nash: It is interesting that, historically, Scotland has always watched more television than other parts of the UK, although the north-east of England might be slightly leading us now. Television has always been very popular in Scotland—I think that that is because it was invented here.

You are right to raise the apparent disjuncture between that figure and the fact that we have reduced the obligations. As I said earlier, we are in a hard place. The number of people with digital television has gone up six percentage points since we were last here, which puts pressure on commercial broadcasters' advertising revenues. The committee discussed that with Stuart Cosgrove. The most expensive part of their offer is regional news. In making our regulatory decisions, we have tried to protect the part of the schedule that audiences value most. We have protected news in peak time because we know from our research that that is what people value most. In fact, the reductions that have been made throughout the UK in regional news obligations have been in morning and weekend daytime news. We have protected the core offering of the early and later evening news, so people are essentially getting the same amount of news in and near peak time as they were getting before. It is just that the less popular bulletins—the ones that we know from viewing figures were not watched as much—have been dropped. We are trying to protect the core audience proposition.

Christina McKelvie: I suppose one of the unintended consequences is that it is now quite difficult to get Scottish news at the weekend. I find it quite difficult to pin down a news bulletin from which I can actually get some Scottish news.

You mentioned the independently funded news consortia, and Aileen Campbell picked up on that. STV has expressed concern that, if such a consortium was to secure the funding, the relevant newspaper group might be given an unfair commercial advantage. How do you square that with what you said a moment ago about protecting aspects of news delivery?

Chris Woolard: It is worth while to be clear about a couple of things up front. IFNCs are one of the suggestions that we put forward to the Government in our PSB report earlier in the year. However, decisions about IFNCs and certainly the pilots are now a matter for the Government. Ofcom will not play a direct role in that.

On who might come forward as bidders in the various regions, it is clear that a range of different consortia will bid. The idea behind IFNCs is to encourage innovation and to encourage people to think about media in a joined-up way across a number of platforms rather than just television. The DCMS will have to weigh up a number of issues when it comes to a conclusion about who it wishes to appoint. I will not try to put myself in its shoes.

One feature of the process is that the various consortia that are beginning to get themselves together to bid are putting their own best foot forward and they often express concerns about the other consortia that may bid. However, it is clear that the protection of plurality, and particularly the protection of independent, impartial news on television, will be important criteria to be considered in the process.

Christina McKelvie: Do you have any idea when the Scottish pilot will start?

Chris Woolard: Again, that is a matter for the DCMS rather than Ofcom, but the bidding process is beginning now. Expressions of interest are being invited and DCMS ministers have said on the record that they hope to sign contracts by March.

Christina McKelvie: Ofcom provided evidence to the House of Commons Culture, Media and Sport Select Committee's inquiry into the provision of local media. We find our local media networks in Scotland very important. Do you want to say anything about local news and other regional provision or your new responsibility to provide local media assessments?

Chris Woolard: I will ask Joyce Taylor or Vicki Nash to comment on that in a moment, but I will give a high-level comment first. Some of the issues are tied up with the Digital Economy Bill, which is going through the Westminster Parliament. The work that we have done so far on local media was really a spin-out from our earlier public service broadcasting review, in which we identified that local media in their various forms play a feeder role to the national media because they train journalists and so on. The overall health of the sector therefore affects the overall health of the wider media sector in the UK. Some of the issues that we raised and highlighted in our report go a fair way beyond Ofcom's direct responsibilities, but they have an impact on what we do.

11:45

Vicki Nash: We know that local media in Scotland are particularly strong. That is clearly true of local newspapers, and I have already mentioned the position of radio. The fact that so

many people came to our local and regional media event a couple of weeks ago is good evidence of that strength of interest.

As Chris Woolard said, we recently reported to the Secretary of State for Culture, Media and Sport on our two main changes to the media ownership rules. The advisory committee for Scotland commented on our paper, and I will ask Thomas Prag to say something about that shortly. The two main changes were designed to help maintain local content by increasing flexibility for companies and by reducing the regulatory burden on the local media sector, particularly the radio industry.

The only restriction that was proposed was on ownership of all three media: the local radio station, local newspapers with 50 per cent or more of the local market share and a regional channel 3 licence. The aim is to liberalise the rules and make life a bit easier. The advisory committee had a particular view on that. Perhaps Thomas could comment.

Thomas Prag (Office of Communications): We had concerns on the ownership side of things. Ofcom was right to examine the market, which has changed hugely. The radio industry in particular had some complex, out-of-date cross-ownership rules that needed to be looked at. Ofcom is trying to liberalise the arrangements so that they are more relevant to today's market and to ensure that the industry survives. Ofcom is discussing the possibility of allowing local stations to reduce some local hours while maintaining local news, which will be protected. There are still some restrictions.

I will try to explain the advisory committee's concerns about ownership, and I need to use an example for this to make sense. The reduced cross-media ownership rules could effectively allow a conjoined *Herald-Scotsman*—it could happen; it is not in our control and it is nothing to do with Ofcom—to merge with Bauer Media, which currently controls the main radio heritage of Clyde, Forth, NorthSound and so on. That entity could then mop up all the other Scottish radio stations, and one owner could control all that. However, that owner would not be able to control the television channels as well. Various combinations would be possible. We were concerned about whether such a scenario would represent plurality and whether it would be in the public interest. We put that point to Ofcom, and Ofcom listened to us. That was reassuring from the advisory committee's point of view: it was good to have Ofcom listening to our Scottish perspective.

We raised a further concern that the only protection lies in something called a public interest rule, but that is effectively applied in London and from a London perspective. We said that that

needs to be thought about more carefully, and in a Scottish context. That issue has been put to DCMS for it to think about, and it might be something on which the Scottish Parliament could engage with DCMS to work together on. Does that help?

Christina McKelvie: Yes, it explains the situation a bit better for me.

The Digital Economy Bill removes the requirement in the Broadcasting Act 1990 for STV to broadcast programmes in Gaelic. Can you explain that decision, which, in our opinion, limits access to Gaelic programmes for people who do not have access to BBC Alba?

Vicki Nash: That flows from a historical agreement that was reached a few years ago in the run-up to the establishment of the new channel. It was agreed that STV would promote the existence of the new channel, which STV funded by way of supplying programming from its archive, and that, over time, STV's Gaelic obligations would be reduced. That reflected the general pressure on commercial broadcasters in relation to public service broadcasting, and we felt that Gaelic had to take its share. Under the deal that was struck, there would be a diminution in the requirement on STV to carry Gaelic. Some is still carried at the moment, although the Digital Economy Bill would remove that requirement.

We would like the Gaelic channel to be available on Freeview, but it would be unfair to request STV to continue to carry the same proportion of Gaelic now that we are in a different place, given the general downturn and the structural and cyclical impacts on the broadcaster.

Christina McKelvie: Is any progress being made with getting BBC Alba on to Freeview? That has been discussed since the channel's inception, but there has not been much progress on that front.

Chris Woolard: Decisions about whether BBC Alba is carried on Freeview are for the BBC trust. The trust is currently undertaking a review on that, which I think will report in the new year. We have said that the process that the trust has to adopt in reaching the decision ought to be transparent, and we absolutely believe that it is. However, it is a matter for the BBC trust, not Ofcom.

Aileen Campbell: I have a further question on Gaelic output. Not everyone has access to BBC Alba. If Gaelic output is taken away from STV, that surely leaves a gap for people who cannot watch BBC Alba unless it moves on to Freeview. As you say, that is not a matter for Ofcom, but for the BBC trust. I do not see how the gap is going to be filled for folk who might have enjoyed and been used to watching STV's Gaelic output.

Chris Woolard: I think that there is still some Gaelic coverage on BBC2.

Vicki Nash: Yes, and BBC2's coverage is at slightly more sociable hours than the coverage on STV. It is important to note that the BBC somehow resolved to get its output carried on cable—which is something of a miss at the moment. The good news for Gaelic is that quite a lot of programmes are carried on iPlayer. In fact, there is more on iPlayer than on BBC Scotland. A good deal was struck as far as iPlayer is concerned.

Aileen Campbell: I appreciate what you are saying, but I guess that access to iPlayer relies on people having broadband, and some of the areas where more people speak Gaelic do not have the same broadband access as elsewhere. There still seems to be a gap there. If what I have read and heard is correct, the Digital Economy Bill will remove that requirement for STV to broadcast Gaelic, and no one is catching the Gaelic-speaking audience who do not have access to broadband or to BBC Alba.

Chris Woolard: As I recall from my imperfect memory, the BBC's position is that there will still be a Gaelic zone on BBC2, which will be available to everyone, until the point at which a decision is taken about broadcasting BBC Alba on Freeview, again so that pretty much everyone can get it.

There are two broader points. First, it is for the Government to decide what it puts into the Digital Economy Bill. Secondly—you will have had this in spades during Stuart Cosgrove's evidence—when Ofcom approaches decisions that are within our remit and our gift, unlike those surrounding the bill, we have to strike a balance between the benefits that are attached to having a PSB licence and what we can demand for the public in return for the privilege of holding that licence. That must be set against the value of the licence in the current climate and a recessionary background of a decline of 15 per cent in advertising revenues across the TV sector over the past 12 months alone and of roughly a third since their peak in 2000. We have to strike a balance concerning the obligations that are laid on people, and we have described the balance that has been struck by the Government in respect of Gaelic and STV.

Thomas Prag: The advisory committee has discussed the matter. From day 1, the committee has said that it is strange that the Gaelic channel is not available on Freeview. I am not a betting man but, given the recent success of that channel, it would be a reasonable bet that the BBC trust will make the right decision—although I have nothing to do with the BBC.

BBC Alba has to be a channel that people will trip over—they have to be able to find it easily. That is not the case at the moment: people need

to be dedicated fans of Gaelic programming to find it. It needs to be signposted. We hope that BBC programmes will continue to do that and that people will be encouraged to find the channel.

Aileen Campbell: I have a question about nations news. How does Ofcom wish to ensure that residents in the south of Scotland get access to local Scottish news?

Vicki Nash: The DCMS's decision that there should be a pilot IFNC in the ITV Tyne Tees & Border area is of note. The DCMS also recognised the concerns that have been expressed. That is why we held two public meetings in Hawick and Dumfries about the loss of the service. In its document, which is on its website, the DCMS references the 13,000 postcards that we received as part of the campaign to protect Border news.

The DCMS accepts that there is a need for a pilot in the area and suggests that that could offer a more granular service than residents get from the current ITV offering. It notes that broadband take-up in the area is relatively low and could be driven up by the availability of more local content. That is an opportunity. In the Border area, probably more than in any other area of Scotland, there is real interest from councils in local television offerings. There is a groundswell of interest in the announcement last week of the IFNC pilot. As Chris Woolard said, the intention is to award contracts for the pilots by the end of March, so something could happen in the area relatively quickly.

The Convener: You sat through the previous evidence-taking session, so I am sure you are aware that the committee asked about total spending on programmes in Scotland. What is Ofcom's view on total spending on programme production in Scotland by all public service broadcasters?

Chris Woolard: I will comment on the overall direction in which Ofcom has gone in the past few years and ask Vicki Nash to add some colour and detail.

It involves striking a balance between what we ask individual licensees to do and the value of their licences: as advertising revenues decline overall and we get ever closer to digital switchover, the value of having an analogue licence declines, so we have a difficult balance to strike with regard to the commitments that we lay on individuals.

For some broadcasters, we have tried to find mechanisms that are appropriate to what those broadcasters do. We have scaled Channel 4's commitments up or down accordingly. The committee registered that Channel 4's targets for production out of London and in specific nations were pretty low, but those targets are new—they

did not exist previously. We are moving in what I suspect the committee thinks is the right direction, but we are doing so at a rate that is designed to reflect companies' current commercial ability to meet targets.

In ITV, including STV, there has been a general scaling back, but that reflects the overall economic conditions in which the channel 3 network finds itself. The big piece of the picture, which we do not regulate directly but which we see as the cornerstone of the PSB system, is the BBC. It has given clear commitments on where it wants to go with its programming. Progress towards meeting the targets has been mixed. Vicki Nash can give a greater sense of that.

Vicki Nash: Our report this year indicates that there has been quite a modest increase in out-of-London programming by the BBC—although of course those figures relate to last year. When the BBC gave evidence to the committee in June, Ken McQuarrie said that the figures for this year look more promising and that there is a good chance that it will meet the target of 6 per cent by 2012.

The headline was that there has been a £13 million drop in spending by the BBC and ITV on programmes made for the nation. The BBC was responsible for the majority of that drop. It is important to put on record that the figure came from the BBC. It would say that the drop can be explained in part by the fact that there was no election last year and by changes to some of its sport coverage and to the way in which we account for Gaelic, which is addressed in a different section of the report. STV spending was also down slightly.

12:00

The hours taken over both broadcasters were up, but again the BBC had dropped its hours and STV had increased its hours. That reflects the strategy that the BBC continues to pursue of more granularity, particularly with the split news and the Glasgow-Edinburgh and the Dundee-Aberdeen split. That is part of its evolving strategy and we wait with interest to see next year's report and see how that is reflected in the figures. I think that the BBC's out-of-London figures will start to look better if what it said to the Education, Lifelong Learning and Culture Committee in June this year bears fruit.

Joyce Taylor (Office of Communications): Ofcom was involved in the PSB consultation and it was left in no doubt about sentiment in Scotland on Channel 4's role and the amount of programming that it was commissioning from Scotland. Our recommendation was therefore to raise the out-of-London quota from 30 to 35 per cent and to put in a new quota, the out-of-England

quota, which is 3 per cent. I think that Stuart Cosgrove referred to gearing up for 2012, but Channel 4 has to produce 3 per cent by 2010. That will be regulated by Ofcom's content board.

The Convener: Is the use of targets for the commissioning of programmes in Scotland the right way to go or is it tokenistic? Will it deliver the change—more programmes being commissioned here in Scotland—that so many people in Scotland want?

Joyce Taylor: It is a mechanism. We do not particularly like such quotas and targets because they end up being a ceiling rather than a floor. Developments such as BBC Alba—channels and production in Scotland—are the way to get enough of a core. One of our roles is to approve the Alba operational plan. I do not want to give away any of its secrets, but I can say that it is interesting that it is focusing on training at a time of recession, when many companies are pulling out of training. It is important to get new entrants and a consolidation of companies in Scotland that can produce programming. Perhaps companies that start there will develop a wider focus in what they produce, because it is also important not to be inward looking in Scotland; the market is international, so that is where we have to encourage companies to go.

Vicki Nash: We must be sensitive to changing circumstances. As Chris Woolard said, we said that we would review Channel 4's 3 per cent quota once its economic position was more certain. Such targets help to focus minds.

It is worth noting that, as a regulator, Ofcom has taken action against companies that have failed to meet their targets—most notably, the out-of-London quota on ITV was transgressed a few years ago and we took action against it. Such quotas and targets focus minds, but they are not perfect and they need to be subject to changing circumstances. As a regulator we must be sensitive to the kind of shifts that we have talked about today.

Chris Woolard: The reality is that such targets are a relatively blunt instrument. When individual organisations have managed to be successful, it has been about the teams they assemble and getting scale. What BBC Wales has done in recent years is an example of that. Targets are one part of the picture. As Vicki Nash said, they help to focus attention but, to some extent, that is all they can do.

The Convener: Does Ofcom have a view on what else should be done—other than using targets as a blunt instrument to promote Scottish commissioning? What else could be done to improve our expertise and our technical skills, to encourage more commissioning in Scotland?

Chris Woolard: To some extent, when you look at the issue in any part of the UK, it is partly about facilities. To be fair, there are state-of-the-art facilities in Glasgow as a result of the BBC's investment, and STV's investment alongside it, on the Clyde. Technical ability is important, but I agree with what Stuart Cosgrove told the committee this morning: it is about developing scale and communities of people who have the skills to exist in one place and regularly produce content from there. I believe that Joyce Taylor will have more of a view on that type of thing than I do.

Joyce Taylor: It is hard to answer that. Another factor is that there are fashions in television—more productions are coming out of London now than did a few years ago because of the success of big shows such as "The X Factor", "Strictly Come Dancing" and "Britain's Got Talent" and the scale of those programmes. Editions may be produced out in the regions, but the scale of those shows means that they all have to be produced in London, so there has been a further shift in that direction.

It often comes down to an individual. Much of the success of programming in the north-west of England is down to one man, Phil Redmond, who took a chance when Channel 4 was young. It is much easier when a station is young for opportunities to come up and for people to get in, but then the doors close; that is the problem. BBC Alba might be small, but it is a starting point, and it needs people who have real vision.

One of Scotland's problems in this area is that it has been a bit inward looking and has not considered the international market or had enough confidence in producing dramas. Scotland has tended to produce individual documentary makers, but the world has completely changed from making one little oeuvre to being able to make 46 episodes of something.

Vicki Nash: Another role for Parliament is in exposing the data. We at Ofcom produce a wealth of statistics; the Scottish Broadcasting Commission has exposed much of the data; there was the Scottish Enterprise study, in which we had input; and creative Scotland will now have a role in that area, through holding organisations to account, pressing the right buttons and ensuring things happen. I am not sure whether creative Scotland's broadcasting workstream has kicked off, but I am sure that once it does it will research and propose ideas about how the sector might be stimulated.

Ted Brocklebank: I will bring you back to independently funded news consortia. You spoke about the IFNC pilots, one of which I think has been awarded to the ITV Tyne Tees & Border area, while the target figure is for another two to be awarded by March.

It is presumably no coincidence that shortly thereafter we will have a general election. We do not know who might win that election, but it is clear that the Opposition does not support those independently funded news consortia; it has a totally different view on the matter. Does Ofcom have a view on where we will go on the issue if there is a change of Government in May next year?

Chris Woolard: We will not be drawn into where we go in relation to changes of Government. With regard to the position of regional and local news, we have given some pretty clear advice to anyone who wants to read it through our local media review and our previous public service broadcasting review. If one wants uniform coverage of regional and local news throughout the UK to a certain standard of quality, some form of intervention will be necessary. There are a range of options for the form that such an intervention might take, but it is unlikely, given the current economic circumstances in the UK, that all those things could be achieved without some form of intervention.

The pilots now rest as a decision entirely for the Government. It is entirely up to you, Mr Brocklebank, to infer what you like from the timing. With regard to where we go from here, there is a clause that concerns IFNCs and whether Ofcom has the power to appoint regional and local news providers in the future in the Digital Economy Bill, which will be debated by the Westminster Parliament. That is about as much as I can say.

Ted Brocklebank: Can we drill down a little more and bring the discussion back to the Scottish situation? As Stewart Purvis told this committee at a previous meeting, Scottish Television could be the first of the ITV companies to discover that the licence is not worth having and that it could be in danger of going bust. Obviously, it hopes to win one of the pilot independent news consortia contracts. If STV won the contract for Scotland, that would see it up to 2012, when its contract runs out. What would be the future of STV thereafter, if we were not going ahead with independent news consortia?

Chris Woolard: One of the things that we consider is whether the value of the licence that the licensee gets for being a public service broadcaster is broadly in line with the obligations that we impose on it. That is a distinct issue from the health of the company. In other words, even if the company is doing quite well commercially, we are interested in whether the regulatory burdens that we place on it to secure wider benefits for society are broadly in line with the value of the licence. When people talk about the licence not being worth it, that is the equation that they are talking about—they are not talking about whether

being in business at all is worth it; that is quite an important distinction in the debate. Yesterday, Michael Grade spoke about that issue in relation to ITV in general.

With regard to STV in particular, it is clear that regional and local news forms by far the biggest expense that we impose on the company under the terms of its current licence. If that licence became unviable—in 2011, 2012 or whenever—we would have to consider whether we could reasonably hold the company to that obligation. Essentially, at the moment, STV is considering whether there is a case for it producing regional news in that instance or whether it should avoid the expense of doing so. For some years, we have been flagging that as an issue that is coming down the pipeline, and it has now arrived.

Ted Brocklebank: I understand that there might be two bidders for the pilot for the Scottish region—I have heard it suggested that a newspaper group might be competing for it as well as STV. There have been allegations that it would be unfair if a newspaper group were given that contract because the contract would be used to subsidise the local newspaper industry against STV. Presumably, however, the counter argument works just as well—if STV were awarded the £5 million, £6 million or whatever, would that not be adverse to the interests of local newspapers throughout Scotland?

Chris Woolard: There is some interplay at the moment between the rival bidders for all of the IFNCs.

In our original recommendation—which is, of course, quite distinct from what the Government does—we were quite clear that, when you provide public funding in this way, you are buying the news service that is anchored on that slot in the channel 3 licence and that innovative bids will also have a multimedia element to them, as part of a deliberate public intervention in relation to the wider local media market. In a sense, therefore, it is hard to argue that either of the outcomes that you mention would be unfair—you are buying a service because you have made a public policy decision that you want to have that kind of media available to the public. I am afraid that it is six of one, half a dozen of the other.

Ted Brocklebank: It would be unfair in the sense that if £5 million were put into STV to fund its news operation, the journalists' wages would come from the public purse whereas the competing newspapers would not receive money to pay their journalists' salaries.

12:15

Chris Woolard: To go back to the question that you asked previously, we must consider the

counterfactual, which may be that the operation would not exist as a public service. If Government says, as it has in the past, that the operation should exist in the future, it can decide to procure it, as it has done with other public provisions. As long as procurement is done in a fair manner—I am sure that the DCMS is far more aware of that point than even we are—it is no different from any other public intervention that we make. You are right to say that certain people would end up being paid out of public funds, but that would be done in the belief that the counterfactual was that no one would deliver the service if they were not.

Margaret Smith (Edinburgh West) (LD): The Scottish Broadcasting Commission recommended that the influence and responsibilities of Ofcom Scotland be strengthened and that there be specific representation for Scotland on the main Ofcom board. Has Ofcom addressed that recommendation? What was your general response to the commission's views on Ofcom Scotland? I am particularly interested in Mr Prag's comment on the public interest rule. Much of it is about perception. What is in the public interest from a London-centric view of the world is not necessarily the same as what is in the public interest from a Scotland-centric view of the world. I invite you to frame your answers with that point in mind, as it is part of what we are about. It is not just about facts—sometimes it is also about perception.

Chris Woolard: I will respond first, but all the other members of the panel may want to chip in to add some colour. The very straight answer is that, under the current settlement, decisions about who sits on the Ofcom board and whether there will be a specific member for Scotland are for the Westminster Parliament. The issue was debated at length during consideration of the Communications Bill in 2003. It is not in our gift to make decisions on the issue or to respond to the commission's recommendation—it is a matter for the Government.

I will give you a flavour of how nations issues generally—we will talk about Scotland, in particular, given where we are—are reflected in Ofcom. We do a great deal to ensure that issues outside London are reflected adequately in our discussions. As the convener said in her introduction, I am the senior member of executive staff with responsibility for nations and regions issues generally. I am a member of all of our main decision-making committees below board level. One board member, Tim Gardam, has special responsibility for the nations.

Since I started working at Ofcom a few months ago, we have established a specific nations sub-committee of the board, which brings together all the chairs of our advisory committees and content

board members who represent individual nations; Joyce Taylor is one of those. We are using the sub-committee to have a direct input into Ofcom's wider priorities and to ensure that we use the various mechanisms that exist throughout Ofcom to reflect properly concerns from across the UK.

A big piece of machinery, including the content board and advisory committees, was put in place by the Communications Act 2003. Members of those bodies can describe much better than I can their role and how they perceive it within Ofcom. I invite Vicki Nash to give a slightly wider overview of what our office in Scotland does and how it ensures that it influences Ofcom's decisions.

Vicki Nash: Broadly speaking, the office exists to represent Ofcom in Scotland and Scotland in Ofcom.

When major policy initiatives are underway—public service broadcasting is probably the best example—we make a major input. In fact, the PSB review had a nations sub-group on which I was included, along with the other directors of nations. We fed into that major policy work. Similarly, representatives from my team are on other work streams such as next generation access and our digital participation access and inclusion work stream. That allows us to feed in policy issues from Scotland.

The other part of our representation is Ofcom in Scotland. I alluded to that in my introductory statement. Throughout the year, we hold a number of events and consultations across the piece, not only with our major stakeholders—the people we regulate—but Government, Parliament and consumer groups. We also have a major engagement with the press in Scotland to ensure that we are fairly represented and that the stories get out there.

There is also our advisory committee for Scotland. At the outset, I should have said that Philip Schlesinger, its chair, is unable to be at committee today and sends his apologies. As you know, Thomas Prag is at committee in his place. The advisory committee for Scotland has strong links throughout the community. Thomas Prag is better placed than I am to talk about that.

Thomas Prag: I am a deputy; a late sub. In fact, two past advisory committee for Scotland chairmen are in the room: like Joyce Taylor, I have chaired the committee in the past.

First, I will give a personal view. I was the Scottish member of the former Radio Authority, which—like Ofcom—had a membership from each nation. Its role was rather different, however: it included the handing out of licences and so forth. At that time, I helped to draft a paper on how Ofcom—it did not exist at the time—would handle regional and national issues. The committee might

be surprised to hear that I was not in favour of having representatives on the Ofcom board. I thought that it could all become rather totemic and not lead to people being able to get on with things. I also felt that the board could become too big and that Ofcom should find more practical ways of doing things. The view at the time was that a very big board did not help to run a business.

It is important, however, that the bit that lies underneath Ofcom board level properly reflects the nations. My view—it is a personal view—is that it is fair to say that that was not the case in the early days of Ofcom. Since that time, advisory board members have talked a reasonable amount of sense and Ofcom has listened. The present situation has developed as a result.

Joyce Taylor represents Scotland on the Ofcom content board—in some ways, her role is much more important than mine. The advisory committee for Scotland provides views on anything Ofcom is doing. We do not always agree with the Ofcom line. That is public knowledge; anyone can read our responses online.

The answer to the question is: there are other more practical ways of doing things. I know that that is a totemic answer; one that does not really deal with the issue.

Margaret Smith: Have you found yourself in a situation where you felt strongly about something and did not feel that your view was listened to? A couple of times you alluded to the fact that your concerns were listened to but, as we all know, that does not always work. Have there been occasions when the Scottish perspective was not listened to?

Thomas Prag: I honestly cannot think of one, but it is not that easy to say. Sometimes we might feel that something Scottish is not being given priority, but we understand that it is part of a UK picture and that the whole system cannot be changed to suit one part of the country.

The short answer is: no, not really. We are listened to. We are involved in strategic meetings. Philip Schlesinger, the advisory committee chair, is involved in meetings in London with high-level people in Ofcom—the meetings are not some sort of token. I think it works. Some broadcasting issues in the Scottish context are not to do with Ofcom but the two Governments and how they work together. That is not part of the question that you put, however.

Vicki Nash: I should just play up your role, Thomas—

Thomas Prag: Please do.

Vicki Nash: I can think of a couple of occasions. The advisory committee for Scotland has the facility to write to the Ofcom chairman if it is significantly unhappy. I think that that has

happened on a couple of occasions. I recollect one recent example. We were doing a piece of work on business users' experience of telecoms. There was a feeling that the research that we had done in Scotland was too central beltist and did not really reflect the views of rural users, so the advisory committee pushed back on that. We did some extra research and had a meeting up in Inverness to capture the rural aspect. There are occasions when the advisory committee pushes back. It has the ability to write to the chairman and is listened to, and we take action in response to its concerns. Such granularity has been a flavour of the committee's work since the beginning.

Thomas Prag: That is the third time you have used the word "granularity".

Vicki Nash: I am sorry.

Thomas Prag: The advisory committee has definitely helped to move the Ofcom position on national issues. Right from the beginning, we felt that media literacy was hugely important. It was very low on Ofcom's horizon, but now it has moved right into the mainstream. We and others helped to make that happen.

Margaret Smith: Would you like to comment on the changes to your duties under the Digital Economy Bill? How might those changes affect Scotland?

Chris Woolard: Joyce Taylor may want to respond to the previous question, given that she is the Scottish representative on the content board.

Joyce Taylor: Thomas Prag has covered the issues. Speaking personally and frankly, during my three years in Ofcom there has been a considerable change in the extent to which it takes note of nations. In the early days, while Ofcom was being set up, there was a lot of focus on getting going, but there has been huge change. The establishment of the nations sub-committee shows that it has accepted that the nations need to be considered at the beginning of projects. Ofcom should not form projects before asking what the Scottish view is—we must be in at the ground floor. That is a big change.

Regulating broadcasting codes for fairness, privacy, and harm and offence, and imposing sanctions, are a big part of the work that I do. Apart from that, next year the content board will look particularly at radio—I sit on the radio licensing committee—and digital participation, which is the new media literacy phrase. We have been involved in ensuring that, when we consider digital participation, account is taken of differences in Scotland, such as the fact that Scotland has a completely different education system. Often, announcements were made of things that were being done on digital participation that could not apply to Scotland. That issue has been addressed.

The content board is also looking at the future of content regulation in a different world and how that may play out. There need not be big changes among nations, but the urban-rural divide, to which Vicki Nash alluded, is important in Scotland. We must ensure that that point is not lost. That is why granular research is important. Instead of trying to get an average picture, we will look at specific areas of Scotland in more depth.

Margaret Smith: That is an important issue. You talk about increased use of broadband, but broadband access in rural parts of Scotland is very different from broadband access in Glasgow or Edinburgh. We cannot look at Scotland as a homogeneous blob.

Joyce Taylor: I am trying to look at the differences and what they mean. Satisfaction can be the same in rural and urban areas, but there may be all sorts of reasons for that, such as different expectations. That is why we need to carry out careful research. We must not just come up with numbers but probe what is behind them, to get explanations.

Margaret Smith: Would you like me to ask my previous question again?

12:30

Chris Woolard: That is not necessary—I am happy to answer it. Under the Digital Economy Bill there are four substantial changes to our duties and some smaller provisions that play around with various of our powers. The big four changes are a duty to balance competition and investment, a similar duty regarding public service media content and investment, a duty around reporting on infrastructure, and a whole series of new duties in relation to the illegal peer-to-peer downloading of content.

We regard the first two of those changes largely as matters of emphasis—in other words, they are things that we already take into account. Investment very much lies within our existing duties. We do not consider that the changes are particularly significant, but there are definitely changes of emphasis in how we go about our work. The emphasis is now more on investment. There is not a particularly Scottish issue—that is very much how Ofcom goes about its work in all that it does.

Should the duty to report on the state of the UK's infrastructure become law, we will have to examine infrastructure in all parts of the UK. There will be a specific Scottish angle to that, just as there will be specific Welsh and Northern Irish angles. Although a number of agencies of Government conduct surveys and pieces of work, I do not think that any one of them attempts to do that sort of infrastructure work centrally, from one

place. Some useful work could be done in that regard.

Finally, in relation to illegal downloads, our duties will change, and that will apply to all that we do. Again, I do not think that there is a particularly Scottish angle to that.

Vicki Nash: There are precedents for us conducting specifically Scottish research. The best example of that is probably our communications market report, which provides a wholesale analysis of the market in Scotland. We have experience, therefore, of doing Scottish work.

My role and that of my team is very much to keep a weather eye on the policy that is developing in Ofcom. If there is a specific Scottish angle or interest, it is my role to get in touch with those who are taking the policy lead. I give the example of our work on food advertising for children and alcohol advertising, which might not come naturally to people's minds in thinking about Ofcom's work. With its devolved responsibility for health, the Scottish Government has a major interest in that work, and I had an opportunity to tap on the door of the relevant civil servants to ask if we could talk to them about our work, just to make sure that they were aware of it and to give them an opportunity to reflect any particular Scottish interests and circumstances.

For me, it is a question of keeping an eye on things in which I know you have a specific interest, of making appropriate introductions to civil servants here, and of reflecting their views back to Ofcom with regard to central policy making. Culture is the major area, given the broadcasting interest, but the economic development remit also plays right into our telecoms and broadband work. That is the role of me and my team—to keep an eye out for the Scottish interest.

The Convener: It has come to my attention that committee members have been using mobile devices during our proceedings. I remind people that the use of such devices is prohibited and is disrespectful both to the committee and to our witnesses.

Kenneth Gibson: It wisnae me—that's all I can say.

The Convener: No, it was not. I was not going to name and shame.

Kenneth Gibson: At the start of your remarks, Vicki, you spoke about tough times in the radio sector. The Scottish Broadcasting Commission recommended that regulation and support for community radio in Scotland be reviewed by Ofcom in order to strengthen that form of broadcasting. Where are we with that?

Vicki Nash: The specific comment was about allowing access to the community radio fund. Our

chief executive's response to Linda Fabiani, the then Minister for Europe, External Affairs and Culture, was that we had no powers to change that—given how things were structured, it was essentially a UK Government decision.

You are right to highlight the importance of community radio here in Scotland. Here more than in any other nation, community radio has proved itself to be the most popular new development, or new kid on the block. We have issued 20 licences, although two of them have been returned. It is a popular form.

I cannot make remarks about radio without turning to the man on my left. I know that the radio expert Thomas Prag—as well as the advisory committee—has particular views about how community radio might be better supported.

Thomas Prag: I thank Vicki Nash for that little lead in. If Stuart Cosgrove gets passionate about Channel 4, I can get reasonably passionate about small-scale radio. We should call it small-scale radio rather than community radio, as the latter term is an Ofcom definition that relates to a specific type of licence that we have issued for the past few years.

Small-scale radio is hugely important, and we should not forget that it is a great success story in Scotland. I started the first community radio station, Moray Firth Radio, but many others have been set up throughout the Highlands and elsewhere, and they are divided into several tiers. I will not go on too long on the subject, but the stations are important to Scotland partly because of—to link back to the committee's discussion with Stuart Cosgrove earlier—the creative industry in this country. Community radio is one of the starting points for people in the creative industry. If people want to get a foothold, community radio is often the best place to get started, because it is relatively easy and the technology is relatively simple. I have had people—particularly young people—come in to our training school with their lives falling apart, and they are now on Radio Scotland; you will hear one of them very regularly in the mornings.

To return to the point, those stations—that tier of radio—could do with a bit of support. Ofcom administers a national fund—funded by the DCMS—that amounts to less than £0.5 million a year, and was designed when there were about 20 licensees. We now have nearer 200 or 300 licensees, so the fund is nowhere near enough. I should declare an interest, as I sit on the panel that distributes the money.

The committee might be interested to know that the Welsh Assembly has created a separate fund specifically for Wales, to which small-scale community stations can apply. The committee has

given me a wonderful opportunity to plug the fact that the same could be done in Scotland; it would fit very nicely in creative Scotland, for instance, and give that body yet another job to do. Immense productivity could result from such small grants.

Vicki Nash mentioned that two licences have just been handed back from community stations that did not manage to get their act together and get on the air. I do not know much about the detail, but I suspect that finance played a significant role in both cases. It is difficult to get together the running costs for such stations to give the process momentum.

Kenneth Gibson: Momentum is an important word in this area. A station called 3TFM in my constituency does a fantastic job. It is well respected in the community, and it has a huge number of volunteers who probably never thought, even in their wildest dreams, and even a few months before they got involved, that they would be running a radio station.

One of the issues about community radio is that getting established can be quite torturous. There seem to be many different hurdles to jump; I am talking not about finance but about the fact that the station has to be on air for a certain amount of time, and that there is a gap before it can go back on the air. It is difficult to maintain people's enthusiasm during that process. I am intrigued to hear the panel's views on how we can make that process a little bit less convoluted, so that we can encourage more people to come forward, get on the air and stay on the air.

Joyce Taylor: I think that you are referring to the fact that we advertise the spectrum that is available for community radio in particular areas, one area at a time, and people bid for it. They might not get anything in that round, and there is no guarantee that we will advertise that spectrum again. That is not generally a problem for Scotland, because there is a lot of spectrum here, but it is a major problem in London, because it is difficult to clear spectrum for community radio.

Some groups of people apply for what we call restricted service licences, which give them a chance to practice and find out what the demands of running a station are. In licensing stations, we often consider whether the people have had RSLs, because that means they have experience and know what they are up against, which goes in their favour. The problem is that RSLs are for only a few weeks or months, after which the station goes off-air. However, we are now finding that people are setting up internet stations as a way in, then applying for licences, which obviously works in their favour by allowing them to stay on air while their application is considered.

In awarding licences to community radio stations, we have to consider more—perhaps five to seven—criteria than we consider when awarding an FM licence. For example, we have to look at whether they can sustain the service, what they provide, whether there is any demand for it, and their interaction with the community. Sometimes people want to set up a station because they have certain ambitions, but what training have they had? Have they asked the community about what they are doing? What kind of service are they providing to ensure that the station is a true community station? The process is onerous, but it is important that we give licences to people who are going to create true community stations. In addition, we cannot create a lot of community stations that then simply steal a lot of listeners from commercial stations. It is about striking a careful balance in the overall ecology of radio.

Kenneth Gibson: So you do not want them necessarily to mimic what is already out there.

Joyce Taylor: Absolutely. They have to broaden choice.

Vicki Nash: Ofcom's Scotland office is very keen to give what support it can. For example, in the radio event in April that I mentioned, we had a session on the community radio sector; we have held a number of broadcasting code events at which the sector has been able to discuss with experts how the code applies; and we also support the Highlands and Islands community broadcasting federation and the Scottish community broadcasting network. We do what we can to support, guide and provide the kind of advice that Joyce Taylor talked about to very small and fragile stations.

Thomas Prag: The current community licences system is an awful lot simpler than the previous process, which was designed for big commercial stations and was horrendous.

Kenneth Gibson: The whole process, particularly the timescale, still seems quite arduous, particularly for enthusiastic young people who just want to get involved. I take Joyce Taylor's point about internet stations, but some of the momentum and enthusiasm can be lost simply because folk who are broadcasting have to go off-air for several months so that they can get their licence. I have certainly heard such concerns in my area.

Thomas Prag: I take your point. However, before people apply for a licence, they need to understand that there is a commitment: they have to keep their station going, keep it financed, make it sustainable for five years and stay within broadcasting and legal codes. Volunteers can do it—indeed, I have involved and encouraged

volunteers all my life—but there are things that they have to get right. They cannot just go on the air tomorrow.

Kenneth Gibson: We fully appreciate that. It is all about striking a balance.

How will Scotland cope with the switchover from analogue to digital? Do you envisage any difficulties or will the process be fairly smooth and straightforward?

Chris Woolard: The provisions, which emerged from the "Digital Britain" report, are set out in the Digital Economy Bill. The switchover timetable in the report is quite challenging, and a high degree of management will be required to make it happen. However, we have been through a similar switchover process for television; indeed, this week, we cleared the Granada region, which is a big milestone with regard to the number of people switched over at one time and shows the art of the possible.

That said, we have not yet examined in-depth the precise implications for individual licensees in all parts of the UK, including Scotland, of the secretary of state's decisions about who will transfer over to the new digital radio multiplexes and who will have to stay behind in the FM world. I am aware, however, that Vicki Nash, Thomas Prag and perhaps even Joyce Taylor seem keen to respond to the question.

12:45

Thomas Prag: The radio switchover will be different from that for digital television, which is an all-or-nothing process. With radio, you are likely to have a mixed economy for a while, perhaps even a long time, with some tiers of radio staying on FM. That, and the fact that the switchover will be phased, will get us around some of the problems with smaller-scale set-ups, stations in remoter areas and so on. I do not know whether that reassures you, but it will not be the same as the process for television.

Kenneth Gibson: The fact that that all-or-nothing approach will not be taken for radio will make life a lot easier, particularly for elderly people.

Thomas Prag: Of course, if the plans go through as they are, some channels will be lost. The national channels, for example, will effectively switch over, but not necessarily in all areas. The north-west of Scotland is a real problem, because at the moment it receives absolutely no DAB signals. That will have to be taken into account.

Kenneth Gibson: Certainly some people in my constituency are miffed that they bought the technology, only to find that it did not work. That is a real issue.

The Convener: That concludes our questioning—

12:48

On resuming—

Margaret Smith: Sorry. Could I—

The Convener: I am bringing the evidence session to a close, Ms Smith.

That concludes our questioning. I thank the witnesses for their attendance.

12:47

Meeting suspended.

Petitions

Children's Services (Special Needs) (PE853)

Rural Schools (Closure) (PE872)

The Convener: The third item on the agenda is consideration of three open petitions. The clerks have prepared a paper updating the committee on the petitions, and now that the agreed work on each of them has been completed we have to agree our next steps.

It is recommended that the committee close PE853 by Mr Venters and PE872 by Mr Longmuir on school closures, both of which were lodged more than four years ago. Members will be well aware that the Parliament has now passed legislation that covers the issues that the petitioners raised.

Do members have any comments?

Margaret Smith: I am quite happy to go along with the recommendation, particularly with regard to PE853, which is specifically concerned with special needs provision. At stage 2 of the Schools (Consultation) (Scotland) Bill, I lodged amendments that sought to deal with a number of special needs issues and what happened in certain previous cases, and received assurances from the Cabinet Secretary for Education and Lifelong Learning that the new system would be of assistance and would be much better. As I was happy with those assurances, I withdrew those amendments and did not lodge anything at stage 3. On that basis, I am happy to close PE853.

The Convener: As there are no further comments, do members agree to close PE853 and PE872?

Members *indicated agreement.*

Autism Spectrum Disorder (PE1213)

The Convener: As members will know, PE1213 has led to the committee holding a number of evidence-taking sessions, including a session last week with the Minister for Children and Early Years. I seek members' views on the options that the clerks have listed in their briefing paper.

Although he is absent today through illness, Ken Macintosh has raised with me a concern, which I share, that we did not get the fullest possible evidence about some of the issues surrounding autism. It is especially noticeable that, even after concluding our evidence taking, we have continued to receive written representations on

these matters. For that reason, I am reluctant to close completely our consideration of the issue. I support the clerks' suggestion that we close the petition but keep under periodical review the issue of autism and support for children on the autistic spectrum. Do other members of the committee support such a move?

Members *indicated agreement.*

The Convener: In that case, we will write to the petitioner accordingly.

That brings the public part of our meeting to a close. As this is our last meeting before the Christmas recess, I want to wish everyone a happy Christmas and a good new year when it comes. Our next meeting will be in the new year.

12:53

Meeting continued in private until 12:58.

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