

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 11 June 2008

Session 3

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EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE 16th Meeting 2008, Session 3

CONVENER

*Karen Whitefield (Airdrie and Shotts) (Lab)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Aileen Campbell (South of Scotland) (SNP)

*Ken Macintosh (Eastwood) (Lab)

*Christina McKelvie (Central Scotland) (SNP)

*Mary Mulligan (Linlithgow) (Lab)

*Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

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

COMMITTEE SUBSTITUTES

Claire Baker (Mid Scotland and Fife) (Lab)

Ted Brocklebank (Mid Scotland and Fife) (Con)

Hugh O'Donnell (Central Scotland) (LD)

Shirley-Anne Somerville (Lothians) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Ted Brocklebank (Mid Scotland and Fife) (Con)

THE FOLLOWING GAVE EVIDENCE:

Blair Jenkins (Scottish Broadcasting Commission)

Vicki Nash (Office of Communications)

Thomas Prag (Office of Communications)

Stewart Purvis (Office of Communications)

Joyce Taylor (Office of Communications)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Nick Hawthorne

ASSISTANT CLERK

Andrew Proudfoot

LOCATION

Committee Room 2

Scottish Parliament

Education, Lifelong Learning and Culture Committee

Wednesday 11 June 2008

[THE CONVENER opened the meeting at 10:04]

Public Service Broadcasting Review

The Convener (Karen Whitefield): I open the 16th meeting in 2008 of the Education, Lifelong Learning and Culture Committee. I welcome Ted Brocklebank to the meeting. I remind all members and visitors that mobile devices should be switched off.

Item 1 is evidence from the Office of Communications. I am delighted that we are joined by Vicki Nash, director of Ofcom Scotland; Stewart Purvis, partner for content and standards; Thomas Prag, chair of Ofcom's advisory committee for Scotland; and—finally, but by no means least—Joyce Taylor, Ofcom content board member for Scotland.

Thank you for joining us this morning and for your submissions. I ask Vicki Nash to make an opening statement before we move to questions.

Vicki Nash (Office of Communications): Thank you. My fellow panellists will talk briefly about their roles. I am director of Ofcom Scotland and, broadly, my job is to represent Ofcom in Scotland and Scotland in Ofcom.

We are happy to be here to talk about our review of public service broadcasting. In members' briefing papers are background papers on Ofcom's duties and the review—a couple of short résumés—and a thicker tome with a yellow cover, which is the review in all its glory. We want to use most of the time that has been allocated to hear the committee's views and take questions on the options that we proposed.

We set out our view on why public service broadcasting is at a crossroads. The public wants high-quality United Kingdom-produced television that reflects the PSB purposes that the Westminster Parliament set, but the pace of change in delivering PSB is challenging, particularly for commercially funded broadcasters. Unless the BBC is to be the sole provider of programmes such as regional news and children's programming, a new system is needed.

We know from our research in Scotland that plurality is important to Scottish viewers, who want PSB to be provided on more than one channel.

We put forward four models of a future system for the UK, including ideas specifically for Scotland. We also proposed ideas on funding.

The consultation period for "Ofcom's Second Public Service Broadcasting Review—Phase One: the Digital Opportunity" ends on 19 June and we hope that the Scottish Parliament and as many people as possible in Scotland will make submissions. The review will run until the start of 2009. We will publish a second consultation document later in the year and at that stage we will be happy to come back to the committee and talk about our proposals. The second document will include further proposals to do with Border Television news, which is of particular concern to some members of the committee.

We are delighted to give evidence on the day on which the BBC trust publishes Anthony King's report into the portrayal on network news of the Scottish Parliament and Scottish issues generally. This feels like an important day for broadcasting.

Stewart Purvis (Office of Communications): My title—partner for contents and standards—means that I am a full-time executive of Ofcom's senior management. I am responsible for up to 1,000 television and radio outlets in the UK, in relation to which we regulate content and ensure that outlets comply with regulatory codes. We also look ahead to the future of broadcasting.

Joyce Taylor (Office of Communications): I am the non-executive member for Scotland of the content board, which also includes representatives for Wales, Northern Ireland and the English regions. My background is in education, broadcasting and television.

Thomas Prag (Office of Communications): I am chairman of the advisory committee for Scotland. My background is in broadcasting and my experience is mostly in local radio. We try to represent Scottish views to Ofcom on the range of what Ofcom does, which includes not just broadcasting but telecommunications issues.

Stewart Purvis: We suggest that I co-ordinate panel members' responses to members' questions.

The Convener: The committee is keen to ask questions. Ms Nash mentioned that the review document sets out four potential models. Will you describe the four scenarios and suggest matters that we should take into account when we consider them?

Stewart Purvis: I will be happy to do so, and I think that that is a good way of proceeding. We use the phrase "public service broadcasting is at a crossroads", and, at a crossroads, some people turn left, some turn right and some go ahead. There seems to be an assumption in some parts

of the UK—I cannot speak for Scotland—that under the proposed models everybody who is in public service broadcasting would continue to be in public service broadcasting. The assumption is false. The ever-present factor is the BBC. We regard the BBC as the cornerstone of public service broadcasting, and it features in all four models in slightly different roles.

We describe model 1 as the evolution model—it is a version of the status quo. In Scotland, it means that there would be a separate licence holder with specific commitments for Scottish programming, particularly on channel 3, in return for access to every Scottish home via terrestrial television. Historically, the commercial side of British television has that extraordinary access via the spectrum into homes, in return for which it provides certain public services in terms of information and programming.

Model 2 essentially says that if the BBC is the cornerstone and there are public services that are found elsewhere, such as on the internet and Sky, PSB should be left mostly to the BBC. In model 3, the position of Channel 4 is reinforced, which would give us two main public service broadcasters—the BBC and Channel 4.

The fourth model relies on a funding agency of some kind, the details of which would be discussed. A variety of content providers—perhaps the old institutions, new players and individual websites—would apply for money to provide the kind of services that we have seen mostly on the internet but which are becoming more mainstream.

My final point, about STV, has not fully surfaced yet. In models 2, 3 and 4, there is no place for a Scottish licensed PSB provider. That is not news to the Scottish Media Group—it is aware of that situation. The reason is that if ITV, which is the licence holder for England and Wales, wished or was invited to depart from the public service scene, there would be no public service schedule into which SMG or whoever might hold the licence in Scotland could insert its programmes. That raises the issue of whether there is a viable commercial television station in Scotland. We are not embarrassed to highlight that issue because we think that it should be the subject of fairly vigorous debate. If this is the beginning of that dialogue, I would welcome that.

The Convener: That is an interesting point, which I am sure we will consider over the course of the morning.

What response are you getting to the four scenarios? Is there a clear preference for one of them? Are concerns being expressed about any of them? Is the key issue the role of providing

independent and commercial coverage for a uniquely Scottish provider?

Stewart Purvis: The initial response has been slow because people needed to take in the complexity of the issue.

In the media coverage, there has been a lot of interest—almost an obsession—in so-called top-slicing, which would involve giving money from the licence fee to providers other than the BBC. That is just one of the options.

What is now becoming clear is the debate about plurality. We think that plurality is important. By plurality, we mean the situation that we have got used to in the United Kingdom, in which someone other than the BBC provides a public service, mostly ITV—channel 3—or, in Scotland, STV. On the future of plurality, the BBC is telling us, “We provide quite a lot of plurality. Do you actually need somebody else to do that?” and Channel 4 is saying, “We need more money to provide plurality.”

We have had consultations in Wales and Northern Ireland, and the process is under way in Scotland. I will be honest. I do not think that the issue as it affects the future of commercial television in Scotland in particular is fully at the top of the agenda. We would like to move it up the agenda.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I want to mention Border Television later, as it affects the area that I represent.

I want to probe a bit further the arguments behind your claim that one of the pressure points in the next round of licensing will be the Scottish licence. I understand that in relation to the models that you outlined. However, I want to take a step back to the viability issues that Stewart Purvis mentioned.

If there are questions about the viability of the Scottish service, and of the PSB role within that, that may well point to further options beyond an evolution option. Such viability issues, when considered in the context of the other evidence in the document, point in only one direction, which is that offering PSB services is increasingly not economically viable. What was the rationale behind the models that were produced? I know that you are consulting on them, but in your view, which model is pointed most towards the economic viability argument, and which is pointed most towards what would be in the best interests of the viewing public? The two models might not be mutually compatible.

10:15

Stewart Purvis: I will make a start, then let my colleagues come in. The starting point on viability is the equation involving the costs and benefits of being a public service broadcaster. The costs come from producing programmes that are shown only in one area; the benefits come from spectrum access, which means being able to deliver a signal automatically into every home in Scotland—or the United Kingdom, in the case of UK broadcasters. That is a wonderfully simple route into homes, compared with the other ways of trying to get a television channel seen. We expect some public benefits in return for that access, as I said earlier.

On the Scottish licences, there is, of course, a central Scotland licence and a north of Scotland licence. Historically, as Mr Purvis will know, the south of Scotland licence has been linked with the very north-west of England. On the Scottish licences, it appears to us—our analysis is not wildly different from that of SMG—that a crossover is coming, although there is no agreement about exactly when. However, by at least 2010 or 2011, the balance between the costs and the benefits of PSB will go into the negative. That does not mean that the company will not be viable; SMG has other interests, so we are not saying that SMG will make a loss at that point.

I will add another layer. ITV is considering the costs and benefits equation in relation to England and Wales, and believes that it has the option, which is different from that for STV, of walking away from public service broadcasting. ITV can say, “Look, we’ve done the sums and we would be better off as a UK-wide service that is delivered into every home in the UK without having to do this nations and regions stuff.” ITV is not mentioned in models 2, 3 and 4 because the assumption is that ITV has gone off on that course.

ITV has that option, but where does that leave the Scottish licence? If there was no ITV network and no “Coronation Street” or “Emmerdale” coming down the tube, where would the STV news and the other Scottish programming be put? Last week I was in Belfast, and an identical situation faces the UTV licensee in Ulster. It is considering whether it could talk to Channel 4 or form a partnership with somebody else and create a schedule between them—therein lies the economic issue. Joyce Taylor and Thomas Prag can perhaps talk about how those issues might appear to an audience.

Thomas Prag: Our committee has thought a bit about those matters, but we are still trying to come to a conclusion. We differ slightly from the overall Ofcom view, in that we think that the STV licence has a longer viability. Our simplistic approach to the issue is to ask whether somebody would go for

the licence if it were offered to the market in two years’ time. The answer is probably yes, because, for example, it is still a profitable enterprise. We want Ofcom to hold STV to providing as much PSB as possible, particularly local news coverage, which we feel is important. However, we would not disagree with the statement that the PSB service will not be viable in the longer term; the relationship between STV and whatever occurs with ITV will be crucial in that respect. An American model could be adopted in which an independent company is affiliated to a much bigger company from which it takes a good deal of its schedule. However, that would involve a commercial decision. Whether one can expect a Scottish company to continue to provide a lot of Scottish material without support is a complicated issue.

Joyce Taylor: Our research and that of the Scottish Broadcasting Commission shows that audiences in Scotland want a plurality of suppliers and that having a mix is important to them. It is important for us to consider not just where we have come from but where we are going. The PSB review is looking at other platforms and other ways in which information and public service content are delivered. At this crossroads, we can throw everything into the air, instead of just looking at and tweaking where we have been. We must take the opportunity to consider the options for much wider supply, in a broadband world.

Jeremy Purvis: In the section on future sources of funding, about which we will question you later, you highlight the funders’ point of view and the option of competitive funding. How would some of the models that you propose impact on the BBC in Scotland? Mr Purvis, you said that the BBC is

“the cornerstone of public service broadcasting”,

but it is not excluded from the options that you intend to consider. From the consultation document, the implications for the BBC were not clear to me. I refer to the whole platform of the BBC, including BBC online, which is an increasingly important local news provider in areas such as the Borders, which I represent. How will that fit in with the models that you outline for the ITV licence? In some of those models, the roles of the BBC and ITV are interrelated.

Stewart Purvis: I will respond as clearly as I can, Mr Purvis—how nice it is for me to be able occasionally to say “Mr Purvis”. We in the UK are unused to the idea of funding for broadcasting. The Scottish Arts Council is the funding mechanism for the arts, but there is no comparable mechanism for broadcasting. The Irish Republic has such a fund; it is taken from the licence fee, but it could have come from somewhere else. Producers, in association with broadcasters who want to make a programme or

series of programmes about a topic, submit proposals to the fund. Such programmes must meet certain criteria relating to Irish life, Irish culture and so on. The broadcaster must indicate that they like the idea and would transmit the programmes at peak time. Funding is then provided, and the programmes are made and transmitted.

Most of us did not know that that model existed, but it does and it appears to work. Because of European Union rules on state aid, the Irish state broadcaster, Radio Telefís Éireann, can apply to the fund. That is really interesting for the BBC, as it means that it would almost certainly be able to apply to such an agency in Scotland, were one to be set up. You might ask whether the BBC is not already funded to make and transmit programmes. That gets us into a discussion about whether the model would be additional to what the BBC already does.

At issue is exactly where the money comes from. If it comes from Government, does that have implications for editorial freedom and responsibility? To whom are broadcasters accountable at the end of the day? Are they accountable to the funding source or to Ofcom, as the media regulator? We are trying to put into the public arena the alternative models that exist. Traditionally, people are conservative and prefer to continue with the status quo, if it works—sort of. At Ofcom, we are rigorous about putting out other models for people to discuss.

Vicki Nash: According to our research, 33 per cent of people in Scotland get local information online instead of by watching local television. One could argue that 33 per cent is not a terribly high figure, but it is 30 per cent more than it was five years ago. In Scotland, there are issues of broadband availability and speed, but there has nevertheless been a seismic shift in use of the internet and online services for local information. That is why we think that it is right to include online activity in the mix of what we now call public service content.

You probably read in our report that £150 million is spent by Government—central, devolved and local—on online content. That is a big amount of money. It would be worth discussing, perhaps in another place, how that spend relates to broadband availability and access in Scotland. The fact is that some people will be excluded from that content.

Joyce Taylor: One of the models that we have not mentioned thus far is the Gaelic digital service that is being launched in Scotland. With its different funding situation, it is a model that we should be looking at.

Thomas Prag: We have to take online services into the mix, but there is a danger that they are seen as a substitute. Research has clearly shown that the public still expects to see public service broadcasting on easily available high-profile channels.

I turn to funding. It is unhelpful that the term “top-slicing” has entered the debate. Let us take the licence fee as a potential source of funding. If we use the term top-slicing in that context, people immediately think that that will damage the BBC—they believe that a lot of its funding will be taken away and given to someone else. There would be resistance to that: the BBC is much liked and is seen as providing a good service. When people use the term top-slicing, they do not necessarily mean that that is what will happen.

The idea of a production fund has a lot of merit, but the crucial factor is where the funding would come from. Two issues are involved: the source of that funding and whether Government funding is involved. Clearly, Government funding should be given at arm’s length; if not, the issue of editorial influence arises. People start to worry that the next slice of funding may not come along if they make a programme that the Government of the day deems to be inappropriate.

As Stewart Purvis rightly said, it is no good having a production fund if programmes are then put in a place where people cannot easily find them. In other words, it is easy to put programmes into a ghetto somewhere, but that is not the point of making them—at least as far as Ofcom is concerned.

Ken Macintosh (Eastwood) (Lab): My first question is for Mr Purvis. The assumption that is implicit in what you said is that you have entirely bought into the economic argument that SMG and other commercial operators make that public service programmes are loss-making. You seem to accept that such programmes are somehow not commercial and therefore require public subsidy or support. In other words, broadcasters have to make a choice between commercial programmes and the news, for example, which never makes a profit. That is not my perception of the situation. Surely it is in the interest of all companies to make good-quality news programming that attracts viewers, and quality viewers at that. I am concerned about the economic model that you seem to be following.

Stewart Purvis: The point is a fair one, but we do not buy into other people’s views without making our own analysis. As I said earlier, our analysis differs from that of SMG.

I take the point on investment in programming and in reaching audiences. In Northern Ireland, UTV has a track record of investing more in

programmes for its audience than, as it happens, STV—or SMG—does. UTV's audience reach is 39 per cent, which is the highest anywhere in the United Kingdom for national or regional news. That reach figure is terrific, but UTV accepts that the benefits are outweighed by the costs.

The science of forecasting is inevitably slightly subjective. If a broadcaster were to make more programmes, how many people would watch them and what kind of revenue level would they achieve? Even a model with a pretty robust record of local production—for lack of a better description—does not appear to have a solution to the problem.

Ken Macintosh: I will take up Mr Prag's point. If companies think that it is worth bidding for a licence, surely they will think that it is worth bidding for the obligation, too.

Stewart Purvis: Absolutely. However, as Thomas Prag made clear, that is a short-term issue. The existing licences run until 2014. ITV has the right to walk away from its licence before then—for everyone's benefit, let us hope that that does not happen—but, after 2014, a different situation will arise.

In relation to our recommendations to Government, if there is no sustaining service—that may be understating the importance of the issue—or no core, high-performing network service, we have to ask exactly what the Scottish licence is. That is the issue, rather than whether people would apply for the licence. I suspect that if something were to happen to the licence tomorrow, somebody would apply for it.

Another issue, to be blunt, is whether there is anything to advertise. Under models 2 to 4, there would be nothing to advertise. People could not even apply to advertise, because the schedule to insert adverts into would not exist.

10:30

Ken Macintosh: Surely if ITV withdrew from its licence, you could find somebody to replace it almost immediately.

Stewart Purvis: Somebody would have to take a different view of the economics from that which is currently taken, but that is not to say that a player is not out there. If ITV went down that route, we would have to consider carefully whether to advertise the licence, although we would prefer to advertise it to see whether anybody applied.

We have not talked about the digital switchover, which is the key change. We are a long way down the road to digital switchover, but we have not quite got there yet. Every home is to have multichannel television, as do the good people of Whitehaven now. In Whitehaven, it is not a narrow

group in the community that has multichannel television—every person has it. All sorts of things start to happen to viewing patterns when multichannel television is introduced. That is why we are where we are. The viewing share of the big five channels has declined. It has stood up quite well, given what has happened, but it must inevitably continue to decline, because of the digital switchover.

Vicki Nash: The march to digital television is increasing. STV will switch over after Border Television does, but it will do so ahead of other broadcasters, so STV will start to run into trouble earlier than other broadcasters will, as Stewart Purvis said.

As I said in my introduction, we know that Scottish people want plurality more than anything, so where we are with the STV licence is quite serious. We must come up with solutions for the short-term obligations and for the longer term, through the models. What is appropriate for Scotland? Do we want to involve broadcasters other than the BBC? Channel 4 and the Gaelic Media Service, which Joyce Taylor mentioned, are an important part of the mix. How much plurality do we want, and how much can we sustain? Fundamentally, the question is about money, as it usually is.

Aileen Campbell (South of Scotland) (SNP): The review acknowledges the tension in public service broadcasting between what is economically sustainable and what suits the public. You mention that opportunities exist to enhance the provision of regional and national content. What are those opportunities?

Stewart Purvis: If we say that our focus on, for example, channel 3 as the main source of plurality is a little bit old fashioned, and if we take the view that a broadband world—involving, we hope, more delivery into more homes—creates more opportunity, in a sense that is the digital opportunity that we talk about. That is why the review is subtitled “The Digital Opportunity”. The mix that will be required to deliver the digital opportunity probably involves public service broadcasters and institutions providing more than they currently provide. The BBC already offers an enormous range of online services, but the intriguing question is who else might say that they can provide a public service. Our review talks about art galleries and groups of people who might feel that they have an offering that is worthy of distribution. That is the exciting aspect of the digital opportunity.

Vicki Nash: Of particular interest in the Scottish Borders is local television provision. We continue to research that—the review contains a whole section on local television. One interest for local television is access to the spectrum. Last Friday,

we issued a document on how we will manage the sell-off of spectrum that is released because of the switchover. We will shortly publish a further document on use of the interleaved spectrum, which is of particular interest to local television.

Local television could be another part of the mix, but that brings me back to money. Local television tends to succeed in areas that have big populations. For example, Channel M in Manchester is a viable local television station. As far as I know, Scotland has no viable local television station, although it has a couple of internet television content offerings. The sustainability of local television presents a challenge. The issue is not so much the spectrum as the business model for local television, but that could be a part of the mix for the future to deliver the localness that Aileen Campbell talks about.

Stewart Purvis: In short, a television channel for Scotland using new spectrum is viable in delivery terms; the question is whether it is viable in terms of the cost of making the programmes versus the revenue, wherever it may come from.

Joyce Taylor: That is the question. Traditionally, television advertising has been a mass sell and it is interesting to consider whether there would be an advertising market for a Scottish or even local model. Just because we have not had it before does not mean that such a market could not be created in the future. We can examine American models and other models in Europe where that approach may or may not work.

Thomas Prag: Local television has been talked about a lot in Scotland and there has been a lot of pressure for it. With my local broadcasting background, I would like to be a fan of it but, as Stewart Purvis said, the jury is out on whether the commercial model would work. If we think that local television is important, other agencies may need to consider it. There is no regulatory reason why local government should not get interested in it as a means of delivering local community services, although that is not a matter for Ofcom. The potential for such services exists, which is one of the reasons why our committee was keen that the digital dividend review should leave space for local television to see whether it could survive. It needs people to try it out and find out whether it works. I hope that it will work; we do not know yet whether it will, but we need to allow for it.

Jeremy Purvis: Stewart Purvis knows that switchover is not far away for some communities. In fact, it will happen in November in my constituency and not all my constituents will receive the full digital service. In my view, Ofcom has a responsibility to ensure that all communities receive the same spectrum. That is not the current position, as those who are on relay transmitters will get a reduced digital service. If you have a

comment on that, it would be welcome. It is a major consideration for constituents of mine that, depending on where they live, they might get a reduced service. The rather glib response is that they do not need the full service because what they will get will be much better than what they get now, and they should be satisfied with that.

I will comment on two aspects of local television. It was interesting that, on the potential for a single licence in Scotland, you said that the Border TV region finds it difficult to reflect devolution. The contrary argument is, in many cases, far more accurate: a licence that crosses the border is far better equipped to cover devolution than a licence that neatly follows the border along the Tweed. Other committee members will have questions on viewer expectations; in a border area, viewers certainly wish to understand what is happening north and south of the border, and a cross-border licence is an appropriate way to provide that service.

The BBC, Border TV and ITV are developing video journalists, a network news provision and an online news provision. They are recruiting VJs now; it is not something for 2011 or post 2014. How is Ofcom responding to what is happening this month, in the autumn and going forward? It seems to me and to many of my constituents that Ofcom is standing back and letting that happen now and that, rather than saying now how services should be configured within the Border TV area, it will say once the recruitment has happened that we will progress on that model.

Stewart Purvis: We will take that in two parts. Vicki Nash will respond on the digital switchover and coverage issues and then I will respond on the broader issues.

Vicki Nash: Let us be clear about Ofcom's responsibilities. The Westminster Government determined that, after switchover, the five public service broadcasting channels should be available to 98.5 per cent of the population, but that does not apply to the commercial multiplex operators, who provide the Freeview lite service for viewers who do not get the commercial muxes.

Ofcom has said that, should the commercial mux operators want to provide the service, we would not stand in their way and we would work with them to find available frequencies. Our responsibilities can go no further than that. We cannot compel the commercial multiplex operators to provide a service beyond that which they deem it is reasonable to provide. When the switchover takes place, the service will be available to about 90 per cent of the population, whereas it is now available to about 72 per cent of the population. There will therefore be increased coverage, but we have no responsibility to force provision, because that is essentially a commercial decision. We

recognise that it is a matter of concern in the Borders and in other parts of the United Kingdom, but it is not our responsibility, nor is it in our power, to compel the operators to provide a service, although we will provide them with additional spectrum if they decide to roll out more transmitters.

Jeremy Purvis: I will ask a brief supplementary before Mr Purvis comes in. Many of my constituents want to be clear about what Ofcom will or will not do, so it would be helpful to have it on the record whether Ofcom sees itself purely as a market regulator instructed by Government, or as a body that represents the interests of viewers. Is it part of Ofcom's remit to represent the interests of viewers? The advisory committee representative might want to come in on that. For example, it is not acceptable that, after the switchover, some of my constituents will get a reduced service. That will split communities and create a situation similar to that which exists now, in which some people can get a terrestrial signal and others cannot. The policy has been put in place and I acknowledge what you said about the UK Government's decision—that is the UK Government's decision. What I want to know is what Ofcom is saying about the interests of the viewers and what they want. Your consultation says a lot about what you have found that viewers want and they are telling you that they want the full service.

Stewart Purvis: I will give an opening response and ask Vicki Nash to pick the issue up.

Ofcom has a statutory duty, conferred by Parliament, which requires us to look after the interests of both consumers and citizens. Those interests sometimes overlap and sometimes do not. We do not do what the Government asks us to do. On some issues we make recommendations to Government and in other areas Government has devolved responsibility to us. A few weeks ago, the team for which I am responsible fined ITV more than £6 million for certain abuses of the broadcasting code. We did not ask the Government whether we could do that; it gave us the power to do that. That is the balance of responsibilities. We take very seriously our responsibilities to consumers and citizens, but we also deal with issues of economic viability when commercial operators are in play.

Vicki Nash: One of the work streams set out in our annual plan for this year is access and inclusion. That covers a range of areas that are of interest to the committee, including Freeview lite and mobile coverage in Scotland, which is not as good as it is in other parts of the UK. There are also mobile access problems in parts of England, Wales and Northern Ireland. We are also examining issues such as access to broadband

and the speed of broadband. We are looking at all those issues but, as Stewart Purvis says, we must be careful to work within our powers. We try to influence other bodies when they have a genuine role to play.

Members might have had a chance to look at our communications market report, which considers the state of access to, coverage and take up of all the digital communication services. That helps to inform our regulatory policy making and we hope that it also helps to inform Governments, including devolved Governments and local authorities. We are very much on the case in respect of access and inclusion, but we can use only the powers that we have to solve the problems that we recognise. We recognise that there is inequity across a number of platforms, not only in broadcasting. Thomas Prag, from the advisory committee, or Joyce Taylor might want to comment.

Thomas Prag: I will comment. The advisory committee represents all stakeholders. Unlike the BBC Audience Council Scotland, we are not purely an audience council; we are there to represent a much wider range than that, including the broadcasters. We have become aware of what has been called Freeview lite, which is a slightly unfortunate phrase as it implies a lesser thing. As Jeremy Purvis said, most of the folk who will get 20 channels under Freeview lite, which includes all the major channels and the most popular channels, would probably have got only four or perhaps five channels previously. Jeremy Purvis will know more about the situation in his area than I do. We are aware of the issue, we have raised it and we will continue to raise it.

This is not a satisfactory answer, but I suspect that we will come back to the issue when switchover has happened, when we will be able to do research on what people are using, what they are missing and whether they have alternatives. For example, Freesat, which is available now, or will be shortly, through the BBC, will offer folk alternatives. If it were clear that there was still a gap, it would be part of our role to take that up.

10:45

Jeremy Purvis: I want to follow up on that before we get to the second part of my question, which Stewart Purvis is keen to answer.

I understand that rationale, but do not accept it in any way, shape or form. According to that rationale, we would be talking about a reduction in the number of channels that were available to most of the people who do not receive a relay signal. The Liverpool city of culture channel is available to people in my constituency, although I do not think that any of them watch it. However,

the argument is that they should still be able to get it—the platform should be available to all citizens. I would expect Ofcom to be able to say, as a point of principle, that switchover should be equitable for all viewers. I have not heard Ofcom say that this morning—I remain disappointed, although that may change.

Secondly, I am not sure how you can robustly work through the models that you have highlighted if there is a difference in the spectrum that is available, primarily among viewers in rural areas who receive a relay signal. It is not just viewers in rural areas who will be affected. Penicuik in my constituency, which is on the outskirts of Edinburgh and which lies within the STV area, will receive a reduced service because its signal is from a relay transmitter. You cannot robustly analyse all the different options—such as the provision of public service broadcasting by channels that are funded through other sources of funding—if the spectrum is reduced in some of those areas.

Stewart Purvis: Let me put it a different way. We have never hidden the fact that for the BBC's radio services, for example, there is not 100 per cent coverage. The BBC has never attempted to disguise that. I spent a week on Canna two weeks ago. When I drove from Fort William to Mallaig, I did not get many radio signals. That is the status quo, so we should not be entirely surprised if people in some places do not receive the full offering following digital switchover. It is not a question of suggesting to the BBC that it should change its coverage. I am involved in the discussions with Government about digital radio, the distribution of which is even less wide in those parts of Scotland. We should not think that something is being taken away from people. As I understand it, nothing is being taken away from anyone. People are being given more choice than they ever had before. People in some places will get more choice than people in other places. We totally understand that.

Thomas Prag: I quite understand where you are coming from. I come from the Highlands, in many parts of which the situation will be the same. It is valid to make the point that in considering different ways of delivering public service broadcasting, we need to be careful that such broadcasting is available through the main channels and is not hidden away in channels that appear very far down the electronic programme guide and which are not available to everyone. That is one of the issues.

Jeremy Purvis: The second aspect is that even though the issue seems to be quite long term, we are talking about something that is happening now.

Stewart Purvis: When you say “now”, you are talking about the Border TV news issue. Let me clarify the situation. ITV put forward a proposal to Ofcom about the future of news services in England, Wales—although no changes were planned in Wales—and what is described as the Scottish Borders, which, in effect, is the top of the north-west of England and the south of Scotland. ITV revised that proposal after discussions. We have received a large number of communications from people in affected areas such as the Borders and the west of England. I forget how many postcards we have had.

Vicki Nash: More than 10,000.

Stewart Purvis: We even received a delegation that included one of the presenters of Border TV news, which was an interesting career development move on her part. One could not be unaware of the controversy that the proposal has created. We are conducting qualitative and quantitative research into the issues. Inevitably, one issue that is emerging is the direction in which people—especially those in the south of Scotland—look. Crudely, do they look to Edinburgh, to Glasgow or even to Newcastle? A predominantly rural community towards the bottom of the area even looks towards Carlisle, which is not the world's greatest metropolis, but it may crystallise some rural issues. The issue is therefore complex and difficult.

At the same time that we are carrying out the consultation, ITV plc is making contingency plans for what it would do following the various potential outcomes of the consultation. It is inevitable that those plans have resulted in people talking about redundancies, changing working practices and people being hired and fired. We have made it absolutely clear to ITV plc that it has a right to make contingency plans if it wants to do so; it also has the right to hire and fire people. However, we require it to offer a service, which we will monitor to see whether that service is required. We do not micromanage how it does things. You say that it “is happening now”. That may be so, but what is happening now is that ITV plc is being held to its licence requirements. If Ofcom agrees to a change in those requirements, we will hold it to the changed requirements. Basically, that is the situation.

Rob Gibson (Highlands and Islands) (SNP): I want to turn to viewers' opinions. Ofcom's press statement on its proposals mentions the number of homes that can be reached, and we have just heard that large chunks of the country do not get the full range of programmes. Every viewer ought to be equal and the Government ought to solve that problem for a start.

The other big elephant in the room is the question why, although people have more choice,

fewer people are watching public service broadcasters' programmes. Ofcom's report states:

"For many viewers, reflection at network level of where they live ... is an important part of PSB. In broad terms, it is seen as being more important by those in the devolved nations, and somewhat less so by those in England, especially in the South. There are some indications that viewers think that this aspect of nations and regions programming is not currently being particularly well delivered."

The BBC trust agrees with that, as we know. What does Ofcom consider to be the policy implications of the finding that viewers in devolved nations demonstrate more support for nations and regions programming than viewers in England do? What will you do about that?

Stewart Purvis: On why the major channels' viewing share is in decline, it is worth noting that total television viewing is not in decline, although I think that we all thought that it would be. The impact of the BBC iPlayer on moving viewing of television programmes to viewing of online programmes may begin to affect the statistics, but total viewing has held up. That said, it is inevitable that if people have more choice, they will exercise their ability to choose and will enjoy a range of offerings that they did not before. However, I think that it was said that the audience's appetite for public service broadcasting remains strong. People also know where they want plurality.

It is inevitable that the appetite for the programmes in question is even greater in the nations than in it is in the regions of England and Wales. That partly reflects devolution. If devolution was a good idea—it clearly was—one would expect people to share their interest in it and their understanding of how it works under the devolved institutions. Understanding the proper and appropriate licence requirements for the nations as opposed to the regions of England is a key part of the review, and that is what we are trying to do.

I invite Vicki Nash to talk about coverage, which Rob Gibson raised initially.

Vicki Nash: On viewer choice, the take-up of digital television in Scotland was 42 per cent when I joined Ofcom four years ago; the figure is now 85 per cent. That take-up rate is for viewers who have actively chosen to go digital; they have not been forced to do so because of a switchover. They like more choice. As I have said, we know that plurality is more important to viewers in Scotland than it is to viewers in any other part of the UK.

I understand what Rob Gibson said about all viewers being equal, but the fact is that the transmitter map is as it is and the Westminster Government's commitments to public service broadcasting cover 98.5 per cent of the population—that does not apply to the commercial mux operators. That is the system that we have

inherited. I absolutely understand the issues to do with access and inclusion and we will consider them, as I said to Jeremy Purvis, but whether we can do anything about them within our powers remains to be seen. We acknowledge that access and inclusion is a live issue.

I also understand, because our research showed this, that there is more support within the nations for programming for the nations and regions than there is in other parts of the UK. I would be interested to hear the committee's view on an all-nation licence for Scotland, which is one of the suggestions in our report, because I sense from some of Jeremy Purvis's comments that there is perhaps not a huge appetite for that. However, members might have different views. Although we put forward four models, we do not have a monopoly on good ideas. I know that a member of the committee has an idea for a new digital channel for Scotland and we very much welcome new thinking and thoughts on what we have proposed.

Rob Gibson: You should not assume that Jeremy Purvis's views reflect the views of other members of the committee. I think that people in various parts of Scotland would like a Scottish service, by and large. However, such a service would not mean that they were excluded from watching other things.

Is public service broadcasting about high-quality news and coverage of public affairs or is it about series such as "Eastenders" and "Emmerdale"? Do viewers think that public service broadcasting is about things that bind us together or things that differentiate between us?

Stewart Purvis: In the context of plurality, about which we are particularly concerned, viewers put news and information at the top of the list of what they require. Current affairs came further down the list, but above the 50 per cent mark—in that regard the issues in the nations are completely different from the issues in England and the English regions. Further down the list, there is less concern about plurality in the context of religious and schools programmes—by which I mean not that people do not value those genres or programmes but that they are not sure that a BBC religious programme is very different from a Channel 5 religious programme. That is the range of interests.

You are right when you talk about programmes that reflect the life of nations. The news represents a cost-effective way of serving nations and communities with information. It runs a number of times a day, the cost base is fairly fixed and the audience can be predicted reasonably well. Making a creative investment in Scottish drama involves completely different costs and risks. However, there is no doubt that BBC Scotland has

had successes with creative investment. STV thinks that it has had some successes but does not feel able to commit to such programmes in future—that is the trade-off between news, which is highly valued in the context of plurality and is relatively cost-effective to produce, and the value of other areas, which contribute to the national life but are riskier and more expensive.

Rob Gibson: Therefore, in your review you should emphasise the need to invest in capacity to reflect a good deal more of the news and views around the nation. In the light of evidence that we are beginning to get on the matter, it is clear that that must be reinforced.

Stewart Purvis: Joyce Taylor might comment, because in a previous life—in a UK and European but not Scottish context—she made investment decisions about programming, so she might understand the difficulties of forecasting the outcome before making the programme.

Joyce Taylor: I do indeed, but may I first respond to comments about fragmentation and lower viewer numbers? The issues are not the same for all age groups. When we look forward we must consider what younger people are doing. None of us can predict what will happen, so one of our most important considerations is the need to create something that is flexible. We have experienced enormous changes since the previous public service broadcasting review. Another issue that has emerged is the crisis in investment in children's programming.

I do not have anything to add to what Stewart Purvis said about the cost of one type of programming over another, but it is part of the mix of local and national. Where previously there were pseudo-regions that reflected transmitter locations, digital provides the opportunity to reflect much smaller communities, if there is the will. Basically, we are here to listen, and we have done a lot of audience and viewer research on what is important to them.

11:00

Rob Gibson: So it comes down to talking about investing in a particular way and saying that there are higher priorities for public service broadcasting but we have to find a model to support it. Does that include radio and the fact that we have to have a good, differentiated PSB radio service, and that we have to fund it?

Thomas Prag: I am quite keen that radio should get a mention. We should not forget that we are talking about public service broadcasting, which largely means television, but radio is hugely important in the Scottish context.

One issue is that the BBC provides a Scotland-wide service and a bit of local news. The commercial sector exists, but its local news content has, shall we say, changed; I do not want to comment on that. There are some positives, one of which is community radio, as you would expect me to say, and we might forget that here if we are not careful. That is a very important part of the service. Rob Gibson talked about people wanting to know about where they live and community radio is beginning to provide that service. It was pioneered in the Highlands and it is now rolling out across Scotland. Ofcom has been charging ahead with that, which is very good news, but it might need more support.

If I may, I want to mention something else. We have talked about the coverage problems of digital television in some areas, but digital radio is more of a problem because it does not exist at all in many areas of Scotland and no one is too sure about how it is going to exist. We have to take that up.

I do not know whether that answers Mr Gibson's question, but we should not forget that radio is a very important part of public service broadcasting, including BBC and non-BBC services, whether it be the big commercial stations or, increasingly, the community stations.

Rob Gibson: I am trying to tease out a view that allows us to come to the conclusion that we need the kind of investment that we are talking about. The ownership of local radio has become so concentrated that it has lost much of the initial spark that created it. Are we not in danger of seeing radio go in the same direction as the television stations, where only two companies provide the bulk of what people watch? Do we not want to extend plurality by both public and commercial support for local radio?

Thomas Prag: I will defend Ofcom and the view of radio that we put to it. Ofcom recently reviewed radio and the localness provisions, particularly those for commercial stations. There was a lot of pressure to reduce the number of those provisions—commercial stations operate under a code and they are expected to provide so much local programming and so on. Ofcom resisted that pressure and it has maintained a good deal of that local programming provision. However, you are right to say that it has concentrated ownership of the major Scottish stations. A good chunk of them—not all—are now held by Bauer, a German publishing company. There is nothing wrong with that—the stations still have to provide the programming as demanded by their licences.

Yes, there is concern, but I come back to the point that other players are coming in. Community radio is different. It will not provide Scotland-wide coverage. If we get digital radio coverage, there is

also the technical potential for a national digital service. The technology exists that can deliver that; the tricky part is how to fund it and what goes on it.

Mary Mulligan (Linlithgow) (Lab): My question is about viewers, although you have answered part of it in response to Rob Gibson. Why do viewers in the devolved nations appear to be more disenchanted with how networked programmes reflect their area?

Stewart Purvis: I will ask Vicki Nash to answer that, but I will give a general introduction. You might be aware that the BBC trust, in consultation with BBC management, announced recently that it will substantially increase over a period of time the amount of production in the nations. At the moment, there is a quota that is described as not "out of England" but "out of London". Cynics would point to the clutch of production companies that exist a few miles outside the M25 boundary, but there are other, positive stories to tell. Possibly because of the establishment of the Scottish Broadcasting Commission and other pressures, the BBC is clearly taking the matter even more seriously than it did. There has been a response from the BBC. ITV's response is that it should not have to have such quotas and that it should follow the talent to wherever the good ideas are. That is the UK-wide position.

Vicki Nash: It is important for all viewers that what they see on television reflects themselves, their lives and their communities. At the moment we have "EastEnders" and "Coronation Street", which reflect London and Manchester. I think that there used to be a Liverpool soap as well, but there is not a lot of Scottish portrayal on that kind of programme. It is particularly important, probably because it is absent, for people in Scotland.

As Stewart Purvis said, we place out-of-London obligations, but the boundary is the M25. There are no in-nation quotas, but even if we had those, it would not guarantee that people made programmes that reflected Scotland. They might produce more generic programmes. It is interesting to consider whether we could force them to produce programmes that reflect Scotland. Would people want the regulator to enforce portrayal programmes? How could we do that? Ultimately, we depend on the broadcasters to commission programmes, and we are concerned with quality. How far should the regulator force the sorts of programmes that people see on television? Perhaps the interest in the portrayal of Scotland exists because there is not much of it.

Joyce Taylor: The challenge in Scotland is with the creation of the skills base. There is a circular problem. If we do not have the programmes, we do not have the skills base, and if we do not have

the skills base, we do not get the programmes. The Scottish Broadcasting Commission is wrestling with that problem and considering how to solve it. Regulation helps by creating certain quotas, such as out-of-London quotas, but Scotland has suffered from the fact that, when there are mergers of big independents and they have an office in Bristol, they move the whole thing out of Glasgow and into Bristol, because in that way they still fulfil the requirements of the quota. We need to examine that, because the quotas exist to try to get the business to stand on its own feet. Ultimately, we would like to be hands off and have no quotas, but the most recent review by Ofcom showed that we are not in a position to do that. We will consider the matter again in the future.

Mary Mulligan: I am conscious that one of my colleagues has some questions on quotas, so I will not pursue that. I return to production and those companies that work in Scotland. As you said, even if production takes place in Scotland, there is no guarantee that the output will reflect a Scottish view, but it could make a contribution. What do we need to do to take that further?

Joyce Taylor: We have talked a lot about looking inwards, but we also need to look outwards. Production companies have to look to the world to create a big enough base and an economy for what they do. Traditionally, broadcasters in the UK have tended to look inwards because they made a lot of money from UK-only broadcasting. However, bigger independent production companies have started to do co-productions with America and so on. I was the chief executive of Discovery, which put a lot of the money into "The Blue Planet", "Walking with Dinosaurs" and such programmes. It was American money.

Companies can make good British programmes, but nowadays everything is about gathering money from a variety of sources rather than waiting for Channel 4 to phone up and bankroll a project. Those days are gone, and people have to look for finance more imaginatively.

Thomas Prag: We tend to talk about the TV sector because it has a high profile, but the key is to build the creative sector generally. Online, video and radio content have all merged, really, and are produced by the same folk. That is the sector that needs to grow. The answer to your question is that, if the creative sector grows and becomes more confident and more powerful, we are more likely to see portrayal—if you want to describe it in that way—across the networks. If those folk live here, they are more likely to come up with good ideas that will also work in a national UK context. If you create that mass and that confidence, you will get the other.

Mary Mulligan: If the convener will indulge me, I want to return to Ms Nash's point about plurality being more important among viewers in Scotland. Why is that the case?

Vicki Nash: Gosh—

Stewart Purvis: Suspicion of the BBC?

Thomas Prag: I did not say that.

Vicki Nash: I cannot come up with an answer to that. Simply, our research has shown that, when we asked viewers whether they want more plurality from the BBC, more people in Scotland answered yes than in other parts of the UK. The difference may not be significant, but the proportion of viewers who say yes is certainly highest in Scotland. I have not got behind that mindset to be able to answer the question.

Joyce Taylor: The question might be put to Mr Jenkins in the next panel. His research came up with the same conclusion, so he might have an answer.

Mary Mulligan: I might put the question to him. Does Mr Prag want to answer?

Thomas Prag: This is entirely speculation, but the answer may be that the BBC is sometimes seen as London based. There may be an element of that. It is not that people do not like the BBC, but that they feel they need something more. Perhaps people have not thought of it in that way, but that would be my answer if I were asked to provide an explanation.

Mary Mulligan: I accept that people might take the view that the BBC is London oriented, but that would not explain why other people outside London did not feel equally strongly about the need for more plurality. That caused me puzzlement, which is why I asked the question. However, thank you for trying to answer.

Aileen Campbell: We have talked about the disenchantment of people in the devolved nations. Why has that been allowed to get so bad? Has it arisen only with devolution? Why have things been allowed to go so far down that road without anyone jumping up and down and saying "Stop"?

Vicki Nash: From what I can recall of the data—on this we agree with the Scottish Broadcasting Commission—there is generally a gap between the level of importance that people ascribe to certain programmes such as news and current affairs and their level of satisfaction. That is generally true throughout the UK, but I am unclear—I cannot remember enough of the statistics in my head—whether that gap is bigger in Scotland than in other parts of the UK. I know that the gap exists and that the Scottish Broadcasting Commission found that such a gap exists in Scotland, but I do not know whether the

gap is significantly bigger in Scotland than it is elsewhere. I am happy to get back to you on that point.

On whether the gap has been growing, again I would need to look back at the data from our most recent review of public service broadcasting. Perhaps one of my colleagues has the information in their head. As you will appreciate, we have quite a lot of data to deal with. However, I am happy to get back to you on that. I am not sure whether the gap has widened.

Stewart Purvis: It would be a good idea to get back to you on that. The question is important, so it would be good to clarify the answer.

Rob Gibson: The need for differentiation within the country is interesting from the point of view of STV and the former Grampian TV. The fact that people in the north can now receive both an Aberdeen-based service and one from further south means that, for the first time, they can get a slightly differentiated view. The BBC has never afforded us proper coverage of the different areas of the country—it could do so, but does not—so one can understand people's dissatisfaction with the overall situation. I think that that is what Mary Mulligan was rightly trying to tease out. STV addresses that to some extent in a way that the BBC has never done.

11:15

Stewart Purvis: That is an interesting point. That is why our consultation document raised the issue of what shape any continuing channel 3 licence should have. One model that we suggested, although it might not play well in Scotland, is to have a single UK licence with requirements for different parts of the UK. Another one is for a Scotland-wide licence, which would include those parts of Scotland that are presently served by Border. The other option is to continue with a service that specifies regional or area services in the north, centre and south of Scotland in patterns where transmitters allow. Logically, that debate should take place over the next few years.

Ken Macintosh: I want to return to the question of quotas, which you answered partially. As part of the public service obligation, although one can put restrictions on the number of programmes and the amount of news output, production quotas are another way of getting programmes across the board to be produced in Scotland. That could help to improve Scottish content and the reflection of Scottish views and values in our broadcasting. You will look at that in your next review, but what are your thoughts about it at this stage?

Stewart Purvis: As Joyce Taylor said, it seems likely that if you have more production, you have more portrayal, as we call it. Consider STV's

contribution to the UK network; “Taggart” is an obvious example—you could not get more Scottish than that. I also remember a quiz show involving a wheel, although I cannot quite remember what it was called—

Vicki Nash: “Wheel of Fortune”.

Stewart Purvis: If I remember rightly, “Wheel of Fortune” was an STV production, but it could have been produced anywhere. The main presenter, if I recall, was Carol Smillie—or was it Nicky Campbell? That was a Scottish element, but did the people of Scotland feel better about seeing Scottish talent on a UK service? They probably did, but I do not know whether it had any wider meaning.

Our attempts to cajole or nudge broadcasters on such issues are constantly complicated by ITV saying things such as, “Look, we made a programme in Cornwall the other day—it was filmed entirely in Cornwall.” However, it happened to be edited in London, therefore it counts as a London programme. BBC Northern Ireland pointed out to me a programme of which it was particularly proud. When I looked into it, I found that it was filmed entirely in England and used only English actors. It could have been filmed anywhere, because it contained just a few people and a few houses—it could have been made in BBC Northern Ireland. Such badging, as it is sometimes called, or brass-plating—in which someone claims a programme for their nation that has not been produced there—is a complication, which we have to be realistic about.

Ken Macintosh: I think that that is a separate concern. We should look to Ofcom, among others, to try to improve regulation in that area so that there is greater transparency. However, what I really wanted was your thoughts on using quotas as a tool to drive up the public service obligation in Scotland. Are you in favour of it or not?

Stewart Purvis: Do you mean the channel 3 licence requirement, or are you talking about the UK-wide situation?

Ken Macintosh: A mixture of the two. You can apply quotas to all the companies, but are you looking to insist—using one device or another—that the ones over which you have regulatory powers make more programmes in places such as Scotland?

Stewart Purvis: The BBC trust, for example, has adopted our methodology, which is about being more transparent about where programmes are made. The trust has increased voluntarily its commitment, which everyone agrees is a positive step. I was at an event the other day at which the BBC controller of nations and regions was very open about being not just London-centric, but what he called Chiswick-centric, after a district of

London where many BBC executives live. Although today’s report from the King committee looks at a different area, it is also part of a regulation process—not particularly to do with Ofcom—that is transparently opening up a series of issues, which has to be a good thing.

As regards commercial broadcasters being required to go for higher quotas when they are arguing for lower quotas on the basis that they are not economically viable as it is, that is a complex area, to put it mildly.

Vicki Nash: I was interested to read some of the evidence on that subject that was given to the Scottish Broadcasting Commission. It was probably more in favour of quotas than not, but some people were not in favour of setting quotas.

One of the issues that I hope will be resolved in the short, medium or long term is the extent to which Scotland could respond to those levels of quota. That involves questions of the state of the businesses and how economically stable, viable and vibrant Scotland will be. The BBC has given a welcome commitment to use the Ofcom criteria and has set out its stall in that regard. It is important to note that it has to agree its out-of-London aspirations with Ofcom, so we will expect to have discussions with the corporation about the numbers that are involved and the pace of change that it has proposed.

Thomas Prag: The advisory committee has, inevitably, been thinking about quotas. We are not awfully comfortable with them as a long-term tool, as they lead to a lot of dodging and diving. Do you really want, for example, “Postcode Challenge”—not that there is anything wrong with that programme—to become a national programme and be called a Scottish programme?

Quotas are a blunt tool, but our view is that, in the short to medium term, they might help to drive the sector forward. Of course, it is important that, to use the jargon, there is an exit strategy, because they are not a good idea in the long term.

Ken Macintosh: The BBC seems to be volunteering to produce programmes in Scotland and to base commissioning editors in Scotland. It recognises the benefit of that approach. That is great, and I would have thought that Ofcom would have wanted to get the independent companies into that situation.

I, too, have reservations about quotas and think that they are a blunt instrument, but there is no doubt that we want to drive up the number of programmes that are made in Scotland, regardless of what those programmes are. The greater the number of programmes like “Postcode Challenge” and the lottery programmes that we make in Scotland, the more likely it will be that we will be able to make more programmes of a better

quality that reflect the values that we have in Scotland.

I would have hoped to hear more from Ofcom about that sense of obligation. We have heard a lot about commercial models and the commercial difficulties that are facing companies, but they are commercial companies—either they will bid for the licences or they will not. I would have thought that Ofcom's job would be to enforce the obligations and ensure that the companies have a sense that they are obliged to reflect Scottish culture, values and news—including Scottish regional news.

On the four models in the Ofcom review, there is a lot of talk of funding, but it is not clear where the funding will come from. There is no suggestion that there is any funding available to subsidise commercial companies to do something that they should be obliged to do. They are making money. Regardless of whether they are making less money and are deserving of our sympathies in relation to their commercial difficulties, the point is that they are still making money and, therefore, should have an obligation to reflect our values back to us, including high-quality public service values.

That is my view, but I thought that I would take advantage of this moment to share it with you.

Stewart Purvis: All views are extremely welcome as part of the consultation process. I should make a couple of points, however. First, the BBC is publicly funded. As it is paid for by a compulsory tax, it is perfectly proper that it be held to account with regard to how that money is spent, which is what the trust is trying to do.

However, with regard to holding commercial companies to account, I do not think that you can get away from the reality of the situation that pertains in relation to channel 3. As I have said before, ITV plc has an ability to go a completely different course. Let us be clear about one thing: somebody could start a Scottish channel tomorrow. I have a licensing team that deals with applications all the time. There is nothing to stop someone trying to get distribution via cable, satellite or digital terrestrial television. If someone thinks that that model is viable, we will not stop them from setting it up—indeed, we would like to encourage them. Would we put any specific obligations on anybody who did that? Absolutely not. If, on the other hand, someone wanted access to the public spectrum, we would not think it unreasonable to ask for public benefits in return. For instance, I have seen some suggestions that STV might become commercial on channel 3 and seek to transfer its public benefits to another channel. If that happened, people would be entitled to ask what STV would be providing in return for its use of the public spectrum. There is a debate to be had about that.

It is very difficult to enforce obligations—or, as you suggest, to increase obligations—when people have another choice, which is, effectively, to walk away from public service broadcasting and go down a different, less-regulated route. We hold people to account in the way that they hold their licences up to 2014. We are occasionally flexible on them but, after 2014—indeed after 2012, when switchover will be completed—we will have to look at matters in a slightly different context.

Vicki Nash: At the moment, we cannot force broadcasters to make programmes in the nations. There are no in-nation quotas; there are only out-of-London quotas, and, as you have probably read in the press, we believe that ITV fell foul of its out-of-London quota in 2006 and 2007. We continue to discuss that with ITV, to get its reaction to that.

As Stewart Purvis said, we have taken quite robust regulatory action, where appropriate, in respect of quiz channels or breaches of the broadcasting code. Where we can take action, we will take action. However, if we do not have the levers, we cannot take any action against broadcasters.

Christina McKelvie (Central Scotland) (SNP): You mentioned Blair Jenkins of the Scottish Broadcasting Commission. What contact have you had with the commission to date?

Stewart Purvis: Our chief executive, Ed Richards, appeared before the commission on Monday. You can ask Blair Jenkins about this later, but I think that we have a good relationship with the Scottish Broadcasting Commission. When we are asked, we talk to it about all sorts of issues. On occasions, we have volunteered to talk rather than wait for an invitation to do so.

In terms of the public service broadcasting debate, I am sometimes told that we need to wait for the SBC to report. Personally, I think that the two processes can run in parallel; I do not see that there is a particular problem with that. Some of the issues that we are highlighting might move up the agenda with regard to the options that are being considered by the Scottish Broadcasting Commission. By and large, our relations are very good.

Vicki Nash: It is important that we have kept in contact with the commission, as we are both conducting research and the last thing that we want to do is end up falling over each other. The commission's remit is different—it has a different reporting line and a different timescale—but we have had a good working relationship with it. Like us, it is concerned about the future of broadcasting, which is important to the committee and to the people of Scotland. We must try to get it right, and we hope to continue our good working relationship.

Christina McKelvie: Let us move on to a specific point about the commission's report on the cultural phase. It comments:

"There is undoubtedly concern within the Gaelic Media Service and more widely that the new service will be reviewed (and to some extent judged) very early in its existence, at which point a decision on whether or not to secure carriage on DTT—

digital terrestrial television—

"will be made and will be vital to the long-term health of the new channel."

What is Ofcom's view of the concerns that have been raised by the Scottish Broadcasting Commission on that issue?

Vicki Nash: As I set out the last time that I appeared in front of the committee's previous incarnation—the Enterprise and Culture Committee—Ofcom has always been very supportive of Gaelic broadcasting. In fact, I chaired an all-party round-table discussion on the future of Gaelic broadcasting, which involved the BBC, STV, the Department for Culture, Media and Sport, the Scottish Government and the Scotland Office. Since then, there has been a welcome development of the partnership between the Gaelic Media Service and the BBC.

Whether the new channel, which will be launched later this year, will go on digital terrestrial television is clearly a matter for the trust to consider in the first instance. We continue to talk to the Department for Culture, Media and Sport, which will have a role to play in the event that the trust decides that the service should not be carried on DTT. The DCMS will then have to make a decision about capacity.

At a recent meeting that the Ofcom advisory committee had with the BBC's audience council Scotland, it was agreed that it is important that there is a degree of transparency in the process by which the trust will evaluate whether the new channel will be carried on DTT. Many stakeholders have an interest in that, including Ofcom, STV—which has some Gaelic obligations at the moment—the Scottish Parliament and, not least, the Gaelic viewers. It is important that whatever process is used to evaluate whether the service should be carried on DTT is made available to as many stakeholders as possible who have an interest in the future of Gaelic broadcasting.

Thomas Prag: The advisory committee was disappointed that the Gaelic channel was not going on to DTT straightaway. The trust is in a difficult situation. The Gaelic Media Service is a new body that is trying to declare what it does and what it is about—value for money, testing and so on. We are concerned that, because the service will be reviewed fairly quickly, it may not be given enough chance to demonstrate what it can do. I do

not want to prejudge, but I think that there is a will to find a way. We certainly hope that the channel will get on to DTT as soon as possible, otherwise it risks not succeeding.

11:30

Christina McKelvie: Do you agree that there would be a risk of failure if the channel did not go on to DTT? Would that damage programming in the long run?

Thomas Prag: I am not an expert, but I am a supporter of Gaelic broadcasting, and have been involved in it in the past. The risk is that it will become, to use a horrible word, a ghetto. If the service is hard to find, or if it is difficult for people to trip over it and watch a programme simply because it is good, that will do Gaelic no favours. The audience for "Eorpa" is a classic example; many people who have no Gaelic watch it because it is a great programme. To answer your question, therefore, I think that there would be a risk of failure.

Christina McKelvie: I concur with that view. I am not a Gaelic speaker, but I followed "Tir is Teanga" every week.

Rob Gibson: In summarising your view of public service broadcasting, you said that, with the launch of the Gaelic digital service, supported directly by the Scottish Government, Scottish language provision looks secure. The Gaelic language has been partly secured, but there is another language that has not been secured. I hope that Ofcom realises that there is a plurality in Scotland that must be considered in the commissioning of programmes. If Ofcom is asking public service broadcasters about that, I hope that it will consider material in Scots.

Stewart Purvis: Even in London we are aware of the Scots language, which is part of our considerations.

Vicki Nash: Scots is an important part of the mix. Again, as always, the issue is funding and the reach of such programmes. We get representation from other minority ethnic communities throughout the UK and Scotland that there should be specific programmes for them. If money were no object, we could provide programmes for everyone in whatever language they wished.

Thomas Prag: If we look ahead to the potential of the production fund that we discussed earlier, other language provision might be part of the scenario. We can foresee a way in which that kind of programming might well bid into that production fund. Somebody could come up with a scheme because it would have a public benefit.

Rob Gibson: Indeed, but we are not a minority ethnic group.

Stewart Purvis: We use the phrase “indigenous languages”.

Thomas Prag: I did not say it.

Vicki Nash: I meant other languages such as Chinese or Punjabi.

Stewart Purvis: There is an interesting case in BBC Northern Ireland, which does a news programme in Chinese for the Chinese community there. However, it is now being asked why it does not do similar programmes in Polish and Lithuanian. We think that the priority is indigenous languages, of which Scots is clearly one.

In our conversation here, particularly because of the questions about channel 3, we have perhaps understated the opportunity that could arise for investment via the funding agencies that might be created. That option, which has never existed before, is perfectly viable and logical, and it happens in other places. We have not used it much in the UK before, but it is a way of meeting a series of reasonable and understandable expectations. Perhaps the challenge to us all is to ascertain whether we can grasp the opportunity and the models in that way. If there is no appetite for that course, I suppose that it will wither and die. However, such an opportunity comes up only so often, so we have put it on the table for discussion.

Ted Brocklebank (Mid Scotland and Fife) (Con): May I ask a question, convener?

The Convener: Indeed.

Ted Brocklebank: I am grateful. I am a guest at the committee, so I will not take up too much of the panel's time.

I have two factual questions, the first of which touches on the production fund that was described. Top-slicing has been discussed with reference to ways of securing funding under, I think, model 1. If channel 3 is to carry on, where would the funding come from? If you do not like the term “top-slicing” with reference to the licence fee, can you give us some idea of where funding might come from under model 1 so that we can retain the plurality and regionality of ITV?

Stewart Purvis: Model 1 is normally, if not entirely, set in the context of what is sometimes called a regulatory settlement. In other words, whether they involve the spectrum or electronic programme guide prominence—how high up the list a channel is—there are certain regulatory assets that we can use as part of the deal by giving a channel or licence holder some of those assets in return for certain commitments. People inevitably talk about hybrids of the models—for example, certain assets and a little bit of funding. There is a model for Channel 4 that involves potentially a lot of funding, but in model 1 is there

a little bit of funding for Channel 4? We have to be open to those conversations.

Let me turn to funding. We say that the licence fee has two elements. One is what we all grew up with, which is the idea that money is provided to the BBC to make programmes and to cover its overheads. However, there is another element to the fee that is nothing to do with that. It covers digital switchover and the specific action that needs to be taken to bring that about. We say that, when the licence fee period ends, there will be a sum of money that will have been spent that could have been spent in another way. Ultimately, that will be a decision for the Government, but we call the money the excess licence fee. The BBC says that there is no excess licence fee, but we say that it depends on what we want to call it. It covers the money that is not spent on programmes, and the question is whether that should be retail price index increased into the next licence settlement, go to Channel 4 or form the basis of funding agencies. There are several options.

There are also central Government funds already going into broadcasting. S4C receives £90 million per year of UK Government money from the DCMS, and that is thought to be the right way to do it. There are several ways of working—indeed, the more that I have looked at indigenous language issues, the more that I have understood that every language of the British isles is being catered for in a different way in funding, purpose and media use. One of those is the S4C option.

We have put forward another option, which is known as a levy. The French Government is particularly interested in that. The question is whether we could tax some proportion of the communication industries or the wider media world. Such organisations all benefit from the creation of content, so could they contribute to that in some way?

There are a number of options on the table. Top-slicing, which is normally seen as taking the money that the BBC has already got for programmes, is in some ways the least attractive option. Why would we want to take money from a programme maker just to give it to another programme maker? To create a funding source for programme makers without damaging existing makers sounds a better idea.

Ted Brocklebank: My next question relates to something that Vicki Nash said. I have expressed some interest in the possibility of a new Scottish digital channel, and my view is that such a channel might offer the opportunity for city and regional television in a Scottish context. Can you confirm that nothing in the Scotland Act 1998 would prevent Scotland from having such a digital channel in much the same way that we will have a

Gaelic digital channel? Is there any reason why that would not be acceptable under the 1998 act?

Stewart Purvis: I will ask the Scotland director to reply to that.

Vicki Nash: My understanding is that there has to be a degree of separation between the funding body and the channel and that, under the 1998 act, a Government is not allowed to hold a multiplex licence. I am happy to provide chapter and verse on the situation, but the principle is that the Government could fund a channel but it would have to be at arm's length.

I can add to the previous answer. It is worth noting that the Scottish Government funds the Gaelic Media Service and the Gaelic digital channel, so a model exists for the Government funding broadcasting in Scotland. Clearly, there is a degree of separation because of the Gaelic Media Service and its partnership with the BBC, but the model exists and could be extended.

Ted Brocklebank: Are you saying that, if the Government decided that as well as giving £12 million a year to the Gaelic channel it would give a similar sum to a Scottish channel, that might not be impossible under the 1998 act?

Vicki Nash: My understanding is that it would not be, although the mechanism for dispersing the money would have to be examined.

The Convener: That concludes our questions; I thank the witnesses for their attendance.

11:39

Meeting suspended.

11:45

On resuming—

Scottish Broadcasting Commission (Interim Reports)

The Convener: Item 2 is consideration of the Scottish Broadcasting Commission's three interim reports. I am delighted to welcome Blair Jenkins, the commission's chair and I invite him to make opening remarks.

Blair Jenkins (Scottish Broadcasting Commission): I will not speak for long, because I am sure that members have many questions. First, I pay tribute to Ray Michie, who was a member of the commission and who, very sadly, passed away last month. I know that Ray was widely liked and respected not just by members of the committee but more widely in the Scottish Parliament. She was fully engaged with the commission in its early phase but, sadly, her health declined from the beginning of the year. I have worked in broadcasting for quite a while, so I will say what has not been said elsewhere, which is that among Ray's many qualities hers was one of the great and marvellous voices in Scottish politics—a marvellous voice. For all sorts of reasons, she will be widely missed.

Members have copies of the three interim reports that the commission has produced. The function of the reports has been to identify the issues that we think are out there. Nothing in the reports should be read as anything resembling a conclusion or even a tentative outcome on our part; what we have done is identify from the soundings and evidence that we have taken a shopping list of items that we need to discuss. I hope that members will treat the reports in that way.

I sat in on the previous item and was interested to hear the people from Ofcom highlight matters about which I want to talk and about which I hope that you will ask me. I group three big issues for members' consideration. First, there is a group of issues around increasing network production from Scotland, which I know is a matter of considerable concern to the committee and more widely. I will happily talk in more detail about the recent pronouncements by broadcasters in that regard. The BBC trust gave evidence to us yesterday and, as Stewart Purvis said, Ofcom and Channel 4 gave evidence to us on Monday afternoon, so I am happy to update you on the issues.

Secondly, and more crucially, serious challenges are emerging to do with public service broadcasting competition in Scotland, which the committee will need to consider. I expect that during the previous item you had a more frank

discussion about those challenges than has taken place hitherto.

Thirdly, a group of issues about the level of ambition and aspiration in Scottish broadcasting and television production is emerging from the cultural phase of our work and to some extent from the democratic phase. We are focusing on such issues.

Because our formal evidence session with the BBC trust was scheduled for yesterday, the trust gave us prior sight of the King review, which was published only today. Although we did not have much advance warning that we would have sight of the review, the trust's courtesy enabled us to ask it about the review's findings. Members will probably not have had time to consider the findings—indeed, I think that the review was published during this meeting, which will have rather inhibited members' chances of considering it.

There is not much more to say. If I express what sounds like a firm opinion on anything, it will be my personal opinion and not that of the commission.

The Convener: Thank you for those opening remarks. The committee appreciates what you said about Ray Michie. I think that the whole committee agrees that she will be missed in Scottish politics.

What key findings emerged from the three interim reports on the economic, cultural and democratic phases?

Blair Jenkins: Again, what I have to say harks back to some of the evidence that you took and the questions that you put earlier. The core of the work in the economic phase related to the UK television networks increasing the volume of production from Scotland. We have made considerable progress with the BBC and some progress with Channel 4 on that. I have to concede that we have made only limited progress with ITV. We see substantial benefits for the Scottish creative economy from some of the new commitments that the BBC, in particular, and Channel 4 have entered into.

We have some concerns about the BBC commitment. The committee may be aware of a recent statement from the BBC trust, which followed on from our work, in which the trust clarified its position on the target of 9 per cent of production coming from Scotland. The announcement had two components. First, it said that the BBC will align its definition of what validly counts as a Scottish production with the Ofcom definition, which is the wider industry standard. We very much welcome that. However, the more disappointing aspect of the announcement was that the BBC trust went on to say—effectively on behalf of BBC management—that that change

means that it will take until 2016 for the target to be met. In speaking to the trust on Monday, we expressed our disappointment that it has taken eight months for it to tell us that that work will take eight years. We registered our view that the timetable looks a little glacial. A key aspect of the economic phase is that push to get more network production in Scotland. I am happy to talk more about that.

On the cultural phase, the committee may wish to ask about important issues to do with the Gaelic channel. The main theme, to which I alluded in my opening remarks, is that we identified in much of the evidence from individuals, organisations and stakeholders and in our sizeable public attitudes survey a demand and an aspiration for a wider range of programming and for more ambition in programme production in Scotland. That is probably the key finding.

In our democratic phase report, we identified audience demand for more depth and explanation in broadcast journalism. The report also highlighted a number of concerns about how the rest of the UK is reported to Scotland, and how Scotland is reported to the rest of the UK. Interestingly, in some of what we said in the report, we anticipated quite a lot of what Professor Tony King said in his review that was published today.

The Convener: Thank you for that summary, which was helpful not only for the committee but for those who have an interest in the area and are either here today or watching proceedings on the internet.

My colleagues will put specific points on the key findings. My question is on the emerging themes from the cultural phase report. In our evidence taking from witnesses from Ofcom, the committee gave considerable consideration to the need for distinctive public service broadcasting that meets the requirements of Scotland. In your opening remarks, you spoke about issues to do with the range, volume, ambition and scheduling of programmes of that type. Would you expand on the challenges that you face in meeting the aspirations that people in Scotland have identified and expressed and on how you plan to develop that work?

Blair Jenkins: There are two aspects to that. One is the issue of PSB competition and how we secure PSB going forward. I agree with quite a lot of what Ofcom said about the realities of the ITV position going forward. A delicate set of negotiations will have to take place between Ofcom and ITV about whether ITV stays within the public service broadcasting family. I would not want to predict how that will turn out. As you heard Ofcom say frankly, it is a live possibility that ITV will cease to be a public service broadcaster,

which has major implications for the services in Scotland. I am happy to talk about some of those if members wish to ask about them.

The aspiration for more ambitious programming and a wider range of programming came through strongly in all our work. In a way, because of the economics of STV's business at the moment, there is a limited opportunity to insist on STV making more programmes than it does currently. I think that STV would take the view that anything else that it does would have to be at its own discretion and at its own commercial risk and that it would have to find a commercial rationale for doing it.

That turns the spotlight rather forcibly on the BBC and what the BBC does in Scotland. The questions for the BBC arising out of the cultural and other work that we have done relate to the extent to which it needs to review its level of programming and service provision—especially in the television environment, which remains the most important platform, as others have said this morning.

That is, broadly, where I think that we are.

The Convener: Do you think that the BBC is up for having that debate? Is it prepared to meet the challenges that it faces as a result of the commission's findings?

Blair Jenkins: I think that the BBC is very uncomfortable about the prospect of being the only show in town. I can understand that. As you have discussed this morning, if one of the outcomes of the current uncertainties is that the level of provision on channel 3 in Scotland by STV and Border TV is under threat, there will be a need to look at other sources of competition for the BBC in Scotland.

News and current affairs broadcasting is of paramount importance. However, even more broadly than that, in other programme genres, it would not be in anyone's interest—least of all the BBC's—for the BBC to become a monopoly supplier. Therefore, one of the challenges with which we are wrestling—and with which, I suspect, at some point fairly soon, you will be wrestling—is how we secure PSB competition. I always try to avoid the word “plurality”, as I usually stumble over it when I say it, but I think that securing PSB competition on a sustainable basis in Scotland going forward is a big issue not just for the Parliament but for the country.

The Convener: That leads on to some of my committee colleagues' questions.

Mary Mulligan: Good morning—just. Within the broadcasting sector, where should the public sector be positioned?

Blair Jenkins: Do you mean public service broadcasting?

Mary Mulligan: In your report, there is a suggestion that there may be a role for public agencies to step in. Where do you see that happening?

Blair Jenkins: I think that you are identifying an issue that we raised in the economic phase of our work. Roles already exist for the two obvious agencies—there are other, more minor players—Scottish Enterprise and Scottish Screen, which is perhaps about to become creative Scotland. If I can assume that creative Scotland is going to happen, that will make the conversation easier. There are roles for both those agencies in the development of the creative economy in Scotland, including broadcasting, which is the bit that we are focused on.

I should say—I think that I said this to the committee the last time that I was here—that we are using a broad definition of “broadcasting”. It is a shorthand term that we use nowadays to mean audiovisual content, however and on whatever platform it is distributed. It is very much a fast-changing area. Without prejudging our conclusions, we obviously think that broadcasting is an important part of the Scottish economy. A thriving broadcasting industry and, in particular, a thriving television production sector are essential for the economic, cultural and democratic health of the nation.

It is important that there is clarity within the public agency landscape and that people know which door to go to, depending on what they are trying to achieve. I will not go much further into the issue, but I will say that we have a final session with Scottish Enterprise on Friday—we had a session with it back in December or January—in which we will focus on what its role is in this crucial sector.

12:00

Mary Mulligan: What is the right balance between those two agencies?

Blair Jenkins: The most obvious point is that inward investment of scale clearly seems to be a Scottish Enterprise function, so there would be little point in trying to replicate that role in any other agency. I think that issues to do with what are clearly cultural projects and cultural ambitions sit within the remit of creative Scotland. Once we get beyond that, I would be keen—like you, I suspect—to establish clarity about which door people should go to.

Mary Mulligan: My colleague will come on to creative Scotland.

If it is okay with the convener, I will ask question 5 now as well, because it is about examples of where you think such a relationship has developed and worked well. The SBC's interim report on the economic phase states that witnesses gave the example of the Northwest Vision model. I have to confess that I am not totally au fait with that model, so I am not sure what it was about it that was found attractive.

Blair Jenkins: We mentioned Northwest Vision because people had mentioned it to us, but agencies in other parts of the country have also been successful. It is possible to identify some of the criteria to be successful; I have already implied what some of them have are. This is a fast-moving sector so people need clarity, they need to know who to go to and decisions must be made quickly. People also need to know that there is institutional buy-in to the growth of the sector. There are different combinations of screen agencies and regional development agencies around the UK. The approach works well in some parts of the UK and not so well in others. We are keen to learn from the best. I should also say that the SBC has under way, as part of our work, an international comparison study that is looking at such initiatives that have worked in North America, elsewhere in Europe and beyond. As you would expect, we are trying to learn from what other people have tried and have found to work. We hope to build that into any suggestions that we make in September.

Mary Mulligan: Could you share with the committee at this stage anything in particular about Northwest Vision that you thought worked well?

Blair Jenkins: Northwest Vision's great windfall was the BBC's decision to hugely expand its operation at Salford Quays, which will transform the economy of that part of England. It seems to have brought a particularly strategic, co-ordinated and focused approach to how it would develop the sector. We can learn lessons from its approach, but I also keep stressing to people that we have some strong historical and current competitive edges in the area, which gives us every reason to hope that Scotland can be very successful in this sector.

Jeremy Purvis: My question is along the same lines. Mr Jenkins might recall that when he was previously at the committee there was a discussion about the timing of the SBC's work and the legislative programme that the committee is scrutinising. We are mid-process on the Creative Scotland Bill. In the context of there being a lead development body for broadcasting and the creative industries, the SBC's interim report on the economic phase of its investigation states:

"There were no strong views on a single preferred agency, but what was clear was the demand for clarity and

definitive identification of one agency to hold responsibility for taking the lead role."

We are going to debate the Creative Scotland Bill soon; indeed, it looks like it will complete its passage through the Parliament before the commission publishes its final report. The commission is still taking evidence on the bill and has identified it as something for further consideration. What does the commission want to do? Does it want to outline what it expects a lead body's responsibilities to be, regardless of whether that body is Scottish Enterprise or creative Scotland, or will it simply state that there should be one lead body and that which body it is should be clear? I am not entirely sure how the commission intends to progress matters.

Blair Jenkins: I must avoid trying to anticipate the views of my colleagues—I run the risk of doing so. I will oversimplify. It could be argued that what we have done until now in our work is identify all the problems that exist. As members of the committee know, the more challenging part of the process—identifying solutions—follows. I do not want it to seem that we have arrived at any solutions, primarily because we have not yet done so; rather, we are in the process of doing so.

My view is that our final report should specify what we should expect from the lead agencies and that we should not micromanage or be overdetailed. That specification should include saying where the main strategic decision-making functions are located and where the main funding decisions are taken. I think that when we had a similar conversation earlier, I said that the overriding priority is that we know who makes decisions, that they are capable of making the right decisions, and that they feel confident and empowered to make those decisions fairly quickly. That probably remains my view. Those are key issues. The speed of decision making and having the right individuals making decisions are still more important to me than the institution within which those individuals sit. I think that I used almost the same form of words previously. However, we will make our views clear in our final report.

Jeremy Purvis: Is it fair to say that the commission is not in a position at this stage to comment on the Creative Scotland Bill, which is in front of the Parliament?

Blair Jenkins: Yes. That is fair comment.

Jeremy Purvis: What is the timeframe within which the commission will make its proposals?

Blair Jenkins: I think that you are inviting me to stray into the territory of saying when we shall make firm recommendations. It is proper that we do so in the final report in September.

Rob Gibson: The commission's "Interim Report on Economic Phase" mentions the brain drain and broadcasters seeing Scotland as a starting point before they spread their wings and go to other places. Are broadcasters not just seeing Scotland as being on the high road to London or the outskirts of London—wherever the programmes are made—but seeing things on a European and world scale? Are people being fledglings in Scotland before they go out into an increasingly global broadcasting world?

Blair Jenkins: It is true and entirely proper that that is happening. There are two aspects to the matter. Talented Scots in television and broadcasting and in every other creative field will always migrate to big, creative cities such as London, New York and Los Angeles. That will always happen, and we would not wish or try to stop people doing that. That is absolutely right and proper. However, my view is that it should not be impossible to live and work in Scotland and have a successful career in broadcasting and television production. Because of the way in which global networks now operate, with new technologies and new forms of distribution, I think that creative content companies in Scotland will be globally successful. Some already are—members are probably aware of one or two of them—and I think that there will be more of them.

Rob Gibson: What can you say to us about the possibility of reversing the brain drain?

Blair Jenkins: The issue connects, in a way, to the debate about quotas that you were having earlier. The strong magnetic pull of London—which arises from the fact that all the channels, decision makers and buyers are based there—inevitably means that all the money will be sucked to London. If, as an aspect of public policy, there is a genuine desire for production to be distributed on a more fair and equitable basis around the UK—and I know that there is, both in this Parliament and in Westminster—public policy levers will have to be used to achieve that because the market will not do it of its own volition.

That raises the question of which levers are appropriate. For understandable reasons, people shy away from the word "quota", as Vicki Nash said earlier. However, all you have to do is use a different phrase, such as "mandatory target" and people are much more comfortable. "Quota" is a word that people are inclined to dissociate themselves from. However, people understand that, without some form of forcing mechanism—which can be an internal mechanism, such as the binding commitment that the BBC trust and the BBC's executive are formalising at the moment—the aim will not be reached. In many ways, having such a mechanism is an ideal solution. The point is that, in order to overcome the underlying

problems with the way in which the market has operated in the UK, levers of public policy must be used. If we do that and can get production in Scotland to the level that it ought to be—I am talking about a floor, not a ceiling—many people in London would come back to Scotland to live and work. I know many people personally who want to return for various reasons and would do so, if they thought that their business would be as successful here.

A good—but not perfect—example of the reversal of the brain drain is the fact that Shed Media, which was set up by some talented Scots in London some years ago, is opening a substantial branch in Scotland with a view to producing network drama from Scotland. There are many ways in which the brain drain reversal will happen, and we have to encourage that as much as we can.

Rob Gibson: The interim report on the democratic phase says:

"The BBC is looking for cumulative savings of 20% in its broadcast journalism over the next five years, with any new investment likely to be targeted at strengthening its online services."

Do you agree that that kind of move sends exactly the opposite signal to the one that we want to send about the capacity that Scotland has, and is not helpful with regard to keeping quality people in that element of Scottish broadcasting?

Blair Jenkins: It is a challenging savings target. It is important to note that it is uniform across the UK, which means that, unlike a few years ago, Scotland is not being asked to meet a higher savings target than elsewhere. I welcome that aspect.

It will be a stretch to deliver savings of 20 per cent. Obviously, the BBC is trying to identify ways in which it can reduce its cost base, and there are some technological developments that will undoubtedly help in that regard. However, as you would expect to happen in any complex and fast-moving environment, there is traffic in both directions. Some things that are happening within the broader creative content sector will create jobs in Scotland and other things could result in jobs in Scotland being lost. Over the next several years, the net effect—if we get the approach right—will be a substantial net benefit. I hope that the report that we produce in September will have some influence on the approach that is taken. If we get it right, the creative industries in Scotland will have a dynamic and exciting future.

12:15

Rob Gibson: Can you tell us what some of the net benefits might be?

Blair Jenkins: The benefits of the increased investment that has already been promised by the BBC and Channel 4 are substantial. I do not want to focus solely on the BBC, so I will highlight a Channel 4 initiative called 4IP—I do not know whether it has been brought to the attention of the committee. It is a new fund that will invest in new digital companies and digital media, with a view to developing digital content, such as games and social websites. A substantial part of that fund will be aimed at and located in Scotland. It is one of several things that allow us to predict substantial growth in the Scottish creative sector.

As you know, all the creative industries are converging. In Dundee, for example, there is an incredibly successful video game company that does not have the recognition in Scotland that it deserves, given what it contributes to overall gross domestic product.

Ken Macintosh: I was impressed with the emerging findings of the reports, including the idea of supporting investment in skills and identifying a lead agency to develop the skills base in Scotland.

Why are big production companies not based in Scotland? What are the barriers to their developing once they get to a certain size?

Blair Jenkins: We touched on that in the first “Interim Report on Economic Phase”. There are several factors. One is the historic problem of London being a magnet for talent and money. The concentration of the industry in the capital has had a detrimental effect not only on Scotland but on other parts of the UK, in terms of the ability to grow companies.

In recent years, the opportunities for independent production companies have become greater as a result of their ability to own their own rights, which has led to the development of a number of “superindies”—companies that, because they are allowed to retain the rights to their own creative content, can sell it to other markets and exploit it in various ways. However, from the Scottish point of view, the timing of that move in the industry was unfortunate, because it happened when the sector was at its lowest ebb, following several years of decline in network commissioning from Scotland. For example, under the Ofcom definition—the only valid definition—BBC network production from Scotland, which was at something like 6.7 per cent of the UK total in 2004, reduced to 5.7 per cent in 2005 and 3.5 per cent in 2006 before reaching 3.3 per cent last year, which means that over four years the figure halved. Forgive me if the figures are not exactly right; we can correct them later if they are a little out.

For a company such as Channel 4, which is a significant investor in production companies in the

nations and regions, the consequence of the BBC’s not spending money with companies in Scotland is that Channel 4 has difficulty doing business with Scottish companies because fewer of them exist. That creates a negative multiplier effect, as it were.

At the point when it would have been good for well-run Scottish companies to expand and acquire other companies, the reverse happened, and our two biggest production companies—the Comedy Unit and IWC Media—were acquired by big companies in the south. If things had lined up slightly differently, those two companies could have become big acquiring companies in other parts of the UK.

I am not sure that I have answered the question, but that is the mix of factors that have got us to where we are.

Ken Macintosh: I do not think that there is one answer—you have identified a range of elements.

Despite what you have told us today about the rather disappointing eight-year timescale that the BBC has now imposed on its voluntary agreement, its response to the Scottish Broadcasting Commission and to the concerns that were flagged up at that time has been very positive. The BBC is the main player: you have identified the commercial pressures on others with regard to the independent network. Ofcom also touched on the difficulties of imposing quotas or increased targets—public service obligations—on companies that wanted fewer. Are you now in favour of moving towards mandatory targets or voluntary targets?

Blair Jenkins: I will give my personal opinion, because the issue is quite an important part of the commission’s findings, so I do not want to go too far down that road. The BBC has made what appear to be fairly binding commitments, and we can take comfort from that. I echo what you have said: the BBC—both the executive and the trust—has fully engaged with the work of the commission, and we welcome the commitments that have been made. The disappointment with the timetable should not obscure the fact that we have made significant progress.

Channel 4 remains a source of interest. We are currently talking with its representatives to work out exactly what commitment it is making to Scotland. It is a commitment that expands across not just the core Channel 4 service, but potentially—as Channel 4 views it—across its entire portfolio of channels and its online platforms. We are still in dialogue, and there is clearly willingness and commitment to do more in Scotland. I do not want to anticipate whether we will recommend that any kind of voluntary

undertakings from Channel 4 are enough, or whether we require something more.

For the reasons that Ofcom announced earlier, it will be difficult to put on ITV a realistic production quota for Scotland. I am not suggesting that we have given up on the idea—we are examining it—but the reality is as has been described.

Ken Macintosh: That is disappointing. Despite your feelings, strong concerns or signals—as you and Ofcom have identified—are coming from SMG and others. I still have doubts about whether we should impose one set of obligations, as it were, on the BBC, while not imposing them on others. In order to achieve critical mass, it is important that everybody plays their part.

Blair Jenkins: Just to clarify the point, if ITV remains within the PSB environment, the question of targets for Scotland becomes an entirely legitimate discussion. The issue is whether ITV remains within the PSB environment. Outwith that environment, there is clearly no policy lever. However, if we can get the BBC and Channel 4 spending in Scotland at appropriate levels, one of the benefits—again, this is why it is so important—is that it will create the kind of commercially attractive companies that will get business not just from ITV, but from a host of other channels and possible customers, purely on commercial terms.

Ken Macintosh: That is a welcome clarification, which echoes my own thinking, assuming that the channels bid for those licenses. I picked up on your earlier comment that we would not wish the BBC to be the only show in town. That would be a worrying scenario—it could become a lonely public service outpost, akin perhaps to the situation in America, which is not a model that I wish to follow. In that respect, Ofcom this morning outlined a range of potential ways forward to develop broadcasting and public service broadcasting in Britain, which included four different options. Are you or the commission going to express your view about those four options?

Blair Jenkins: We would certainly respond to the models that Ofcom has outlined. I cannot remember whether Ofcom said this earlier, but those models are not necessarily fixed—they are not the only four possibilities. It would be possible to mix and match a bit between the options. They are out there to provoke the kind of debate and discussion that we are having today.

If we put that into the Scottish context, it is clear that, in the worst-case scenario that you mentioned earlier, we would have to consider an alternative form of PSB in Scotland, whether that was through the television fund that you spent some time discussing, or through a new Scottish channel. We heard the latter suggestion from a number of people.

I am happy to outline the range of options and give some thoughts on them. The option of a television fund has been tried in other countries. Canada is an obvious example, but it has been tried elsewhere. With the Gaelic television fund, we in Scotland have some experience of the operation of a production fund that was not tied to one broadcaster but could place programming on appropriate channels. The Gaelic Media Service, as it now is, has some experience of the benefits and disadvantages of that model.

We can also consider the Scottish digital channel environment as a way forward. As you began to discuss this morning, there is an option that could be fully publicly funded and an option that could be partly publicly funded and partly attract advertising revenue. I am not listing the options in any particular order, and this is not an exclusive list—they are just things that the committee can think about. A possible option is to invite Channel 4 to create a Channel 4 Scotland and to broadcast a service that is available only in this part of the country.

It would also be worth while to explore a fourth option. Given that the new Gaelic digital service, which we expect to be launched in the autumn, will occupy only seven hours a day at launch, it could take on an additional broader function of providing English language programming. We would have to reflect on the many issues that surround that, but it is worth saying that there are at least those four potential models for a digital channel.

Elizabeth Smith (Mid Scotland and Fife) (Con): The commission's "Interim Report on Cultural Phase" is fairly blunt in describing a lack of vision at SMG and even a "lack of seriousness" at Radio Scotland. Have funding issues or other factors led to those problems?

Blair Jenkins: I stress the important point—which we made at the time—that we were reflecting what people told us. We had not taken a view on whether there was a huge problem of lack of ambition and vision in Scottish broadcasting, but that view was expressed fairly strongly to us.

Scotland is not short of newspaper columnists and other people who express views, but when we published the interim reports, to the best of my knowledge not a single columnist suggested that what we reported was off the mark. I did not receive any contact by e-mail, letter or anything else to suggest that. Other than from broadcasters, no contrary view has been expressed. It is clear that there is something in the view that there is a mismatch between what is delivered and what is desired. I will not go into that in too much detail, but it presents a challenge that broadcasters have to identify and address.

Elizabeth Smith: If you accept that, what do you suggest we do about it? If the public's concern that the networks lack ambition is not just a funding issue, what should we do about it?

Blair Jenkins: Funding is at the heart of everything. We need to consider how things are funded and whether there is scope to do more. As I said, we should not look to the BBC alone as the answer, but there is scope for it to rethink what it does in Scotland. In our "Interim Report on Cultural Phase", we identify that the two channels on which the BBC does Scottish programming are BBC 1 and BBC 2. There are no opt-outs on BBC 3 or BBC 4. Scottish programming constitutes just under 5 per cent of the schedules of BBC 1 and BBC 2. It is reasonably valid to ask whether that is sufficient in modern Scotland. Our public attitudes survey identified a strong desire on the part of audiences in Scotland for more Scottish content, particularly in serious programmes, such as documentaries and history and heritage programmes. We want to link those concerns and opportunities to the wider debate about the future of PSB, digital channels and television funds, and to develop an imaginative approach to achieving a better overall broadcasting ecology in Scotland.

12:30

Elizabeth Smith: Is that a leadership issue, rather than just a question of finding funding and resources to make serious programmes, for example in Gaelic, or documentaries and outdoor pursuits series? Do we have to be more ambitious?

Blair Jenkins: Yes, I think we do. We must start with leadership, vision and ambition. Collectively, we need greater expectation and ambition. That remark is in no way aimed at the BBC. We are talking about a much broader issue that is a challenge for all of us; it is not a political issue. There is no reason why we cannot aspire to a much richer and better mix of programming that uses all the new technology that is available and the creative strengths and talent that we undoubtedly have. I am absolutely sure that five years from now, we will be in a much better place.

Aileen Campbell: I have a brief question about coverage of sporting events, which I suppose is quite timely, given that Euro 2008 is going on—albeit that the Scotland football team is not there. I guess that if we had qualified, we would want more coverage of our games. According to some reports, that is an issue on which a fairly sizeable majority of respondents commented. Can you say a bit more about the difficulty of reconciling the desire to get Scotland games on the screen with the cost implications of doing so?

Blair Jenkins: Given that the issue came to public attention in quite a big way during the commission's lifespan with last autumn's football matches involving the Scotland team, we felt that it was right and proper to discover where public opinion lay and to reflect that in the report.

It is clear that public opinion is hugely in favour of Scotland's international football qualifying matches being shown on free-to-air television. I am sure that members noticed the interesting fact that even the half of the population who have absolutely no interest in watching such matches understand their cultural and national significance. From memory, I think that 70 per cent of the people who said that they would not watch such matches felt that it was important that they should be on free-to-air television. That is an extremely interesting and unusual finding.

Although we identified the unsurprising fact that people think that such major sporting events should be on free-to-air television, we have not taken the issue much further because it extends beyond our remit. When one considers the securing of major sporting events for free-to-air television, one quickly gets into the territory of compensatory mechanisms for the rights holders—the sporting organisations concerned—who it is clear would be significantly affected by any such policy decision. That goes beyond the remit that we have as a broadcasting commission. Important issues are at stake, which it is important to resolve, but it does not lie fully within our remit to do so.

I can inform the committee that it is my understanding that the DCMS intends to review the current list of protected events next year. There is a European dimension, as the committee is probably aware. I am sure that there will be a vigorous debate on the subject in Scotland. Parliament ought to exert influence on what the appropriate list of protected sporting events in Scotland should be. I am sure that the issue will not go away.

Mary Mulligan: I will give you the opportunity to reply to a question that I put to the Ofcom witnesses, who helpfully suggested that I put it to you.

Blair Jenkins: They did that more than once.

Mary Mulligan: Why do you think plurality is more important to viewers in Scotland? Does the commission have a view on that?

Blair Jenkins: I can offer only a personal and partly historic view. Stewart Purvis began to go into the matter. My view is that the three ITV licences in Scotland have historically been very popular with viewers. Border Television's and Grampian Television's early-evening news programmes had among the highest ratings of the

ITV early-evening news programmes in the UK. "Scotland Today" on STV has also done very well historically. I think that because such a large part of the audience has historically got its news from broadcasters other than the BBC, people understand the benefits of competition. That is my main explanation, although I also think that there is a strong recognition in Scotland that people would not want the BBC, marvellous as it is, to be the only supplier of news.

Mary Mulligan: Absolutely. Earlier, I asked why, if the BBC is so London-oriented, the same concern that exists in Scotland is not seen in other places. I am not sure whether such concerns are being recognised or whether there is concern elsewhere about London provision or about anything other than Scotland provision.

Blair Jenkins: There are two issues. There is certainly a wish, which has come through quite strongly, to have competition in provision of Scottish news in Scotland. People also want competition at UK level. It is clear that there are issues in Scotland relating to how network news works with Scottish audiences. In that context, I recommend Professor King's substantial report, which the BBC trust published today and which repays close study. One interesting thing that it says is that the overly London-centric nature of network news is felt not only in Scotland, but is felt strongly in Wales, Northern Ireland and parts of England. The report throws up real editorial challenges for the BBC in particular—it focuses on the BBC—but also for other broadcasters.

Ted Brocklebank: I have studied Tony King's report only broadly. However, it is interesting that many of his findings seem to tie in with the evidence that I gave to the commission. Great minds think alike. That said, perhaps that is not surprising, as I also gave evidence to Tony King.

I want to ask about the "Scottish Six", which is a vexed question. The thought has been expressed elsewhere that the way to overcome the perceived London or urban bias—whatever one wants to call it—is to set up a separate programme at 6 o'clock in Scotland to look at the world through Scottish eyes. As you know, I do not favour that solution—I gave evidence to the commission on that. However, I note from your most recent findings that 53 per cent—I think—of those who had been in touch with the commission favoured the "Scottish Six" solution, which I have always referred to as a partially analogue solution as opposed to a solution for the digital age. How did you reach the figure of 53 per cent? Did the commission elicit that finding or did people simply write to the commission to give their views on the matter?

Blair Jenkins: No. The process was much more robust than that. The figure was one of the

findings from a survey that Taylor Nelson Sofres—formerly System 3—carried out. It surveyed more than 1,000 adults throughout Scotland. The net was deliberately cast very wide geographically and the sample was properly weighted, so the finding was valid.

On the reason for asking the question, it would have been somewhat disingenuous of a broadcasting commission that was consulting the public on a wide range of issues not to have asked about the issue that seems to have dominated much of the debate on Scottish broadcasting for the past 10 years. Finding out where public opinion was on the issue was useful. For that reason, we asked exactly the same question that the BBC asked five years ago. In response to the question that was asked then, a narrow majority of people preferred the status quo; we found that the majority had shifted. The issue remains divisive, and a large percentage of people do not favour a switch, as Ted Brocklebank said. However, we thought that it was important to try to reflect in our work where public opinion seems to be on the issue.

I know that members will not interpret the finding as suggesting that we will recommend the "Scottish Six" solution—there should not be such an interpretation—or that we asked the question because we favour such a solution. As you and I know, there are a number of complex questions, and indeed answers, around network news delivery. We need as constructive, honest and depoliticised a debate as possible about the editorial challenges of delivering news for audiences throughout the UK. Professor King's report, which was published today, is a useful introduction to the issues and will repay close study, because he goes into many of the editorial challenges that broadcasters face.

Ted Brocklebank: My submission to the commission stated that we should consider the possibility of a Scottish digital channel. You touched on that, and I was delighted to hear from Ofcom that there appear to be no legal barriers to the proposal. Have you taken any evidence on the possibility of city or regional television slotting into such a channel? We could start to recapture some of the former regionality of ITV by having, for example, Edinburgh TV, Glasgow TV, Aberdeen TV, Dundee TV and so on. Their news programmes would be slotted into the new channel and they would go back to the main network when they did not wish to show local programmes. Did you consider that solution?

Blair Jenkins: That model is part of the range of possibilities. Ted Brocklebank is right: within the framework of a national digital channel, we could create opportunities for local programming using the transmitter network in Scotland. Like me, he

has a history in the broadcasting industry and will know that almost everything to do with transmission turns out to be much more complicated than one thought. However, it seems to be technically feasible to have a network of local services.

There are issues of funding and prioritisation and, given that it will be a challenge to fund everything that we wish for in public service broadcasting, there will have to be prioritisation. The other interesting aspect of the suggestion is about how local we would go. Would we try to replicate what exists at present or go even more local? That is an interesting question.

Ted Brocklebank: Another point that I made to you previously is reproduced in Jeremy Hunt's report, which is the Conservative national report on what should happen with city TV and regional TV. The town of Bangor in New Hampshire in the United States has 40,000 people and three local television stations. Detroit, which is not dissimilar to Glasgow in size, has eight or nine local TV stations. If local TV can work in those places, why on Earth are we not pushing the idea more in this country?

Blair Jenkins: I agree. It is interesting that relatively small populations in the States can maintain several local news stations, and can do so on a viable commercial basis. Television advertising works differently in America, but the differences are not so profound that it would be impossible to find a way of making local television work in the UK. Ted Brocklebank is right that we should, in conjunction with considering other digital options, consider local services throughout Scotland. Thank you for raising that.

I have a point of information in relation to a question that two members asked earlier about the fact that not everyone will get the same number of programme services on DTT. We raised that issue with Ofcom on Monday. A solution has been suggested by the Scottish Consumer Council and others. Because there will be a substantial benefit to Government from the auction of spectrum that will be associated with digital switchover, there is at least a debate to be had about whether some of the money that comes in should be used to upgrade the transmitters and ensure that everyone in the UK gets the full DTT service. Ofcom believes that that is somewhat outside its remit.

So far, the argument has tended to focus on the producer end of the supply chain. The view is that commercial operators should pay for the upgrade of the transmitters. However, from the consumer's point of view, equality of access to services is important. There is at least a discussion to be had about using some of the windfall money to ensure equal access.

Ken Macintosh: As somebody who gets very poor reception at the edge of Glasgow, I am whole-heartedly behind you on that. I did not mention the "Scottish Six" earlier, but I am glad that it has been raised. As an argument or discussion it stands out as being slightly dated now—there are a set of presumptions about the way that we watch the news at 6 o'clock as a country, but we are beginning to move on from that. You have explained why you asked the question—it was because the BBC asked it a few years back.

12:45

If you are to do more work on this, will you explore other options? The most obvious option, if you go down that way of thinking, would be to explore with the BBC whether it could produce the national 6 o'clock news from Scotland. It would not be the "Scottish Six", but a UK 6 o'clock news based in Scotland. That would address all the production issues and give us a top-quality programme and access to the BBC's correspondents when we want, rather than being second to the rest of the UK's version, which is inbuilt in the "Scottish Six" idea.

Blair Jenkins: That is an interesting idea that I have raised in the past, although not in my current role, that would be worthy of consideration. Tony King explores in the report that was published today the notion getting round London centrality by locating some BBC programmes outside the capital. I do not want to put words in anyone's mouth, but the idea initially met with a less than enthusiastic reception, if I can put it that way, from the BBC executive.

There is a proper debate to be had about all that. It would be in all our interests to have less heat and more light. A number of options could be considered. Wherever you are coming from, I am not sure that you would step into the debate right now with a proposal for an hour-long programme between 6 and 7 o'clock, although that was the model that was tested in the past. In terms of trying to judge public opinion, it was valid—it would possibly have been negligent not to do so—to find out public opinion on the same question that was asked in the past. That by no means indicates that a particular course of action is desirable or necessary, but that it needs to be weighed up along with other things.

Much of the debate inevitably focuses on the BBC, because an equivalent change in the ITV system, for instance, is very difficult to make for all sorts of legal and other reasons. It is simpler for the BBC to make that change if it so wishes. In those matters, the BBC trust is sovereign. The BBC, for all sorts of proper reasons, is set up to be independent of any form of external influence,

whether it is Governments, broadcasting commissions or anyone else. It can listen, but in the end the BBC trust has the responsibility to fulfil the public purposes of the BBC. Although we can advise, it will be up to the BBC trust and the BBC to reach conclusions on such matters. The report that was published today seems to indicate that it is now taking them seriously. We have to await developments.

The Convener: That concludes the committee's questions. Thank you very much for your attendance.

The meeting will be suspended briefly to allow Mr Jenkins to leave.

12:48

Meeting suspended.

12:48

On resuming—

Decision on Taking Business in Private

The Convener: I seek committee members' views on whether we wish to take two future items in private. The first is consideration of our forward work programme from September onwards, and the second is the appointment of a budget adviser for the 2009-10 budget process. Any decisions will be recorded and will become public. Do members agree to take those items in private?

Members *indicated agreement.*

Meeting closed at 12:49.

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