

# **ENTERPRISE AND CULTURE COMMITTEE**

Tuesday 26 April 2005

Session 2

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## ENTERPRISE AND CULTURE COMMITTEE

### 10<sup>th</sup> Meeting 2005, Session 2

#### CONVENER

\*Alex Neil (Central Scotland) (SNP)

#### DEPUTY CONVENER

\*Mike Watson (Glasgow Cathcart) (Lab)

#### COMMITTEE MEMBERS

\*Richard Baker (North East Scotland) (Lab)  
\*Chris Ballance (South of Scotland) (Green)  
\*Susan Deacon (Edinburgh East and Musselburgh) (Lab)  
\*Murdo Fraser (Mid Scotland and Fife) (Con)  
\*Michael Matheson (Central Scotland) (SNP)  
\*Christine May (Central Fife) (Lab)  
\*Mike Pringle (Edinburgh South) (LD)

#### COMMITTEE SUBSTITUTES

Mark Ballard (Lothians) (Green)  
Fiona Hyslop (Lothians) (SNP)  
Margaret Jamieson (Kilmarnock and Loudoun) (Lab)  
George Lyon (Argyll and Bute) (LD)  
Mr Brian Monteith (Mid Scotland and Fife) (Con)

\*attended

#### THE FOLLOWING ALSO ATTENDED:

Pauline McNeill (Glasgow Kelvin) (Lab)

#### THE FOLLOWING GAVE EVIDENCE:

Steve Ansell (BBC Scotland)  
Robert Beveridge (Voice of the Listener & Viewer)  
Luke Crawley (Broadcasting Entertainment Cinematograph and Theatre Union)  
Jeremy Dear (National Union of Journalists)  
Blair Jenkins (BBC Scotland)  
Ken MacQuarrie (BBC Scotland)  
Jeremy Mitchell (Voice of the Listener & Viewer)  
William Parker (Amicus)

#### CLERK TO THE COMMITTEE

Stephen Imrie

#### SENIOR ASSISTANT CLERK

Douglas Thornton

#### ASSISTANT CLERK

Seán Wixted

#### LOCATION

Committee Room 2



## Scottish Parliament

### Enterprise and Culture Committee

*Tuesday 26 April 2005*

[THE CONVENER *opened the meeting at 14:02*]

### BBC Internal Reviews

**The Convener (Alex Neil):** I welcome everybody to the 10<sup>th</sup> meeting this year of the Enterprise and Culture Committee. I never realised that there was so much interest in European Union rules on state aid.

I have one or two or three housekeeping matters to mention. No apologies have been received, other than from Mike Watson, who will be slightly late. I remind everyone to turn off their mobile phones and I ask whether any members have interests to declare in relation to today's business.

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** My partner is employed by the BBC.

**The Convener:** Thank you. Agenda item 1 is on the review of the BBC's future in Scotland. We will have three panels of witnesses today, the first of which consists of representatives from the management of the BBC. I welcome Ken MacQuarrie, Blair Jenkins and Steve Ansell. I invite Ken MacQuarrie to say a few words by way of introduction.

**Ken MacQuarrie (BBC Scotland):** I thank the committee for the invitation. I convey apologies from Jeremy Peat, our national governor, who cannot be here, as he is at a governors meeting in London. He wishes to say that he would welcome an invitation to give evidence to the committee at a future date. He wanted me to stress his apologies.

It is important to note that this is probably the greatest period of change that the broadcast industry has witnessed, certainly in my lifetime. With that change comes a tremendous range of exciting opportunities, but there are also many challenges. In many circumstances, the change throws up difficulties that need to be worked through.

The context for BBC Scotland is that we will have the ability to compete with BBC Wales and BBC Northern Ireland for 17 per cent of network output across the three nations. We will try to win as much of that output as we can. The target represents a 50 per cent increase on where we are now; in financial terms, it would amount to roughly £30 million of increased investment. In

addition, the BBC has committed to making 50 per cent of drama outside London. Those targets, along with the undertakings that the BBC's board of governors has given, present Scotland with a fantastic opportunity.

We are proposing to switch off analogue in the Borders region in 2008, so the digital world is not far away. I felt that it was important for us to make manifest our plans on how we intend to deal with change. To that end, on 21 March I addressed the staff and detailed a plan that considered post reductions in BBC Scotland genre by genre and year by year. It is important to stress that we are talking about post reductions rather than individual redundancies. Those management proposals were tabled with the unions and are the subject of discussions; obviously, we are currently in negotiation with the unions. I know that the committee will take evidence from the unions on that later in the meeting.

I felt that it was important that, in the proposals, we gave a gross figure for the number of job losses in Scotland. The total was 176 plus 19, which comes to 195. That took no account of the expansion of network business or of reinvestment as part of the local programming strategy. Our view is that Scotland is a nation of regions and that we need to address some of the lack of local provision that our audiences identified during the news survey that we conducted across all our news outlets some two years ago.

Our reinvestment in local services will amount to £10 million. As that comes through, it will offset some of the job losses. If the plan holds, I envisage that more journalists will be employed by BBC Scotland at the end of the three years than are employed at the moment. However, I do not wish to understate the difficulty of change. Our staff have a number of feelings about the management proposals, one of which is a concern for the quality of output. It is important that we as a management team listen to and address concerns and work with the staff through the period of change.

Our corporate headquarters will be at Pacific Quay, where we had the topping-out ceremony on Friday of last week. The frame of the building is up and the site was visited by well over 200 of our staff. Pacific Quay represents a fantastically exciting opportunity for all staff across BBC Scotland and for our audiences. We will connect all our centres to our corporate headquarters so that we have massive data-transfer capability on a super-broadband link, which will allow staff—whether they are on Shetland, Orkney or wherever—to work with the archive and the library and better address our audiences.

Although we are going through a period of change during which we will experience

difficulties, I believe that this will be a most exciting and positive time for both audiences and the BBC in Scotland.

**The Convener:** I kick off by asking for clarification on some things in your helpful written submission, which I thank you for sending to us. The concerns about quality that are mentioned in the submission are not restricted to BBC staff; they are shared by us all. Can you give a cast-iron guarantee that the proposed cuts will have no negative impact on the quality of output of BBC Scotland?

**Ken MacQuarrie:** I would not implement a single cut if I believed that the quality of our output or services would be at risk. As we move into divisional and local discussions with staff, it is hugely important that we listen to what the staff say and address any concerns about quality so that we can together work our way through those concerns. I believe that our task is not only to maintain quality, but to increase the quality, depth and range of our services.

**The Convener:** I am sure that other members will want to pursue that issue. You said that you are in negotiation with the unions. Will you clarify whether that means that BBC Scotland's proposals for change are subject to negotiation or whether it simply means that people will be consulted by receiving a presentation? Will there be genuine negotiation, such that the proposals could be subject to change?

**Ken MacQuarrie:** Our management proposals are subject to consultation. We propose to achieve savings in the content divisions of 13.5 per cent over three years, which I believe to be both realisable and manageable. We need to achieve that cash saving. We have put forward a proposal on the detail of how that should be achieved, but we are willing to listen to responses. It would be fair to describe the process as consultation, as opposed to negotiation. Steve Ansell can give the human resources perspective.

**Steve Ansell (BBC Scotland):** What we have tabled are proposals—I underline the word “proposals”. We were asked to produce plans of how we would save that amount of money and we have done so. We are now anxious to enter into dialogue with the unions so that we can talk through our proposals, listen to the unions' responses and, if necessary, modify our proposals.

**The Convener:** I am confused. In his introductory remarks, Ken MacQuarrie said that he was in negotiation with the trade unions. Which proposals, if any, are negotiable? If the proposals are only for consultation, is that another way of saying “Take it or leave it”?

**Ken MacQuarrie:** We need to deliver the 13.5 per cent saving over the three years, but we are happy, in negotiation, to listen to people's views on the exact detail of how that should be delivered. We have the broad thrust of a management proposal, but we are happy to discuss some of the details of implementation. We have consulted as a management team and we have put forward our best proposals, which we believe are deliverable.

**Steve Ansell:** Perhaps I should clarify. The formal position is that, like other divisions in the BBC, we have tabled our proposals and the unions have registered a failure to agree. The unions are currently conducting a ballot. Speaking personally, I am disappointed that we have not yet had the opportunity to have that mature, intelligent dialogue to get the unions' reaction to our proposals, but I hope that that will happen soon.

**The Convener:** As management, should you not have ensured that you had the chance to have that intelligent dialogue?

**Steve Ansell:** Like other parts of the organisation, we were asked to submit proposals at national level and we have done that. The decision was taken to have talks at national level. Understandably, the unions asked to see the BBC's director general, Mark Thompson, to talk through the proposals and they were disappointed that the BBC was not prepared to put its proposals on hold. Hence, the unions are conducting the ballot. However, we are still anxious to have that mature dialogue.

**The Convener:** Will you clarify what is subject to negotiation, as opposed to dialogue, within BBC Scotland?

**Ken MacQuarrie:** We will be happy to sit down and discuss the detail of the implementation. That might include the phasing of particular jobs. For example, we might discuss whether we can bring local services on stream earlier and whether some of our text-based services offer the opportunity to bring in posts at an earlier stage. We can work together on such issues to implement change and we can take on the best ideas and listen to concerns. However, we cannot say that we can achieve less than the 13.5 per cent target that as a management team we are committed to meeting.

14:15

**The Convener:** Is that because London has told you that you must achieve 13.5 per cent, come what may?

**Ken MacQuarrie:** No. A 15 per cent target was set nationally and we delivered 13.5 per cent.

**The Convener:** Who set the 13.5 per cent target?

**Ken MacQuarrie:** I did. It is not a question of London telling us what to do. We consulted on the matter and considered what was doable, manageable and deliverable locally. I should say that the reinvestment that would follow is consequent on our delivering the savings, so if we delivered less, the reinvestment would not follow.

**The Convener:** Before I open up the meeting to questions from members, I welcome Pauline McNeill MSP, whose constituency includes the headquarters of BBC Scotland. Of course, she is free to ask questions if she wants to do so.

**Christine May (Central Fife) (Lab):** I am slightly confused by some of Mr MacQuarrie's comments. Does the target of 13.5 per cent refer to a reduction in the budget or in staff numbers? I assume that it refers to the budget.

**Ken MacQuarrie:** It refers to cash in the budget.

**Christine May:** You intend to achieve most of that reduction by reducing the number of posts that are available. However, you talked about increased opportunities during the next three years and the potential for an increased number of journalists. Will those opportunities be for journalists who are outwith the BBC's staffing structure, rather than for BBC staff?

**Ken MacQuarrie:** I was referring to the fact that we will reinvest the savings that we make, which we equate to £10 million. If we consider our plans for the number of jobs that there will be in delivering local and regional services, we expect there to be more jobs in year 4 than we currently have in BBC Scotland.

**Christine May:** Will the jobs that you anticipate will be available in year 4, assuming that you bid successfully, be internal BBC posts? Are you reducing the staffing complement now with a view to creating alternative or additional posts?

**Ken MacQuarrie:** It is our intention that the posts will be internal BBC posts in news.

**Christine May:** Will the current terms and conditions apply in four years' time?

**Steve Ansell:** Yes, I think that they will. As the unions will perhaps tell you in the next part of the meeting, we are in consultation with them about a new pay and rewards package. That dialogue stems from the unions' desire for a more transparent pay system.

**Christine May:** The submission that the committee received from the Broadcasting Entertainment Cinematograph and Theatre Union begins:

"The BBC has announced its intention to dismiss, outsource or sell off nearly 20% of its staff."

Will you comment on that statement?

**Ken MacQuarrie:** The savings across the United Kingdom are delivered by a mix of outsourcing. In professional services and our information unit, for example, we have tabled management proposals for outsourcing. That is particularly true in finance and human resources.

**Christine May:** BECTU says that you will

"dismiss, outsource or sell off"

staff. Do you quibble with those terms, or are they accurate?

**Ken MacQuarrie:** We can consider the issue area by area. A proposal has been put forward to sell BBC Broadcast. Similarly, there could be a new arrangement in relation to BBC Resources, which might be a partnership or a sale. I do not quibble with the terms as they are used in the BECTU submission.

**Christine May:** In your written submission, you said that the bulk of the job losses would fall in Glasgow. It has been suggested to me that the reason for that is that the staff in Edinburgh have much better relationships with management and have been able to negotiate a much better working relationship. Could you comment on that?

**Ken MacQuarrie:** I have no sense of management having different sorts of relationships with the staff in Edinburgh and the staff in Glasgow. I believe that the management relationships have been good across the board. That was never a factor in the proposals and I have not heard the suggestion that you mention. The issue was more one of critical mass, in that the bulk of our staff work in Glasgow. Furthermore, following devolution, we moved into a new building in Edinburgh, the Tun, and made arrangements to cover the work of the Parliament, which means that we had considered our arrangements in Edinburgh much more recently.

**Michael Matheson (Central Scotland) (SNP):** Would it be fair to say that the cuts that you are proposing to implement are, in effect, efficiency savings?

**Ken MacQuarrie:** We have to deliver more effectively and efficiently. We are a public service broadcaster and we are trying to deliver what we are required to deliver as effectively and efficiently as we can by simplifying our internal structures and our processes and by investing in technology and training. Efficiency, as a broad term, would fairly describe what we are doing.

**Michael Matheson:** From what you said earlier, I take it that you would not implement any cuts that would put at risk the quality of the output. Are you guaranteeing that there will be no reduction in the quality of BBC Scotland's output following the efficiency savings?

**Ken MacQuarrie:** I am guaranteeing absolutely that we will maintain the quality of BBC Scotland's output. My ambition is to increase the range and the depth of that output.

**Michael Matheson:** Given that it is possible to maintain the quality of the output while making efficiency savings, who was responsible for the inefficiency?

**Ken MacQuarrie:** It is important to consider the context in which we are working over the next three years. In July 2007, we will move into a new headquarters. In the run-up to that move, we have involved 200 of our staff in examining our processes with a view to finding out whether we can do better by changing our processes and the structure of the organisation and the relationships within it.

We are investing in technology and in a new building, which will be tapeless—as I said, all the centres in Scotland will be connected by a super-broadband link—and will provide the first high-definition studio in Europe. We are making a huge investment in Pacific Quay. The dividend from that investment in technology and from the changes that will be made to our processes is that we will be able to deliver what we are delivering now more cost effectively. At that point, we can invest in delivering new and deeper services for our audiences.

**Michael Matheson:** Your line of argument is that it will be possible to maintain the quality of the output while making the organisation more efficient, the move to the new building notwithstanding. Given that you have been a senior manager with the BBC for some time, would you agree that you are, in part, responsible for allowing the organisation to become inefficient, which is what will enable you to make the efficiency savings at this point?

**Ken MacQuarrie:** Year on year, we have delivered efficiency savings that have not been remarked on. I wanted to indicate to the staff that we were having, if you like, a step change in the level of efficiencies that we were delivering. For example, of the 13.5 per cent that we are delivering, our normal target would have been 2 per cent a year, which would have come to a total of 6 per cent over the three years. That means that, over the three-year period, the target that we must deliver is essentially 7.5 per cent that we did not plan to deliver in the normal run of business, which would have been completely unremarked.

It is not true to say that we have not delivered efficiencies year on year. However, with the speed of change and the speed at which our audiences are adapting to new technologies and new platforms, we are now talking about being able to deliver the range of content to our services at the

audience's convenience. I was absolutely intent that we would be clear with staff that 13.5 per cent was a gross figure and that we would not mix messages by netting off the reinvestment that I mentioned from local services or from the aspirations for growth in network business. I am pleased that we have delivered efficiencies year on year and that we will be able to meet the challenge of a digital world with the investment. Investment, training and working with staff are important in delivering a more cost-effective operation year on year.

**Michael Matheson:** I will stick with the issue of quality. I have been informed that the news and current affairs section in Scotland will lose 42 staff over the next three years if the cuts go ahead. Will you explain how those cuts will not impact on the quality of news and current affairs output?

**Ken MacQuarrie:** We will reconfigure the arrangement of the newsroom to create a news hub that will provide a source of news to all our outlets. I think that we will also make proposals relating to video journalism—the union submissions mention PDP, or personal digital production. Those proposals will be made not in a doctrinaire fashion, but only where we will receive benefit from video journalism. As a result, we will increase our capability to acquire news, so that news inputs and the range of news that is available to us will increase.

**Blair Jenkins (BBC Scotland):** Ken MacQuarrie has covered the main points. The issue is partly to do with operational changes in the way in which we work across programmes and platforms and partly about technology changes, some of which are already in place and some of which we expect to come on stream over the next few years.

Efficiency savings were mentioned. In some ways, efficiency is an odd concept to apply to journalism—any broadcast or press editor will say that the more journalists they have, the more news they will get and the better they will do. We have tried to find efficiency savings in the more process-based parts of the operation, but we expect to increase rather than to reduce the number of journalists who are on the road gathering stories. We think that there is scope for efficiency at base, in the more process-based parts of the operation.

**Michael Matheson:** I want to ask about PDP. Are you saying that the quality of work from a PDP camera is equivalent to that which is produced by the normal crews with standard television cameras?

**Ken MacQuarrie:** There is clearly a difference in the cost of the two cameras and, if we go down several generations, a diminution in quality will be noticed. However, quality also depends on how



something is edited and we do not need to go for a lower-quality camera. We would have the option of going for high-definition PDP cameras, although they are tape based and that would provide challenges for us in our tapeless building in Pacific Quay.

**Michael Matheson:** I hear what you say, but I have seen the quality from PDP cameras that are being used by the BBC as part of its pilot. To put it bluntly, the quality was rubbish compared with what a normal camera crew produces. You cannot tell me that you will cut 42 news and current affairs staff over the next three years, that there will be more journalists going around with nothing more than glorified video cameras and that there will be no reduction in output quality. That is unbelievable.

14:30

**Ken MacQuarrie:** I do not accept your contention that the quality is rubbish. The quality of the cameras that we propose for the video journalists is increasing all the time, but a lot depends on how that material is packaged and edited, whether it is used on the right story at the right time and whether it is shot in the right light conditions. I do not recognise what you say about the quality being rubbish. Some of the best pieces of journalism that I have seen have been shot on PDP.

**Blair Jenkins:** It is worth adding that that is the format that we have been using for three years now for "Reporting Scotland" and other programmes and I am not aware of a single complaint from a single viewer about the quality of the items. Programmes in other parts of the BBC are using that production technique far more than BBC Scotland is and they are achieving good results. We have taken a properly cautious view of the introduction of that technology. We do not think that it is the only way in which broadcast journalism will work in future, but we believe that it has a part to play. Our phasing-in of that technology over the next three years will reflect that cautious approach.

**Richard Baker (North East Scotland) (Lab):** I would like to ask about your out-of-Glasgow strategy. Over the past three years, we have seen welcome improvements in programme output from regional offices in Aberdeen and other regional centres. Can that continue in the context of the 13.5 per cent savings that you are trying to make?

**Ken MacQuarrie:** I believe so. We propose to lose two management posts in Aberdeen, but no production posts. I am delighted with and very proud of what has been achieved in centres outside Glasgow, from which we have delivered some of our most memorable programmes, both

in-house and from the independent sector. We have developed companies such as Tern Television Productions, which has made programmes such as the award-winning documentary "Chancers", about the Airborne Initiative. That is the sort of journalism that has a place not only within Scotland as a nation but within the United Kingdom. By bringing Aberdeen into a relationship with our factual department, my ambition is that Aberdeen will supply not only Scotland but the UK. I believe that that is fantastically important.

The out-of-Glasgow strategy cannot simply be a strategy about the north; it must be a genuine out-of-Glasgow strategy. Blair Jenkins has joined the steering group for the UK pilot for local services in the west midlands. We shall assess some of the lessons that come through from that to ensure that what we deliver relates to audience need. There have been some questions from the staff about whether local programming will result in low quality and a rather introspective viewpoint, but I do not believe that that need be the case. I believe that this relates to the resources for local programming and to the vision that we have for local programming, in which the particular can be the universal and can inform our journalism as a whole. Many of the stories on "Reporting Scotland" could be defined either as being particular examples of a national story or as being local; the two are not incompatible. In response to Mr Matheson's earlier question, we are absolutely not thirled to a doctrinaire view of how that will be achieved. We will pilot ideas, we will understand what the technology can and cannot do and our watchword at all times will be that quality be maintained.

**Richard Baker:** Everybody would certainly hope for the kind of progress that you want, but there will obviously be concern that, because you are removing local management structures from Aberdeen and instead having staff report to managers in Glasgow, that will affect the decision-making process and people's ability to respond to local opportunities, which will not only make the management system more complicated, but will inevitably increase temptation to have more centralisation of programming and services. How do you respond to those concerns?

**Ken MacQuarrie:** We met staff in Aberdeen and listened carefully to their concerns. One of the best things in developing programming from the north, for example, has been the really close links between the commissioners, the producers and deliverers of programmes. "Scotland's Secret War" was a recent example of such programming; the commissioning department worked hand in glove with the producers. The key relationship is that in which the budget holder and the deliverer work as one creative unit.

That network of relationships will exist increasingly across our organisation. We have to break down some of the structural silos and ensure that the organisation as a whole knows what it knows—we need to become a more effective learning organisation in which the totality of our creativity and our knowledge is shared across the organisation. Although we do that very well at present, we can make progress towards doing it even better in the future.

**Richard Baker:** I still feel that to have potential for more management positions outwith Glasgow would give you a better ability to focus regionally and to increase and improve regional production. I know that you have an out-of-Glasgow strategy group, which will—I presume—continue to have representation from each region.

**Ken MacQuarrie:** Absolutely. The relationship between Edinburgh and Glasgow probably defines the way that Aberdeen will work in the future as part of that network of different relationships.

**Chris Ballance (South of Scotland) (Green):** I will pick up on what Mr Jenkins said about savings and there being room for cuts in the “process jobs”, as he called them. I notice that the cuts will involve cuts in music services, the training department, the music library and the health and safety department. How will that help BBC producers to produce their programming more efficiently?

**Blair Jenkins:** You refer to two different matters. When I talked about “process jobs”, I was talking more about journalists who are located in the newsroom or back at base rather than being on the road; I mean the people who finish the product, if you like.

**Chris Ballance:** I misunderstood you. In that case, will you tell me about those backstage jobs?

**Ken MacQuarrie:** I will answer on the information and archives jobs. We have had a lot of discussion with staff in information and archives about how the service will be delivered. The answer is that we will need to give access via an intranet or a web, which is how many of our producers already research and use material for training and research. We also need the right search engine and the right database to support the production staff, who will not be left without coaching or back-up in information and archives. What they will not have is a specific individual to do the research for them. Those single posts can cover only a limited section of what is required by the scale of our business at any one time, so it makes great sense to give the toolkits to the producers to enable them to access the data so that they are not in a queue, waiting for one individual to deliver.

Information and archives is an area into which we have put a lot of effort to work with the staff and the team to ensure that we will be able to deliver. Guarding quality of research for our programming is absolutely at the heart of guarding our story telling and the quality of our output. The question is fair, and one that we are considering with the utmost care in relation to information and archives.

**Chris Ballance:** So, your understanding is that the technology—the software that you can buy—will enable a person who has no experience or skills in music to mine the archives as quickly, effectively and creatively as could a trained archive librarian who spends his or her life specialising in that area.

**Ken MacQuarrie:** If somebody's stock-in-trade was news, I would not expect them to have the same ability to research music. However, we will have a music department and we will have back-up from our information and archives. We will also offer training. Music producers will be able to carry out research in their specialist areas or genres of music; I am confident that they will be able to access the appropriate information.

**Chris Ballance:** So, a journalist working for you will get training in that type of research, in how to operate the new cameras, in how to work with different light conditions, in how to use the cameras effectively and in how to edit from the cameras. They will get more training, but the number of staff in the training department is being reduced. How will their training take place?

**Ken MacQuarrie:** I believe that provision of continuing professional development for our staff is at the heart of delivering quality. We must do that in conjunction with individuals' needs, but also in conjunction with output needs. The investment in training that we will require is absolutely necessary to deliver both the business transformation of BBC Scotland and the transformation of our relationship with our audiences.

**Chris Ballance:** Why, in that case, is people development being cut back?

**Ken MacQuarrie:** As far as human resources is concerned, we are considering putting in a critical mass in respect of training. We will analyse all our training schemes—at the moment, we have different levels of training schemes—and we will bring in bespoke training across the whole organisation. The HR reductions are post reductions, but the greater portion of those posts are being outsourced. Much of the HR processing is being outsourced.

**Steve Ansell:** Some of the training posts will be outsourced, rather than got rid of. We are capitalising on commercial providers who can do a

better job because they do it more regularly, but our commitment to training remains. We spend £1 million a year on training; that will remain the case.

**Chris Ballance:** Surely the training budget will have to increase if you are asking for journalists to be trained not just in journalistic skills, but in camera skills—

**Steve Ansell:** Yes, we are, but our commitment to training is still there.

**Chris Ballance:** Will not the budget therefore have to be increased?

**Steve Ansell:** Yes—it may have to be increased.

**Ken MacQuarrie:** We have already announced the establishment of a journalistic college and we are involved, across the nations and regions, with a project called sonar, which is all about the transfer and sharing of knowledge and skills across the organisation. Those projects have strong involvement by BBC Scotland's newsroom, both on the steering groups and in ensuring that delivery of the training schemes is what we require and is specific to our need.

**Chris Ballance:** The third area that I mentioned is health and safety. I understand that health and safety will now be the responsibility of the individual journalist out on the road in his or her car, trying single-handedly to film a story, edit the story, send it back for broadcast and get back to base. In such circumstances, can health and safety be managed as effectively as it is at present, when it will almost certainly be the horrid last thing for which a journalist wants to be responsible?

**Ken MacQuarrie:** I will answer that question in two parts and will deal first with health and safety. Traditionally, health and safety has been the province of HR and has sat in HR. There will still be some HR involvement, but we want to move towards a coaching model whereby we ask the senior managers in each area to take absolute responsibility for health and safety in their areas. Responsibility will lie with them and there will still within the organisation be a very strong and specific resource in respect of health and safety. We will retain health and safety expertise in Scotland in addition to being able, in specific circumstances—such as when foreign travel is undertaken—to call on specific expertise from London when that is required.

14:45

**Blair Jenkins:** It is already the case that journalists take some responsibility for health and safety assessments. On whether more than one individual is sent to cover a story, we make an assessment of the circumstances, the element of

risk and other factors. We might send one person or we might send two, three or four people. We send as many people as we need to send; that will continue to be the case. There will be no exemption from health and safety requirements for people who work as video journalists.

**Chris Ballance:** It seems to me that in those fields you want more work from fewer people and are saying that you can do that effectively and efficiently, which suggests to me that you are suggesting that your staff are not currently working at their full capacity—they are not working hard enough. If they are working at full capacity and you are getting the best out of them, how can you possibly get them to do more work in more areas, with less back-up but for the same amount of money?

**Ken MacQuarrie:** We are not suggesting that staff are not working hard enough. That has never been the suggestion; we have tremendously hard-working staff. What we suggest is that with simpler processes, which can be established through removal of some of the administrative burden, we can achieve the desired skills base among staff by investing in the training to which you referred.

Although the greater number of journalists might operate alone, in the right circumstances we will put as many people as we require on to a particular story. Health and safety is at the top of our agenda as an organisation; it has been and will continue to be.

**Blair Jenkins:** I will make two additional points. One of Chris Ballance's concerns may be that every journalist will work that way, but such is not the case and it is not our plan. We think that a finite number of journalists will work in this way.

The other point is that—as Ken MacQuarrie said earlier—hundreds of journalists in the BBC currently work this way: it is nothing new for the BBC.

**Mike Pringle (Edinburgh South) (LD):** Video journalists will film, edit and write stories. Can you clarify that you think that someone who does those three jobs will be as good at them as would a specialist in one of the three areas?

**Ken MacQuarrie:** Our ambition is that in three years they will be as good and as well trained as specialists and that the product will hold up admirably, although that is not to say that video journalism will be suitable for every situation. In Scotland, we are taking a pretty cautious approach in respect of the level to which we want to introduce video journalism. We want to increase our capacity to acquire stories, so we want more gatherers of stories. Camera technology is largely following radio technology. When I started in the organisation, it was common for a journalist to go out to record for a radio programme with a sound

recordist, but that is no longer the case. The technology will develop, but what is really important is that we do not adopt video journalism as a universal solution for all stories and in all situations. Video journalism extends our capability to gather stories, but we have to use it in the right place, at the right time and with the right level of training. If we are sensible in the way in which we approach that process, I am confident that we can maintain quality.

**Mike Pringle:** Will video journalists do all the work? At the moment, a bi-media journalist will report on television and radio. Will a journalist who films, edits and writes a story have the time to file for both radio and television?

**Blair Jenkins:** They will not in every case have that time because people have different levels of aptitude for different kinds of technology. We will not approach the question on the basis that we seek a one-size-fits-all solution. We will adopt a flexible approach, which will require greater flexibility on the part of the journalists who work for BBC Scotland and, to be frank, on the part of management, too. We will not impose a rigid formula on the way in which staff journalists should work.

As Ken MacQuarrie said, the development of the technology is of value to BBC Scotland, but it is not something that we intend to use for every story. A big story might break in this building at 5 pm, but we would never cover that kind of story using a video journalist, just as we would not currently cover such a story with one journalist filing for both radio and television.

We will have to get smarter at deploying journalists to get the maximum benefit for our audiences, whether for radio, television or—which is an increasingly important medium for us—online and interactive services. Our goal will be to provide the best possible service on all those platforms. We will seek to do that by having an increasingly flexible journalistic workforce that is able to provide the required content, but we will not force everyone into a straitjacket.

**Mike Pringle:** I accept that technology is advancing at a great rate. However, my understanding is that ITN tried using video journalists but abandoned that approach because it decided that it could not get the quality that it needed. Does Mr Jenkins agree with that?

**Blair Jenkins:** One of the limitations that might have affected ITN and other broadcasters is that they are very much on-the-day news services. We are aware that video journalism has a limited application for turning around stories on the same day. It is of greatest value to BBC Scotland in regard to pre-planned stories.

It is no secret of the profession that not every item that appears on “Reporting Scotland” is shot or recorded on the day when it appears, or that not every story is a complete surprise to us. We know a certain amount about what is coming up and we can do a certain amount of pre-shooting and pre-planning. The technology in question allows us to have more cameras on the road, and it allows us to have a more flexible response to how we cover Scotland in greater range and depth. It has potential benefits for the audience.

**Susan Deacon:** The committee is obviously considering the BBC’s internal reviews in a broader context, which will be touched on in subsequent discussions. We have a wide interest in the future not just of broadcasting but more generally of the creative industries and Scottish culture in its broadest sense. Will the panel try to paint a picture of the wider impact that the current changes in BBC Scotland will have on Scottish broadcasting, the creative industries and Scottish culture? How does the panel see BBC Scotland’s role changing in that regard in the years to come?

**Ken MacQuarrie:** BBC Scotland’s role will be transformational in that we will make access to participation in the creative process as open as possible for people who are advantaged and people who are disadvantaged in society. We will use our skills to mediate and to moderate individuals’ ability to contribute by producing content themselves. User-generated content is expected to be an important adjunct to our output.

We can have a role in building a creative self-confidence across Scotland in partnership with a number of other organisations. It is important that we have a role in facilitating and encouraging story-telling across Scotland, whether in fiction, documentary or short news bulletins. It is also important that we offer our young people and the broader population the necessary skill for the 21<sup>st</sup> century, which is the ability to articulate. The work that we are doing throughout Scotland on the digital curriculum and media literacy is at the heart of that. We seek to be inclusive so that the BBC is not the house on the hill but is accessible to all our licence payers, both physically and in terms of the way in which we provide our services.

We can lead in creating a Scotland whose media industries are even more creative and vibrant in the future, but the fact that we have a critical mass in Scotland is also of value. That mass includes independent programme makers who make programmes for Channel 4, the Scottish Media Group or the ITV network. We have a fantastic range of talent, and all parts of the industry need to come together to ensure that we maximise the talent of our nation. There is a huge role for the BBC in providing access points, encouragement and skills.

**Susan Deacon:** You used the phrase “critical mass”, which has been used quite a lot already. One area in which the BBC has in the past provided critical mass is training. We have touched on that, but I am not sure how fully we explored the impact of the potential changes at the BBC on training in Scottish broadcasting and the creative industries in general. We look to the independent production companies to play a greater role in the future, but many are made up of people who were trained in the BBC.

There has been much mention of journalists this afternoon. I know that we all know and love journalists greatly, but I am conscious that there are many different skills and roles in journalism, including technical skills, in which a BBC training has long been regarded as a solid foundation. Will you explain more fully how the changes that you have set out to us will impact on that wider area in the future?

**Steve Ansell:** Skillset, which is the sector skills council for the audiovisual sector, is finalising its draft sector skills agreement for the audiovisual industries in Scotland. Skillset works with Channel 4, the independent sector, SMG and the BBC, and has also built up a good relationship with the academic institutions. Last week, the Scottish Qualifications Authority launched two new qualifications: a higher national certificate and a higher national diploma in production. We are trying to ensure that people who have skills can move around in the industry. We seek to collaborate within the industry to ensure that it operates as a free market and that people can move from one organisation to another at a standard that we all accept. We are working hard on that, and I am proud to be associated with the work that Skillset is doing.

**Susan Deacon:** I understand conceptually what you describe and I am aware of the work to which you refer but—to consider the matter from the point of view of someone who has gone through one of those training courses and is looking for employment opportunities and on-the-job training—it strikes me that there is something to be said for a larger multidisciplinary environment within which people can move around and work in different areas. That is not comparable to the model that you described. I do not regard it as an either/or situation, but to what extent will such a training environment still be available at the BBC in the future? Will you quantify how that might change?

**Steve Ansell:** I do not think that the training that we provide will change. The providers might change and some training might not be provided in-house any more, although much of it will be. We endeavour to work with the industry to ensure that

the BBC continues to be at the forefront of training for the industry.

We also want to work with others to ensure that training is consistent and of a standard that is acceptable to academic institutions and us, so that students who come out of college have a qualification that we want. Having got them into the organisation, we work with our colleagues to ensure that they acquire new skills all the time. I do not know whether I have answered the question properly, but I am confident that we now have in place a structure that will ensure that the industry has the right people with the right skills. Our commitment to training has not diminished at all.

15:00

**Pauline McNeill (Glasgow Kelvin) (Lab):** Good afternoon. I welcome the Enterprise and Culture Committee’s inquiry, as I have expressed alarm at the extent of the job cuts and think that there should be scrutiny of the process on which the BBC is about to embark. Many of my questions have been covered, but I want to home in on the question of quality and output. We know from press reports and briefings that 42 people will be made redundant in news and current affairs, but you have stated that you can absolutely guarantee that quality will remain the same. How did you arrive at that figure? How do you know that you will be able to maintain the same quality while losing 42 jobs?

**Ken MacQuarrie:** We arrived at the figure after a lot of consultation and work over the past two years to improve our processes and determine where we could take a post reduction while maintaining quality. That work was done in consultation with the relevant managers, who know their output and areas well, and also took ideas from staff.

We have spelled out what we are doing in Scotland, which is the right thing to do. We have said, “These are our management proposals. This is the detail over a three-year period.” For example, in year 1, there will be 20 job losses, with four in year 2. In year 3, the flow of reinvestment will come through fully, and at present that is designated for local and regional services. By using the savings we can deliver the reinvestment.

It is true that maintaining quality in year 3 is dependent on the delivery of local and regional services. However, as Blair Jenkins said earlier, the operation can cope with the 20 job losses in year 1 and the four in year 2, because we have invested heavily in news in the previous five years and have a strong and robust newsroom. If we invest in the technology and the training, we can

maintain the quality. Investment in local and regional services will be critical in year 3. However, I am confident that by reinvesting the £10 million that will be saved, we can address the global concern—which is the properly held concern of staff as well—of how to maintain quality. I do not dismiss that.

**Pauline McNeill:** You are talking about guaranteeing the current quality of output.

**Ken MacQuarrie:** Yes.

**Pauline McNeill:** Surely, given the investment that the UK-wide BBC is making into the move to Pacific Quay, you should be guaranteeing an improvement in quality.

**Ken MacQuarrie:** I think that I said earlier that my ambition was to improve quality and to extend and deepen our services, rather than simply to hold where we are. That is the purpose of investing in the technology that we are putting into Pacific Quay. It is not just a matter of technology; as much as anything, it is about the culture of the organisation, about people working together, about better ways of working and about simplifying the process and removing some of the bureaucracy that can build up in any large organisation.

**Pauline McNeill:** What companies or broadcasters have tried and tested your model? Can you point to any evidence that suggests that what you are seeking to achieve is not just a hope or, as you called it, an ambition?

**Ken MacQuarrie:** For the past year and a half, 200 staff from BBC Scotland have been working at what we call our futures project, the results of which have been published in a 150-page document with a number of the ideas, principles and processes that were involved. As part of our transition to Pacific Quay, we have invested significantly in a piloting process in which each idea will be owned, sponsored, piloted, checked and assessed for quality and cost. As a result, we have a very strong matrix of measures that we can consider with regard to each of the efficiencies that we propose to introduce. I should stress that these will be off-air pilots, and over the next two years we in BBC Scotland will work towards their introduction.

That work has been really exciting and fascinating and some wonderful ideas have emerged from it. Apart from improving the quality of our services, the transformation has led to tremendous staff development. After all, we are talking about transforming and improving our business which, given our audiences, the speed of technological change and the opportunities that arise, is absolutely proper.

**Pauline McNeill:** Everyone understands that moving to a new studio will mean a certain amount of changes and one would expect some improvements with new technology and equipment.

Following on from Michael Matheson's question, I want to know what the move means in layperson's terms. For example, will the public notice any differences in "Reporting Scotland"? As you know, people who have examined other regional news output have expressed some scepticism about the programme. I feel that it deals with national issues and that the vast majority of people would want it to continue to do that. Will there be any change in emphasis in "Reporting Scotland"?

**Ken MacQuarrie:** Before I pass over to Blair Jenkins, I should say that one question is whether the creation of local and regional services will diminish the quality of the national service. Delivering a quality national service through "Reporting Scotland" is at the heart of our work.

**Pauline McNeill:** Exactly, which is why I am asking whether we will notice any change in emphasis.

**Ken MacQuarrie:** I do not take your point about the English regions, because Scotland is bigger. In any case, I imagine that "Reporting Scotland" will have a richer diet of stories, but Blair Jenkins will provide some detail on that matter.

**Blair Jenkins:** To use Pauline McNeill's phrase, I think that the only change in emphasis in "Reporting Scotland" will occur as a result of our enhanced ability to cover stories from every corner of Scotland. Even for an organisation as well resourced as the BBC—and I have worked in less well resourced broadcasting environments—it is sometimes difficult to get to stories in every part of the country. If we get the scale of investment that we envisage for our newsgathering infrastructure around Scotland, a camera should be at any story in Scotland within half an hour. That will greatly improve our ability to get items on air that even we struggle to get on air at the moment because of the length of travel time from our nearest base or crew.

It has taken us some time, particularly over recent years, to build "Reporting Scotland" to its current position of being by some margin the most watched news programme on any channel in Scotland. It is almost unique in the industry in that it has grown its audience in each of the past three years against a trend of more multichannel homes and more competition. The number of people watching "Reporting Scotland" has risen year on year for the past three years. Having put a lot of work into achieving that position, we have no intention of throwing it away. Any changes that we

make to "Reporting Scotland" will be designed to strengthen the programme. It ought to mean more coverage from around the country. As Ken MacQuarrie said earlier, finding the really good local stories—

**Pauline McNeill:** I just want to be clear. You are saying that more local stories will be covered. Wanting to cover every corner of Scotland is a respectable and desirable position to take, as every corner of Scotland should be covered. However, there is a big difference between striving for that and changing the balance between national and local news. That is what concerns me. I do not think that people want to move to what can be seen in regional news in England. People want to see stories of national interest, whether they are about the north or the south of Scotland. Can you make it clear that there is a difference?

**Blair Jenkins:** Every day in Scotland there are key stories that absolutely have to be covered because they are part of the national agenda. We will never diminish our coverage of such stories, which will continue to be very important. To give you a recent example, there was some discussion in the Parliament about a dentist in Stranraer. Currently, it is difficult for us to get to that kind of story very easily, but if we had a camera based in Stranraer, we could. The scope to illustrate national issues and debate from all over Scotland will grow for "Reporting Scotland" during the next few years.

To some extent, we are playing catch-up with some of our colleagues. BBC Wales is already at the level of using video journalism that our plans envisage. It has a programme that has gone from strength to strength and was recently judged by the Royal Television Society as the best regional news programme in the UK. We are fairly confident that we can get the balance right, and use the new technology to strengthen our newsgathering without in any way diminishing our coverage of the Scottish agenda.

**The Convener:** I have a couple of final questions on the role of independent companies. At the moment, there is a 25 per cent quota for production by the independents. Based on the latest figures, how many companies have been involved in production in the independent sector? Are those genuinely indigenous Scottish companies or are they London-based companies with a Scottish badge?

**Ken MacQuarrie:** I would like to come back to you with an accurate figure for the number of companies involved. The position changes quite rapidly, so we will get back to the committee with that information.

The statement by the Office of Communications of what qualifies as a regional or a national independent is very clear and does away with what is occasionally referred to as the brass-plate syndrome, where a company is not properly resident in a nation or region but has simply set up an office in the area. In using independents, we want to deliver the best programming, ensure cultural representation and build a strong industry in Scotland. That involves a mix of encouraging the smaller as well as the larger and medium-sized independent companies. I believe that such companies work best when they are properly based within Scotland and there is a genuine partnership between them and the audience.

**The Convener:** Is there any evidence that, during the past eight years, the introduction of the 25 per cent quota has contributed to the expansion and creation of an indigenous independent sector in Scotland, other than Wark Clements?

**Ken MacQuarrie:** Absolutely. At its peak, Wark Clements's share of independent business was 8 per cent of total independent business in Scotland. Some companies are fantastically strong, such as the Comedy Unit in Glasgow. It delivers "Still Game", which is in the final of the golden rose competition, and has delivered programmes such as "Chewin' the Fat". "Still Game" will shortly appear on the network on BBC2. That company is carving a specialist area for itself.

Other such companies are notably delivering a range of factual and drama programmes in many outlets. For example, there are Tern Television Productions, which we mentioned, and Lion Television, which is established in Glasgow now. Increasingly, we have an industry that will deliver talent for the UK networks and locally for us and will be part of the infrastructure that I described, which will build and introduce jobs for young people entering the industry.

15:15

**The Convener:** It would help if you could follow that up with the background in writing. People take a lot of convincing that the system helps to grow indigenous Scottish companies rather than simply providing work for subsidiaries of London companies.

**Ken MacQuarrie:** We can produce a short paper that will show that. The number of companies from which we commission has been as high as 40-odd in the past. However, I would like to see the specific figures before passing them to the committee.

**The Convener:** Great. Thank you for that. Members have no more questions, so I thank the witnesses for their written and oral evidence. We

will consider our views and how to proceed later today.

I let that session run because it was important to do it justice. I hope that members are okay with that.

I welcome the second panel, which comprises trade union leaders from broadcasting and journalism trade unions. We have Jeremy Dear, who is the general secretary of the National Union of Journalists; William Parker, who is an Amicus regional officer; and Luke Crawley, who is from the Broadcasting Entertainment Cinematograph and Theatre Union. Will you make introductory remarks?

**Luke Crawley (Broadcasting Entertainment Cinematograph and Theatre Union):** I will start. It was interesting to hear the BBC management in Scotland talking about the greatest period of change and exciting possibilities. I agree with the first part of that, but I am less sure about whether the trade unions agree with the second part.

The BBC in Scotland and as a whole is in its greatest period of change. As you have heard, the BBC will slash 20 per cent of its staff in a damaging and destructive way. Many of the committee's questions have focused on how it is possible to remove 20 per cent of staff yet maintain the same quality of output. The trade unions have asked that question since what was going to happen became clear. Eighty per cent of staff cannot do 100 per cent of the work. The BBC does not expect to reduce programme output on the net, the radio or television, yet it thinks that it will somehow be possible to maintain quality. It has yet to convince us of that.

The committee asked about the position on negotiations and consultation. I noticed that Ken MacQuarrie carefully stepped through that without saying that any negotiation was taking place. That was honest of him, because no negotiation is taking place. The BBC centrally in London and the BBC in Scotland, which is bound by the BBC in London, do not appear to want negotiations. The BBC wants to talk to the unions about how to manage the cuts. It seems to us that the cuts that the BBC is proposing are so savage that a number of things need to happen before we can get into the discussion about whether it is possible to achieve savings, of whatever kind. The BBC needs to be clear about how 80 per cent of the staff can do 100 per cent of the work. We are not convinced that that can be explained, but the BBC should at least try to explain it.

As the cuts are entirely self-imposed, as there is no financial imperative and as the cuts do not have to be made over three years and could be made over a longer time, we believe that the BBC could agree now that there is no need for

compulsory redundancies and that the savings can be achieved through natural wastage and through voluntary redundancy. The BBC refused even to consider that possibility.

There are also two wholly owned BBC subsidiaries that are based in London but which affect Scotland: BBC Resources and BBC Broadcast, which does all the playout and which has staff in Scotland who do subtitling for some of the output up here. The BBC wishes to sell those subsidiaries as well as outsourcing areas such as training and health and safety. We maintain that the BBC must agree that the people who are affected should get some measure of protection. We have to say that because we are not confident that we can stop the sales or outsourcing, but there must be a measure of protection for the terms and conditions and pensions of those staff.

The BBC said that it could not give such undertakings because that might damage its prospects in the marketplace. That has forced the trade unions down the road of a ballot for industrial action. Just to make it absolutely clear, there are no negotiations or consultations going on, either here in Scotland or in England. That is because the BBC will not agree to any conditions and just says, "Let's discuss how we progress this." The unions have therefore been forced down what is for us in the BBC the fairly unusual path of balloting for industrial action. We are holding meetings around the country and we have meetings coming up in Scotland. Our members are very angry. They do not see that it is possible or credible to do what is expected of them and they think that what is happening is damaging and destructive.

There is one point that I think did not quite come across, so I would like to pick up on it. On phasing, it is not at all obvious to us how it is in the interests of the licence fee payer to make staff redundant in years 1, 2 and 3, giving them substantial redundancy packages, and then either to hire the same staff back again—that would not be a surprise, I am afraid—or to get new staff in to do similar jobs in year 4. From day one, we have told the BBC that redeployment must be central to the process. That is as true in Scotland as it is in the rest of the United Kingdom. In other words, if the BBC is going to have to make redundancies, it should be trying to coincide that with setting on new staff, because many of the skills that people have can be transferred from one area to another. That is true for resources, for programme making in television and radio and for journalism, and I am sure that Jeremy Dear will say more about that in a moment.

The BBC says, "No, we can only do this by saving the money, and after we've got rid of everybody and they've all gone down the road,



then we start to spend the money.” That seems to us a cock-eyed way of doing it. As I said, that has left the trade unions facing a ballot for industrial action, which looks as if it will be well supported. That will lead to strike action, which will affect the viewers and listeners.

**Jeremy Dear (National Union of Journalists):**

It was quite difficult to hear exactly what was being said by the BBC witnesses, but I think that I heard them say that there were negotiations going on. As Luke Crawley has made clear, there are no negotiations going on. We also heard from the BBC witnesses that, on the one hand, they are open to negotiation—indeed, that is in the BBC’s written submission—but, on the other hand, the 13.5 per cent cuts are non-negotiable and have to be implemented. We also heard the BBC witnesses say that they would increase online services, although in fact they are proposing a 15 per cent cut in online services. They also said that they would remove administrative burdens from programme makers, but the reality is quite the opposite: programme makers will have health and safety, human resources and finance functions added to their current tasks.

I think that we also heard the BBC witnesses say that there would be no impact on quality—indeed, they gave a guarantee that there would be no impact on quality—yet they expect staff to carry out 20 per cent extra work with less time for people to research stories and fewer checks carried out on stories. We do not see how that is possible without damaging the quality of the output. They also talked about spare capacity in the Glasgow newsroom and where they would make cuts there. At the moment, not a single week goes by without people being asked to do overtime or to show good will by working double shifts, so I do not understand where the spare capacity is. They also talked about increased training opportunities while cutting training in half.

Either I misheard or the BBC witnesses were being disingenuous in some of the things that they said. That is why we have got to where we are now. It is a plan that has been thought up in London to make 15 per cent cuts. Managers everywhere have then been told that they have to find those 15 per cent cuts throughout the BBC, and they are now trying to make out that it is their plan for increasing efficiency and improving the services that the BBC can provide to all its viewers and listeners. The figures simply do not add up. Quality will be damaged, and that is why we think that it is important that politicians everywhere are aware of the real impact of those cuts on quality for viewers and listeners.

**William Parker (Amicus):** I find it difficult to believe that the BBC can claim that 13.5 per cent cuts will not affect the quality of programmes. That

could be the case only if, as has been the case in the past, the BBC is running totally inefficiently, and I do not believe that that is the case at present. I believe that the cuts will have a serious effect on the quality of both audio and visual programmes. Based on my experience as an industrial officer outside the media, I also believe that job cuts of 13.5 to 15 per cent will lead to redundancies. Redundancies lead to low morale, because the people who are left have to pick up the slack and, in many cases, they do not have the scope to do so. Redundancies also lead to the use of outside contractors. In my experience, the use of outside contractors has resulted in a serious drop in skills. The level of cuts that has been proposed by the BBC gives us serious concern.

**Chris Ballance:** I wanted to pick up on that final comment, which was about the level of morale. The submission from the Voice of the Listener & Viewer states:

“It is also difficult to ascertain precisely how the reinvestment targets of only £10 million by the end of 2007/8 can be worth the level of upheaval and damage to staff morale which is currently apparent.”

Could you outline the state of staff morale at the moment and tell us about the effect on morale of the cuts that were announced in March?

**Luke Crawley:** The cuts that were announced in March have affected staff morale very badly indeed, although they were heavily trailed in December, when the director general said, “I’ve had a great idea. I want to sack a lot of staff and save a lot of money.” The details came in March, and the wait was nearly killing people because there was a lot of uncertainty and they did not know whether their jobs were directly affected, whether their jobs would be outsourced or whether they would be made redundant. When the announcement was made in March, a certain amount of detail was provided that indicated some areas that were directly in the firing line, particularly for outsourcing and for sales—

**The Convener:** I am sorry to interrupt, but we have a technical problem with the sound. I have to suspend the meeting for five minutes until we have sorted it; otherwise your evidence will not be on the record, and I am sure that we all want to see you on the record. However, this is the Scottish Parliament and we have hospitality, so we will offer you a cup of coffee while the meeting is suspended.

15:27

*Meeting suspended.*

15:34

*On resuming—*

**The Convener:** I reconvene the 10<sup>th</sup> meeting in 2005 of the Enterprise and Culture Committee. I point out that the BBC is responsible for the sound inside the Parliament. We have never had problems with the sound before, so the timing of today's incident is absolutely brilliant.

I ask Chris Ballance to re-ask his question, which the witnesses should re-answer.

**Chris Ballance:** I was picking up on Mr Parker's comment regarding morale. In the next panel, we will hear from the Voice of the Listener & Viewer. Its submission states:

"It is also difficult to ascertain precisely how the reinvestment targets of only £10 million by the end of 2007/8 can be worth the level of upheaval and damage to staff morale which is currently apparent."

How is staff morale at the moment? What has been the effect on it of the cuts that were announced in March?

**Luke Crawley:** The main effect is that staff morale has plummeted. There was a great deal of uncertainty between December, when the cuts were announced in outline, and March, when some of the detail became clear. One problem is that the BBC was in such a hurry to begin managing the cuts that it started asking people whether they wanted to volunteer for redundancy. As I pointed out, in our view one difficulty with that approach is that it is unreasonable to ask staff whether they want to volunteer for redundancy—which some staff might well wish to do—when the bigger question is whether staff want to volunteer to remain in an organisation with 20 per cent fewer people. That dilemma has had the biggest impact on morale. People find it hard to conceive of what their job might be like with 20 per cent fewer staff. With such a bleak prospect, people are very depressed.

Staff are also brought down by what has happened under the new director general. Just over twelve months ago, in December 2003, the then director general seemed to be saying that things were going well. Greg Dyke seemed to believe that the BBC was in good shape, with budgets under control and charter renewal on the way. When he left—for all kinds of reasons of which I am sure the committee is aware—the new director general suddenly said that things were so dreadful and catastrophic that we must get rid of thousands of jobs. People are at a loss to know why the situation is so serious and why the change must happen. All kinds of assumptions are being made about whether the proposals are being driven by a political agenda and who is behind it all. Staff believe that the organisation is facing serious self-inflicted damage that will make

it difficult, if not impossible, for the BBC in Scotland and the United Kingdom to deliver the high-quality programmes that justify the licence fee. The impact on staff morale has been appalling.

Jeremy Dear: With 195 job losses being imposed on BBC Scotland, the cuts present staff with the prospect of choosing either to work harder or to make cheaper and inferior programmes. Given that we were already carrying out risk assessments for stress among staff, the prospect of 20 per cent staff cuts and budget cuts could have a serious effect on health and safety and an enormous effect on staff morale at BBC Scotland.

We also have people on fixed-term contracts whose contracts are being extended only month by month because no one knows what is happening. People are uncertain about their future and about whether they will be offered a job, redundancy or simply a renewal of their contract. Treating staff like that is not the way to get the best work out of them. We also have examples of staff being demoted. Staff who had previously been paid to act up are now being required to act up without being paid to do so because the BBC is trying to save money wherever it can.

There have also been ridiculous examples of the BBC writing to people to ask whether they need a particular newspaper in the newsroom or whether we could cut down on two or three newspapers each day by asking that newspapers be shared among the whole newsroom rather than just among particular teams. That kind of petty cost cutting, in addition to the huge impact of the job losses, causes morale to plummet.

**The Convener:** I am conscious of the shortage of time after the suspension, but I do not want to cut Chris Ballance short if he has another question.

**Chris Ballance:** Do the witnesses accept that new technology and new developments leave room for reductions in staff or expenditure?

**Luke Crawley:** Like the convener, I am conscious of time. The unions at the BBC have a long history of embracing new technology. Often, it has been difficult to embrace new technology and there have been protracted discussions and arguments—and, occasionally, disputes—about how new technology should be implemented. However, our approach has never been to say, "We can't have new technology here." That is as true for PDP as it is for any of the other things that have been talked about this afternoon.

What is different now is that the BBC is saying that it does not want to discuss matters with us. It has told us that we must have the new ways of working and is forcing them on us by getting rid of so many staff. Its argument is that, unless the new

ways of working are implemented, it will be impossible to maintain the level of output. Our response has been to say that we want to discuss how the new technology can be deployed, whether it is possible to deploy it and—crucially—whether its deployment will maintain the quality of output. We remain to be convinced of all of that.

In our view, new technology and new ways of working might make it possible to save money on staff, but it is impossible to know that at the moment because of the lack of detail in the proposals. We are in a difficult situation, but there is no rejection of new technology per se; it is a question of how it is implemented.

**Jeremy Dear:** The key issue—which has been picked up—is that people will be doing their own research, their own filming, their own writing, their own editing and sometimes their own health and safety with 15 per cent less budget. If they were given a violin as well, they could probably write the music to accompany the piece that they are working on. New technology can add. We have agreements on PDP in places; we are not against PDP if it adds to what the BBC does and provides additional services. People work very hard to make it work in the best way possible, but it is not a substitute for the high-quality, high-standard programming and filming that exist.

We accept that some savings could be made; we would like to negotiate with the BBC on them and on advances in technology but, as Luke Crawley said, the changes are being imposed on us—they are not a subject for negotiation.

**William Parker:** New technology is only as good as the people who use it. It has been my experience that when cuts in the order of 15 per cent are made, the training budget is one of the first things to go.

**Murdo Fraser (Mid Scotland and Fife) (Con):** My question follows on quite neatly from Chris Ballance's question. The concept of efficiency savings is well known in the private sector and is becoming better known in the public sector. Is it your position that there is no scope for efficiency savings or are you just not happy with the way in which the BBC is going about making savings and with the scale of the proposed cuts? If you think that there is scope for efficiency savings, would you like to hazard a guess at what a realistic saving might be?

**Luke Crawley:** As I have said, the union position is not that it is impossible to do things more effectively and efficiently but that the prime consideration must be whether the BBC is maintaining or improving its standards. At the moment, that is unclear to us. We suspect that, as they are presently framed, the cuts will mean that worse product goes out on air.

We would not like to hazard a guess at what an appropriate level of savings might be because such matters are difficult to judge. I imagine that the reason why Ken MacQuarrie and the director general are paid such astronomical salaries is that they are judged to be capable of making such decisions. In our view, that judgment is not always right.

The difficulty is that management says that it wants to change how money is spent at the BBC, but does not want to discuss that or consult on it. Ken MacQuarrie mentioned a consultation with 200 staff about new ways of working and the move to Pacific Quay. He might have talked to 200 staff; I am not sure whether that is the case. However, I discussed the matter with my colleagues while Mr MacQuarrie was speaking. We do not know whom he consulted, but he certainly did not discuss new ways of working with the unions. There have been relatively fruitful discussions about new ways of working with the unions in Scotland. I would not accuse BBC management in general of not talking to the unions. If it wants to talk about new ways of working, we have shown that we are always open to discuss that. However, it is a bit rich for Ken MacQuarrie to say that he spoke to 200 people and that, as a result, he thinks that it will be possible to introduce the new ways of working and to maintain the standard. I disagree with that profoundly and I think that my members would, too. I am not talking only about news, but about all areas of production. Television, radio and internet output will be savagely affected by the cuts.

**Jeremy Dear:** We strongly support the idea of the BBC delivering value for money. It is essential that it does so, because that is what gives us the weapons to be able to go out to the public and justify the licence fee, the continuation of the charter and so on. Value for money is important, but we do not agree with some of the proposals, such as those on reducing the number of checks and the elimination of double and triple checking. The Hutton report and the Neil report that came out after it concluded that in some areas there should be more editorial checks, to ensure that quality and standards are maintained. We endorsed that view and accepted the Neil report's recommendations, but the changes that are being made appear to reverse that approach. Value for money is important, but we do not think that the proposed cuts will deliver value for money for licence-fee payers or for BBC staff.

15:45

**Mike Watson (Glasgow Cathcart) (Lab):** In the opening paragraph of its submission, BECTU makes a rather apocalyptic prediction:

"The BBC's slogan for charter renewal is 'Building Public Value' these proposals appear to be destroying public

value and making it likely that there will be no charter renewal in 2016 because a weakened BBC will not be able to justify a licence fee."

In what way will the BBC be unable to justify a licence fee? Are you referring to the quality of programmes or to something else?

**Luke Crawley:** We refer to two factors. We have talked about the quality of programmes, so I will not labour that point. The other area in which the proposals are astonishingly damaging is content acquisition—I refer to the idea that the BBC does not need to make the programmes that it broadcasts. As we know, there is a 25 per cent independent production quota and the BBC has accepted that that quota should be sharply increased. The director general has said that the BBC currently employs enough staff to make 75 per cent of its output, but that staff numbers should be reduced until the BBC can make only 60 per cent of its output. That represents a de facto increase in the independent production quota to 40 per cent.

The argument for doing that—in so far as there is one—appears to be, "If we don't do this, something worse might happen as a result of the green paper on charter renewal." That is a feeble argument. The BBC should be arguing that BBC production in Scotland and the UK is world beating and wins awards around the globe. However, the BBC seems not to want to make that argument; it seems somehow to accept that independent production companies should be allowed to make more BBC programmes. The previous director general famously said that he was not in business to make those bastards rich—excuse my language. He was talking about independent producers and companies whose articles of association stipulate the need to make a profit. Such companies might be making television programmes, but they are also making a profit. The argument is inescapable: if we spend £1 million making television or radio programmes through an independent production company, a percentage of the sum must go on profit, whereas if we spend £1 million making programmes in the BBC, none of the money goes on profit; it all goes on the programmes that are on our screens or on the air. By sliding down the slope towards a 50 per cent quota or less, the BBC is in danger of dropping below the critical mass of in-house production that gives it strength in depth. The BBC's creativity is famous, because in-house production is massive. The more the BBC reduces in-house production, the more dangerous the situation becomes. The approach is starting to creep in in current affairs. News is treated slightly differently, but there are dangers in that context. The approach is widespread in other areas of output, such as drama and light entertainment. The BBC should pull back from that slippery slope.

If not, someone will say, "Why be a broadcaster? You can be a publisher; you do not need to be there."

The other side of the argument is that if the standard is not maintained, in future people will say, "We do not need to debate whether to have a licence fee. There is no point in having a licence fee because the programmes on the BBC are rubbish." The BBC is embarking on a dangerous path.

**Mike Watson:** You mention a figure of 50 per cent and the same figure appears in the NUJ submission. Is that some kind of cut-off point or magic figure? If in-house production were to fall below 50 per cent, could we still justify continuing to fund the BBC through the licence fee?

**Luke Crawley:** The BBC is a public service broadcaster. If it does not make the majority of the programmes that it broadcasts, its existence as a maker of programmes will start to be in question; it will be more publisher than programme maker. The 50 per cent figure represents a psychological tipping point—I think that that is the jargon. It would be dangerous for the BBC to go below 50 per cent. We do not know whether it will do that, but it is inflicting serious wounds on itself by accepting a 40 per cent quota for independent production. Who knows what the Government—whatever its political persuasion—might do after the general election? The Government will have to address the white paper that will govern charter renewal and it might decide to set a 50 per cent quota. We do not know what will happen, but it seems to us that the BBC is inviting in the enemy by accepting a 40 per cent quota. That is a dangerous path to take.

**Mike Watson:** Will Mr Dear or Mr Parker comment on that point, particularly in the context of the charter that will follow the one that is currently under review?

**Jeremy Dear:** The BBC is far too defensive about what it does. It is the greatest public service broadcasting institution in the world. Everywhere else in the world, the BBC is rightly praised for the quality and standard of what it does. The range and scope of what the BBC currently does is unsurpassed, and we get all that for a £126 licence fee. Sky charges £19.50 a month for a basic package, with much less original production, much less in-depth coverage and no proper children's programmes without adverts. The BBC could make a much stronger case for itself, justifying a higher value and, possibly, a higher licence fee. The problem is that, if it becomes defensive, reduces what it does and starts to make programmes of a worse quality, some people—including those in the tabloid press, some politicians and commercial rivals of the BBC—will say, "BBC3 makes rubbish programmes. No one

watches them, so why should we pay for them?" That argument will be used to undermine the licence fee.

Those voices started with charter renewal. I do not think that they are widespread enough to damage the BBC at the moment, but if programme quality goes down, they will be echoed by people who find it quite difficult to pay the licence fee, which is sometimes seen as a tax. I think that the BBC should be much more aggressive in promoting what it does as good value for money instead of being defensive and making cuts such as these, thereby affecting the quality of its programmes. As Luke Crawley said, in 10 years' time, when we are in the next charter renewal discussions, the BBC will have to answer questions about quality and standards.

**Mike Watson:** I have one final point to make. Mr Crawley said earlier that, under Greg Dyke, things seemed to be going reasonably well. By your assessment, there would have been no need for the cuts if Greg Dyke had stayed, but Mark Thompson took over and we know about the events that intervened. Does any of you feel that the cuts are politically driven—that there is some kind of defensive nature to them, as Mr Dear said? Are they, to some extent, a reaction to the considerable amount of flak—perhaps that is an inappropriate analogy to use—that the BBC took as a result of the way in which it was reported to have covered events surrounding the war in Iraq? Has a defensiveness following that led to many staff facing losing their jobs?

**Luke Crawley:** You could argue that there is a political dimension to it. When the Hutton report came out and was followed by the resignation or dismissal of the director general and the chairman of the board of governors, the reaction of the public was to say strongly that the Government should not interfere in what the BBC does. The Government backed off, but there was no longer a chairman of the board of governors or a director general, so the Government—naturally, as it does—had to appoint a new chairman of the board of governors. That chairman of the board of governors then appointed a new director general, Mark Thompson. You can draw your own conclusions about what has followed, which has been the kind of thing that the Government would have liked to do but could not do because the public clearly valued the BBC so much.

I am not saying that there is a direct political hotline between Downing Street and the director general, instructing him what to do, but I think that there is an element of the BBC thinking that we had better do some bad things to ourselves to ensure that the Government does not decide to do them in the white paper, when we finally see it. The white paper will not come out until after the

general election, when the Government might feel that it can get away with doing things to the BBC. Therefore, there is a kind of defensive imposition of cuts. I am not suggesting that it is a conspiracy, but there is a serious political agenda that is causing damage to the BBC.

**Michael Matheson:** In their evidence, Blair Jenkins and Ken McQuarrie made it clear that, over the next three years, 42 posts could be cut from BBC Scotland news and current affairs without that having any impact on the quality of the output. Do you agree with that? If you do not agree, what impact do you think that those serious cuts will have?

**Jeremy Dear:** When Mark Thompson made his announcement about the cuts across the whole of the BBC, he talked repeatedly about attacking bureaucracy; he said that the cuts were about sweeping away bureaucracy in the BBC and investing more money in programme making. In reality, if one considers the posts in Scotland that are to go—15 in BBC interactive, 42 in news and current affairs, 19 front-line posts in radio, 15 in TV, 6 in resources, and so on—one can see that the cuts are not about sweeping away alleged bureaucracy but will impact directly on programme making.

Jobs such as that of the consumer affairs correspondent and the Ceefax online post for Scottish politics may be lost, and "Reporting Scotland" will lose one broadcast journalist. Those are direct, front-line, programme-making jobs, and their loss will have an impact on the quality of service that staff are able to provide. The work that those staff do will still have to be done. BBC Scotland will not say that it does not have to be done, so other staff—who the BBC representatives admitted to the committee are hard working—will have to take on additional burdens, including administrative burdens.

We do not see any way in which 42 jobs in news and current affairs or other jobs can go without that impacting on the quality of programming. The television audience will think programmes look exactly the same as before, but there will be less time for staff to research stories and less opportunity to carry out the kind of checks that I mentioned and that the Neil report stated should be carried out. Although not immediately visible on screen, the impact on the quality, range and depth of the stories that can be covered, the way in which stories are covered and so on will be apparent.

**Luke Crawley:** To pick up on a couple of those points, it is clear that the number of journalists and production staff working on a programme has a huge impact. Moreover, BBC Scotland is making cuts in some resource areas. Part of the argument about the PDP experiment in England and

elsewhere was focused on quality. There is an assumption that just about anybody can be given a camera, told to point it at something and then will bring back pictures to be edited. It does not work like that. If quality pictures are required, a quality camera is needed—DVD cameras and the pictures they produce are not of high quality. It also takes time to pick up the skills to be able to shoot pictures and to extract quickly from that enough quality footage to make a broadcast.

There is no question but that viewers will see a worse product on screen because staff will be stretched more thinly. They will have to conduct the interview, write the links around the piece, shoot the picture, ensure the soundtrack is okay, take it back to base, edit it, and then put it all together and play it out. It would be better if a specialist was responsible for carrying out the interview, with another staff member capturing the pictures and another editing the different elements. There are no two ways about it: PDP will be responsible for a seriously poorer product.

**Michael Matheson:** Blair Jenkins suggested that PDPs are currently used to gather footage for “Reporting Scotland” and there have not been any complaints. I have seen footage that a journalist summed up as being almost equivalent to what one would see on a wedding video. However, if such footage is being used on “Reporting Scotland”, it has not been noticeable. Why does there appear to be a difference?

**Luke Crawley:** It is difficult to say why there is a difference. The question depends on what pictures we are talking about. When we were arguing about safety and quality of output, we compiled a showreel of material that had been broadcast in England. Apart from some of the astonishingly dangerous things that were being done—a person leaning off the back of a motorbike to get pictures without wearing a harness and so on—some of the material was framed so badly that the reporter’s head was barely in the picture. I find it difficult to believe that it could be broadcast without generating complaints.

I do not know what has been broadcast in Scotland. There might be better quality control here to prevent the more obvious errors from getting on the screen. Although viewers watch the headlines and the top stories, which are still produced by top camera people and journalists, and edited properly, perhaps they do not look closely at everything that goes out. It is difficult to answer the question exactly, but, over a period of time, people will start to notice a degradation of quality.

ITN and Sky news, which is in a similar position to ITN, do not favour this method of production. Viewers will soon notice that the quality of television programming does not appear to be

quite as slick or professional as that on ITN or Sky news. Again, that raises the question of the existence of the BBC. The BBC is famous for many kinds of production, and news is clearly one of them. It needs to produce it properly and professionally.

**Jeremy Dear:** I have with me a copy of a complaint about PDP and video journalists from the BBC Scotland video journalist team. It reads:

“Staff who work as video journalists-PDPs are very conscious of our part in the changes facing the newsroom at the moment. That includes being used as a spare crew to knock off interviews-shots. So far, this has happened very rarely but we don’t think it adds to the coverage when a conventional crew can gather the material in better quality. We do not want to be part of something which lowers the standard of BBC programmes. We don’t think it’s in the interests of the BBC to replace crews and editors with video journalists.”

They are the people who work hard to make things work. They want to use the new technology to add to what we already have and they think that the quality at the end of the process is not as good as it could be.

16:00

**Michael Matheson:** My concern is that it might be okay to use such journalism and camera work for occasional pieces on an ad hoc basis in far-flung parts of the country to which it is difficult to get a full crew in a short time, but once people’s standards start to be lowered, they will, as people always do, simply accept what they receive and there will be a gradual slippage into more such journalism.

When Mark Thompson announced the outcomes of the reviews, the First Minister stated that the outcomes were good news for Scotland’s creative industries. Do you agree? What impact will the process have on Scotland’s creative industries?

**Luke Crawley:** I am not sure that we would agree, as it does not seem to us that there was good news. Ken MacQuarrie could not give a clear answer about independent production and whether a huge amount of Scotland-based independent production will be generated. I think that only three Scottish independent production companies make the top 150 United Kingdom independent production companies. Some of the more famous apparently Scottish products—such as “Monarch of the Glen”—are made by English rather than Scottish companies. If all the new money—and, to be blunt, some of the old money—was definitely going to be spent in Scotland, that would be good news for Scotland’s creative industries, but there are no guarantees that that will happen. There are no guarantees that there will not be a brass-plate operation and that

the only thing to do with programmes being made in Scotland will be the sign at the end of them that says "Made by BBC Scotland", although the programme might have been resourced and the production process might be owned by a company that is not based in Scotland. Therefore, I disagree with the First Minister's view. It is possible to assert that the BBC will spend much more money in future in Scotland on independent production companies that are based in Scotland, but the proof of the pudding is in the eating and I am not sure that there has been much money in the past. I cannot be certain whether past performance is a guide to the future but, from where we are standing, it does not look as though there will be much more money.

**William Parker:** I will not agree with a statement that could result in job losses.

**The Convener:** I think that Susan Deacon has a question.

**Susan Deacon:** The points that I was going to raise have been covered.

**Christine May:** It is profoundly depressing that industrial relations in the BBC are at such a low ebb that the two sides should come here to air their dirty linen in public. As the collective voice of the staff, with all their capacity, knowledge, experience and creativity, can the witnesses tell us that they have tried to help the management to implement efficiencies and that their attempts have been rebuffed?

**Luke Crawley:** I agree that it is a sad day when we must come to a committee such as this to air our differences in public, but if you are interested in what is happening to us, it is appropriate to ask us questions about that. It can be hard to see exactly why we are here, but we have tried and tried again.

The unions have a long record of negotiating redundancies, savings programmes, efficiencies and value for money without industrial action. When there was an announcement in December, some of our less patient members said as soon as they heard the outline, "Forget about everything. Let's start balloting for industrial action now. This is clearly going to be catastrophic news." We said, "No, come on. Give them a chance. Let's hear the proposals and see whether it is possible to get anywhere down this road." In March, the answer was that it was not possible to do so, mainly because the BBC baldly said what its proposals were and that we should pretty much take or leave them. It was not prepared to contemplate negotiating a lesser amount of money or fewer redundancies.

Its approach was indicative of its attitude. When Mark Thompson announced the cuts in December, he talked about £320 million-worth of savings. He

talked in broad terms about how those savings would be achieved and said that the BBC would go away and come back with details in March. When it did so, it said, "Well, we have found another £35 million-worth of savings, but the good news is that they will not involve any more redundancies." They are what the BBC calls non-staff savings. We thought, "Great!" because we assumed, perhaps naively, that that would be taken off the 3,800 redundancies in outsourcing, but it was not—it was added on. The savings went from £320 million to £355 million. That tells us that the BBC is not serious about negotiating on the number of redundancies; it is adamant that that is the number of redundancies that it wants. BBC Scotland tries to maintain that the plan is its own, but it does not look like that from where we are sitting. The plan is definitely being driven from London. The BBC in London does not seem to want to negotiate; it wants to force the plan through. All that it wants to talk to us about is how the cuts can be managed, but it does not look to us as though they can be managed. The cuts are so destructive and damaging that something must be done to change and reduce them.

**Christine May:** My question relates to a comment that Mr Parker made about the need for more rather than less training. Do you accept the argument that, for years, the BBC has trained staff to a very high standard, that other broadcasters have not so much poached them as taken advantage of the situation, if I can put it like that, and that that is no longer a reasonable basis on which to spend a large amount of taxpayers' money? There is potentially an opportunity for the sector skills council, further education colleges and other training providers to do some of the basic training that has, heretofore, been done almost entirely by the BBC. That would produce a saving in the corporation's basic training budget and put the onus for training back where it should be: on the colleges, training providers and other employers.

**Luke Crawley:** The issue is who pays for training. In one sense, it is right that there has to be a role for training that is provided separately from the training that is provided by the BBC. However, it does not seem to me that it is a good idea for the BBC to say that it will dismiss or sack the staff and outsource significant areas of training. Staff who have been trained by the BBC are poached because it trains them to a very high standard. The experience of BBC employees who become our members is that they have had training outside the BBC but that the BBC generally wants to give them further training so that it makes them exactly what it wants.

A strong argument can be made that industry should be made to pay for training. Sky, ITV and so on should be made to put some serious money

into training, as the BBC does, rather than the desultory amounts that they currently pay to bodies such as Skillset. That would begin to end the situation in which people are trained by the BBC and poached by other broadcasters.

We are not opposed to the idea of other organisations providing training, but the close relationship that was talked about between the BBC and Skillset in Scotland is really for freelance people rather than BBC staff. The BBC should not shy away from its responsibility to train its staff. It employs 25,000 or 26,000 people and has a serious responsibility to train those people. It is the main broadcasting trainer and is likely to continue in that role for a long time to come. The question is how the training should be delivered, and I think that it is best delivered through an in-house operation, because there is so much training to be done.

**William Parker:** Christine May used the appropriate word in her question: “basic”. Colleges are limited in what they can teach. We tell our apprentices at the end of their apprenticeship that they had better be prepared to be retrained every five years, or modern technology will overtake them. In many industries that I deal with, the best training that people get is what they learn on site. For example, when an Amicus member who is an electrician starts with the BBC, he will probably spend his first six months learning the specifics of the electrical work that is required within the BBC, even though he might be a highly qualified, time-served electrician. Given the specialist nature of the work, the onus is on the industry and the BBC to train people. I cannot think of a college in the west of Scotland that would train a BBC person in the specific skills that are required by the BBC.

**The Convener:** That covers all our questions. Thank you very much for your written and oral evidence, which has been helpful.

I am conscious of time, given that there are other items on the agenda, so we move swiftly on to the third panel of witnesses, who are from the Voice of the Listener & Viewer. I welcome Robert Beveridge, a board member of the Voice of the Listener & Viewer, and Jeremy Mitchell, a member of the same organisation, and invite them to give a brief introduction.

**Robert Beveridge (Voice of the Listener & Viewer):** I am a lecturer in media policy at Napier University. On this occasion, however, I am speaking on behalf of VLV, as the board member in Scotland. Jeremy Mitchell was formerly the commissioner for Scotland of the Broadcasting Standards Commission and was also chair of the Scottish Advisory Committee on Telecommunications. We have a few brief points to make in addition to those that are contained in our written submission.

Yesterday, at VLV's 22<sup>nd</sup> annual spring conference in London, the chairman of the BBC, Michael Grade, said that casualisation of the industry does not nurture innovation and creativity as uncertainty does not breed that kind of culture. We believe that the BBC should be about innovation and creativity and we are therefore concerned about the proposals that have been made. If the chairman of the BBC makes such a statement at the same time as the director general and the controller in Scotland announce substantial cuts in staffing, we must ask questions. How do we interpret the strategy of the BBC and BBC Scotland in the light of the cuts? What will be the effect on BBC production in Scotland? Having heard what the trade unions have said this afternoon, we find ourselves in agreement with them on this occasion. Is there a danger that the BBC is on the road towards becoming a programme contractor rather than a programme maker, especially in view of what Mark Thompson achieved when he was chief executive at Channel 4?

Members of Voice of the Listener & Viewer—and, we believe, listeners and viewers in Scotland—are concerned about the proposals. We also ask what role the Scottish Parliament might take in the on-going consultations and the process of the BBC charter review, so that Scottish interests are best heard and met. VLV is a critical friend of the BBC and accepts that the BBC has to manage change, but we also take the view that the operations of the Scottish Media Group and the Office of Communications should be scrutinised by this Parliament.

**Jeremy Mitchell (Voice of the Listener & Viewer):** The BBC is offering listeners and viewers an odd equation. On one side of that equation, we have the 13.5 per cent staff cuts, which seem to be set in concrete by London. On the other side, we have a public commitment by the director general of the BBC to produce more and better quality programmes. My understanding of what he meant by “quality” is that it relates not so much to technical quality, which was referred to earlier, but to that elusive concept of programme quality. When he talks about “better quality programmes”, he is not talking simply about safeguarding the existing quality of programmes. From the viewer and listener viewpoint, we welcome a commitment to diversity and quality in programming. Where there seems to be a big black hole in relation to how one solves the equation of a substantial staff cut and an improvement in the quantity and quality of programmes.

I should add that my main concern is with the news and current affairs side. I am fearful that there will be a move towards what I call incident reporting—that is, a house fire in Coatbridge or a removal van overturned on the A9—and away



from issues. In Scotland, we have a long list of major issues that are above and beyond party politics, such as Scotland's demographic profile, the balance of inward and outward investment and alternative energy sources. My anxiety is that, with the reduction in experienced staff at the BBC, the remaining news and current affairs staff will not have the experience or time to explore and explain to us such issues on a continuing basis.

**The Convener:** Thank you. That was very interesting. Do members have questions?

16:15

**Michael Matheson:** One of my main concerns, which came through clearly in the evidence that we received from the trade unions, is about the quality of the service that we will receive from BBC Scotland, particularly in news and current affairs, if the proposals are implemented. The BBC has supported its argument for some of the changes by saying that part of the cost saving that will be generated and put back into the BBC will allow it to develop a local news programme. The public stated that they wanted such a programme in a survey back in 2003.

Will you expand on how the BBC goes about taking viewers' opinions on such matters? Does your experience of working with viewers and listeners stack up with the argument that the BBC has made that the local news programme is one of the innovative changes that it will be able to make for the people of Scotland if it is allowed to implement its proposals?

**Robert Beveridge:** To be fair, we have had support from people in the BBC's senior management who come to speak at our conferences, where they encounter members of the public and, rather like what happens at Prime Minister's question time, they have to make themselves available to answer questions on the spot, as Michael Grade did yesterday. There are plans to try to develop new trust in the future, under the BBC's new governance structure. There is a possibility, as yet unspecified, of new mechanisms for trying to assess the views of listeners and viewers. Beyond that, it is not a surprise that the BBC is coming up with such plans at the same time as the Scottish Media Group is coming up with its plans, not for a Scottish six, but for a Scottish news programme at 22:30. As ever, the BBC is being competitive.

As Jeremy Dear says, the problem is—as ever—that we will get a form of dumbing down with the new local news. It will look good—it will look as though it is versioned for and tailored to a particular local audience—but it will be a form of tabloid journalism. Although there is a place for tabloid journalism, we have to ask what will

happen to "Reporting Scotland", for example. Although it is only a rumour, I hear that the budget for "Newsnight Scotland" has been ring fenced in the proposals, which might or might not be a good thing.

**Christine May:** As Susan Deacon did earlier, I would like to expand the discussion beyond news and current affairs. Although news and current affairs are important to us because they give us our publicity, if you like, the BBC is about more than that.

Has VLV had any discussions with the trade unions on alternative proposals that BBC management might wish to consider to mitigate what you see as some of the more detrimental effects of the existing proposals in relation to the 13.5 per cent? I am sure that you would agree that there is capacity for efficiencies in any organisation.

**Robert Beveridge:** At this point, I have to say that VLV is a non-sectarian, non-political organisation and therefore we keep our distance from the BBC and the trade unions. We represent the voice of the listeners and viewers, so we have not engaged in such discussions.

**Christine May:** I will rephrase the question. If I were to ask you to give the committee your vision of how the BBC might look to position itself in the market over the next 20-odd years, without dumbing down or becoming a tabloid-type broadcaster, would you have ideas? If so, would you be prepared to share them with us?

**Robert Beveridge:** VLV's ideas would be along the following lines. Market failure is not the only way to try to define what one puts into public service broadcasting. In other words, our argument is that regulation, rather than being a hindrance to the creative industries, is the reason why Britain and Scotland have successful creative industries. We guarantee forms of investment through the licence fee in particular, and because of that guaranteed income, an organisation such as the BBC has what we might describe as creative headroom. That creative headroom, which insulates the organisation from the demands of the market—although not entirely; I make the point that we want the BBC to be efficient to some extent—enables it to produce enormous quality.

We do not want a diminution of non-news regional programming—as is happening at the moment with Ofcom's dealings with the Scottish Media Group—leading to a diminution of the Scottish cultural and creative industries, the jobs within them and content that is about and for Scotland and which promotes Scotland to the rest of the world. Regulation is important.

**Jeremy Mitchell:** The BBC is in an immensely

difficult strategic position, in that it has public service broadcasting remits to fulfil and has to compete in the broadcasting marketplace. That balance is extremely difficult to maintain, and there is a serious danger that, if the BBC's audience reach falls below a certain level, the justification for the licence fee will increasingly come into question in political circles. I hope that the BBC will receive open or tacit reassurance from the Government that its funding is secure, irrespective of its audience reach. As I said, the balance is extraordinarily difficult to maintain, but I hope that the BBC will not be pushed too far down the road of competing for audience share.

**Robert Beveridge:** I will link into what Ken MacQuarrie said about BBC Scotland competing for the extra money that will be available and into what the trade unions said. Competition does not always lead to quality. What competition does the market provide for Radio 4 or BBC Radio Scotland, which are the great things about the BBC? There is no competition. They are so good partly because of the funding mechanism for the BBC. It is important that this discussion is taking place because we are all stakeholders in the BBC, which is a public corporation with a public interest—it is not just another company.

**Mike Watson:** How do you gauge the voice of the listener and viewer, not necessarily on this matter but in general?

**Robert Beveridge:** We have more than 16,000 members and our annual conferences—we have had 10 annual conferences in Scotland—are attended by young people as well as older people. We are sometimes described a little unfairly as the voice of the Radio 4 listener, but our membership is much wider than that.

**Mike Watson:** I am a Radio 4 listener and I have never been asked for my view.

I note that your submission does not differ greatly from those of the trade unions. You said that you do not want to be partisan but, regardless of whether or not you have travelled the same route or used the same language as the trade unions, you have reached pretty much the same point: you call on the committee to ask the BBC to reconsider. I presume that, as one of your objectives is to respond to BBC consultations, you have said the same to the BBC as you have said to the committee. Is that the case?

**Robert Beveridge:** Indeed it is. Not only that, but we made a submission to Ofcom on the proposals for broadcasting in Scotland. If it so wishes, the committee may have that submission, which concerned SMG and provision in Gaelic, which the committee might wish to consider.

**Mike Watson:** I will come to a question on Gaelic later.

In section 5 of your submission, you say:

"It is also the case that, without experienced and thus often more expensive staff, the Corporation runs the very real risk of repeating the experience of Hutton/Gilligan/Kelly."

Will you explain that and expand on it a little?

**Robert Beveridge:** That takes us into a discussion about the relationship between BBC values and the independent sector. The BBC has a culture and a tradition that have been built up over many years, rather like the Scottish regiments, which is another issue. We can throw that culture and tradition away, but it takes time to inculcate them, and we want journalists who show a commitment to due impartiality and balance. For a university student who is doing a journalism course simply to be told what due impartiality and balance might be is no substitute for their gaining experience over time in front-line reporting, such as the reporting that Brian Taylor does on the activities of the committee and the Scottish Parliament.

One of our concerns about the round of cuts is that the best people might take the packages that are on offer and depart. At Napier University, we want our young students to be able to get good jobs, but we want them to be looked after, to grow well—like plants—and to adopt BBC values. The problem is that BBC values and traditions are at risk. Does that help?

**Mike Watson:** Yes, although I am not sure quite how. I suppose it leads us into a discussion about what happened in the Hutton-Gilligan case, but that is not what we are here for.

**Robert Beveridge:** I might be able to help. One of the arguments that was made about the Hutton-Gilligan-Kelly affair was that the BBC had moved away from reporting what was going on and had become a policy actor. It could be argued—this is one of a number of different analyses—that Mr Gilligan stepped over a line that he should not have stepped over, as a promoter of BBC values. Perhaps more staff development and training for Mr Gilligan might have helped to avoid that problem.

**Mike Watson:** I will not push that point any further, but I will push my luck a little, as you mentioned Gaelic broadcasting. Although it is not central—in fact, it is peripheral—to the discussion that we are having today, I notice that both Ofcom and the Scottish Media Group mention in their submissions the idea of a dedicated Gaelic channel, ideally to be introduced at the time of digital switchover. In last week's debate on the Gaelic Language (Scotland) Bill, I called for greater resources for Gaelic broadcasting. My interest in the issue might not be shared by other members of the committee, but will you comment briefly on VLV's views on the matter?

**Robert Beveridge:** I have with me a copy of VLV's submission to Ofcom, which includes a section on Gaelic broadcasting. On the proposals that have been put forward by Ofcom and SMG, we state:

"We do not agree with the proposals for programming in Gaelic and take the view that, at the very least, the status quo ante should be preserved until such time as a properly funded Gaelic Digital Channel is established and operational."

We believe that Ofcom should not agree to the current SMG proposals. Our submission states:

"we do not support SMG's proposals for the programming in Gaelic to be moved to off or shoulder peak and ... our position is that we do not consider that being required to make and broadcast one hour a week of programming in Gaelic in peak time is an unreasonable requirement, given the overall need and aim for broadcasting to reflect and promote diversity".

That requirement is separate from the requirement on the Gaelic Media Service. It gets only £8 million or thereabouts per year, which is not enough. Our submission continues:

"OFCOM and ALL citizens and consumers in Scotland would be justified in maintaining this requirement after digital switchover, not just before."

We believe that people in Scotland who do not speak Gaelic have a right to be able to watch, albeit with subtitles, some of the excellent Gaelic programmes that are broadcast.

**The Convener:** That concludes our questions. I thank both witnesses for their written and oral evidence, which was interesting.

## Ofcom Review

16:28

**The Convener:** There are three agenda items left. We can probably deal with items 2 and 4 fairly quickly. I have a suggestion about how we should handle item 3, because I do not think that we have enough time to do it justice today. I suggest that we spend five or 10 minutes on item 2, highlighting any issues that arise, and that we carry over item 3. That will give members an opportunity to give the clerks comments that they would like to be considered, and the clerks will prepare a draft paper for the committee to consider sometime in early May. Is that agreed?

**Members indicated agreement.**

**The Convener:** Under item 2, we will consider members' comments on the written evidence from SMG and Ofcom.

**Susan Deacon:** First, I have a general question, which might involve your reminding me of something that was agreed previously. Why did we opt to take only written evidence? Is there a question mark in anyone's mind about whether we should take oral evidence at some stage?

Let me elaborate. I think that where we go with item 3, on broadcasting reviews, is connected to this item on the Ofcom review. It is one thing to confine our comments to issues to do with the BBC's internal reviews, but if we are going to contextualise that subject more within the wider broadcasting changes in Scotland, we will need more than the written evidence that is in front of us, useful though that is. I want to raise that general question about process before everyone starts discussing the specifics of the written evidence.

16:30

**The Convener:** We need to say something fairly specific about the BBC's internal reviews because much of our evidence contains a lot of detail about matters that are not covered by Ofcom's review of public sector broadcasting. We have received evidence from the trade unions and BBC management, the latter of which suggested that the committee can make a specific statement on these matters. That said, such a statement and some of the evidence that we have received from SMG might form part of our input into the Ofcom review. I am open to the suggestion that we take oral evidence from Ofcom and SMG, but I am worried about the timescale.

**Michael Matheson:** Given that Ofcom's 10-week consultation on the third phase of the PSB review closed last week, I am in favour of taking

oral evidence from it and from SMG because many issues still need to be fleshed out. However, I am not entirely sure where we are going with this. If Ofcom has ended the consultation, is there any value in formulating and submitting a view?

**Susan Deacon:** I point out that I am not about to suggest an either/or proposal; I simply want to add something to the remarks that have been made.

I feel that there could be a halfway house with regard to how far we go in our deliberations. Even if we were stop short of covering some of the much wider issues that Ofcom is considering, there is still a question about what might be described as the middle chunk of issues on which our previous discussion has a bearing but which absolutely needs to be considered in context. For example, Christine May and I have raised the wider question of the BBC's traditional or historic role as a training ground in Scotland. We are limited in what we can say on that point without factoring into the discussion a greater understanding of SMG's points, which Ofcom has an impact on.

I guess that I am saying that, almost irrespective of the stage that the Ofcom review has reached, we still need a bit more context if we are going to widen out our comments, even on the BBC's internal reviews. That said, I totally accept that, from what we have heard already, we can and should say something about the various internal issues.

**The Convener:** I suggest that members feed back to the clerks their comments on what we have heard today about the BBC, and we will ask them to prepare a paper on our view of the organisation's internal reviews. I hope that we will agree that at our meeting on 10 May, even though the agenda is already fairly packed.

In addition, we could repeat with Ofcom what we did with the Cultural Commission, from which we received a briefing—which, I have to say, not many members attended—and with which we had a dialogue. However, in this case, we could decide as a result of the dialogue whether we want to pursue the matter in more detail or whether we want to follow it up with oral evidence and think about how that would fit in with Ofcom's timescale for its formal consultation. After all, although the Cultural Commission had completed its formal evidence taking, its meeting with the committee was still useful.

**Michael Matheson:** I am happy to have a similar meeting with Ofcom. The only problem is that Ofcom will make its views public at some point in June, which means that the timescale is very tight. As a result, any meeting will have to take place early in May. I do not think that Ofcom

Scotland has any control over this UK-wide matter and is simply locked into the timeframe.

**The Convener:** The suggestion is that we prepare a paper on the BBC internal reviews, but that we do not regard that as the end of the matter. At that point, we will have an informal meeting with Ofcom to exchange views, as a result of which we can decide whether we can do anything useful before Ofcom reaches its final conclusion. We can also bring SMG's evidence into that discussion. Are members agreed?

**Members indicated agreement.**

**The Convener:** That approach will allow us to look at the bigger picture.

## Broadcasting Reviews

16:35

**The Convener:** We move on to item 3, which is our consideration of the impact of the broadcasting reviews. We have agreed that a paper on that matter will be produced for our meeting on 10 May, which, as I have said, is already fairly packed.

## State Aid

16:35

**The Convener:** We move on to item 4, which concerns our inquiry into European Union state aid. A paper has been circulated to members. You might remember that last week Mike Watson, Christine May and I, ably assisted by Seán Wixted and Colin Imrie, spent three very illuminating days in Brussels as part of our state aid inquiry. If members agree, we will bring forward a more detailed paper with recommendations at a later date. Are members agreed?

**Members** *indicated agreement.*

**The Convener:** Thank you. Our next meeting is after the general election, and I look forward to seeing everyone then.

*Meeting closed at 16:36.*



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