Scottish Parliament Information Centre
Ionad Fiosrachaidh Pàrlamaid na h-Alba

Europe, External Affairs and Culture Committee
Tuesday 24 November 2026
11th Meeting, 2026 (Session 7)

Broadcasting and local news

1. The Committee is undertaking a short piece of work covering both the broadcasting sector and local news provision in Scotland.

2. On 10 November, the committee took evidence from two panels: the first with the National Union of Journalists (NUJ), the Broadcasting, Entertainment, Communications and Theatre Union (BECTU), and Professor Catherine Happer, Director of the Glasgow University Media Group; and the second with Ofcom.

3. This week the Committee will take evidence from the BBC and STV.

4. This paper sets out some of the challenges facing broadcasters and Public Service Media (PSM). There have also been specific issues arising around STV and BBC in the past year or so.

Challenges facing broadcasters

5. Last week's briefing paper set out some of the challenges facing broadcasters and PSM. These include:

- Financial constraints
    - For commercial broadcasters, the advertising market is tight and there is a longer-term trend towards online advertising
    - For the BBC, there has been a real terms fall in the value of the licence fee
- Changing market: viewing habits have changed, with much greater competition from streamers and video sharing platforms
- Falling (but still high) trust in news output of PSM providers

Financial pressures

6. Ofcom's Media Nations 2026 reported that there has been a "structural shift in TV advertising". The advertising revenue in 2025 for broadcasters' video on demand (BVoD) services was 29% of their advertising revenues. It said "BVoD revenues increased to £1.15bn in 2025 (up 9% year on year)" and this somewhat offset linear TV advertising revenues which "declined from £3.13bn to £2.81bn (down by 10%)." Ofcom stated:

> "These trends underline the increasing importance of BVoD to commercial broadcasters' advertising strategies. However, while digital growth continues to offset some linear declines, it has not stabilised overall broadcaster advertising revenues."

7. The decline in advertising in TV contrasts with the market overall. Ofcom reported that "the UK advertising market grew by 6% in nominal terms to £46.7bn in 2025 … primarily driven by growth in online advertising, which is structurally different to other media."

8. Ofcom reported that revenues from pay TV and subscription video on demand (SVoD) grew in 2025. It said, "total subscription revenues (pay TV and SVoD combined) increased further in 2025, up by over £1bn to £11.4bn. Growth continues to be driven primarily by SVoD, which accounted for 45% of total TV subscription revenues."

9. The BBC reported total TV Licence fee income of £3,879m in its 2025/26 financial year. The number of TV licences held has continued to decline, with 539,000 fewer licences as at 31 March 2026 than a year earlier. Taking a longer view, the BBC Annual Report 2025-26 said:

> "Over the course of this Charter period, our financial pressures have intensified significantly. Our licence fee income last year was around a quarter lower – equivalent to £1.2 billion in real terms – than at the start of the Charter [2017]."

10. Ofcom said that "despite revenue challenges, the PSBs have broadly maintained their investment levels and continue to act as the cornerstone for investment in UK TV and TV-like content [and] excluding sports, first-run UK-originated spend by PSBs increased by 2% in 2025, suggesting relative stability in investment despite ongoing pressure on broadcaster revenues."

Changing market

11. How people consume TV and TV-like content is rapidly changing. More TV is accessed through streaming platforms and content sharing platforms, such as Youtube and TikTok.

12. Witnesses at the Committee's meeting on 10 November noted that audience behaviour is changing rapidly, with consumers increasingly moving away from scheduled television and towards online, on-demand and platform-based media. They said that broadcasters are adapting their services to where audiences are, particularly younger audiences, although witnesses differed on whether online delivery can fully replace linear broadcast services.

13. In 2025 people in Scotland watched an average 4 hours 50 minutes of video content at home per day. There is a trend of declining use of broadcasters' services (linear TV, recorded TV and BVoD). This decline is evident across the UK as a whole but in Scotland the trend is steepest of the four nations. In 2022, Scots watched an average of 184 minutes a day of broadcasters' output and in

2025 this was 152 minutes. In that period, Scotland has gone from the nation with the highest figure to the second lowest (after England).

14. In 2025, the Public Service Broadcasters (BBC, STV/ITV, Channel 4 and Channel 5) and their portfolio channels, including BVoD services, accounted for 69% of all broadcast TV viewing in Scotland. This was the lowest proportion among the UK nations.

15. The age of the viewer is strongly associated with the amount of broadcasters' output that people watch: generally, the older the viewer, the more they watch. Adults aged 16-24 watched an average of 23 minutes in 2025 and adults aged 75 watching an average of 370 minutes.

16. 71% of households have a SVoD subscription. Netflix is the largest service by subscriptions in Scotland (63% of households), followed by Amazon Prime Video (48% of households), and Disney+ (24% of households).

17. Both the BBC and Youtube accounted for 16% of all in-home video viewing in Scotland in 2025. STV/ITV accounted for 11% of total viewing followed by Netflix (9%), Channel 4 and Sky (both 6%), and Channel 5 and TikTok (both 4%). People in Scotland spent the most time on YouTube in the UK.

18. In response, broadcasters have adopted different strategies, such as the BBC's digital first strategy. There has also been a shift in commissioning, Ofcom explained that PSBs continue to "focus on balancing a mix of lower-cost, high-volume genres such as factual programming, and higher-cost, lower-volume genres such as drama."

News provision

19. The changes in the news market have been no-less significant. Again, driven by changing habits and advertising revenues, there has been a long-term shift towards online news provision and away from print media. In more recent times, social media and news aggregators have become increasingly important to how people access news.

20. Ofcom's News Consumption in the UK 2026 report said:

> "Nearly three-quarters (73%) of adults access news using online intermediaries such as social media, video-sharing platforms, search engines, news aggregators and AI tools. In contrast, 57% access news directly through news publishers' websites and apps. Social media and video-sharing platforms remain the most common intermediary route, used by 60% of adults. News aggregators are used by 17%, while 21% report using AI tools for news. AI use is concentrated among younger adults and those in the AB socioeconomic groups. Importantly, very few people rely exclusively on online intermediaries for news. Only 5% use intermediaries alone, and only 2% access news solely through social media. This suggests that using intermediaries generally complements rather than replaces other ways of accessing news."

21. Ofcom noted that Youtube "is becoming increasingly significant as a platform for watching news content". It said:

> "Facebook remains the largest social platform for news (39%), but YouTube is close behind (33%) and is growing rapidly. The gap between the two platforms has halved since 2025. YouTube occupies a distinctive position in the news ecosystem, combining content from broadcasters, publishers, influencers and user-generated sources, and increasingly competes with broadcasters as people watch it on connected TV sets."

22. Ofcom Media Nations Scotland 2026 reported that PSBs providing trusted and accurate news is seen by Scots to be one of the most important feature of these services. The percentage of viewers in Scotland that rated each PSBs highly for this output were: BBC TV - 65%; STV/ITV - 71%; Channel 4 - 67%; and Channel 5 - 56%.

23. Ofcom reports that 34% of adults said they accessed news about Scotland from STV/ITV1 and 33% said BBC1. 54% accessed news about Scotland from the BBC as a whole (including TV, online and radio). 13% accessed news about Scotland via Facebook.

24. Witnesses at the Committee's meeting on 10 November suggested that changes in the media market raise wider civic and democratic questions about scrutiny, representation of communities and access to reliable news.

UK Government Green Paper on Public Service Media

25. On 23 June 2026, the Department for Culture, Media and Sport published a media green paper, Watch this space: a new strategic direction for UK media. This paper explored options for changes in "a new strategic direction for the government's media policy to address" the challenges arising from the changes in the market, set out in the previous section. The consultation closed on 31 August 2026. DCMS is analysing the responses before setting out its next steps.

26. The House of Commons Library has also published a useful summary of the green paper and the issues it raises.

Supporting a healthy information environment

27. Chapter 2 of the green paper explores how changes to how people consume news have created both "opportunities and challenges when it comes to ensuring an informed society and a trusted media environment". The green paper observed:

> "According to Ofcom, 6 in 10 adults use some form of online intermediary (such as social media, search engine or news aggregator) for their news. In some cases, algorithms prioritise user engagement and popularity over promoting accurate or trustworthy content. Social media platforms also often present professional and user-generated content side by side, masking differences in quality and eroding news brand identity. This intermediation has made it harder for even well-intentioned people to understand, assess and

contextualise the information they are presented with, which underlines the importance of media literacy.

"It also makes it more difficult for trustworthy news providers to find, maintain and monetise an audience, with repercussions for the commercial viability of public interest journalism. The CMA's new digital markets regime will help address this issue, by boosting competition and helping rebalance the relationship between major platforms and those who rely on them, including news providers."

28. The green paper said that the government will explore legislative options to establish a prominence regime for trustworthy news content on social media. This would require platforms to ensure that news content is prominent and discoverable so that "people can access factual, accurate and trustworthy news when online".

29. The News Media Association (NMA), the body representing UK media organisations, supports the government's objective of ensuring that audiences can access trusted journalism and of improving the sustainability of the news media sector". However, it said "a narrow definition of 'trustworthy' news risks advantaging a small number of public service broadcasters and publishers at the expense of media plurality." It said the UK Government should instead "tackle large platforms' market power – whether it be in search, social media, video, or AI".

30. The green paper also explored whether to strengthen duties on PSM providers to support media literacy.

How audiences will continue to access high-quality, trusted television content – transition to internet TV

31. Chapter 3 of the green paper is focused on the transmission of television. Digital terrestrial television (DTT) is a broadcasting system where television signals are transmitted over the air from land-based transmitters and received by an aerial rather than via cable or satellite. The green paper notes that the UK TV landscape is changing with audiences increasingly accessing content via internet-connected devices, creating a hybrid landscape between internet protocol television (IPTV), traditional DTT, satellite broadcasting and cable.

32. Despite declining usage, the costs of maintaining the DTT network, borne by broadcasters, are largely fixed. The green paper explored whether the DTT network should be switched off in 2034 or delayed to 2044.

Ensuring PSM content remains accessible and relevant to audiences

33. The green paper noted that audiences are accessing video in "an increasingly complex and fragmented media landscape". It argued that the "broadcasters who provide PSM content in the UK are a vital part of the country's social fabric" and proposed changes to the system of public service media.

34. The green paper said:

> "The PSM system is based on a compact where PSM providers meet certain obligations, and in exchange receive benefits. Obligations include delivering a broadcast channel and quotas which require PSM providers to produce a minimum amount of different sorts of content. In exchange the PSM providers get benefits, most significantly 'prominence', traditionally by being the first five channels on TV sets. However this arrangement is under threat as the value of PSM benefits is shrinking as audiences move online, risking the sustainability of the system."

35. The green paper explored issues around prominence of PSM content. The Media Act 2024 created a new prominence regime for PSM providers' on-demand services (e.g. BBC iPlayer). The green paper said:

> "PSM content needs to be accessible and appropriately prominent on all the platforms and devices people now use to watch TV. The government is open-minded about how this can happen, and is therefore seeking views on whether it can be achieved voluntarily, whether all PSM content should be prominent, and on which platforms ought to be in scope."

36. Chapter 4.2 of the green paper examines the financial pressures that PSM providers face in a global market with increased competition from streaming and video sharing platforms. The green paper set out three possible approaches for a reformed PSM regime focusing on: institutions; services; or content. That is, the benefits and obligations of PSM could be structured around:

- institutions (such as the BBC and STV),
- specific services (e.g. "an arts-focused TV channel, to a high-quality video-on-demand service, or channels on video sharing platforms, such as a history or documentary channel on YouTube"), or
- specific content.

Quotas and Screen Scotland report

37. There has been a long-standing concern that too much TV (and film) production is concentrated within the M25. Ofcom sets out the rules for how a programme's geographic allocation is determined. These rules are complex, but, in brief, since 2021 three criterion are used to determine the nation/region allocation:

- Substantive base - The production company must have a substantive business and production base in the UK outside the M25. The production in question must be managed from that substantive base.
- Production spend - At least 70% of the production spend must be spent in the UK outside the M25.

- Off-screen talent - At least 50% of the production talent (i.e. not on-screen talent) by cost must have their usual place of employment in the UK outside the M25.

38. Generally, which nation or region a production is allocated to, is determined if at least two out of three criteria apply. Where each of the criteria have a different location and the substantive base is outside of London, that criteria would be used to determine the allocation (this is what happened in the case of The Traitors which attracted some debate last year).

39. The regional production quotas only apply to first-run programmes on the main networks which are made within the UK and exclude news. Different broadcasters have different quotas. The BBC is required to ensure that 8% of spend and broadcast hours is Scottish. Channel 4 has an out of England quota of 9% of spend and hours and this will increase to 12% from 2030. ITV/STV and Channel 5 have quotas for programming outside the M25 which are 35% and 10% respectively.

40. In 2025, the BBC exceeded its quotas for Scotland, achieving 19.8% against the 'hours' quota and 9.1% against the spend quota.

Hayley Valentine told the Session 6 Committee in January 2026:

> "We do not set the quotas; those are set by Ofcom, and it is a matter for Ofcom if it wishes to change them. However, in the past year, we have announced that we will work more within the spirit than to the letter of the quotas—I think that that was the phrase that was used. We will only by exception have programmes that are made in Scotland that qualify on only one criterion, and we are front loading the spend criteria so that more money is invested into the sector in Scotland. That is our ambition.
>
> "That is not to say that we will never do anything that hits only one of the criteria in the quotas as they currently stand. At present, around 90 per cent of our programme choices meet at least two of the criteria, so the new approach will not be a massive change for us. Nevertheless, we will now be looking at it through an "only by exception" lens."

41. In October, Screen Scotland published a report which was a Stakeholder-driven Analysis of Regional Production Quotas in Scotland. This came to three overarching conclusions:

- Stakeholders largely supported the retention of distributed production quotas for the UK's Public Service Broadcasters (BBC, Channel 4, ITV, 5, previously known as Channel 5).

- Confidence in the current form of those quotas, their application and enforcement is fragile.

- All stakeholders understood that output focused production quotas alone cannot secure strategic outcomes such as long-term sectoral growth and business resilience outside of London.

42. The report concluded:

> "Production quotas are not a silver bullet; they are one instrument within a broader ecosystem framework that must also include government, regulators and agencies working together to drive shared strategic outcomes, and PSB buy-in to the delivery of those outcomes.
>
> "If strengthened through clearer criteria, transparent auditing, and stronger local commissioning authority, production quotas may better achieve their stated economic and cultural objectives.
>
> "A rethink around the current framing of those quotas on the distribution of limited-timescale production activity and towards a redistribution of commissioning, creative control and IP (which could be described as origination) from within the Nations and Regions could be transformative for the UK's publicly owned PSBs and the wider ecosystem that depends upon them."

Debate on broadcasting

43. The Scottish Parliament debated the BBC and Public Service Broadcasting on 10 November 2026. Parliament agreed to the following motion:

> "That the Parliament opposes the BBC's proposal to close the linear BBC Scotland channel and to discontinue Reporting Scotland: News at Seven; expresses concern that proposed changes could reduce access to Scottish news and public broadcasting, particularly for audiences who rely on traditional television services, and could impact jobs and investment in Scotland; highlights the contribution of broadcasting to Scotland's economy through investment in skilled jobs, the screen sector and the creative industries workforce; notes the importance of fair and sustainable support for Gaelic media and the continuing disparity in funding between Gaelic-language and Welsh-language broadcasting; believes that licence fee revenues raised in Scotland should be reinvested in full in Scotland; recognises the opportunity presented by the ongoing BBC Charter Review to deliver greater accountability, representation and investment for Scotland; believes that BBC television and radio must authentically reflect the lives of people in Scotland; calls on the UK Government to devolve responsibility for broadcasting to the Scottish Parliament; believes that the Charter Review should secure creative origination in Scotland, with commissioning decisions and ownership of intellectual property resting with independent producers based in Scotland; recognises the BBC as a vital public good that faces an existential threat without a sustainable settlement; expresses concern at the commercialisation of core BBC services and believes that the answer lies in fair, sustainable public funding that keeps services universal and affordable, and calls on the UK Government to ensure that digital terrestrial television services are not discontinued until every household has an affordable alternative."

STV Changes to licences

44. On 25 September 2025 STV published interim financial results for the 6-months ended 30 June 2025. STV's half year results in the first half of 2025 showed the operating profit was down 49% compared to the first half of 2024. STV set out a cost savings plan with the aim of delivering additional cost savings of £3m per annum. STV stated—

> "Management is implementing a comprehensive cost savings programme to protect profitability and provide balance sheet flexibility in response to the deterioration in the advertising and content commissioning markets, and ensure the business is well set for growth as market conditions improve."

45. It was reported that this cost savings programme may result in the loss of around 60 jobs across the organisation. Part of the initial cost saving plan was to replace the current news programmes for STV North and STV Central with one news programme covering both areas. The new programme would be broadcast from Glasgow.

46. Changes to operating licences requires approval from the regulator, Ofcom. Ofcom opened a consultation on changes to STV's licences on 16 December 2025. The proposal would include a new STV News at 6 programme with shared or co-produced output across the STV Central and STV North licences. The proposal included:

> "[STV] to share up to 70% of material in its 6pm weekday programmes, STV News at Six, where it is of particular relevance to audiences in both licence areas, with the rest of the material to remain bespoke for each region."

47. The initial proposal did not include the 30% of bespoke output for each region. In a letter to the predecessor Committee, Ofcom explained that STV made a revised request following "a period of engagement between Ofcom and STV, as well as STV's own internal consultation process".

48. Ofcom published its decision to approve the changes in June, with STV introducing changes to its news programming throughout July 2026. Ofcom's statement accompanying the decision said.

> "Trusted and accurate news remains highly valued and the lifeblood of a healthy democracy but viewing habits of UK audiences have changed. Individuals are consuming more news through websites, apps, or social media while viewing of news on traditional television is in decline. In response, the UK's public service broadcasters ("PSBs") must evolve their news strategies to address audience need while still fulfilling their linear licence obligations.
>
> "It is in this context that STV requested to make changes to the licence conditions relating to its regional news requirements. Viewing to *STV News at Six* declined for the fifth consecutive year in 2025, while audiences are increasingly engaging with STV News online. As a wider business, STV is facing financial challenges which may affect its ability to deliver Public Service Media ("PSM") content, as seen in its 2025 results and broader outlook for

2026. Given the importance of regional news to audiences, STV told us it is seeking to put its regional news provision on a sustainable footing going forward."

49. Ofcom's decision also highlighted that:

"Critical to the successful delivery of this new setup will be STV's maintenance of journalistic talent across both of its licensed areas and the provision of news that is of genuine relevance to audiences in both the North of Scotland and Central Scotland. Underpinning these changes will be increased transparency from STV on how it will continue to serve audiences across Scotland with locally relevant news provision through its annual Statement of Programme Policy."

50. STV's submission stated that "journalists have been retained in all existing locations across Scotland, with local newsgathering remaining at the heart of the operation". It also said that the new 6pm news programmes had seen increases in audience share compared to last year. On 10 November, Ofcom said that the size of the audience (ie the number of viewers, rather than the share of viewership) was "about the same" as the year before.

51. On 10 November, Ofcom said that it would be monitoring STV's compliance to the new licence conditions

STV: recent financial results

52. STV's 2025 Annual Report stated:

"Set against the backdrop of challenging advertising and commissioning markets, revenue fell by 6% to £176.9m (2024: £188.0m). Total advertising revenue (TAR) for the year was £89.3m (2024: £99.7m), a decrease of 10% on 2024, with the biggest impact coming through national linear advertising, which was down 16%. Adjusted operating profit of £11.6m was down 44% on 2024, giving an adjusted operating margin of 6.6% (2024: 11.0%).

"The reduction in margin was driven by the decline in TAR, lower new format sales in Studios, and inflationary pressures across the business, partly offset by cost savings. On a statutory basis, operating profit was £3.8m (2024: £13.2m)."

53. The interim results for the first 6 months of 2026 reported that the STV group's revenue in the first half of 2026 was £66.1m, down 27% compared to the previous year. While advertising revenue increased by 9%, year-on-year, "driven by [the] positive impact of FIFA World Cup". However STV Studios revenue was £15.5m, down from £42.2m compared to the previous year.

54. STV said that it is "on track to deliver annualised run rate savings of £8m by end FY26 as planned". STV also highlighted:

- STV & STV Player greatest commercial share of any TV channel/SVoD platform (ad tier only) in Scotland

- 24 commissions won by STV Studios in 2026 YTD; including first commission for Disney-owned Hulu by Primal Media (The Mob starring Parker Posey)

- Strong debut RAJAR figures for STV Radio, already one of the top ten most-listened-to commercial stations in Scotland

STV Player prominence

55. As noted above, the Media Act 2024 provides for a new regime of prominence for PSB's video on demand services. STV's submission highlighted concerns that the STV Player is not always readily discoverable as "many global connected TV platforms use a UK-wide approach that does not reflect STV's regional licence". It said:

> "This is not only a commercial concern. Prominence supports reach; reach supports advertising revenue; and that revenue helps fund Scottish journalism, regional news and programming. If regionalisation is optional, platforms may not deliver it, weakening the outcome Parliament intended. Quite simply, if viewers can't easily find STV and STV News, they will not watch it."

BBC Charter renewal process

56. The BBC is constituted through a Royal Charter. The current BBC Charter began on 1 January 2017 and ends on 31 December 2027.

57. The Department for Culture Media and Sport published Britain's Story: The Next Chapter - the BBC Royal Charter Review, a Green Paper and public consultation on the charter renewal process. There is a role for the Scottish Government and Scottish Parliament in this process.

58. A White Paper is expected to be published in 2026.

BBC cost reductions

59. The BBC is undertaking a significant cost-reduction programme intended to deliver around £500 million of savings by 2028. In June 2026, Director-General Matt Brittin announced the first phase of the programme, involving approximately 550 role reductions across the BBC's News, Nations and Content divisions and delivering around £160 million of savings by the end of the financial year. The BBC also announced reductions in commissioning expenditure and reviews of television and radio services.

60. In Scotland, the most significant development has been the BBC's decision to close the linear broadcast version of BBC Scotland in spring 2027. The service will continue on BBC iPlayer, with programmes also remaining available on BBC One Scotland and BBC Two Scotland. The announcement formed part of a wider package of measures that also included the closure of the linear versions of BBC Three and BBC Radio 4 Extra. In communications to staff, the Director-General described these as "tough choices" and that the BBC needed to "make every

pound work harder for audiences as we respond to the immediate cost pressures and reinvent the BBC for a changing world."

61. Ofcom has written to the BBC asking the BBC to provide a "consolidated account" of the proposed savings across the BBC, covering:

> "The savings measures announced or under consideration and implementation timetable; the services, programming and commissioning activity affected, including any planned closures, reductions or significant changes to services; an assessment of the expected impact on audiences, including particular audience groups and audiences across the Nations and Regions of the UK; the mitigations the BBC is proposing, given the likely impact on the amount, range and nature of content available to audiences; and how the BBC intends to monitor whether audience needs continue to be met."

62. The letter stated:

> "[It is] the role of the [BBC] Board to take responsibility for the BBC's governance, budgets, editorial policy, and strategic and creative direction. Ofcom's role, as the independent regulator, is to hold the BBC to account for delivering its Mission and promoting the Public Purposes, and to ensure that audiences across the UK are well served. Ofcom does not have a role in deciding which services the BBC should operate."

63. Professor Happer told the Committee that "the roles of a public service broadcaster and a linear broadcast channel are to give voice to the Scottish nation and to engage with … political literacy". She continued:

> "As we know from the very nature of the technology and how it draws in audiences, moving the channel online will lead to a fragmented audience and encourage content to be responsive to a whole range of different metrics. In many cases, the content will need to meet the needs of the algorithm and start to mirror the other content that is already online.
>
> "The online first strategy is not, in any way, an argument for online content to replace a linear broadcast channel. I am totally aware of changing audience habits and the difficulties of bringing in audiences for linear broadcasting or broadcasting in general. However, at the same time, with the remit of public service broadcasting in mind, I am not convinced that moving content online is a feasible replacement for what will have been lost."

64. Glenn Preston from Ofcom told the Committee on 10 November:

> "In its business case [for a previous change to its news output on the BBC Scotland channel], the BBC explicitly set out that it wanted to serve C2DE audiences. It saw that show as an extension of the "Reporting Scotland: Evening News" programme at half past 6 but serving a different type of audience. We are not yet clear what the alternative for serving that audience looks like in Scotland."

BBC Annual report

65. The BBC's annual report covering 2025-26 was published in July 2026.

66. The annual report highlighted the BBC's audience reach and public opinions of the BBC. This said:

> "As well as being the UK's number one brand for media overall, the BBC leads in the UK video, audio and news markets – but we need to continue to adapt to ensure we are accessible to all, to remain for all."

67. The BBC's current 5 Public Purposes are:

1. To provide impartial news and information to help people understand and engage with the world around them
2. To support learning for people of all ages
3. To show the most creative, highest quality and distinctive output and services
4. To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom
5. To reflect the United Kingdom, its culture and values to the world.

68. The annual report sets out narrative and data to show performance against these purposes.

69. The annual report covers the BBC's public service broadcasting functions and its commercial operations.

PSB Group
PSB Group is responsible for the BBC Public Service activities and provides a wide range of programmes to audiences across the UK on television, radio, digitally and across the world via its World Service provision.

Commercial Group
The Commercial Group is the BBC's production and distribution business. It creates, invests in, develops, produces, commercialises and distributes content which sits at the heart of the BBC schedule as well as across multiple platforms and around the world, delivering value back to the licence fee consumer through support for programme funding and cash dividends.

70. The total income of the BBC, including both the PSB and Commercial sides, was £5,962 million in 2025-26. The majority of this, £3,879 million, was from licence fee income.

71. The Commercial Group made a small operating surplus of around £140 million. The annual report said:

> "BBC Commercial returns to the BBC of £377 million (2025: £391 million) comprised cash dividends of £197 million (2025: £161 million), content investment of £154 million (2025: £200 million) and other returns of £26 million (2025: £30 million). The cumulative total of £1.4 billion returned since 2022/23 ensures that BBC Commercial is on track to meet the ambitious five-year target set in 2021 to deliver £1.5 billion of returns to the BBC between 2022/23 and 2026/27, with one year remaining."

Across the UK

72. The Across the UK Strategy was published in 2021. Its key aims were:

- Investing in local creative economies beyond London to improve talent development
- A renewed focus on partnerships to build skills and talent across the creative landscape
- Creating more opportunity by moving jobs across the country
- Improving local and national portrayal
- Delivering value to audiences across the UK
- Generating a wider economic impact with BBC investment

73. The Director General's foreword to the Annual report particularly referenced the Across the UK Strategy the BBC's support of "the growth of UK creative clusters". The report said that the BBC spends 59% of its network television budget outside London, "with major production centres in Glasgow, Cardiff, Belfast, Salford, Bristol and Birmingham, alongside a wide network of local bases serving communities across the UK".

74. The BBC said that as of 31 March 2026, 8% of its PSB staff worked in Scotland. It also reported that 10.4% of eligible network spend was on Scottish productions (under the Ofcom definitions) – this is against a target of 8%.

Licence fee income and spend in Scotland

75. The annual accounts provide an estimate of the income from licence fee payers in each nation of the UK as well as data on the expenditure that can be identified as being spent in those nations.

76. At a UK level, the licence fee income accounted for around 92% of income of the PSB Group and around 66% of the income for the BBC as a whole in 2025-26.

77. The licence income and identified spend of each of the four nations in 2025-26 was:

2025-26	Licence fee income	Total identified spend	Identified spend as a percentage of licence fee income
Wales	£196m	£216m	110%
Scotland	£313m	£278m	89%
Northern Ireland	£101m	£100m	99%
England	£3,256m	£2,262m	69%
Total UK (i.e. excluding IoM, Channel Islands)[1]	£3,866m	£2,856m	74%

78. There is a significant gap of around £1 billion between the income the BBC raises from the four nations of the UK and the expenditure it identifies against those nations. Comparing the identified spend in all four UK nations against the total PSB group income the gap is £1.4 billion and against the income of the BBC as a whole (including BBC Commercial), £3.1 billion. The total spend identified against the four nations of the UK is less than half of the total income of the BBC.

79. Some of the spend of the BBC will be extra-territorial. For example: BBC News and the World Service's operations outwith the UK, international sporting rights, and rights for programmes made elsewhere.

80. The Session 6 Committee addressed this issue in its report on Scottish Broadcasting and recommended:

> "The Committee is also required to scrutinise the overall spend of the BBC in Scotland. The BBC's annual report includes details of spending in each of the UK's nations. However, in the annual report covering 2024-25 this spend accounted for around 75% of total licence income. The BBC also receives income from commercial operations and told our predecessor committee that the spend not identified against any of the four nations will include funding for services such as the World Service and sports rights. In the interests of parliamentary scrutiny, we ask the BBC to detail how this significant portion of the expenditure of the BBC is supporting audiences and economic growth in Scotland."

Constitution, Europe, External Affairs and Culture Committee's Recommendations aimed at the BBC

81. In addition to the recommendation above, the Constitution, Europe, External Affairs and Culture Committee's report on Scottish Broadcasting made a number of recommendations about the BBC and some aimed at the BBC. These were

[1] Total licence fee income overall was £3,879 m.

included in Part 2 of the report and were replicated in Members' papers for the meeting on 10 November.

82. Some of the recommendations/conclusions aimed at the BBC included:

- The BBC "is still missing opportunities to more consistently reflect the reality of devolution in terms of the precision, range and clarity of its reporting."
- "There appears to be little interest from BBC Scotland in covering the work of committees" of the Scottish Parliament. "BBC Scotland should be more attuned to and engaged with the work of Scotland's national democratic institution and legislature."
- "Scotland needs a BBC that is ambitious and accountable, and a BBC Scotland that is more devolved in its governance, better attuned to its audiences, financially and editorially empowered, in greater control of scheduling and commissioning, politically unencumbered by either government, firmly on the front foot in terms of leadership in the Scottish screen and broadcast sector, and fully able to fulfil the role of national public service broadcaster."
- "The UK Government, the BBC and Ofcom [should] consider whether the BBC should adopt a more federal structure, one in which BBC Scotland would be a partner rather than a subsidiary, with greater fiscal and editorial control and commissioning power in each of the constituent nations of the UK."
- In relation to changes to BBC Scotland's late night music programming, the Committee said it was "not convinced" by the BBC's responses to concerns about opportunities for "for new, emerging and even established Scottish artists" as a result of these changes. The Committee asked for "greater detail should be provided about how it will fulfil that role and its contribution to sustaining the talent pipeline and visibility of Scottish cultural output",
- The Committee invited "BBC Scotland to reflect on the ad hoc nature of its contact with many universities in Scotland and to consider how taking on a leadership role could enable it to adopt a more consistent and outcomes-based approach."

83. The BBC has not responded to this report.

Areas the Committee may wish to explore with witnesses

- How broadcasters reach across different demographics (e.g. ages, social class) in Scotland.
- How the balance between online provision and linear services changing and diversifying.
- The support of local, Scottish, UK and international news provision for a range of audiences.

- Views on DCMS' Green Paper on Public Service Media, including prominence of trusted news on social media, prominence of PSM output, and a future PSM regime.

- Whether production quotas should change. Whether Channel 3 services should be required to commission more across the nations of the UK.

- Financial positions:

    - Why the BBC has not set out plans publicly to reduce costs and the impacts of these changes.

    - How changes to the BBC Scotland channel will continue to meet responsibilities as a PSM provider.

    - STV's financial position and the current commercial market.

- STV's changes to news provision.

- The economic and structural impact of the BBC's Across the UK strategy in Scotland.

- How much of the total spend of the BBC in the UK is spent in Scotland and how this compares to other nations.

- The BBC's responses to the Session 6 committee recommendations.

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