

Screen Scotland is the dedicated partnership for the film and television sectors in Scotland, delivering enhanced support for all aspects of Scotland's film and television sectors.

We are developing and growing Scotland's screen sector by:

- Boosting production by directly investing in development and production to increase the number, quality and diversity of film and television productions from Scotland.
- Improving career opportunities in the sector through increased and co-ordinated opportunities for inclusive training and skills development;
- Growing and improving Scotland's screen infrastructure including studio facilities;
- Creating specialist business and market development provision for film and television businesses in Scotland by ensuring that advice and support is appropriate and easy to access;
- Developing audiences by improving access to film and television productions from Scotland at home, across the UK and internationally;
- Improving and expanding the provision of film and moving-image education in every context, increasing its reach, depth, and inclusivity; and
- Developing Scotland's reputation as a destination for international productions and co-productions, supported by our world-class talent, crews, facilities and unique locations.

Our key strategic targets are:

- To achieve a 100% increase in Scottish production spend (from a baseline of £69.4m in 2016/171); and
- To increase Scottish screen company growth such that the number of Scotland-based film or television companies with an annual turnover at least greater or equal to £10m is six or more.

Screen Scotland sits within Creative Scotland, with funding from the Scottish Government and the National Lottery.

**Question 1: Do you agree that a new regulatory framework for PSM delivery should support a more flexible 'service neutral' delivery approach that is more outcomes focused?**

Screen Scotland strongly agrees with Ofcom's view that the UK media sector is a global success story, with public service broadcasting at its core. We welcome Ofcom's considered, consultative approach to questions about the future of public service broadcasting and its potential evolution in the UK towards public service media.

While we recognise the public service out-comes that some non-PSBs already deliver for audiences, and welcome the increased investment that companies such as Sky have recently made in both documentary and arts programming, we do think that there are some essential elements of a PSB that must be preserved if the success of our media sector is to continue, if PSB's unique ability to create shared national experiences is to be preserved

and if the diversity of the UK across its nations, regions and communities is to continue to be reflected in our national media.

These essential elements are:

- Universality (they are accessible to all, represent all, serve all);
- Prominence (they appear on the landing page of every platform, at the top of every EPG);
- Plurality of supply (they inclusively commission content from across the UK); and
- Editorial integrity (they are trusted and valued because they provide accurate, impartial, high-quality content across all genres).

Any new regulatory framework should ideally enhance, but at a minimum protect, the essential elements of a PSB, the benefits that they deliver across the UK for both the consumers and our creative economy. Vitally they should also enhance the benefits they deliver to the UK itself, to its democracy, its public discourse, its economy, its culture and its creativity. We appreciate that this is a hope shared by Ofcom. Service neutrality is only an option if the new PSMs retain these essential PSB elements.

Scotland, along with the other UK nations (as well as significant regions within England), has not always enjoyed the full benefits of the PSB settlement across the first two decades of the 21<sup>st</sup> century.

While the PSBs are almost universally available, many in these islands have not seen themselves, their concerns and experiences reflected in the content commissioned by the PSBs.

Equally the supply base within London and the South East of England dominates PSB commissioning (see Fig. 3 of the Consultation paper), with 57% of total independent commissioning spend – as well as almost all the commissioning from non-indies (BBC Studios and ITV Studios) and non-qualifying independents.

These negative outcomes are a consequence of the major PSBs being concentrated within London. When all PSB commissioning decisions are made in a few London postcodes universality and plurality of supply suffer. Authentic representation across the UK and its constituent parts is harder to achieve from London, levels of audience satisfaction reflect this. We have watched with interest the spate of presenter led programmes made in Scotland's remote West coast and islands over the lock-down period. With foreign filming impossible across the summer of 2020 everyone from Darcey Bussell and Romesh Ranganathan to Amazon's The Grand Tour came to experience what they, and their commissioning editors, clearly considered to be another culture, an exotic destination.

We hope that any new PSB/M framework will require that those individuals commissioning content for the PSB/Ms are located across the UK - and the difference between a commissioner, and a conduit to a commissioner is very familiar to nations-based indies. That more network commissioners live and work outside of London and are drawn from across these islands and our various communities.

The model of nations to network commissioning that the BBC appears to be adopting is welcome but requires both investment and the continued devolution of commissioning from London to the rest of the UK. Screen Scotland notes and agrees with PACT's recent call that

the BBC – and, we would say, the other PSBs – do away with its “London-centric, London values” approach to commissioning. PACT also noted a significant disparity in the price the BBC pays for content across the UK. The BBC, according to PACT, “pays up to 55% less for a BBC Wales/BBC Scotland/ BBC Northern Ireland drama compared to its network tariffs, with this figure rising to 60% for some factual shows and 70% for some entertainment”. How are producers from outside of London meant to compete on the network when their content is perennially underfunded? With everything now appearing on the iPlayer simultaneously across the UK any argument that regional programmes represent a lesser return-on-investment evaporates.

The balance of commissioning between single programmes/short-run series and longer, returning series also needs to be considered. Screen Scotland’s own investments in PSB content commissioned from Scotland based independents indicates that longer running/returning series from Scotland to the network are the exception, not the rule. “From” is underlined in that last sentence because while Screen Scotland values all production “in” Scotland, productions “from” Scotland deliver more in terms of both representation and the development of our creative economy – producers based in Scotland reinvest their profits here, develop staff at all levels and in all roles here, find and nurture talent and ideas from here, represent their culture, their concerns, and their ambitions authentically.

The independent production quota, alongside recent improvements in the Nations and Regions quotas, protect the PSBs to an extent from their inclination to look first (and often last) to large, London based suppliers for PSB content that plays across the UK. They require the PSBs to have a diverse supply base, that is spread across the UK and representative of all parts of the UK. This is in the interests of the PSBs, of audiences, of our creative economy and our national discourse, across the UK.

So, along with Universality, Prominence, Plurality of Supply and Editorial Integrity we would also consider the acceptance of an independent production quota, of a Nations & Regions quota and of Terms of Trade to be inherent characteristics of a PSB, or a potential PSM, and for this to be reflected in any new regulatory framework for PSM.

That said, Screen Scotland recognises the cultural and industrial value that the existing PSBs deliver to Scotland based viewers. The more engaged and authentic approach the PSBs have taken to Scotland since Ofcom altered the Guidelines that support the PSBs regional production obligations has been very welcome and clearly shows the value of Ofcom’s intervention.

Any alteration of the current regulatory framework that weakened the existing PSBs, or their ability or resolve to commission content from Scotland, would be a negative for us. Any alteration that supported the commercially viable commissioning of content from Scotland by a wider range of broadcasters or platforms would be a positive. Any new regulatory framework would, we hope, engage with that tension.

Under Para. 5.17 of the Consultation paper Ofcom notes that it considers, “*that a combination of qualitative outcome focused requirements and some quotas may be most effective. Quantitative requirements designed for broadcast schedules do not necessarily translate well to the online world. Broadcasters and audiences would benefit from a more flexible framework.*”. Broadcasters and audiences should not be the limit of Ofcom’s consideration here. Content creators, production companies, talent, and the creative economy of all parts of the UK should also be considered.

Screen Scotland believes that both the independent production quota and the Nations based quotas that apply to the BBC and C4 should be a requirement placed on all PSMs equally.

That they are an essential element of any PSB/M, and if left to the PSMs to set at a level they feel comfortable with they will likely erode in scope and value.

Nations based quotas should be proportionate to each nation's share of UK population, and apply to all non-news originations and be set against both volume and value.

**Question 2: Do you agree with our proposals for a clear accountability framework?**

Yes, provided the metrics of accountability support Universality, Prominence, Plurality of Supply and Editorial Integrity and compliance with: (a) an independent production quota; (b) a Nations & Regions quota applied to all PSM originations by volume and value; and (c) adherence to agreed Terms of Trade that underpin our innovative, entrepreneurial independent production sector.

**Question 3: What do you think should be included in the PSM 'offer'?**

Please see previous responses, particularly our response to Q1, on the essential elements of a PSB:

These essential elements are:

- Universality (they are accessible to all, represent all, serve all);
- Prominence (they appear on the landing page of every platform, at the top of every EPG);
- Plurality of supply (they inclusively commission from across the UK via agreed Terms of Trade); and
- Editorial integrity (they are trusted and valued because they provide accurate, impartial, high-quality content across genres).

Alongside:

- An independent production quota for 25% of all PSB/M originations.
- Nations quotas for network originations by volume and value that are reflective of each nation's share of UK population.
- Adherence to Terms of Trade agreed by PACT.

We consider these to be the essential indicators that a service is a public service, and should be inherent in every PSB/M offer.

Absent any other change, the Channel 3 and Channel 5 licensees should each have individual independent quotas and Nations production quotas commensurate with their footprint (one independent quota across all Channel 3 licences is neither purposeful or logical; ITV has a UK wide footprint and should meet a Nations based set of quotas). Commissioners for every UK network PSB should be distributed across the UK.

C4's recent establishment of the Glasgow Hub is very welcome. That the Hub now houses actual network commissioners – rather than conduits to those who make commissioning decisions – is a vital step forward for Scotland's creative economy. We would welcome similar initiatives from every PSB.

**Question 4: What options do you think we should consider on the terms of PSM availability?**

We agree with the proposal set out by the existing PSBs, as summarised in Para. 5.31 of the Consultation.

We would support the introduction of legislation that required all manufacturers of televisions or equivalent to provide PSBs with prominence, meaning the PSBs appear on the landing page of every platform, at the top of every EPG.

**Question 5: What are the options for future funding of PSM and are there lessons we can learn from other countries' approaches?**

Screen Scotland agrees with Ofcom's view that public funding of the PSB system remains necessary. We support the continuation of the licence fee. The certainty that each ten-year long licence fee settlement provides to the BBC is essential. Removing the funding mechanism from political interference would be welcome. There is potential merit in the idea of levies on telecoms or streaming services – both of which benefit greatly from the health of our media sector. We note the significant positive impact the Italian approach to licence fee collection (Para. 6.22) has had on evasion rates.

That said, how the BBC spends its licence fee income across the four nations of the UK requires further consideration. Screen Scotland's position is that 100% of what is raised in Scotland should be spent in Scotland – as is currently the case in England, Northern Ireland and Wales, but not in Scotland (see the BBC's Annual Reports for each of the last five years). The cumulative difference between the BBC's own estimate for licence fee income from Scotland and total expenditure by the BB5C in Scotland across the period from 2014/15 to 2019/20 is more than £200 million. No other UK nation experiences this.

The dividend derived by the BBC from the BBC Group's commercial activities should also be applied fairly across the UK. As the Consultation paper notes (Para. 6.5) between 2010/11 and 2019/20, the average dividend paid by BBC Commercial Holdings to the BBC's public services was £66 million (in 2010/11 prices). Our understanding is that commercial revenue derived from the exploitation of BBC Scotland commissioned content does not currently flow back to BBC Scotland, this seems both inequitable and a potential disincentive to commission content with wide appeal. We want to see Scotland, its creativity and its people represented as widely as possible.

Finally, Screen Scotland's view is that while subscription is incompatible with universality, the provision of premium streaming services based on a subscription model – such as ITV Hub+ or All 4+ - is not incompatible, provided all content appears first, and for a meaningful period, "free to air".

**Question 6: What do you think about the opportunities for collaboration we have referred to? Are there other opportunities or barriers we haven't identified?**

Screen Scotland is supportive of any initiative that widens or improves access to PSB content, provided such initiatives are Terms of Trade compliant and support the sustainable production of innovative new content from across the UK.

The development of an attractive, easily navigable, British alternative to Netflix and Amazon would be welcome.

If this were to be a premium subscription service the profits derived from same should support the development and production of new films and television programmes from across the UK.

**Question 7: What are your views on the opportunities for new providers of PSM?**

As the Consultation paper notes at Para. 7.18 non-PSBs are already commissioning and producing high quality UK content that shares public service values and delivers public service benefits. Such content is commercial, appealing to a broad range of audiences.

Any contestable fund would have to provide content that complied with the essential characteristics of a PSB:

- Universality (accessible to all, representative of all, serve all interests);
- Prominence (appear on the landing page of every platform, at the top of every EPG);
- Plurality of supply (commission inclusively from across the UK); and
- Editorial integrity (be trusted and valued because they are accurate, impartial, and of high-quality).

And be commissioned in compliance with:

- An independent production quota for 25% of all PSB/M originations.
- Nations quotas for network originations by volume and value that are reflective of each nation's share of UK population.
- Adherence to Terms of Trade agreed by PACT.