

**SMALL SCREEN: BIG DEBATE CONSULTATION
THE FUTURE OF PUBLIC SERVICE MEDIA**

RESPONSE FROM THE SCOTTISH GOVERNMENT – MARCH 2021

Key points

- Public service broadcasting remains highly valued and we support changes to protect the PSB system so it can remain universally available, offer distinct and essential services and deliver increasing advantages to all audiences, to our production sector and to Scotland and the UK.
- The nature of the PSB system helps broadcasters reflect the UK's diversity, but more should be done to improve representation and authenticity of programming to ensure Scottish audiences feel broadcasters are genuinely reflecting their lives to them and to others.
- The regulatory framework should propel increased and sustained support for creative sectors across the UK, including for Scotland's creative industries.
- Out-of-London quotas have proven necessary to generate greater inward investment in the nations and regions but gains in terms of commissioning presence and funding are only beginning to be seen in Scotland. To build on these advances, specific nations' quotas should be extended to other PSBs (C3 and C5) to support more production that is genuinely made from Scotland, rather than simply produced in Scotland.
- We welcome newer entrants who are providing high-quality content valued by audiences and investment in our screen sector, but where newer broadcasters seek PSM status this would require taking on long-term commitments to PSB principles and to commission content across the nations and regions in line with existing PSBs.
- It is very important that existing PSB providers are not weakened through the extension of the PSB system and regulation should ensure that these valuable assets are strengthened.
- The system needs a funding model that provides stability to support long-term and inward investment, allowing providers to take creative risks and in turn maximise social benefits such as developing skills and employment.
- The PSB system should prioritise and encourage accurate and trustworthy news provision and recognise the distinct requirements in the nations when it comes to reporting about UK, national and local news.
- Ensuring prominence on all user interfaces and online services is essential and we urge the UK Government to legislate speedily to give Ofcom the powers to protect prominence.
- Local voices and coverage of local issues, whether through news coverage, or programming about and told by the people in Scotland's diverse communities needs to be protected and enhanced in the regulatory framework.
- The PSB system should protect the UK's diverse cultures and languages and put Gaelic broadcasting on a more equal footing to Welsh.

Introduction

The Scottish Government welcomes the opportunity to respond to Ofcom's consultation on the future of the public service broadcasting system. We agree that PSBs matter enormously but believe changes are needed to protect and enhance the system. The thorough and thoughtful analysis and research carried out by Ofcom has helped greatly in informing our response.

In Scotland, the PSB system delivers benefits to audiences and to our creative economy. We believe that requiring PSBs to commission content from Scotland that authentically represents our communities will address audiences' desire to see themselves represented genuinely both to themselves and to others. It will also help to build a more sustainable creative economy. We urge Ofcom to continue to use the PSB system to support those aims which further strengthen the cultural capital our broadcasters enjoy around the world, demonstrating our talent and generating benefits internationally. In considering changes, we would ask Ofcom to prioritise those which stabilise and build a stronger future for our PSBs and resist those which might weaken or undermine the unique and successful system that exists.

The valuable role of public service broadcasting

The Scottish Government supports the PSB system, and recognises the high-quality outcomes it can deliver for people in Scotland and the UK.

Those things which make PSB valuable should be protected and enhanced. These include delivery of essential programming, including trusted news; services that are almost universally available and evolving to attract all audiences; representation and portrayal of nations and their communities; high-quality content and talent that brings international status; and investment in nations and regions that drives the production of attractive and authentic content. Ofcom must find ways to measure progress against delivery.

Essential services including news

The value of PSBs has been demonstrated during the pandemic, when broadcasters filled the gap left by the closure of schools, places of worship and arts venues with education programming to support home-schooling and religious programming substituting worship, as well as increased cultural programming. The importance of PSBs in providing news was also made clear, with BBC and STV the most-used services for news during the first lockdown.¹

The increasing risk of misinformation has only served to underpin the value of news from long-standing and reliable PSB sources. Ofcom's research identifies "trusted and accurate" news as the most important feature of public service broadcasting.

The Scottish Government supports plurality of news provision that provides accurate and trustworthy news for audiences in Scotland. This recognises the distinct

¹ Ofcom, 2020. [Media Nations 2020: Scotland report \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/mednations/mednations2020/scotlandreport/)

requirements in the nations in local news reporting and stories that relate to the lives of people in Scotland in UK news coverage.

PSBs are particularly important for dedicated regional news, and audiences in Scotland continue to value this. Nearly half of adults in Scotland (47%) say they are “very interested” in news about their nation, compared to 32% for the UK. For news about Scotland, over a third of people (34%) use STV, with just under a quarter (24%) saying they use BBC One.² While the BBC, STV and ITV are required to produce news programming for viewers in Scotland, this requirement does not extend to other media providers. It is vital that the regulator has the powers to ensure depth and plurality of local news coverage in Scotland so that local voices and coverage of local issues, whether through news coverage, or current affairs programming about and told by the people in Scotland’s diverse communities is protected in the regulatory framework.

The Scottish Government will continue to urge Ofcom to take greater account of the specific experiences of audiences across Scotland’s communities and avoid any tendency towards standardisation across the UK. We believe the prime responsibility of the regulator is to the audience, which means protecting content authentically rooted in the areas they serve.

Ofcom must also take account of the impact of the expansion of public service media. This could affect the sustainability of local independent news publishers serving local communities. Independent commercial media is at a disadvantage in its competition with PSBs. The increasing domination of digital advertising and competition for advertising also affects the ability of local media to compete for advertising revenue. The closure of local publications risks leaving communities with restricted local news sources. It is important that PSB regulatory changes do not exacerbate these problems.

Universality

The principle of universality remains important. Public service broadcasting reaches wide audiences, and although some groups, especially teenagers and young adults, are turning increasingly to other media providers, PSBs continue to provide a vital service, particularly for those people who do not use, or have access to, the internet. This is particularly true in Scotland, where use of the internet remained lower than other nations – 17% do not use the internet in Scotland, compared to 13% overall for the UK.³

Respondents to Ofcom’s research, including from Scotland, highlighted that “it has been really important that there has been media that everyone has been able to access” and younger age groups in particular saw the provision of services that are available to all as a key priority.⁴

² Ofcom, 2020. [Media Nations 2020: Scotland report](#)

³ Ofcom, 2020. [Adults' Media Use & Attitudes report 2020](#)

⁴ Jigsaw research report for Ofcom, December 2020. The impact of lockdown on audiences’ relationship with PSB, p.14.

The public service media system must deliver for all audiences who are still reliant on broadcast services, including older people and those in rural areas with limited access to online media. In 2019, people in Scotland watched the most broadcast TV in the UK and this was particularly driven by older viewers – viewing figures show that over 54s watch the most TV of any age group in Scotland – around five and a half hours on average a day.⁵

Prominence

Public service media content, broadcast and online, should be made widely available and prominent to all audiences. The importance of guaranteed access to reliable and trusted information during times of uncertainty has been powerfully demonstrated during the coronavirus pandemic. PSBs are a vital bulwark against the proliferation of misinformation across the media in recent years. Prominence helps ensure audiences can easily access PSB content.

The Scottish Government supports maximising prominence for PSBs and Ofcom's recommendation that the UK Government introduce legislation to ensure that existing PSBs' on-demand services and content – as well as their existing broadcast TV channels – are given prominence across all sources. Audiences in Scotland must not be disadvantaged by prominence rules, which must take into account regional broadcasters, such as STV, which plays a key role in Scottish broadcasting.

Innovate for younger audiences

At the same time, public service media will also need to innovate to reach those audiences who prefer on-demand and streamed services. There is a need for PSBs to reach and connect with younger people and people in Scotland more generally. During 2019, broadcast content represented only 38% of total viewing for people aged 16-34, and 67% for all audiences (including live TV, recorded playback and catch-up). PSBs should consider ways of reaching those audiences who would not normally use the on-demand content through their own players.

This is one area where a more flexible delivery approach could help achieve positive outcomes by increasing young peoples' engagement with PSBs. Quotas do not necessarily always stimulate quality and creativity, so encouraging and giving the broadcasters more freedom to develop and implement delivery strategies which reflect how young people find and consume public service broadcast/media content could be an effective way to improve the reach to those audiences.

Local audiences

More can be done to improve representation of people and place in Scotland and improve the lower perceptions audiences have of PSBs reflecting their local area.⁶ Some viewers and listeners in Scotland continue to feel less positive about representation and authenticity of BBC programmes, for example scoring lower than

⁵ Ofcom, 2020. [Media Nations 2020: Scotland report](#)

⁶ Ofcom, 2020. [Small Screen: Big Debate – a five-year review of Public Service Broadcasting \(2014-18\)](#)

the UK average.⁷ Creating a sense of shared community and culture is important and a number of respondents in Ofcom's research, including from Scotland, highlighted this as an important aspect of what they want to see.⁸

Local voices and coverage of local issues, whether through news coverage, or programming about and told by the people in Scotland's diverse communities, needs to be protected in the regulatory framework. We also believe that basing commissioners with funding and decision-making power across the UK will ultimately lead to content audiences recognise as more authentic and representative.

PSB brings value in cultural status

The plurality and diversity of the PSB system in the UK is its strength and it is respected beyond the UK. Growing the recognition and sustainability of businesses in Scotland can attract business from the rest of the UK and abroad, create new jobs and increase inward investment in the creative economy.

UK media brands, including the BBC, are valuable assets recognised worldwide and help to strengthen PSBs' negotiating positions with digital platforms. Scale is particularly important in relation to news where trusted brands are needed to counter online inaccuracies and misinformation. Recognised companies and brands are important to build trust and cultural benefits, and weakening these damages the wider system. The Scottish Government supports greater plurality for audiences, but this should not be at the detriment of losing the scale, strength and values of the PSB system.

Driving sustainable growth in the production sector

Although investment in content in the UK has diversified, the PSB system remains crucial to developing the production sector, arguably more so in the nations and regions. The positive effects of out-of-London policy and of the PSBs' own strategies to diversify into nations and regions are starting to be shown.

In 2019 commissioning spend outside of London continued to grow, reaching over £1 billion with 61% of this revenue derived from PSB network commissions, although spend on productions in London continues to dominate. A sustainable PSB system provides a bedrock for the creative industries, creating the conditions for others to invest and playing an important role in developing talent and skills in Scotland. The proportion of direct employment based in the nations and regions grew to 37% of all direct employment in 2019, with Scotland one of the largest single regional hubs.⁹

The percentage of hours of qualifying network production in Scotland has remained at around 7% since 2011 (7.7% in 2019¹⁰) and spend has remained at around 5%

⁷ Ofcom, 2020. [Diversity and equal opportunities in television and radio 2019/20](#)

⁸ Ofcom, 2020. [An exploration of people's relationship with PSB, with a particular focus on the views of young people](#)

⁹ Oliver & Ohlbaum Associates, 2020. [Oliver-and-Ohlbaum-Pact-Census-2020-Nations-and-Regions-Annex.pdf](#)

¹⁰ Ofcom, 2020. [Public Service Broadcasting: Annual Report 2020 - Ofcom](#)

with no significant change since 2011 (5.1% in 2019¹¹). Out-of-London quotas have proven necessary to ensure inward investment in the nations and regions, however fair and rigorous regulation is critical to ensure that those qualifying programmes actually bring real and long-term benefits with more production that is genuinely made from Scotland. Scottish-based independent companies retain profits and intellectual property in Scotland and have the greatest potential to add long-term value, while the profits and intellectual property of London-headquartered companies may be more likely to revert to London.

Independent production quotas and quotas for the nations as they apply to the BBC and Channel 4 should be extended to other PSBs, and any new entrants to the system, to maximise inward investment in the nations and support more production that is genuinely made from Scotland.

While there have been improvements, in Scotland this is still at an early stage and needs to be widened and consolidated; the PSB system should embed this by design. The opening of Channel 4's creative hub in Glasgow with network commissioning responsibility is one sign of change. The system needs to be protected and consolidated across all the PSBs to grow the creative industries in Scotland.

Public service broadcaster investment in Scotland has seen positive change in recent years. Channel 4's Indie Growth Fund has invested in several production companies in Scotland, helping to grow these businesses. Expenditure on content from production companies in the nations was £35 million in 2019 and in the individual nations, the most marked year-on-year change was a 43% increase in investment in Scotland.¹² Scotland's largest TV production business, STV Productions, has seen growth, with out-of-London targets presenting particular opportunities for creating jobs in the production sector in Scotland with dramas such as *The Victim* and *Elizabeth is Missing* both filmed in Scotland and delivered for BBC One helping to grow the sector. The launch of the BBC Scotland channel has seen a positive impact on spend and creativity with a rise in content production by the BBC in Scotland with a 81% increase in hours of first-run programming in 2019.¹³ Channel 5 has engaged positively with Scottish production companies to deliver a number of shows, including *Susan Calman's Grand Day Out*, *Secret Scotland with Susan Calman* and *The Motorway*, with an important contribution to our creative economy.

While positive change has been made, care should be taken by PSBs and Ofcom that commissioning promotes independent productions. This requires fair rates – and not a two-tier system of costs for national/regional productions – so that companies can produce content of a quality which can win them further business and also potentially exploit IP. Since PSBs are moving to a digital-first strategy for showing content, a more level playing field in production costs would be fairer.

Fair and rigorous regulation is critical to support and develop Scottish-based production companies. This will ensure they receive a fair share of the revenue generated and there is production across a full-range of genres. The full value of this

¹¹ Ofcom, 2020. [Public Service Broadcasting: Annual Report 2020 - Ofcom](#)

¹² Channel 4, 2020. [Channel Four Television Corporation Report and Financial Statements 2019](#)

¹³ Ofcom, 2020. [Ofcom's Annual Report on the BBC 2019/20](#)

activity should be returned to the Scottish economy, which in turn should achieve greater authenticity in representation of Scotland and its diverse communities. Commissioning from indigenous companies will not guarantee more authentic portrayal and representation, but creative teams familiar with the relevant social and cultural background are more likely to achieve it and improve the lower perceptions audiences have of PSBs reflecting their local area.¹⁴

Stable funding

The public service media system needs a funding model that provides stability. The UK's creative economic success has been in part built upon the stability provided by the PSBs' financial framework. Stability supports long-term and inward investment, allows providers to take creative risks and in turn maximises social benefits such as developing skills and employment across the UK. The BBC is, for example, one of the key employers involved in the Modern Apprenticeship offer provided in Scotland, offering a highly successful Modern Apprenticeships scheme in conjunction with Skills Development Scotland.

Within the PSB system, a strong publicly funded BBC is vital to maintain investment in Scottish-produced content. This would be undermined by a reduction in BBC funding. If investment in content falls, perceptions of the value for money offered by the BBC will be negatively affected. This would weaken the case for the licence fee, the BBC, and the PSB system it sustains.

Preserving indigenous language media

The Scottish Government attaches particular importance to the support for the Gaelic language and how the language can be sustained and increase the number of people speaking, using and learning the language. We recognise that media and broadcasting makes a significant contribution to the health and welfare of the UK's minority languages.

MG ALBA/BBC ALBA contributes to the wider broadcasting sector, has significant input to the creative sector, contributes to training for young people and supports education and language learning at all levels. It has an important economic impact in areas of low population, which often lag behind other areas in economic opportunity. It also provides an important bridge between Gaelic and the English speaking world, both in Scotland and internationally.

With the needs of the Gaelic media sector in mind we make the case for the preservation of a service that supports regional delivery, minority interests and minority indigenous languages as part of the full cultural diversity of the UK. The Scottish Government would like to make clear to Ofcom its support for the PSB system within the context of a coherent approach to the UK's indigenous and minority languages. We also support the necessary adoption by the BBC of a strategic approach to the UK's indigenous languages, and expect this to secure

¹⁴ Ofcom, 2020. [Small Screen: Big Debate – a five-year review of Public Service Broadcasting \(2014-18\)](#)

greater equity in output potential between minority indigenous languages across the UK.

Ofcom has a key role to play in considering how best to regulate in support of wider public policy designed to sustain flourishing indigenous languages within the UK. Gaelic will depend to a significant extent on public service broadcasting as a key element within the complementary public policy actions necessary to support the survival and development of this vitally important minority indigenous language. If Ofcom's powers and duties need to evolve to reflect the role that it can play to regulate in the interest of helping secure and maintain minority indigenous languages, then that should be done.

Ofcom will have a significant part to play as the BBC adapts with necessary flexibility to the new multi-platform world competing for audience. MG Alba recognise that they may have to operate ever more commercially, adopting new models of working and potential additional partnership or collaborations to be able to remain relevant to their existing audience and build new audience interest in its contribution to reflecting the full diversity of the UK. The way Ofcom regulates in this context in order to support and facilitate new approaches will be crucial to ongoing success. The BBC needs to have the freedom and flexibility to respond appropriately and the encouragement to adapt and work with others imaginatively.

A reference to supporting the UK's indigenous languages, and within this the role of MG ALBA, would signal Ofcom's interest, and some measure of priority in recognising the needs of the Gaelic language and other UK minority languages. This would be an important and continuing part of a diverse, pluralistic future broadcasting landscape in Scotland.

There is also the question of how any proposed changes to the media regulatory system could give the same protections/benefits to users of Gaelic in the online/device world as they already enjoy in the PSB TV world. Public service broadcasting faces many challenges as more online content is accessible on different platforms, but that does not mean that the values reflected throughout the history of public service broadcasting are less needed. Indeed, they are more needed, but may need to apply in new forms and this needs to be a key regulatory consideration.

With online viewing, there is no such arrangement. There is a risk that Gaelic media content will be much harder to discover and potentially lost to consumers whose attention is claimed by the big global brands which are more visible. A new regulatory system should aim to ensure that the prominence and discoverability of Gaelic media content suffers no deficit and is at least the same in the online/device domain as it is in TV.

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?

As noted in our overall response, the Scottish Government supports a regulatory framework that recognises the global digital marketplace and delivers improvement

such as in nations commissioning and representation, but does not damage what we already value. The regulatory regime needs updating so that that it can more effectively reflect how media is delivered and consumed today. While we welcome benefits to audiences and broadcasters, any proposed regulatory framework with greater flexibility would need to be rigorous and transparent. It is important that the regulatory framework clearly outlines how effective enforcement would be achieved through a more flexible framework. An outcomes focused approach could help stimulate innovation and creativity, and increase quality to ensure more genuine and authentic services for audiences in the nations.

There are some cases where quantitative quotas may still be necessary to measure compliance, such as for regional quotas. Any updated regulatory change should ensure a positive shift in the structural imbalance between Scotland and London in favour of locally-based companies which add long-term value to the sector. Expansion of public service media should be supported by extending regional quotas to all providers in the system.

We argued that senior staff in the nation should be operationally-independent decision makers and this continues to be an essential element of any updated regulatory framework. There is also a need for a systematic programme to create a level regulatory playing field between the online platforms and public service broadcasting on-demand services.

Further detail is provided in our overall response.

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

The Scottish Government supports a regulatory framework that gives the regulator sufficient power to hold media providers accountable in providing a broad range of high-quality content that meets the needs of audiences across the whole of the UK, catering for the distinct requirements of audiences in Scotland and the other nations and regions. The regulatory framework should support public service media to provide accessible and easy to find content with updated prominence.

Clear accountability is necessary and all media providers in the public service media system should be required to comply. Public service media providers should be required to set out their plans publicly, measure their delivery and report on the outcomes. Ofcom will need powers to hold them to account on the requirements so that swift and robust action can be taken. Ofcom will need to set out and consult on how it would intend to use these powers.

Further detail is provided in our overall response.

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

As noted in our overall response, PSM should deliver high-quality authentic content that reflects and appeals to UK society and its diverse communities. It should provide plurality of trusted news, support and grow the creative industries and have the stability and funding to enable it to compete with major global players.

Further detail is provided in our overall response.

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

The public service media system needs a broad range of high-quality content that meets the needs of the diverse audiences across the UK. Content should be widely available so that audiences can easily find it, ensuring that access is as close to universal as possible. The Scottish Government supports maximising prominence for broadcasters and Ofcom's recommendation that the UK Government introduce legislation to ensure that existing PSBs' on-demand services and content – as well as their existing broadcast TV channels – are given prominence across connected TVs.

PSM needs to be available to those who are not online and not limit access to essential public service content.

Further detail is provided in our overall response.

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

The PSM system needs a funding model that provides stability and sustainability. The UK's creative economic success has been in part built upon the stability provided by the public service broadcasters' financial framework through the licence fee and commercial revenue sources. Stability supports long-term and inward investment, allows providers to take creative risks and in turn maximises social benefits such as developing skills and employment across the UK. Regulation needs to ensure public service media remains sustainable.

Further detail is provided in our overall response.

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?

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

PSM providers should reach the widest possible audience in order to provide the greatest public value and regulation should provide the means for providers to remain competitive in a global media ecosystem. Collaboration between existing and any future public service media provider can benefit the offer provided to audiences in Scotland and the rest of the UK and grow audience engagement. New providers could also increase the diversity and plurality of the services provided. However, we would urge caution in changes to the existing system that might harm the financial models of current PSB providers and the respected and valued services they provide. It is important that existing PSB providers are not weakened, and regulation should ensure that these valuable assets are strengthened.