



IPS welcome the new channel for Scotland – great for the indigenous industry and for Scottish viewers. However the budget outwith news needs to be tripled and it needs to broadcast in HD.

Introduction

IPS was founded in 2013 and is open to all television and film producers in Scotland. It currently has 40 member companies. Our purpose is to work with Government, national agencies and broadcasters to grow production and cultural representation in and from Scotland.

The extent to which the proposal contributes to the BBC's mission to serve all audiences through the provision of high quality and distinctive output and services, which informs, educates and entertains.

Background: Over the past two years Scotland has woken up to the fact that it has been short-changed in investment from the BBC. When the BBC Annual Report in 2016 reported a 55% spend of the licence fee raised in Scotland was spent in Scotland, we had our rallying call. The BBC controls the largest public investment fund for production. Far from investing in growing locally Scotland was subsidising London to the tune of £140 million a year. This analysis has been formalised by the Screen Sector Leadership Group report and gives context for the new channel.

IPS wholeheartedly welcomes the creation of the BBC Scotland television channel. It will certainly contribute to the BBC's mission to serve all audiences and go some way to begin to mend the investment and content deficit in Scotland. For too long Scotland has been unique in Europe in having a Parliament but lacking a television channel broadcasting in the majority language of the people.

Independent Producers Scotland
Film City Glasgow, 401 Govan Road, Glasgow G51 2QJ
independentproducersscotland@gmail.com

BBC Scotland commissioning for opt outs has helped the independent sector grow in Scotland. This has created not only content that satisfies viewers in Scotland, but also developed a range of producers who know how to serve the Scottish audience. We have firm foundations on which to build programming for the new channel.

We are particularly keen to see the new channel concentrate its resources on **documentary**, where Scotland has a great track record, **comedy**, to which the Scottish audience always responds strongly, and **drama**, telling stories that resonate with Scottish audiences. The channel also presents the opportunity to reflect the country's cultural production in its **arts** output.

Documentary has been nurtured and grown through commissioning of a range of different approaches from BBC Scotland. There is now a base from which to grow and which will provide key points in the new channel's schedule. There is already a track record of production, which is coproduced by Creative Scotland. These funds will be under considerable pressure with the growth in production and discussion with the Scottish Government on funding for Creative Scotland, in line with the SSLG proposals, should be openly supported by BBC Scotland. An international co-production fund, accessed by independent producers, will enable Scotland to participate in the international market, bringing international projects of interest to the Scottish audience to BBC Scotland.

Comedy production has been a success in developing distinctive Scottish output. In looking at the new channel it is a genre that will particularly please the audience. There is a huge opportunity here to broaden the comedy output, to take it beyond its male, West of Scotland base, developing and training new talent, which will move on from BBC Scotland to the network and beyond.

Drama from Scotland, representing Scottish perspectives, has suffered over the past 15 years from a lack of investment. Power and money was transferred from Scotland to London. The result has been that no indigenous network drama has been made from Scotland by independents in Scotland. This is beyond neglect. It will take positive measures over a number of years to begin to put this situation right. We insist that the BBC allocate a drama budget to BBC Scotland that is controlled from Scotland, with substantial sums for development. Drama on the new channel will be a budget challenge: co-productions will be one way to solve that, but over the long term working with Creative Scotland and independent producers is the best way to build an indigenous drama sector. The impact will be on directors, writers, actors, all the crafts skills, and of course on the audience.

Arts output for Scotland has declined over the past decade and here is an opportunity to put that right – maybe in a combination of BBC online and the new channel. Individual arts events can be covered online and a weekly compilation made and presented anew for the channel.

The benefit to consumers who use the service, as well as the wider social, democratic and cultural impacts.

Scottish viewers deserve to see more of their own lives reflected back to them. The dissatisfaction with the BBC is highest in Scotland, and this is a direct way of putting that right. The new channel should achieve relevance in Scotland that has eluded BBC television in the past.

The impact on competition in those markets affected by the proposal (including positive impacts)

Competition in Scotland is global and the global figures can take it.

Whether there are changes to the proposal, which in our view might enhance public value or minimise adverse impact on competition.

Two simple points to enhance public value:

It is a huge mistake to launch a new channel in 2018 in SD. This has to be an HD offering to be taken seriously by the consumer.

A budget of £30m of which £7m will go to news leaves £21m for 800 hours of content over the year. This is clearly not enough. The new channel is in competition with others with far deeper pockets. Good programmes cost money. This channel needs to be given a fair chance of success from the start. It has to attract viewers with quality productions from the start. Remember how in the 1980s BBC Radio Scotland started breakfast television with a camera in the Radio Scotland studio? That was funny. We don't want that. Give Scotland its due. We want spending that achieves parity with Wales and Northern Ireland, as analysed by David Smith from Matchlight:

In Wales the BBC:

Raises £188.5m of Licence Fee income

Spends £185.9m (this excludes cost of content commissioned directly by S4C which is funded by the Licence Fee).

% Licence Fee raised in Wales that is spent there is therefore at least 98.62%.

Therefore 1.38% of the Licence Fee raised in Wales is notionally spent by the BBC elsewhere in the UK. We say "notionally" because S4C spends a further £74m of licence fee revenue on directly commissioned content for Wales. As a result we estimate the total % investment of Licence Fee against Licence Fee revenue raised in Wales is likely in excess of 138% and no part of the Licence Fee raised in Wales is spend elsewhere.

In Northern Ireland the BBC:

Raises £99.8m of Licence Fee income

Spends £97.2m (no exclusions)

% Northern Irish raised Licence Fee reinvested by the BBC in Northern Ireland is 97.39%

2.61% of the Licence Fee raised in Northern Ireland is spent elsewhere in the UK.

In Scotland the BBC:

Raises £321.7m of Licence Fee income

Spends £233.0m (no exclusions or exceptions noted in the accounts)
% Scottish raised Licence Fee reinvested by the BBC in Scotland is 72.42%

27.58% of the Licence Fee raised in Scotland is spent elsewhere in the UK.

There is therefore a significant disparity between the proportion of Licence Fee income raised in each Nation and the proportion of that income reinvested there by the BBC.

The average Licence Fee spend % by the BBC across Wales and Northern Ireland is **98.00%**. In Scotland it is **72.42%**.

At present £88.7m of Licence Fee raised by the BBC in Scotland is spent by the BBC elsewhere in the UK. For comparison, based on the BBC's published figures, Wales currently contributes £0.00 to the BBC across rest of the UK and just £2.6m derived from the Licence Fee raised by the BBC in Northern Ireland is spent by the BBC elsewhere in the UK.

If the BBC in Scotland was to spend 98.00% of the Licence Fee revenue it raises in Scotland (in line with the average spent by the BBC across Wales and Northern Ireland, excluding S4C direct spend) an additional **£82.26m** would be invested by the Corporation in Scotland's creative economy each year. If the BBC in Scotland was to spend 98.62% of the Licence Fee revenue it raises in Scotland (in line with the BBC's revenue/spend ratio in Wales, excluding S4C direct spend) an additional **£84.26m** would be contributed to Scotland's creative economy.

The BBC has, in 2017, announced further investment of Licence Fee in each of the UK Nations that will impact on these % shares in the 2017/18 accounts. In Scotland £39m worth of new investment is to be divided between additional Network originations (£20m) and the new BBC Scotland (£19m of "new" money – with a further £11m diverted from existing BBC Scotland opt-outs on BBC Two to give the new BBC Scotland a content budget of £30m).

Looking forward to 2018, if we add in the £39m of additional reinvestment announced by the BBC so far in 2017 to the figures for expenditure published for 2016/17 there would still be up to £45.86m of Licence Fee revenue that could be reinvested in the new BBC Scotland by the BBC – if the BBC chooses to improve the ratio of income to expenditure in Scotland and matched that currently enjoyed by Wales and Northern Ireland (98% reinvestment, excluding direct spend from S4C).

That would give the new BBC Scotland a content budget of £75.86m pa – or approx. £68.86m pa after the announced cost of the news service (£7m) is deducted.

That sum would permit an average cost per hour for original and acquired non-news content on BBC Scotland of around £75,879 (based on the estimate of 907.5 original/acquired non-news hours per annum) as opposed to an average cost per hour of circa £25,344 if the announced level of funding for BBC Scotland remains static.

At that higher price point the ambitious creative content Scottish licence fee payers deserve becomes much more achievable in scripted and non-scripted genres. And if the new BBC Scotland is to compete with BBC One, ITV, Channel 4, Sky 1, Netflix and Amazon and win a sustainable share of the UK television audience it needs to be competitive.

It is for the BBC to choose how it invests the licence fee it gathers across the UK. It prioritises one service against others and determines what is and is not value for money. As it stands Scotland is – and has been for many years – a net investor in the BBC to a greater extent than the other UK “Nations”. Are the BBC’s current choices delivering value for money to Scottish licence fee payers? Are they meeting the BBC’s public purposes in a broadly equitable way across the UK? If not is there a rationale the BBC can put forward for the apparently disproportionate levels of spend evidenced in its own accounts?

It is worth noting that the only income reported by the BBC and analysed here is Licence Fee income. Income from the hiring-out of staff, equipment and facilities does not form part of the comparison but is part of the BBC’s income across the UK. Similarly the BBC, through BBC Worldwide, enjoys considerable IP and production income from secondary and overseas markets. Again that income does not appear in this analysis, as the BBC does not detail the extent to which that income is invested in the creative economies of the UK Nations.

We look forward to creating new programmes reflecting Scotland to the world and bringing the world to Scotland.