

Responses to supplementary questions provided by the Education & Culture Committee

Q1 - The amount of income collected from the licence fee in Scotland ?

The total Licence Fee income from Scotland in 2014/15 was approximately £323m.

Q2 - How the current funding model for the BBC in Scotland breaks down, including BBC Alba, radio, television, online and any other costs?

Please refer to the table over:

BBC SCOTLAND - SPEND IN SCOTLAND ANALYSIS 14/15

Presentation 1 - Based on Full Cost of Service *

Network Content	£'m	Notes
Television	74.1	Titles include Shetland, Waterloo Rd, Mrs Browns Boys, All Over the Place, Antiques Road Trip, Diet Tribes - all OFCOM compliant Drama for R4, Orchestral for R3 Knowledge & Learning, Arts Online
Radio	4.9	
Online & Red Button	3.3	
Network Total	<u>82.3</u>	
Local Content by Service		
TV - BBC One	49.4	Titles and Genres includes River City, News & Current Affairs, Events, Comedy & Sport
TV - BBC Two	18.5	Titles and Genres include Factual Documentaries, Scotland 2015 and Sport
TV - BBC ALBA	6.0	Titles include An-La, Eorpa & Childrens
Radio Scotland	21.7	Multi Genre
Radio Nan Gaidhail	3.7	Multi Genre
Online & Red Button	4.6	Multi Genre, Knowledge & Learning (Bitesize etc)
Scottish Symphony Orchestra	4.3	Costs of SSO excluding R3 income
Local Content Total	<u>108.2</u>	
TOTAL	<u>190.5</u>	

Notes

* This reflects the full cost of providing content services across these platforms in Scotland

Includes Commissioning Budget **BUT ALSO** Studios and Facility Costs, Sports & Other Rights, Property & FM, IT & Telephony, Support & Maintenance, Content Snr Management Teams, Transmission, Media Storage, Training etc.

This focuses primarily on spend in Scotland - Further allocations of central support & distribution costs would be additional to this £190.5m and when added, would point to a total in excess of £200m

Such costs would include distribution, central policy & strategy, finance & operations and costs of facilitating external sales of studios and facilities etc.

Q3 - The Committee seeks details of how network television production spend in Scotland is calculated at around 9%, including how much of this figure, by volume and value, is accounted for by in-house production and by independent production companies (with separate totals for qualifying and non-qualifying independent producers). The Committee also seeks details of what is spent in Scotland in terms of regional television programming (opt-out and BBC Alba) and how this is broken down between in-house production and independent production companies?

Calculation Definition

- Network television spend in Scotland is calculated by taking the value of content produced in Scotland (numerator) as a proportion of the overall BBC eligible network spend (denominator).
- Eligible spend is defined as first-run, UK-made Network-commissioned programmes, excluding News.
- The OFCOM definition of what qualifies as Scottish (the numerator of the calculation) is defined below:

Ofcom notes that, in order to qualify as a Regional Production, two out of the three of the following criteria must be met:

- i) the production company must have a substantive business and production based in the UK outside the M25. A base will be taken to be substantive if it is the usual place of employment of executives managing the regional business, of senior personnel involved in the production in question, and of senior personnel involved in seeking programme commissions;
- ii) at least 70% of the production budget (excluding the cost of on-screen talent, archive material, sports rights, competition prize-money and copyright costs) must be spent in the UK outside the M25;
- iii) 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. Freelancers without a usual place of employment outside the M25 will nonetheless count for this purpose if they live outside the M25.

Expenditure in Scotland in 2014 – Network Expenditure (on calendar year basis, as reported to, and verified by, Ofcom)

2014 Network Expenditure Produced in Scotland

	£'m	%	Hrs	%
Inhouse	17.3	22.2	148	16.2
Independent	28.9	37.0	512	55.9
Non Qualifying Independent	31.9	40.8	257	28.0
Total	78.1		917	

**Non Qualifying Independent is defined as a broadcaster, owned or employed by a broadcaster (eg STV Productions)*

Expenditure in Scotland – Network and Local, In-house and Indie, by Service

BBC SCOTLAND - INHOUSE / INDEPENDENT ANALYSIS 14/15

Based on Full Cost of Service

	£'m	£'m	£'m
Network Content	Inhouse	Indie	Total
Television	14.5	59.6	74.1
Radio	4.6	0.3	4.9
Online & Red Button	3.3	0.0	3.3
Network Total	22.4	59.9	82.3
Local Content by Service			
TV - BBC One	42.8	6.6	49.4
TV - BBC Two	14.6	3.9	18.5
TV - BBC ALBA	6.0	0.0	6.0
Radio Scotland	21.2	0.5	21.7
Radio Nan Gàidheal	3.6	0.1	3.7
Online & Red Button	4.4	0.2	4.6
Scottish Symphony Orchestra	4.3	0.0	4.3
Local Content Total	96.9	11.3	108.2
TOTAL	119.3	71.2	190.5

It is important to note that the expenditure on BBC ALBA (above) reflects BBC Scotland funding only. In addition to BBC Scotland's contribution, MG ALBA provides funding of £9m - £10m per annum, spent on commissioning budgets for the BBC ALBA service.

In terms of volume, around 35% of BBC Scotland's qualifying output in TV content (originated hrs excluding News) is provided by the Independent sector.

Q4 - The impact – including in economic terms and the development of talent – that the BBC's system of production quotas and the network supply strategy have had in Scotland?

- An initial aim of phase one of network supply strategy was one of redistribution of production expenditure outside of London and into the Nations and Regions; during this first stage, expenditure in Scotland has risen from c£30m in 2007 to c£80m in 2014 with the volume of hrs produced trebling to over 900hrs. Therefore, in economic terms the network supply strategy has had a positive effect, demonstrating Scotland's ability to produce a high volume of quality content for audiences across the whole of the UK.

- However, there is a recognition that more still needs to be done with the next phase of network supply looking at the challenges faced in both creating a sustainable base and increasing on-screen representation.
- Skills and talent are generally felt, by both the In-house and Independent sectors, to have been strengthened by NSR with the belief that employment and economic advantages have been derived from the subsequent network growth. This is highlighted with the increased studio work, for Mrs Brown's Boys and the Entertainment 'Lottery Shows', which has allowed studio based operational staff to enhance and build their reputations. In addition, it is also believed that the number of Post Production facility houses has increased with specialists, such as Editworks, benefitting. Editorial and production management skills have also been enhanced but to a lesser extent than those of Craft colleagues.

Q5 - Please respond to points made in a written submission to the Committee from Matchlight regarding how the BBC's commissioning practice has operated to subvert the spirit of the current Nation's quota. Specifically, is it appropriate to set 100% of a project's budget against the Scottish/Nation's quota when a lesser share of the overall budget is actually spent in Scotland on that production?

- We do not accept the contention that BBC commissioning practice has operated in the manner suggested. What qualifies as 'Scottish' is set by OFCOM, not by the BBC, and those criteria apply across broadcasters. The criteria are as set out in the answer to Q3 (above).
- We have a system of assurance around this definition whereby each title is verified by our Rights, Legal and Business Affairs team. If our Legal team feel that that spirit of the Ofcom definition is not being met by any particular 'title', then that programme will be rejected for inclusion as a Scottish title. This has happened on a number of past occasions.

Q6 - What proposals does the BBC have to increase commissioning decision-making (the ability to directly commission new projects) and spend in Scotland?

- We are still in the process of formulating and testing a number of proposals relative to our Charter offer.
- As a result of restructuring within Network Television (taking into account the introduction of BBC Studios as a separate division within the BBC public service) the Director-General has asked the BBC Television Division to look at the commissioning process with a view, specifically, to considering how the BBC's television output can better portray, and reflect the lives, of audiences across the whole of the UK.

Q7 - How does the BBC see the structure whereby it is held to account by the Scottish Parliament working in practice?

- The BBC is a signatory to a Memorandum of Understanding, between the Scottish Government, Scottish Parliament, UK Government and the BBC, which states that the BBC will lay its annual report and accounts before the Scottish Parliament and submit reports to,

and appear before, committees of the Scottish Parliament in relation to matters relating to Scotland in the same way as it does in the UK Parliament.

- On-going scrutiny of the BBC's economic and cultural contribution to Scotland is properly the province of committees of the Scottish Parliament and the BBC will be happy to submit reports and appear before such committees, as it does with committees of the other devolved institutions of the UK

Q8 - Please provide the average cost per hour for in-house production compared with that for independent production companies, for the Nations and London?

- Commissioning budgets for both In-house production and Independent companies are set by the specific editorial brief of each individual programme, with no differentiation between the two sectors.
- Programme tariffs are set, providing a level playing field for both In-house production and Independent companies to compete on an equal basis, irrespective of geographical location.

Q9 - Your submission to the Committee states that, in Scotland, 95% of adults consume BBC content each week. Can you provide a detailed breakdown by medium and channel in order to allow comparison with UK consumption figures?

- In Scotland, 95% of adults consume BBC content each week compared to a figure of 97.5% UK-wide.
- For TV overall, the figures show that 83% of people in Scotland consume BBC TV each week compared to 82% UK wide.
- Figures by channel are as follows:-
 - BBC One 76.1% in Scotland v 73.3% UK wide
 - BBC Two 49.9% in Scotland v 47.3% UK wide
 - BBC Three 19.6% in Scotland v 18.4% UK wide
 - BBC Four 13.6% in Scotland v 13.6% UK wide
- For Radio overall, the figures show that 57.4% of adults in Scotland consume BBC content each week compared to 65.3% UK-wide.
- For Internet consumption, the figures show that 47.4% of adults in Scotland consume BBC content each week compared to 50.2% UK-wide.

(Figures based on 14/15 financial year, sourced from BARB for TV, RAJAR for Radio and Cross Media Insight (CMI) for all BBC and Internet).

Q10 - Could BBC Scotland provide its annual accounts and/or a statement of its financial activities in 2014/15?

- Financial information relating to Scotland is contained with the BBC's Annual Report but only BBC as a consolidated Group produces annual accounts.
- The BBC's accounts are subject to an annual external audit (currently performed by Ernst & Young).
- Consideration is currently being given as to how statistical information pertaining to each of the nations, including Scotland, may best be incorporated and presented within the BBC Annual Report and Accounts in the future.

ENDS