



Submission to Scottish Parliament Cross Party Culture Committee

Introduction – Tern Television

Tern Television, established in 1988, is an independent production company making programmes for BBC ONE, BBC TWO, BBC FOUR, BBC World News, BBC Earth, BBC Scotland, BBC Northern Ireland, ITV1, Channel 4, Sky One, National Geographic, and Discovery Networks.

Tern was among the first companies to win commissions from broadcasters other than Channel 4, and was the first Scottish company to win a BBC Network series. It is the only Scottish company to have a base outside Scotland.

Tern's recent productions include

- BBC Scotland – The Harbour, The Beechgrove Garden, The Mountain, Christmas Eve Carols and coverage of the Party Conferences
- BBC ONE – Songs of Praise
- BBC TWO – Who Were the Greeks, Town with Nicholas Crane, Map Man,
- BBC FOUR – The Beauty of Anatomy, Great Irish Journeys, Treasures of the Indus
- BBC World News – Cybercrimes
- ITV – Roman Britain from the Air
- Channel 4 – John Barrowman's Pet Hospital
- Sky One – Air Ambulance ER
- National Geographic – Vinnie Jones Toughest Russia
- Discovery – Big Fish Man

Tern has a core staff of 19 employed in accounts, research and development and executive production, and provides further full time equivalent employment of around 40-50 producers, directors, production managers, assistant producers researchers and picture editors, and further employment directly for camera and sound people. Indirectly Tern's projects provide sustainable employment for staff in independent edit facilities and graphics companies.

Production from Scotland – the context of this discussion.

The committee's investigation is the latest in a long series of similar pieces of work. The Broadcasting Commission for Scotland was established almost a decade ago, responded to a decline in BBC network spend in Scotland. (At one stage over 90% of the licence fee was spent within the M25).

The BBC's immediate announcement of 9% of network spend as a target for Scotland was followed by a flurry of activity to implement that, including considerable pressure on London indies to produce in Scotland (Lift and Shift). Whilst Lift and Shift, moving programmes like The Weakest Link, Question Time and Homes Under the Hammer has encouraged growth in employment at junior to middle levels, overuse of Lift and Shift has relieved the BBC of the responsibility of building relationships with locally based producers who may be new to London commissioners, and who, unlike incoming branch offices, are here to represent

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Scottish Culture on screen and are committed to continue to pitch ideas from Scotland in good times and in bad.

Abuse of the targets, i.e. counting as Scottish projects which had next to no Scottish spend, resulted in tightening of the definitions of what was Scottish. But the abuse and over-reliance on Lift and Shift continues. And unlike Wales, which has a much higher local television spend because of S4C and has seen growth and stability as a result of strategy coordinated between broadcasters and public agencies, recent analysis shows Scotland has few indigenous production companies of any scale, which will mean a reliance for years to come on Lift and Shift.

Long term growth and sustainability in Scotland still requires an improved supplier strategy from the BBC, and if locally based companies are to grow organically, coordinated engagement of public agencies and broadcasters, as in Northern Ireland.

The EET committee's highlighting earlier this year of the lack of public agency leadership in responding to opportunity has produced little change in the months since it reported.

The BBC Charter Review offers an opportunity to go back to first principles. Does it matter that £350m or so of licence fee is collected in Scotland and the BBC only spends, by its own estimate which is open to challenge, £190m? If the licence fee payer gets the balance in value from being able to view Doctor Who and Strictly, should we be worried? Indeed, so long as there is reasonable news coverage in and of Scotland, does it matter where the rest of the programmes are made?

Why make programmes in Scotland

1. For economic reasons. If the licence fee payers of Scotland contribute £350m to the BBC, it would be wrong for the BBC to spend that outside Scotland. Production is an industry and brings economic benefit.
 2. For cultural reasons. Because a culture which sees other cultures represented on its screens rather than its own eventually begins to perceive its own culture as being less valuable.
 3. To serve democracy. The electorate of a changed UK should be informed, not just by news.
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1. Economic. At the same time as the London Evening Standard was writing editorials describing Scots as subsidy junkies in the 1990s, the BBC was leeching licence fee from Scotland and spending more than 90% of it in London. Such statistics provoked initiatives for change. UK independent production is worth £3bn, £1bn of that in overseas earnings. Scotland's share of this is far, far too small. The BBC, and to an extent Channel 4, are key to sustaining production infrastructure which can then earn further revenue from international sales and production.

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2. Cultural. Tern produces The Beechgrove Garden for BBC Scotland. The series funds the maintenance and management of 2.5 acre home garden deliberately placed in challenging a climate because the network's Gardener's World seasonal advice, paid for by all UK licence fees, is completely inappropriate for Scotland. But Culture is more than climate. Beechgrove is now repeated on BBC TWO network on Sunday mornings, where it has an additional audience of up to 550,000 viewers across the UK. These viewers from south of the border clearly do not come to Beechgrove for topical advice. There is something else distinctive about the series which they like. By contrast with Gardeners World which confidently, some might say imperiously, instructs, Beechgrove cheerfully admits its mistakes and laughs at itself. Self-deprecating humour is characteristically Scottish, and seems to be appreciated not just in Scotland.
3. For democracy. The arguments around news are well rehearsed. But democracy is also served by longer term projects. Tern's production a decade ago of Chancers, an observational series located in a radical new young offenders programme, provoked weeks of discussion, front pages and editorials in the Scottish press.

BBC Scotland has a limited budget for commissioning programmes from Scotland for Scotland, as do Wales and NI. The small nations have this budget because without their local programs the BBC would look very English and remote.

Arguments have been made for a second channel in Scotland, entirely dedicated to programmes made and commissioned in Scotland. Independent producers have on the one hand welcomed the possibility of significant increase in the production economy which this would bring, but on the other been nervous about their business becoming more inward looking and therefore less able to sell internationally. Tern's The Harbour and The Mountain for BBC Scotland have thus far failed to secure any international interest.

There has been some concern that an increase in Scottish programming would be at the expense of viewers being able to see premium programmes made in the South, Strictly, Dr Who and so on. And arguments have been adduced that if the BBC spends within Scotland only half the licence fee collected in Scotland, viewers get the benefit of these premium shows coming 'up the line' from London. But our argument is that a fair share of these premium shows should be made in Scotland for the benefit of viewers across the UK.

Why is this so hard to achieve?

Commissioning is a difficult job. Commissioners bear all the responsibility for the success or failure of their shows, but have very little power once they have signed them off. It is therefore not surprising that they have preferred people they know and trust, and as commissioners are almost all London based, not surprisingly so too are those they know and trust. Hence the adoption of the easy solution of Lift and

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Shift, trusted London producers winning production and farming it out to Scottish branches. This leaves the cultural element of the discussions entirely within the M25. Tern has been able to win network commissions based on exhibitions in the British Library or the V&A because London based commissioners are aware of these and view them to be of national importance. We would not be able to win a network commission based on an exhibition in the National Museum of Scotland, because London commissioners will never have heard of them.

The solution is for licence fee collected in Scotland to be retained in Scotland. An appropriate proportion of BBC management should be in Scotland, and a significant element of commissioning should be transferred to and held in Scotland, where Scottish producers have close working relationships. Commissioning for BBC Network, jointly funded by London and Glasgow, would then be a negotiation of equals rather than a relationship of supplicant to benefactor. In straightened times this is a virtually zero net cost option to rectify decades of economic and cultural imbalance.

Governance

On governance, the current colony status of Scotland needs to be changed, and a federal structure introduced. A unitary board should be ultimately responsible for BBC Scotland, with representation on a UK Board.

Terms of Trade

Tern supports the position of Pact.

The Terms of Trade, giving independents the right to own and manage the IP in the programmes they make for Public Service Broadcasters, have within a very few years turned the UK from a net importer of television to a net exporter. Terms of Trade have made British TV the envy of the world. And change would be damaging.

BBC Studios

The BBC has proposed turning in house production into an independent entity which can compete with independents not just for BBC work but for all other broadcasters' commissions.

Arguments for creating BBC Studios in order to strengthen in house production which have been adduced in the BBC's consultative document are in many cases spurious. For example, in *Why Are We Doing This*, para 1.3, *Owning production and intellectual property is vital to the BBC's future*, states that *The costs of premium content will continue to grow, and if the BBC is to meet its audiences' expectations in a way that delivers value for money it must ensure secure access to a sustainable—and affordable—source of intellectual property rights. In addition, as new distribution platforms increase the value of content beyond the primary transmission window, controlling rights through ownership rather than simply taking a broadcast*

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licence will be critical to generating a return on the BBC's investment in original UK content.....The BBC retains 100% of the net return on in-house programmes, compared to a standard of 15% where programmes are made by external suppliers.

In fact the BBC is, under current Terms of Trade arrangements, at liberty to negotiate whatever share of the benefits of IP it chooses with large broadcaster owned 'non qualifying' indies, now the majority of its suppliers. If it retains only 15% of net return, it has only itself to blame. Other broadcasters negotiate other deals. The restriction to 15% retention of returns applies only to deals with qualifying indies, many of whom deliver in areas such as specialist factual where secondary value is generally lower. Furthermore BBC negotiators are increasingly failing to fund fully the commissions they make in this area, leaving indies to give away any value they might have obtained from secondary sales by deficit funding BBC productions or taking advances against secondary sales from distributors.

The idea that the viability of BBC production depends on being able to produce for non BBC broadcasters because of a need to sustain scale looks strange to a production company which has existed for 28 years with a turnover a fraction of that of the BBC.

The BBC Trust guidelines for fair treatment of suppliers states *As a point of principle, the BBC Executive should not maintain or prolong spare capacity within the BBC's Public Service Activities in order to carry on its Commercial Activities.*

Given the evidence of BBC behavioural history in resisting in the early days fulfilling their obligation to commission a minimum of 25% from independents it is likely that BBC Studios would be treated as a preferred supplier, whatever promises were made. Independents do not relish the prospect of competing with a rival which has a preferred supplier relationship with the UK's biggest commissioning broadcaster, and is supported by a guaranteed funding flow from licence fee, be that in the form of direct grant or regular development funding.

The question therefore which the BBC should ask is how best can we protect the whole production infrastructure, not just BBC In house infrastructure. Tern's experience is that of a non qualifying indie in two nations, Scotland and Northern Ireland, and our remarks are addressed from that perspective.

Of concern is the lack of clear BBC proposals for the nations, as the document, uniquely in this section, declares that the BBC is not sure how to deal with the future. It questions whether nations for nations production should be integrated into the nations 'branch offices' of BBC Studios or remain outside BBC Studios, presumably with some sort of continuing protective quota. Its argument for the former includes the suggestion that nations for nations production is a useful training ground for network production. The implication that nations production is somehow substandard is clearly indicative of the negative centralist attitude which has made the building of relationships and the regrowth of nations infrastructure so difficult.

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Balancing revenue with investment in development is a key business skill for independents. We are therefore naturally concerned that within as yet barely stable nations infrastructure a new rival may be created which does not have to deal with risk because it is cushioned by investment from licence fee, especially if this is used to allow the state broadcaster to use the BBC brand, which has in recent years been enhanced by the substantial contribution of successful independent production (for example Who Do You Think You Are), to compete for commissions from other broadcasters.

Given these reservations, alternative suggestions are

- The WoCC (Window of Creative Competition, for which independents and the BBC compete, should be significantly increased, to 50%. 25% of nations for nations production in Scotland being reserved for BBC production would still leave BBC in house (Including nations) production bigger than any independent, and therefore perfectly viable if properly managed.
- The quota for qualifying independents (ie those not owned by a broadcaster) should remain as is at 25%, to allow for variety of supply and guarantee opportunity for smaller companies.
- BBC in house production should remain within the BBC as is.
- A new federal strategy for developing nations infrastructure should be implemented. A proportion of network commissioning should be devolved to and managed by nations commissioners whose relationships with producers who would be known to them would reduce the risk perceived by London commissioning. This would be the catalyst for growth for independent production in the nations and stability for the whole sector, including in house.