

Maria Schlee
Media Team
Department for Culture, Media and Sport
5th Floor
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London SW1Y 5DH

22 September 2009

Dear Ms Schlee,

Sustainable independent and impartial news; in the Nations, locally and in the regions

Consumer Focus Scotland welcomes this opportunity to respond to the Department of Culture, Media and Sport (DCMS)'s consultation on sustainable independent and impartial news in the Nations, locally and in the regions.

We are not responding in detail to the eight questions set out in the consultation document. Instead, we would like to take this opportunity to offer some general comments on the issues raised in the consultation, and highlight the key issues of relevance to consumers in Scotland.

As a result of devolution a wide range of key political, economic, social and cultural decisions affecting people in Scotland are now taken at Holyrood rather than Westminster. In many policy areas the main focus of political debate for Scottish people is now the Scottish Parliament. There is therefore a distinct Scottish news agenda, and news providers in Scotland have a critical role to play in offering the Scottish public in-depth information, coverage and opinion about the key political issues affecting many important areas of their lives.

Given the critical role that the Scottish media has to play in informing people in Scotland about these key Scottish policy debates, it is essential that Scottish consumers have a choice of different media providers and can access a variety of sources of news, information and opinion on these issues¹.

¹ Ofcom's report 'Ofcom's Second Public Service Broadcasting Review – Putting Viewers First', published in January 2009, highlights the particular need for choice in public service content in the devolved nations, as a result of the different political and cultural agendas that have emerged in each in each nation since devolution.

Media providers across Scotland and the UK currently face a broad range of economic challenges, and this can inhibit the extent to which these providers are able to offer high quality, in-depth national and regional news coverage, focused on the key issues of interest to consumers in different Nations, regions and localities. We recognise that the Independently Funded News Consortia (IFNC) proposed by the UK Government could help to address this issue, by offering media providers in Scotland the opportunity to consolidate their businesses, placing them in a better position to deliver high quality, multimedia national and regional news outputs to people across Scotland. This can help to improve the availability, viability and sustainability of independent and impartial news coverage in Scotland – which is clearly vital given the central role that Scottish media providers have to play in informing the Scottish public about key political debates.

However, while we recognise that different news providers coming together to form independent news consortia offers an opportunity to improve the quality and sustainability of news output available to consumers in Scotland, we do have some concerns about the impact that the introduction of these consortia will have on the plurality of information and opinion that is available to Scottish consumers. If different providers in Scotland do come together to form an IFNC then this may reduce competition within the sector, and may act as a disincentive for news providers to improve the quality of the outputs that they produce.

As set out in the consultation document, IFNCs will be piloted in Scotland, Wales and an English region. DCMS has indicated that the UK Government will review the effectiveness of these IFNCs during the pilot phase. It is vital that this review provides a comprehensive evaluation of the output produced by the consortia in Scotland, to ensure that it is of high quality, and that it represents a plurality of different cultures, views and opinions from across Scotland, as well as an assessment of the impact of the new consortia on choice and plurality in news provision in Scotland.

In considering how the new IFNCs can be best set up to meet the needs of people in Scotland we note that there is no mention in the consultation document of the role of consumers in relation to any new IFNC established in Scotland.

We believe that it is essential that Scottish consumers are given a strong, independent voice in these new arrangements, as this can only bring mutual benefits to the industry and to consumers. Active and empowered consumers play a vital role in driving innovation and success and in creating a robust economic climate that delivers mutual benefits to both business and consumers. The providers that benefit are the ones that are the most efficient, innovative and service-driven. In turn, consumers generally will benefit from more choice, lower prices and better quality of service.

However the need for a central role for consumers applies not only in relation to any new IFNCs in Scotland, but to the news and broadcasting sector in Scotland as a whole. In its evidence to the Scottish Broadcasting Commission in 2008 the Scottish Consumer Council (SCC), one of our predecessor organisations, highlighted that fostering a strong, pro-active consumer voice can provide a stimulus to the broadcasting industry to improve the service that it offers, by helping to drive

competition and raise standards in production and programming. Having an effective and sustainable mechanism for obtaining pro-active, independent consumer intelligence can also play a key role in alleviating commercial risks and in encouraging a less risk-averse industry – which are in fact two of the key reasons why the introduction of IFNCs is being considered.

However, as the SCC highlighted, no such mechanism for consumer involvement in the broadcasting industry exists at present in Scotland. We believe that a specialist consumer body for broadcasting in Scotland is needed, working across content and delivery issues. This body would be independent of industry and the regulators but would work with them and with the range of other stakeholders to help sustain a thriving broadcasting sector in Scotland. The body could also carry out research and develop a strong evidence base from which it could articulate a consumer-focused perspective to policy and delivery issues, which would complement and sit alongside industry and regulatory perspectives. Such activity can be delivered within a modest budget, could be based within a consumer body, and funded (as in industries such as energy, water and post) via a levy on the industry. If established, such a body could play a critical role in providing a consumer perspective on the effectiveness of the new IFNC arrangements, and on the delivery of sustainable, independent and impartial news to people in Scotland.

The consultation document raises a number of questions about how any new IFNC in Scotland should be funded, with a particular focus on whether a proportion of the Television Licence Fee should be used to top-up the funding of these consortia. As set out above, we recognise that news providers face a number of significant economic challenges, and that measures must be considered to ensure that there remains a choice of providers in the market, offering a plurality of news, information and opinion to consumers in Scotland. At the same time however, the BBC provides an essential service to consumers in its role as public service broadcaster, offering people across Scotland independent and impartial news on key Scottish policy issues. This provision must be protected, and therefore it is vital that the introduction of a contestable element of the Television Licence Fee does not impact upon the BBC's ability to deliver news and current affairs output which is aimed at Scottish consumers.

Clearly there are no easy solutions. However if an element of the Television Licence Fee is to be used to support IFNCs then it is critical that these providers are rigorously regulated to ensure that they provide high quality outputs. As an organisation which is in receipt of public funding the BBC is subject to a range of strict regulatory requirements. Any IFNCs that receive an element of the Licence Fee should be subject to a similar regulatory regime. Furthermore, if public sector funding for broadcasting is to be reconfigured in this way, and the regulatory framework adapted accordingly, then we believe that there must be a strong consumer voice at the heart of this new landscape, to ensure that the output produced by both public and private sector broadcasters is meeting the needs of people in Scotland. The creation of a consumer body for broadcasting in Scotland, as described above, could help to deliver this level of consumer representation.

One further consideration in relation to offering a share of the Television Licence Fee to new IFNCs is that these consortia will be commercial operators in receipt of public funding. This raises certain key questions, for example:

- if these providers generate a profit, will the public purse receive a return on its investment in these consortia?
- if an IFNC struggles economically and threatens to go out of business will there be an obligation on the UK Government to provide further public finances to help keep them afloat, in order to protect its original investment?

We would welcome further clarity on these key issues.

Finally, we note that the consultation document states that public funding for the pilot phase of IFNCs *“should come from the expected under-spend from funds set aside in the current Television Licence Fee settlement to meet the costs of the Digital Switchover Help Scheme”*. Consumer Focus Scotland recently published ‘Digital Diaries – A Review of the Scottish Borders TV Switchover’. In this report we found that many consumers who may have benefitted from the Switchover Help Scheme did not take up this support, and recommended measures for ensuring that more vulnerable consumers were encouraged and supported to access the Help Scheme as digital switchover is rolled out across the UK. We are therefore concerned that funds that have been set aside to fund the Help Scheme are already being lined up for other purposes. It would be detrimental to vulnerable consumers if the notion that there will be an under-spend in the Help Scheme funding becomes a self-fulfilling prophecy. It is essential that the UK Government and the BBC continue to promote the Help Scheme to vulnerable consumers during the roll out of digital switchover, and that as many eligible consumers as possible are encouraged to use the scheme.

An alternative source of funding for pilot phase of the IFNCs may be from the auction of freed up spectrum following the digital switchover process. Careful consideration will need to be given during the pilot phase to what funding support IFNCs might need in the medium to long term, and how this might be provided.

I hope that the points made in this submission are helpful. Please do not hesitate to contact me should you wish to discuss any aspect of this submission further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Martyn Evans'.

Martyn Evans
Director