



OFFICIAL REPORT
AITHISG OIFIGEIL

Constitution, Europe, External Affairs and Culture Committee

Thursday 9 October 2025

Session 6



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CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
26th Meeting 2025, Session 6

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Jamie Halcro Johnston (Highlands and Islands) (Con)

COMMITTEE MEMBERS

George Adam (Paisley) (SNP)

*Neil Bibby (West Scotland) (Lab)

*Keith Brown (Clackmannanshire and Dunblane) (SNP)

*Patrick Harvie (Glasgow) (Green)

*Stephen Kerr (Central Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alasdair Allan (Na h-Eileanan an Iar) (SNP) (Committee Substitute)

Jackie Dunbar (Aberdeen Donside) (SNP)

Bobby Hain (STV)

Nick McGowan-Lowe (National Union of Journalists)

Paul McManus (Bectu)

Audrey Nicoll (Aberdeen South and North Kincardine) (SNP)

Rufus Radcliffe (STV)

Kevin Stewart (Aberdeen Central) (SNP)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Constitution, Europe, External Affairs and Culture Committee

Thursday 9 October 2025

[The Convener opened the meeting at 08:30]

STV

The Convener (Clare Adamson): Good morning, everyone, and a warm welcome to the 26th meeting in 2025 of the Constitution, Europe, External Affairs and Culture Committee. We have received apologies from George Adam, and Alasdair Allan is attending in his place. We are also joined by colleagues Jackie Dunbar, Kevin Stewart and Audrey Nicoll.

Our first agenda item is an evidence-taking session on STV's proposals for news changes. Before we begin, I declare an interest as a member of the National Union of Journalists.

I note that the briefing paper from the Scottish Parliament information centre for this morning's evidence session was amended and republished yesterday.

We are joined in the room by Nick McGowan-Lowe, national organiser for Scotland, National Union of Journalists, and Paul McManus, negotiations officer Scotland, Bectu. A warm welcome to you both.

We will go straight to questions, and I will begin with a question to Mr McManus. In your submission, you say:

"The idea that STV would so easily abandon its commitments to the cultural diversity and regional identity of people in the North of Scotland is abhorrent to all our members as indeed we believe it will be to the wider public."

Can you expand on that and the representations you have had on it?

Paul McManus (Bectu): Thank you, convener. It is central to the concept of the two licences that each of the licences in the central belt and the north of Scotland represents the views and the cultural diversity of the people in those licence areas. It is important for the people who live in those distinct areas that the programmes tell their stories and are made by people who live in their area.

One of the things that I have learned over 30 years of doing this job and spending a lot of time in Aberdeen and the north of Scotland is that people in the north of Scotland do not like people from the central belt telling them what they should

do or think, any more than people in the central belt think that London should be allowed to tell them what to do or think. Despite having served our members in the north of Scotland for over 30 years, I still would not presume to know what their cultural beliefs are and what their preferences are. We have to defer to them and their beliefs, and tell their stories—stories that are told by themselves. That is why I believe that just because technology allows us to deliver a programme from Glasgow does not mean to say that doing that is to the benefit of the people.

Equally important is the loss of skills. Although STV is quick to tell us that that is not a matter for Ofcom, if you take away the technical and programme-making skills from Aberdeen, they have gone—you are not getting them back. You are also cutting off an industry to a whole generation of new entrants. The vast majority of people working in the industry are freelance. They start their careers in their local area and develop their networks as they grow and become more experienced. Moving programme making away from Aberdeen denies them the opportunities to get into the industry.

The Convener: Thank you. I turn to Mr McGowan-Lowe. In your submission, you describe this as

"an act of cultural vandalism".

Given that we are the Parliament's culture committee, I ask you to say how you expect the situation to impact the cultural aspect in Aberdeen.

Nick McGowan-Lowe (National Union of Journalists): Thank you for the invitation to speak to the committee.

This is indeed an act of cultural vandalism. As a trade union, the NUJ's role is to protect the interests and livelihoods of its members. However, we also take an acute interest in journalism generally, making sure that a framework of journalism exists around the country, that there are economic models that support that and so on. We have taken a lead on that over the past five years through our news recovery plan, coming out of the pandemic.

Viewers in the north-east and Angus will suffer as a result of the decision. They will not get the local news. STV has prided itself on having local connections and being able to deliver local news, which includes delivering it to a number of disadvantaged and specific groups, including the elderly, who perhaps will not switch to digital or online. They are there watching the programme every night, as I did last night with my mother, who watches it avidly. She lives just outside Dundee and she will be hit by the decision.

The decision is also not good for viewers in Glasgow, who will find that their local issues are diluted, or for viewers in Edinburgh if the five-minute Edinburgh-specific cut-in is dropped. It will not be good for business leaders or for journalism in Scotland.

The Convener: Thank you. Members can raise their hand if they want to come in—a number have already indicated that they want to ask questions. We will go to Mr Brown first.

Keith Brown (Clackmannanshire and Dunblane) (SNP): I should tell the witnesses that we recently had the BBC before the committee to discuss its decision to cut back at “River City”, and the loss of back-office jobs and skills was an issue that was raised then.

The 10-year licence was applied for only last year and started only this year, so in the same year that STV pitched for the licence, it wants to make these radical changes and cuts. Do you think that there is some bad faith going on here, such that it applied for the licence, knowing it was not going to see through its terms, but, in getting the licence, it fended off competition and is now moving forward to make these cuts? Do you think that that is what is going on here?

Paul McManus: I sense a change in STV. Having been around for a bit—since 2007, when STV was expected to go to ITV at any time—STV has been on a fairly stable path. It has focused on quality programme making and improving its digital media output, and it consistently turned over £20 million a year net profit. That is without taking any huge risks or making any big gambles, and the staff have consistently delivered those profits.

In numerous discussions late last year, STV said that it expected a tough year. There were no big sporting events—it was going to be a tough, flat year, but there was hope that next year would pick up, with things such as the world cup coming. It seemed to us that STV had a plan set out going forward. Now, all of a sudden, it has turned round on one half-year’s dip, saying that it has to ditch the commitments to the licence and make a number of other changes, none of which makes sense to us.

I find it difficult to believe that STV has been caught so unaware when, in the past two or three years, the industry has been debated to death, given the downturn in commissioning and the position of advertising. I will perhaps phrase this the other way round: it made a commitment late last year and early this year to the two licences, and I do not believe that it should be allowed to absolve itself from that commitment now.

Nick McGowan-Lowe: I can add to that. I agree with what Paul McManus has said. The licences

were announced as agreed in March 2024. In the run-up to that, there were at least two years of negotiation. That was two years in which any of the arguments that it is advancing could have been flagged up—you are absolutely correct in that, Mr Brown.

Two things have happened. First, there is clearly a debate to be had about the changing nature of news consumption. That debate is not just happening in broadcast; it is happening in print and other areas of journalism, and it is about the way that organisations adapt to how people absorb news.

Separately, however, Paul McManus is absolutely right to say that this is a short-term decision that will have catastrophic long-term effects if it is allowed to stand. In those two years, I did not hear STV advance the argument, before negotiating and agreeing the licences, about what it is attempting to do. However, it is doing so now that the licences are there—they are over the line—and presumably we are outside the cycle where other people can come in and take over a licence if needs be. We need to be clear why it is doing that.

As you can imagine, STV’s income comes from TV advertising and the production house income. TV advertising can alter significantly quarter by quarter. It is quite difficult to see in advance, although you can make predictions. Last year, STV had the Euros and it had a good year. Next year, it has the world cup, and we can assume that advertising will pick up on the back of that. This year, we are below on the figures, but—who knows?—we could go into the budget and consumer confidence could come back, so advertising income could be restored. There are also the income from productions, but that is viewed from a much longer timescale of around 18 months. You know way in advance when you have a productions shortfall coming through.

In May, the new strategic direction was launched. There was then the profits warning at the end of July and a quite catastrophic drop in share price—I believe that it dropped about a third of its value within a day. The share price has not recovered, even after STV announced the latest set of plans at the end of September.

Do I believe that it went into the licence negotiations making the same arguments about public sector broadcasting? That is possible—it is changing—but certainly, now that we are over the line, the decision seems to be being rushed through and panicked. It seems to be based on the Ofcom review, but it is quite separate from that. I think that it is to do with financial mismanagement and with not seeing what is coming.

Keith Brown: Ofcom has been pointing out these trends over a decade of its reporting, so the situation cannot have caught STV by surprise. It also committed to substantial investment in the Glasgow and Aberdeen facilities. I just wonder how it can go from that to this situation. I come back to the point about whether it negotiated the licence in bad faith, cordoning it off from any other people coming in and bidding for it. STV gets the licence and then it suddenly reveals a few months later the dramatic changes and huge cuts that are being talked about.

On the job losses and the loss of output from the north-east, I wonder whether it seems to you that STV has a unique selling point, given that nobody else provides what STV provides in the north of Scotland. If it gets rid of that USP, no one else will provide that. It is giving up its USP, in what seems a bit of knee-jerk reaction to a share price drop. Are there other areas that it could look at to try to make sure that it gets through the process without cutting jobs and giving up the USP of the regionalised reporting that it does?

Paul McManus: In my view, if the proposal for the north-east is about STV saying, “We need to save money,” and if the argument that it needs to save money is accepted, the starting point for an independent broadcaster with two licences would not have been, “Well, let us just get rid of the programme in Aberdeen”. That has huge cultural and political implications. It is not a financial decision; it is a political decision.

Equally, if STV wanted to save money and was aware of the difficulties ahead, why would it spend over £1 million on bonuses for two senior executives earlier this year, one of whom is no longer there? More recently, why would it spend £1.5 million on new sets for news programmes or, even more recently, why would it take a £500,000 punt on a radio station that it has no experience of running and means that it will enter an overcrowded market because it thinks that that will make it some more advertising money? To my mind, those are not rational decisions that make sense.

The licence negotiations took place before the current chief executive was in post, if my ageing memory serves me correctly—Nick McGowan-Lowe will correct me if I am wrong. There has been a change in chief executive over the period in which the renewal of the licence was negotiated and the current proposals were made. That is why I feel that it is as much about a change in direction as it is about a reaction to the markets. The half-yearly results were not catastrophic and the company expects to be profitable by the end of the year, so, in my view, the scale of what it is proposing to do is not just about saving money to prop up the share price.

08:45

Nick McGowan-Lowe: I agree with Paul McManus and will add some points. I am interested to know what options STV considered before it came to the idea of axing the STV North news programme. That was described to me by a very well-placed NUJ member in STV as “the nuclear option”. What was considered before then? What mitigating circumstances were considered? What else was considered? Fundamentally, where is the plan? Paul McManus and I are experienced in going into businesses that want to reorganise and have collective consultation, and we are told on day 1, “This is the plan for what is going to happen”. Here, the only plan that we have so far is that STV wants to cut the programme. It does not have a plan if Ofcom does not approve that. Paul and I have both made the argument that we cannot meaningfully engage with the company until we know what we are doing.

To give a parallel example, as you will know, Reach is cutting a great number of jobs, particularly in local journalism. It came to us on day 1 and said, “This is where we are making cuts, these are the jobs that we will cut, this is the process that we will follow and this is what it will look like afterwards”. It had a plan—it is a terrible plan, but it is a plan that we can argue about, and it gives people an insight into what the company would look like afterwards. We have had nothing like that from STV.

Instead, as Paul McManus said, STV has been investing in the Aberdeen news set until very recently. I understand that, in the past few weeks, a piece of equipment worth £30,000 was still going to arrive. That does not give the impression of a company that is thinking long term. It is a knee-jerk reaction, and if what it is proposing goes through, it will have a catastrophic effect on local democracy and on the culture of the north-east. If the company is allowed to make those cuts to news, it will not restore them when it returns to profitability. It will take that money and give it to shareholders, executives and so on; it will not, in a good year, come back and say, “Yes, we want to spend more money over and above our licence commitments”. That is why this cannot go ahead.

Keith Brown: This will be my last question, convener.

The Convener: Be very quick, Mr Brown.

Keith Brown: I hope that someone else will cover the digital exclusion angle.

Your evidence mentions the European football championships and the world cup. Of course I am going to the match tonight. If Scotland were to win that and to qualify, you can imagine that the viewing figures will go right up. It would be

interesting to know the difference in the reporting from Aberdeen from the reporting in the central belt of Aberdeen's victory in the Scottish cup last year. You will not get that distinctive coverage. Do you think that, for those or other reasons, the company could generate substantially more income in the next year? It is not just a change in direction; the company has done a U-turn, and it will have to do a U-turn again. That is not the sign of a stable board that is taking a longer-term view.

Paul McManus: From my perspective, having looked at the history of the company year in, year out for the past 15 or 18 years and seeing profits of £20 million a year, I think that there has to be resilience planning in there. The company should be saying, "Given the volatility of advertising and our dependence on sporting events and so on, we have to build in some resilience to get us through the tougher years". As I said, earlier this year, although we assumed that this year would be a tough one, next year things will pick up because of the points that you made about interest in the world cup, for example—particularly if Scotland qualifies. I assume that if Scotland qualifies STV will want to put extra output in place to get a share of that. None of this makes sense against the background that the company will not be profitable this year but that things should pick up across the board next year.

Nick McGowan-Lowe: I will pick up on one point. The volatility of advertising is connected to this. The company is attempting to diversify but there is a common link to where it is diversifying. Productions that are coming through are linked to TV advertising for other broadcasters that then commission productions.

The investment in the radio station is still going ahead; I have not seen a single note to say that the company has rethought its strategy on that. Paul McManus mentioned £500,000 and the figure that I have heard is £1 million, but the company has not said publicly on how much it is spending. That investment is not part of its licence commitments—it is not something that it needs to do.

You could make the argument—I think that it is impossible not to make it—that the company cannot afford to do that at this stage. The radio station will not be news led. It will have maybe a one-minute drop-in bulletin and will be aimed at an audience of 35 to 45 that is completely different from the audience in the north-east who traditionally watch the "STV News at Six". It is ploughing ahead with that plan, the income from which is completely unproven and based on advertising. It is simply saying that there will be income from advertising but at a different point in the day.

To fund that investment, which I would argue at the moment seems very frivolous, given the money that the company has, it is looking to cut the money that it spends on the licence commitments and obligations that it entered into just 10 months ago. I argue that that is the equivalent of buying a sports car and then trying to pay less on the mortgage to afford it. I am astonished that the company has not reviewed its plans for going ahead with the radio station and is not protecting the public service broadcasting provisions that it has agreed to and committed to for a 10-year period.

Jamie Halcro Johnston (Highlands and Islands) (Con): We have talked a lot about Aberdeen and the north-east, which is understandable, but the plans impact on the Highlands and Islands and some of the coverage that we have, too. Keith Brown mentioned Aberdeen FC. There are football clubs in my region, too. We also have shinty, Gaelic and Norse heritage with Up Helly Aa. All that will be impacted, which seems to be accepted. I just wanted to make that point.

Do you know how staff were advised of the cuts? I have heard different reports about that.

Paul McManus: My understanding is that a staff town hall was held, where all staff, either in person or online, were briefed on the proposals. Nick McGowan-Lowe and I were given an outline of the proposals the night before STV briefed all staff in person or online about the proposals, which was on either Wednesday or Thursday morning. That was followed up with various documentation to advise them of what is happening. As Nick said earlier, a lot of staffs' frustration is because, other than being told that the Aberdeen news programme is being closed down and that 60 jobs will be cut across the company, there has been little detail for them to get their heads around, as so much depends on what Ofcom decides about the proposals.

Jamie Halcro Johnston: Those who were online might have been those who are based in more remote areas.

Paul McManus: Yes.

Jamie Halcro Johnston: Your understanding is that there was an in-person announcement as well.

Paul McManus: I cannot honestly tell you who was briefed in person and who was briefed online. I was simply told that both means were used to communicate to everybody at the same time.

Nick McGowan-Lowe: To echo what Paul McManus said, there was a town hall, which was led by Rufus Radcliffe. There is no good way to deliver announcements of restructures and

redundancies. There are plenty of bad ones and I think that this classifies among those. On the manner of his delivery, he was obviously reading from a script. A senior manager joined the online call from their holiday location, and another senior manager joined from what appeared to be a hotel room that we believe was very close to a newsroom, so they could have gone in and talked to staff in person. Those are questions that I cannot answer.

Paul McManus is correct to say that we had a briefing the night before. However, there was no mention of axing staff. We were told that STV was asking Ofcom for permission but not what that permission was for. There was no detail on the number of proposed redundancies. The only concrete bit of information that we were given was that a two-week voluntary redundancy window would be opened and that the consultation would be for 30 days. Given that the legal requirement to hold a 30-day period of consultation applies when making 20 to 99 people redundant, we can make an assumption about the numbers, but we were not given any specific figures.

My clear advice to management at that point was to tell them that they could not go in front of 90 journalists and not answer those questions, particularly given that some of them are the best journalists in Scotland who, as members of this committee might be familiar with, are very good at getting answers from people.

That was how the announcement were delivered. I can tell you that there is an absolute lack of faith in management over the lack of plans and the way in which the proposals were delivered. As you will have seen at the end of annexe E of your meeting papers, members of the National Union of Journalists have passed a vote of no confidence in the leadership team at STV, which they accuse of financial mismanagement, and they say they have no faith in its ability at the moment.

Jamie Halcro Johnston: You have answered two of the questions that I was going to put to you. It is pretty obvious from those whom I have spoken to that morale is extraordinarily low and confidence is low at the company.

I will follow up on what you said. You reported that a member of staff might have been on holiday when joining the call. Is their seniority such that you would have expected them to be there in person when this type of announcement was being made to this number of people?

Nick McGowan-Lowe: My advice, and occasionally to editors and senior managers, is that, when you have a difficult situation with staff, you overcommunicate, you look them in the eye and you make yourself available for that. Yes, it

was a member of staff whom you might have expected to be able to do that. It is uncomfortable, but, if you do that, the staff respect that you are delivering a difficult message.

Jamie Halcro Johnston: There has been a lack of follow-up information and that has been another issue, as you have highlighted.

Nick McGowan-Lowe: Absolutely.

Jamie Halcro Johnston: I am conscious of time, so I will move on.

STV is the only part of the channel 3 network that is not part of ITV. Is there a concern that the action might lead to its independence being impacted in future?

Paul McManus: I referred earlier to events around 2007. At that time, the then Scottish Media Group was keen to be a media empire. It was buying magazines, newspapers and all sorts of things, and getting further and further into financial difficulties. Everybody expected that it would go to ITV at that point. The consensus then was that, if it went to ITV, it would become a local news opt-out, Scotland would lose any control over its public sector broadcasting, and it would lose the important cultural messages and the diversity that people in the disparate parts of the country want to see.

That is why I have voiced concerns about the proposed change in direction, if we ditch the Aberdeen news programme. We talk about the changing trends from broadcast news to digital news. We have known about that for 20 years. That is a red herring. There are issues from both sides that need to be addressed in that regard, but the proposal is to go off and take a punt on a radio station.

If the share price starts dropping further, and investors lose faith in STV, which they could easily do if the plans become unstuck, it is not impossible to see a scenario in which ITV says, "You know what, let's get in there and buy it up cheap, ditch the rest of the staff and make ourselves a few bob." I do not rule that out as a possibility if things go badly wrong for STV.

You mentioned staff being demoralised. One of their biggest frustrations is that Aberdeen does particularly well with local and regional advertising. The sales staff and the creative teams in Glasgow and Aberdeen meet and exceed their targets regularly. Despite that, STV now wants to get rid of those staff who are delivering that income for them. That is why people feel demoralised. They are thinking, "We've done everything you've asked of us. We've delivered your profits from our bit of the business and now you want to get shot of us."

Jamie Halcro Johnston: That, of course, is tied into viewing figures, which have also held up.

Paul McManus: Yes.

Jamie Halcro Johnston: Nick McGowan-Lowe, do you want to add anything to that?

Nick McGowan-Lowe: Only briefly. STV looks exceptionally vulnerable to a takeover now, and that would add increased uncertainty. The share price was clearly fragile. It fell dramatically and management's statements of what it intends to do have not lead to its recovery.

To echo what Paul said, the STV North programme is extraordinarily successful in driving in advertising, quality journalism and local journalism. It has more than a 40 per cent share and it is a success story. The axing of something that is so successful and has such high-quality journalism would be catastrophic for the journalism landscape in Scotland.

Alasdair Allan (Na h-Eileanan an Iar) (SNP): I am interested in what you had to say about the cultural impact. I am specifically thinking about the impact of the decisions on the news landscape in Scotland. You have alluded to the fact that there has been a declining circulation in national and local titles over the past few years. Anecdotally, Scotland, compared with other countries, does not feel like a country that is saturated with information or interrogation of current affairs. What do you think that the removal of a news programme and a body of journalists will do to Scotland's collective ability to interrogate public affairs and current affairs?

09:00

Paul McManus: From Bectu's point of view, it is all the more important that we protect news programming that is delivered from areas like the north of Scotland and the central belt and that it remains within public service broadcasting. You are right—you can get any amount of information; we are all saturated with information. I get members calling me every day saying, "Grok is telling me I could get 200 grand out of this case if you take them to a tribunal." We are sitting there bewildered by the nonsense that people see online.

With all the nonsense and the disinformation that is available in unregulated spaces, it is all the more important that we have quality public service broadcasting. People will call me an old dinosaur, but it would be good to get back to the days when people could say, "If you want the facts, go and listen to the radio or switch on the evening news." That is where you will get the facts. You might not agree with or like the facts, but you will get the facts. Through the licence fee, and through an independent Scottish broadcaster that is committed to the licence fees, there is no

guarantee that we will get that quality of information.

Alasdair Allan: Presumably, going into an election, you will find it particularly disappointing that we politicians will not be interrogated to the same extent if there are fewer outlets doing that interrogative work.

Paul McManus: Absolutely. There will not be that quality of journalism or programme in either of the licence areas.

Alasdair Allan: Two things have been put forward as apologies or, by the look of them, as sweeteners. One of those is, as you have mentioned, the radio station. The other is a commitment to keeping studio facilities on a stand-by basis, whatever that means. Do you think that the radio station is about making money or is it about presenting the idea that there will be continuing news presence? What do you make of the commitment to keep a studio open on a stand-by basis?

Paul McManus: I was told that the new radio station is a no-brainer; it is easy advertising.

Alasdair Allan: It is nothing to do with news.

Paul McManus: It is nothing to do with news, whatsoever. We are talking about a company that has no experience of running radio stations in a hugely overcrowded market.

Maintaining a studio in Aberdeen is probably even more insulting to the people in the north of Scotland, particularly to the staff. Effectively, they are being told, "We're going to keep a studio in Aberdeen, and maybe one or two operators, so if things go badly wrong in Glasgow, we have got disaster recovery in Aberdeen."

Alasdair Allan: Do you mean in case there is a power cut in Glasgow or something?

Paul McManus: If anything goes wrong in Glasgow such that they cannot put the programme on air. They are maintaining the studio in Aberdeen only for disaster recovery purposes so that they can then drive the programme from Aberdeen. It is like staff are being told, "We're getting rid of all of you, but we need a couple of you to stay on in case things goes wrong in Glasgow." It is beyond words how that makes the staff in Aberdeen feel.

The Convener: Nick McGowan-Lowe, do you want to come in on that point?

Nick McGowan-Lowe: Yes. I simply want to say that I hope members of this committee will see through the idea of the studio being mothballed. It is a way for the leadership at STV not to admit that it has spent all this money on a newsroom. It has presenters and all the infrastructure there, and all of a sudden the leadership is doing a U-turn on

that decision. It is absolutely clear. It is saying that it is mothballing the studio and that it is for disaster recovery purposes. I can think of only one situation in the past decade where perhaps such a situation has come about.

Fundamentally, the plan is simply to make an enormous U-turn on what STV was doing only a few weeks ago. If we are looking for money within STV being wasted, that is a case of investing money and then proposing that it is simply thrown away. That is ridiculous.

Alasdair Allan: My sense of it so far is that the committee sees through that.

Nick McGowan-Lowe: Thank you.

Patrick Harvie (Glasgow) (Green): Good morning. I, too, draw attention to my entry in the register of members' interests, which shows that I am an associate member of the NUJ.

Several members have touched on issues that I was keen to explore, but I do not want to go over ground that we have gone over already. You have mentioned the contrast between STV and ITV. ITV does not hold a single licence for all regions; it holds a clutch of licences, but those licences involve similar commitments to regionality. Are you aware of ITV seeking permission, in a similar way in which STV is seeking permission, from Ofcom to reduce the commitment to regional output that its licences require? Have there been similar examples of that elsewhere? If Ofcom were to approve such a request, could that open the flood gates and lead to a dramatic reduction in regionality, not just in Scotland but across all ITV regions?

Paul McManus: I am not aware of Ofcom having approved any similar requests from ITV. In the dark and dim past, I have had some experience of representing members at ITV Border and ITV Tyne Tees. If the commitments are reduced in those regions any further, there will not be any TV stations in those regions, because there is very little left of them. As I said, I am not aware of any specific requests by ITV along the same lines as those by STV.

Nick McGowan-Lowe: In the past, there have been agreements at ITV to produce or broadcast a programme that has been anchored outside the licence area, but I do not believe that that has happened for the better—I have spoken to members who were involved in those arrangements when they were made some time ago.

We must remember that the catchment area for the north-east of Scotland and Angus covers 1.3 million people. That is a huge part of Scotland, and it has very different local priorities, a need for local news and so on. There are broadcast

licences for much smaller areas—for example, the Channel Islands manage to have a locally anchored programme with local news—so the argument that STV should be allowed to rip up its commitments for 1.3 million people does not bear any scrutiny.

Patrick Harvie: I take the point that there might have been a change to where one programme was produced, but I am not aware of anything on the scale that we are talking about—in effect, a region would be abandoned, with two regions being merged. That would certainly be the viewers' perception of what they would be served with.

Do you share my concern that, if Ofcom were to say yes to STV's proposal, it would be very difficult for it to say no to ITV if it wanted to cut its costs in similar ways and reduce regional commitments? This is not about just one region; it is about the fundamental principle of regionality throughout the channel 3 service.

Nick McGowan-Lowe: You are absolutely right. Other companies in ITV will be looking to do something similar, so it would be a ratchet to the bottom. If STV's request were to be approved, those companies would go to Ofcom and say, "If it was approved there, why can't it be approved here?" That would happen the next time and the next time, so there would be a gradual reduction in news and quality broadcast journalism not just in central and the north of Scotland but throughout the United Kingdom. That cannot happen.

I will pick up on another point. It is crucial that Ofcom takes all viewpoints into account. To my knowledge, it has not announced how long it will consult for, but, based on everything that has come back, I believe that the period will be four weeks. That is not long enough. The period needs to be 10 weeks—the maximum period—because we need to hear the voices of the communities involved and to have maximum engagement.

STV has argued that, when BBC Scotland cut "The Nine", there was a four-week consultation, but that was a very different situation. Paul McManus and I were both involved in that. Staff saw the change coming, there were no job losses and different programmes were put in place at different times. The BBC came to us with a plan, and we worked with it on that plan. That has not happened with STV's proposal. Ofcom will need to consult for 10 weeks in order to get the maximum number of opinions from the affected communities.

Patrick Harvie: You have directly anticipated my final question, which is about the process from here on. A four-week consultation would mean that a decision would be made before there was the opportunity not just to hear views from the workforce, viewers and the wider community but

for political scrutiny here and at Westminster, where the Scottish Affairs Committee is taking an interest in the matter, too. What can be done to ensure that Ofcom slows down and gives the time that is required for proper scrutiny and for the long-term implications to sink in for viewers in the regions immediately affected and for viewers throughout the UK, given how profound the change could be?

Paul McManus: It would certainly help if this committee lobbied Ofcom to provide a reasonable consultation period.

In relation to the BBC situation, there was other news provision across BBC Scotland, and it was proposing an alternative news programme to Ofcom. It was not just a case of saying, "Let's cut off the news service to half the country." One of the disappointing things about the four-week window was that people were not given time to consider the implications. There was a significant downturn in employment, particularly for freelance members, as a result of the loss of "The Nine". The shift to the "News at Seven" has had a massive impact on our freelance members, who have lost work as a result of that loss.

People have to be given time to assess the knock-on implications for freelance work in the north of Scotland and to contribute to a reasonable debate about the proposal, particularly given the implications—ITV could be sitting there thinking, "If they can get away with having one licence, we want to get away with having one licence." Ofcom needs to realise that this is not just a Scotland issue but a UK-wide issue with serious implications. The more that members of this committee, other members of the Parliament and the wider community can get that across to Ofcom, the better. Ofcom has to realise that there needs to be a considerable amount of time to consider the proposal. The Scottish Affairs Committee is also looking at the issue in the next two weeks. It is incumbent on everybody at every level to pressure Ofcom to provide at least 10 or 12 weeks to consider the proposal properly.

Nick McGowan-Lowe: I echo the point that I made about the axing of the STV North programme being

"an act of cultural vandalism"

in Scotland. There needs to be proper consultation. The company needs to have a proper plan, and we are prepared to work with it in that regard. We are mindful that all these companies work in commercial situations, and we are willing to work with STV on a plan, but what has been proposed is not the way forward. It is a knee-jerk reaction, and it might turn out to be a short-term solution. There is an argument about public service broadcasting over the longer term.

The argument that I have heard for the four-week consultation is that that will be better for everyone. Although we are in collective consultation, I cannot think of who that is better for. I suppose that it is better for STV's management, who will not enjoy their time at the committee today or their time at the Scottish Affairs Committee in Westminster, because they would like the consultation period to be over as soon as possible. However, viewers and journalists in Scotland need to ensure that any decision is well thought through.

I will give a practical example. There is a petition on the Westminster website to save the programme, but it is currently in a queue of 20 petitions and needs to be reviewed. The last time that I checked, the petition had not properly opened. That is the sort of small-term thing that rallies support for something, so a four-week consultation period is ridiculously short under those circumstances. A 10-week period—the maximum period that is allowed—to consider the maximum change that STV could have proposed will allow everyone involved, including politicians, viewers, business leaders and trade unions, to enter into the conversation, rather than having the change railroaded through as a *fait accompli*.

Patrick Harvie: Thank you.

Stephen Kerr (Central Scotland) (Con): To declare an interest, I grew up with Grampian Television. It started about the same time as I was born. In effect, this announcement ends north-east broadcasting, does it not? There are two licences here, as has been repeated by a number of colleagues, and, in effect, STV is giving up STV North. Is that right?

09:15

Paul McManus: That is my opinion. I became an official not long before Grampian Television ended, but I attended numerous meetings where the directors of Grampian assured me that they would die in a ditch before they sold off Grampian. They kept those commitments right up to the point they took the money and ran; the staff were left holding the baby and they have suffered for that since then. I believe that, without a news programme and without quality programmes being made in the north of Scotland, in effect you just have STV Scotland.

Stephen Kerr: Yes, in effect, STV is giving up the licence.

Nick McGowan-Lowe: I will add a point about what this means for the news landscape generally. If you want a better BBC Scotland in Aberdeen and the north-east, you need a strong STV. That competition drives great journalism on both sides. There are great journalists working at the BBC and

great journalists working at STV, as well as great journalists working at *The Press and Journal*, looking for local stories and local angles. The fact that there is competition in the area for different bits of journalism is crucial to holding democracy to account and keeping people informed about what is happening in their area. We have talked about the immediate knock-on effect for the viewers, but the effect on other news organisations is that they will think, “Well, we can relax a wee bit because STV is not leading with a story that we do not have at the moment.”

Stephen Kerr: You have both met the management of STV since they announced this news deal.

Nick McGowan-Lowe: We have not met the chief executive but we have met—

Stephen Kerr: You have met the leadership team in Glasgow.

Nick McGowan-Lowe: Yes.

Stephen Kerr: You said that they did not give you any kind of detail, but they have come up with the number of £3 million and the number of 60 jobs. Is it right that there are no management jobs in the profile of those 60 jobs?

Paul McManus: They have done a number of briefings departmentally. Following the overall staff town hall, managers have gone round department by department saying, “This is what we think your department might look like after this exercise is complete.” Certainly our members have fed back to me that somebody in each department has said, “So none of the managers are facing this?”

Stephen Kerr: There are no management jobs involved.

Paul McManus: We are not aware of any management jobs that are at risk. Someone in one department has been quoted to me as saying, “If they go ahead with the number of cuts that they want in our department, there will be eight managers left, which is one manager for each member of staff.”

Stephen Kerr: Right. So there is no rational basis for the £3 million and 60 jobs—there is no detail behind that. They are going round the departments basically identifying people who are not managers who will possibly lose their jobs?

Paul McManus: Yes. As I understand it, the starting point is that STV is saying, “We want to save about £3 million a year in on-going costs, which is about 60 jobs, but we can be flexible depending on who comes forward and so on and depending on what Ofcom says.” The £3 million is the driver for this and everything else is a bit fluffy at the moment.

Nick McGowan-Lowe: Mr Kerr has identified a key component of the structure of STV. We had the briefing the night before the announcement to staff, which told us next to nothing. We have had another meeting, which again did not put forward any kind of structure of a new organisation, what it might look like if Ofcom agrees and what it might look like if Ofcom does not agree. We are very much in the dark, but the only thing that STV has said is, “Yes, managers are safe under this structure.”

At the moment, in some places, there is one manager to two members of staff. At this early stage, when no plan exists other than that managers will be kept, who are those people going to manage if 30 journalists are axed from the newsroom? That is a huge proportion. What are those managers going to do? If a plan has to be laid out, we want to see a proportionate number of cuts. We are talking about 60 job cuts overall across an organisation of 650 people, but 30 of those are apparently going to happen in a newsroom of 150 people and they are not going to affect the managers. That seems a very clear targeting of the people who bring journalism to Scottish viewers.

Stephen Kerr: What is your take on the appointment of the new chairman? He comes with a corporate reputation for spin-offs and disposals. What do you read into that? What is your take?

Paul McManus: My take is that, for the first time probably since 2007, I am concerned that a sell-off to ITV is a real possibility. It certainly should be in the middle of people’s minds, if not at the front of their minds, because of the decisions that have been taken now and because of the significant change away from Rob Woodward’s mantra of quality programmes and digital media services—that was it, clear and simple, and it worked for 20 years. Now we are starting to see something different and we have a chairman with the expertise that you described. Throughout Rob Woodward’s tenure and Simon Pitts’s tenure, the commitment from the board was always that it is vital that we maintain an independent Scottish broadcaster, owned in Scotland and based in Scotland—I am not seeing that commitment any more.

Stephen Kerr: The STV Group seems to be more ambitious for STV Studios in the next few years than it is for the broadcaster. Is that a fair comment?

Paul McManus: STV studios last year delivered about 25 per cent of STV’s net profit. Five or 10 years ago, it would have been a minimal percentage. It is a development of the idea of Rob Woodward and Simon Pitts, who long desired to be a significant player in the production market. I can see the sense in that. It works in tandem with

what STV is doing and it is delivering big money for it. STV talks in the reports about wanting to turn it into a £200 million business. I am not sure that it will get there just yet or for a while, but I think that it sits well with what STV is doing as a quality broadcaster. Without that quality broadcasting and without those quality programmes, it is not attracting viewers to the channel.

Stephen Kerr: Yes. Also, the nature of the market for content creation, production and broadcast is radically different from what it was even five years ago.

Paul McManus: Yes.

Stephen Kerr: So STV management may be interpreting that trend and deciding that the future for the business lies in the production element and, therefore, they are stripping out cost across the broadcaster to prepare it to be disposed.

Paul McManus: Potentially, yes.

Nick McGowan-Lowe: Like you, Mr Kerr, I looked deeply at the background of the managing director. Clearly, alarm spread about why that particular set of expertise was needed in the organisation at this time. The very minimum that a chief executive and a managing director should be aspiring for is to have the confidence of shareholders and the confidence of staff, and, at the moment, they have neither. We can see from the share price and from the meetings of our members and the feedback that we get that the current leadership have no confidence from shareholders and no confidence from staff, and that is very worrying.

Neil Bibby (West Scotland) (Lab): We have rightly discussed the impact that this will have on the STV North area, but you have also alluded to the impact that this will have on other areas, such as Glasgow and the west, and Edinburgh and the east. Rightly, there will be huge concerns in Aberdeen about the impact there, but do you think that there is enough understanding about the impact that this will have on regional news in Glasgow and the west, and Edinburgh and the east? Under these proposals, we will lose a dedicated STV North programme, but the news in Glasgow and the west and in Edinburgh and the east will also be diluted as a result.

For example, in Renfrewshire last year, STV news ably covered a campaign by local parents who were campaigning to get the childcare policies of Renfrewshire Council reversed. It covered that before and after a council meeting. Those sorts of local news angles in Glasgow and the west are in jeopardy as well if we do not have a change of decision on what STV is planning. Do people understand the impact that this will have on the central belt and not just STV North?

Paul McManus: Every single one of our members in Glasgow, particularly the technical and operations staff who support the work in the newsroom, is sitting there saying, "We understand what the proposal is for the Aberdeen programme, but we are also worried that we will lose our jobs as a result of this exercise." As we talked about earlier, the wider staff across the company, mainly based in Glasgow, are concerned that they will lose their jobs, but they are also concerned that people do not lose track of the importance of these proposals.

I see managers saying that the reason why we need to have such a good digital presence is so that we can reflect all those stories like the one that you are talking about in Paisley, but then they talk about the decline in broadcast audiences. To me, with my limited experience, there are two different audiences. Younger people get their information online; older people—those people who are older than me; I am in the younger category—like the broadcast news. The people who are most likely to be affected by the kind of story that you are talking about will not get the story because they do not want to go online or cannot find their way online to get the information there. Stories relevant to local communities right across Scotland will be lost because we are going from two programmes to one.

Nick McGowan-Lowe: It is notable that the company has not come to us with a plan, with any internal structures or with any idea of what the "STV News at Six" would look like in a world where it does not have the Aberdeen newsroom. How would that be done? How do you divide that? Where will news come from? Is there five minutes here or 10 minutes here? I am led to believe that such a plan exists, but the company is not showing it to anyone and I think that the reason why it is not showing it to anyone is that there would be an outcry if it did.

It is absolutely right to say it is not just the north-east that benefits from great local journalism. It is Glasgow, Edinburgh and the Borders and so on, where we have fantastic journalism and journalists who, at the moment, have the time to go and commit to stories and work on stories. STV as a newsroom runs extremely lean. The Aberdeen newsroom has 37 people and does a very efficient job and, need I say it, "STV News at Six" outperforms the BBC in the same time slot. It does a fantastic job with a much smaller news gathering organisation but quite a lot of skills. It is able to go into communities to do that. What will that look like with 30 fewer staff? There will be increased stress, increased workload, more pressure to do easy stories and a move away from the more difficult stories that take time to do. There will be a reduction in quality journalism throughout the two licence areas.

Neil Bibby: Thank you for that answer. I think that that illustrates all the more the importance of having a full Ofcom consultation, given the impact that it will have not just on STV North but on the whole of Scotland. I concur with everything that you said about that.

The Convener: I have a question before I bring in colleagues who have joined us today who are not members of the committee. Mr McGowan-Lowe, you opened with talking about the commitment to journalism and the commitment to good journalism in Scotland. Following up on Mr Bibby's point, we have also heard about half the country—I think that that was the term that you used, Mr McManus—but the truth is that people in the Borders do not get local news and do not benefit from that presence, because the licence there is covered by ITV Border and very often they do not get a Scottish perspective at all. In relation to Ofcom looking at how the licence works for the public—the public being the Scottish people who are about to go into an election next year—do you think that, when Ofcom is in front of us, we should be examining how the licence responds to the public and whether it is fulfilling the public service part of the licences in terms of news in Scotland?

Nick McGowan-Lowe: There is very much a wider debate to be had about regions, nations and coverage of local news. You are absolutely right about ITV Border. TV transmitters are placed on hills, and hills in broadcast areas do not always respect national boundaries. There will always be a difficulty with ITV Border there. Scotland will never be a distinct area for broadcast signals. Having said that, I know several of the journalists who cover Scotland for ITV Border and I have the highest respect for them. There is a great deal of quality journalism going on there.

09:30

Paul McManus: I am no technological expert, but it strikes me as somewhat ironic that we have the technology that allows us to shut the programme in Aberdeen and drive it from Glasgow, but we cannot get pictures down to the Borders. I think that somebody is not being straight with us on that. We are looking at this in terms of the central Scotland licence and the north of Scotland licence. We are aware of the ITV Border licence, but we have not looked at it more widely and the fact that the whole licence picture needs to be reviewed.

Audrey Nicoll (Aberdeen South and North Kincardine) (SNP): Thank you, convener, for the opportunity to join the committee this morning. As colleagues know, I am one of the north-east MSPs, and STV North is located in my constituency. It is safe to say that STV has felt like the beating heart of news coverage in the north-

east, along with former Grampian TV, for as long as I can remember. Therefore, the relocation of STV North to the central belt is devastating and brings to an end 60 years of regional news coverage.

I do not mind which of our witnesses comes in on this. I am interested to hear a bit more detail on the importance of local journalism that truly understands and is tuned into the social, economic and cultural aspects of the region. Do you agree that the withdrawal of STV North from Aberdeen risks

“silencing the voice of the North-east at a critical time”

when

“issues such as energy transition and the future of the North Sea are of national importance”,

and not just regional importance? Those are the words of the chief executive of Aberdeen and Grampian Chamber of Commerce.

Could you also provide a sense of the impact of the announcement on local career opportunities for young people in the north-east who want to break into a career in the media and who are interested in building their skills and telling local stories that really matter to communities? What impact will the announcement have on, for example, traineeships, apprenticeships and sustaining a pipeline of top-quality north-east journalists?

I draw members' attention to Robert Gordon University, which is also in my constituency. The school of journalism has a strong collaboration with STV North through student placements and through a memorial bursary for Donald John MacDonald, that wonderful former editor who was with STV for many years and who is remembered through that bursary opportunity.

Paul McManus: There are a number of things to consider there. Taking the comments made by the chief executive of Aberdeen and Grampian Chamber of Commerce and multiplying that across the north of Scotland, where a whole host of industries and areas are affected by what happens in the North Sea and in other sectors, if we go to one programme from Glasgow, the basic facts are that you simply are not going to hear those stories. You are not going to hear those concerns, and you are probably not going to get very much airtime if you are campaigning to be re-elected next year either, because STV physically will not have the time.

I have already said that career opportunities working in television have gone. STV has talked about maintaining reporters and reporting stories across the breadth of Scotland, but what it is not telling us is that most of those stories are supported by freelance workers and, to be able to

stay in the industry, those freelancers rely on a critical mass of employment over the course of the year. If those stories simply cannot be told in the north of Scotland because of the lack of time due to STV having one news programme, that work will not be available for the freelance members.

Bectu has a massive training programme for freelance workers in the film and TV industries and we take a lot of courses to Inverness, to other parts of the Highlands and to Aberdeen. The demand for those courses and for places in universities will simply fall off a cliff edge, because there will not be any work opportunities for people. You will see people who could have had a career in Scotland moving down to London, because there are not even that many opportunities in the central belt. There will be a transition of skills, people and culture away from the north of Scotland.

Nick McGowan-Lowe: I echo what Paul McManus has said. I have worked in journalism for 30 years as a journalist and a trade union official, and I have seen a huge number of changes. Robert Gordon University has a fantastic journalism department. It makes sure that there are students with the skills to go out and do great journalism, and it has great connections in the industry. I was speaking up there a few weeks ago, and one graduate who is a current STV journalist was there. There are about 80 students on the undergraduate course at present. However, there is real fear about what will happen if STV moves away. If that central hub that draws quality journalists into the industry and brings in young journalists and so on disappears, what will that mean for jobs and journalism in the north-east? Once that is done, the worry is that other news organisations might think that, if the north-east is not that important, maybe they can start chipping away as well.

Local journalism is absolutely crucial. I could talk about it at much greater length than the committee can afford me today. When I began in journalism, there was a culture of people working on local newspapers, then moving up to national newspapers and maybe moving across to broadcast and so on. Career paths for people coming into the industry are far fewer and narrower now. Simply to have jobs in the industry, people are having to be a lot more adaptable to the type of journalism that is produced. If STV decides to withdraw from the north-east, that will have a huge knock-on effect in Aberdeen, Inverness and so on, and I do not think that we will get back what is lost.

Audrey Nicoll: Thank you very much.

Kevin Stewart (Aberdeen Central) (SNP): I thank the committee for allowing local members

the opportunity to question the witnesses today. I have some quick-fire questions.

The 40 per cent audience share for STV North news is quite phenomenal in this day and age. If the programme goes, that audience share will likely drop dramatically. What impact will that have on advertising revenue? Will that hit STV even more?

On the proposed radio station, at a time when radio stations, including in the north-east, are cutting local content, it has been suggested to me that that diversification, which has been described as the Hain pet project, will lead to disaster. Do you agree with that comment?

You have talked about out of touch executives. Instead of out of touch executives getting bonuses, is it time for them to have their pay frozen or maybe even cut, as has happened in the past, in order to get over this wee hump of a small loss in this half year?

Paul McManus: To answer your first question, it is death by a thousand cuts. It is a reversal of the principles that have served STV well over the past 20 years. If you cut the news and people stop watching the news and other programmes, there is no benefit for local or regional advertisers in putting their money into the company. It just becomes death by a thousand cuts.

On the executives, I have to say that, over the years, under previous chief executives, whenever STV has asked the staff to accept lower pay increases or no pay increases, it has treated the senior executives in the same way. The two bonuses that I referred to were a bit exceptional, considering that one of those people was leaving, but I think that that is a bit of a red herring. What people are paid is not the source of STV's problems but, if you are cutting staff, it seems logical that there is no need to have so many managers.

Kevin Stewart: What about the radio station?

Paul McManus: Interestingly, I recently had a meeting with the new head of audio at BBC Scotland, who is a mega big hitter in terms of radio experience. The BBC is bringing in somebody like that to beef up their radio presence while people in STV are saying to me, "It's an easy win, Paul—easy advertising." That is a complete joke—I think they are winding me up. Maybe I am wrong, and maybe they know something that we do not, but I just think that that is complete folly at this time.

Nick McGowan-Lowe: STV news is one of the jewels in the crown of STV's channel 3 licences. It is a driver for advertising and not just around it but for the brand itself. If something is quality, people tune in. If people tune in, advertisers want to be there.

I have heard it said that the local news radio station is a mitigation. It is not. It is seen as a pet project that is separate from STV's licence commitments. For some reason, it has ring fenced that while asking to spend less money on its public service broadcasting obligations.

You might remember that the NUJ staff at STV went out on strike last year seeking an improved pay deal. Certainly at that time, the STV chief executive was paid vastly more than the director general of the BBC, and not just the director in Scotland. You can measure it in many ways but, for comparison, STV is an organisation that is one fortieth the size of the BBC. How that can be justified, I do not know. Even if the chief executive was paid the same as the director general of the BBC and the rest went into news gathering, you could probably pay for eight journalist jobs from that.

Executive pay is one of the areas that we look at. Where is the company spending money? Traditionally, it has spent it on shareholders and executives, and it has been grudging with its pay deals for staff.

Kevin Stewart: Thank you, gentlemen.

The Convener: That exhausts our questions for the witnesses. I thank you both for your attendance at committee this morning. We will briefly suspend to allow the panels to change.

09:43

Meeting suspended.

09:47

On resuming—

The Convener: I warmly welcome everyone back. We will continue taking evidence on STV's proposed news changes. We are joined in the room by Rufus Radcliffe, chief executive of STV, and Bobby Hain, managing director of audience—news, regulation and audio—at STV. I welcome you both to the committee and invite Mr Radcliffe to make a short opening statement.

Rufus Radcliffe (STV): Good morning and thank you for inviting us to meet with you today. I will make a few opening remarks and then Bobby Hain and I will be pleased to answer any questions.

STV is an iconic Scottish business. We make money through advertising on our channel, STV, and our streaming service, STV Player. We make TV shows for other broadcasters and streamers through our STV Studios business, many of them produced in Scotland.

We are clear about the long-term strategic direction of our business. However, as a commercial public service broadcaster that receives no public funding, we face significant challenges, which are driven by changing viewer behaviour and a very tough macroeconomic backdrop. We are facing declining linear viewing, reduced advertising revenues as companies hold back on spending, and a slowdown in commissioning for STV Studios.

The scale of the structural challenges that public service media face is captured in Ofcom's latest review. The title sums it up: "Transmission Critical". These challenges are not unique to STV but they require a response if we are to remain competitive. We are a regional player in an international marketplace, competing with global streamers with huge budgets and YouTube, which is the fastest growing service on TV.

To deliver our strategy and protect STV's long-term prospects, we must restructure, streamline operations and accelerate our digital transformation, while staying deeply committed to regional news and our public service values. We have done everything possible to protect as many jobs as we can in the long term, but there will be an impact on some roles. As we go through consultation, supporting our colleagues is our priority.

Part of our proposal involves changes to news services, reflecting both changing viewer behaviour and economic realities. We have approached Ofcom to amend licences unchanged since 2009. Sharing material from both regions will allow us to deliver high-quality journalism across Scotland from Inverness, Aberdeen, Dundee, Edinburgh, Glasgow, Holyrood and Westminster. We will tell these stories both on air and through our growing digital news offering. Our plan is designed to protect regional journalism, because it is not financially sustainable in its current form. We are confident that our plan will deliver more stories to more people, wherever and however they want to receive them. Thank you.

The Convener: Thank you very much for that opening statement. I will open with a question. You said that you were very clear about your strategic direction. In May, you published the "FastFwd to 2030" plan. It does not give any indication of the decision about the Aberdeen studio or the fact that you have just recently invested £0.5 million in it. It comes as somewhat of a surprise to hear about the plans now. Are they a knee-jerk reaction to the drop in the share price? Where have they come from?

Rufus Radcliffe: We are getting on and delivering the strategy that we announced in May. There are two parts to it. One is to deliver Scotland's leading platform for audiences and

advertisers, and news is a very important part of how we deliver and will continue to deliver for our audiences. We also announced in May that we will be launching a radio station, and that is on track for early in the new year. The other part of our strategy is to deliver an international content business, and we are determined to deliver on that as well.

We have to do those things with a financially sustainable cost base. When you are running a business, there are two things that you have to do. You have to have a sustainable cost base and you have to look to how you grow your business. The changes that we have talked about today are very much about protecting regional news and putting us on a sustainable footing so that we can deliver our strategy, which will be good for people who work at STV and will make us a successful business that everyone benefits from.

The Convener: You are operating as a public sector broadcaster under Ofcom's licensing. To my mind, the reason that we have different licences in different regions is that we cannot have a homogeneous response to those regions. Are you meeting public sector broadcasting commitments of that licence with the Aberdeen decision, given that it was not part of the proposals?

Rufus Radcliffe: With these proposals, we are putting regional news on a sustainable footing. Viewing numbers for linear news are in rapid decline. If we look at the first half of this year versus the first half of last year, we see a 23 per cent decline in the viewing of news on "STV News at Six".

At the same time, we know that digital consumption is growing enormously. STV news has about 50 million video views a month online. Everyone here will be familiar with the amount of fake news and misinformation online. We know that STV news is greatly trusted and it is important that we reflect where viewing behaviour is going and that the quality of STV news is reflected in the digital space, where, to be frank, we know that the truth is at risk.

We have to reflect what viewing behaviour is doing. The 23 per cent decline in the volume of viewing in the first half of this year versus the first half of last year is very stark. We are building a plan that protects regional news and reflects what viewers are doing.

The Convener: I will move to questions from the committee and bring in Mr Halcro Johnston.

Jamie Halcro Johnston: There are so many questions I could ask, but we have limited time, so I will focus in on them.

You talked about looking to streamline the service and move where viewers are going. Obviously, STV news is still performing well. You talked about the licences being unchanged since 2009, but you signed new 10-year licences in only January of this year. Were you aware—or, at the very least, concerned—then that you might not have been able to fulfil your obligations?

Rufus Radcliffe: We and Ofcom are aware of viewing declines. We renewed the licences, but although licences are renewed for 10 years, provisions in them need to be adapted as conditions change. In July, Ofcom's review, "Transmission Critical", outlined the difficulties in funding regional news and the challenges of public service media for the future.

Jamie Halcro Johnston: Sorry, but I will interrupt because we are limited for time. Did you sign the contracts with those obligations—those new licences—on the understanding or belief that you might have had to change them or take the action that you are taking now?

Rufus Radcliffe: We renewed our licences for the next 10 years. We were obviously aware of the provisions within them, but the market changes and, as the regulator signalled, people watch TV fundamentally changes, and now is the right time to review how we deliver on those licences.

Jamie Halcro Johnston: Less than a year later, you are now looking at reneging on your contract obligations.

Rufus Radcliffe: We are not looking at reneging. We are looking at delivering on our licences in a way that reflects how viewers are consuming content.

Jamie Halcro Johnston: I feel that others may come back on that, so I will move through a number of other questions that I want to ask. How was the news of redundancies or potential redundancies broken to staff?

Rufus Radcliffe: We have 500 people at STV across multiple offices. Like most businesses now, when we have to talk to all our colleagues at the same time—and this was a very big announcement—we use Zoom, which is a standard way of communicating to many people all at the same time, as you can imagine.

Jamie Halcro Johnston: It has been suggested that certainly one or maybe a number of senior figures were online and on holiday at the time. Is that the case?

Rufus Radcliffe: We—

Jamie Halcro Johnston: It is a yes or no answer.

Rufus Radcliffe: No, there has been a mischaracterisation of what happened. All our

senior leaders were present in a very important meeting and Bobby Hain cancelled his holiday and brought it forward because of the significance of what we are doing. There has been a very clear mischaracterisation of what has happened. We had a Zoom call. We spoke to all colleagues. We have had subsequent follow-up, face-to-face meetings with all of the organisation. We know that this is a big change and we know that this is difficult. We know that this is about people's jobs, so we have done everything that we can to be clear and transparent with people.

Jamie Halcro Johnston: Again, that may be something others want to follow up on. One of the criticisms from the union is that there was no follow-up with information and details.

Rufus Radcliffe: There has been follow-up with all members of the organisation. I would—

Jamie Halcro Johnston: Has enough information been provided to them about the plans and what may happen?

Rufus Radcliffe: It is very high level at this point. We have opened a voluntary redundancy programme, so obviously that is a big indicator—

Jamie Halcro Johnston: Sorry, but what does high level mean in this context?

Rufus Radcliffe: We have given the shape of the plans, including for news, where we have talked about bringing gallery and presentation to Glasgow. However, the plans that we have outlined have been made because changing viewing habits and the changing macroeconomic picture do not just impact news. Across all of STV, 60 roles are impacted.

When we did the Zoom call, it was not just the news teams we were talking to; we were communicating with all of our organisation. We had subsequent face-to-face conversations with everyone.

Jamie Halcro Johnston: One of the issues that have been raised with me as a Highlands and Islands MSP is the impact on culture and sports. Some of the coverage will be reduced and airtime will be squeezed.

Another concern was about stories that might start as regional stories but develop into major stories and how exposure to those kinds of stories will be reduced. Under the changes, we might not have seen cases such as the Dundee University funding crisis or the Eljamel case develop into the really serious national stories that they became. Do you share that concern?

Rufus Radcliffe: We will make sure that all stories from across Scotland are properly captured. Given the viewing decline in linear news, it is important that we can get deeper into those

stories online, including through longer reports that have a longer shelf life online.

Jamie Halcro Johnston: We all recognise where things are going, but a huge number of people, particularly older people, still rely on the terrestrial channels. That is why there is an obligation in the licence, and moving everything online is not a solution. From what you are saying, you are not denying that there will be less coverage, which will potentially be online, of some of these cases.

Rufus Radcliffe: We are saying that we will cover all the stories that matter to all of Scotland and we will continue to have editorial coverage of the north of Scotland at 6 pm. We will have editorial hubs in Glasgow and Aberdeen, and decisions will be made to reflect the stories that matter. The changes that we are making will result in more stories for more people and we will be going where viewers are going, but the 6 pm show that we will make will continue to reflect the stories that matter for all of Scotland.

10:00

Jamie Halcro Johnston: A former news chief at Grampian told me that STV pays only lip service to news gathering, that you are interested only in the central belt and not news from the north of Scotland, and that the move in direction was inevitable because STV is just money orientated. Why is he wrong?

Rufus Radcliffe: We are running a business and we have to do so profitably. Part of running a profitable business is to ensure that we fulfil our public service obligations, and that is a big priority for us. STV news is a huge part of what we do. It is incredibly important, but it costs a lot of money—£8.5 million a year. Advertisers advertise across all parts of STV, including our drama and entertainment provision, and only 3 per cent of our output is news. Our advertisers are looking for the biggest audiences that they can possibly get.

Jamie Halcro Johnston: Of the £3 million of intended cuts, how much do you anticipate that you will save from cutting the service to the north?

Rufus Radcliffe: We are not going to break down that figure.

Jamie Halcro Johnston: You know that figure.

Rufus Radcliffe: We are in a voluntary redundancy period, we are in consultation and we are talking to our people, so we are not going to break that down.

Jamie Halcro Johnston: You cannot tell us what the saving will consist of.

Rufus Radcliffe: No, because we are in a consultation period. We have opened a voluntary

redundancy window and are talking to our colleagues.

Jamie Halcro Johnston: Okay. Market confidence in STV is falling. We have seen the share price fall heavily. Staff morale is on the floor—we are hearing that from the unions and from people whom we know—and the plans will impact public confidence. What happens if Ofcom does not approve your plans?

Rufus Radcliffe: We have been in consultation with Ofcom, which will carry out a consultation on this piece of work. As I mentioned, its “Transmission Critical—The future of Public Service Media” report that came out in July lays out in stark terms the challenge of funding public service media.

There is a lot of stuff that we can do without Ofcom’s permission—for example, we can bring our gallery production and our presentation into Glasgow. However, if we do not get permission from Ofcom to do everything that we are proposing, we will have alternatives. It would not be appropriate to discuss those today, because that would impact our colleagues.

Jamie Halcro Johnston: One of the issues that has been highlighted is the future of STV and what the intentions are. If Ofcom accepts your proposal, does it make STV a more attractive target for takeover?

Rufus Radcliffe: Our plan is about putting us on a financially sustainable footing and making us competitive as an independent business. I am determined to deliver that plan, as is everyone else at STV.

Keith Brown: I really should congratulate STV because, uniquely in advance of an election, you have managed to unite all the political parties against your proposal, which takes some doing.

Given your experience as a professional in the media sector, should the proposal go through, what will that mean for the diversity of local broadcast media in Scotland as compared with other countries of a similar size? We heard earlier, for example, that licences are granted to much smaller areas, including the Channel Islands. If you consider together what is left of the BBC, which is cutting back by scrapping “River City”, and what you are proposing, what would be the comparative health of the diversity of local broadcast media in Scotland?

Rufus Radcliffe: Bobby Hain, would you like to comment on that?

Bobby Hain (STV): The changes that Rufus Radcliffe has outlined go beyond television and have affected radio, for example, in Scotland, where the ecology is very different. The best

comparison is probably with other regions of the same size in the channel 3 network, where—

Keith Brown: Do you see Scotland as a region?

Bobby Hain: No. I am thinking purely in terms of the unitary units of the channel 3 system. Currently, Scotland has twice as much output from channel 3 as other nations. Northern Ireland and Wales have less than half of the output that we have. A similarly sized region in England has about a quarter of what we have in Scotland—two or three hours of news output, and no current affairs, which we have. Therefore, all the programming that is not news, such as our current affairs programme, “Scotland Tonight”, and so on, will remain in place.

I am not clear on other country comparators, but we can draw comparisons in the obligations and the news output of our service versus other channel 3 licences in the system, because that is the system that we are familiar with.

Keith Brown: I have only two other questions; lots of members want to come in.

I go back to the points that were made about the licence commitment. Do you understand that the licensing process is there to protect the public interest? People looking at what is happening here will have seen you agreeing to a licence that started this year and then trying to dramatically reduce the licensing commitments while making commitments that are not licence requirements. That just makes a mockery of the licensing process. Will you comment on that?

Rufus Radcliffe: We have already talked about that. We renewed the licence, but the speed of change in viewing behaviour has accelerated. The licence does not reflect how we need to accelerate in digital, and we are having conversations with Ofcom about it.

Ofcom’s “Transmission Critical” report came out in July. The regulator recognises the speed of change here and we are in discussions with it. It will carry out a consultation, as we know, and then it is for the regulator to decide.

Keith Brown: I am not sure that you are grasping the point that the public looking at this will just think that the licensing process was a complete sham.

I turn to my final question. You have said—for good reason, I am sure—that you are not able to break down the £3 million of savings and where those might come from. Will you put a figure on what it will cost you to establish the radio station, and will you put a figure on bonuses for senior executives, just to give us an idea of the context?

Rufus Radcliffe: There will be no bonus payments this year, to be clear, and it is a very modest investment in radio.

I come back to my earlier point that it is not only important that we have a sustainable cost base; it is really important that we grow our business. If we are able to do that, that will allow us to deliver our public service obligations as well. Radio, which is a very modest investment, will be profitable by 2027 and is on track to be delivered next year. It is really important that we grow our business.

Keith Brown: You referred to “modest investment”. I am just looking for a figure. Bearing in mind that that was not a licence requirement, how much has been spent on it?

Rufus Radcliffe: This year, it is £500,000, but I am not going to break down our business plan for you here today because that is confidential. It will be profitable by 2027 and the launch is on track. We have to grow our business.

Keith Brown: Sorry—I have a further question on gallery production and the facility in Aberdeen, which is to become what is called, I think, a reserve facility. Half a million pounds was spent on that. Are you honestly saying that it is a reasonable to have that as a reserve facility, and that you will ship people up to Aberdeen at short notice if there is a problem in Glasgow? Is that a sham to cover for the fact that you should not have invested that money if you were not going to use that facility?

Rufus Radcliffe: Bobby, do you want to comment on that?

Bobby Hain: In terms of both the licences and the investment in our Aberdeen facility—which speaks to the commitment to our news gathering in the north, which was an earlier question, too—we are retaining all of our bases in the north, in Aberdeen and Dundee.

On the stories that you asked about, in Dundee, tomorrow, those would be reported and developed by our team in Dundee, as they were previously, and they will find audiences on television and online. We have a commitment to finding stories that start regionally. Every story is local to somewhere, generally, and we will continue to find those stories.

To the point on the Aberdeen infrastructure, that is a really important part of what we do, because still having teams making news, creating stories and participating in our programmes means that they will be in the studio day in, day out. However, it is also crucial for us to have a back-up facility so that we do not have a single studio, which might need maintenance, develop a problem or might not have power and so on. We must have an alternative and, crucially, we have invested over a

multiyear period. We made the decision two or three years ago to invest that capital expenditure. The investment has just finished, but we have just completed a long process.

Keith Brown: It will appear odd to people, and to Ofcom, too, that you said that you are trying to protect regional news gathering but that you are doing that by getting rid of the infrastructure to deliver it. That was not a question, just a comment, convener. Thanks.

Patrick Harvie: I will start by acknowledging, at a human level, that answering questions of this kind in a pretty charged atmosphere will be a personally uncomfortable experience for you.

I turn to how the decision was handled, as opposed to the substance of the decision. You have suggested that there is misreporting about the online meeting and whether someone was in a holiday villa and whether another senior manager was in a hotel room very close to the studio rather than meeting people face to face. I do not know how it has been reported, but I can tell you that some of the people directly affected by that experience found it pretty insulting.

I would add to that our experience here in Parliament, when you came—as you do every year, which we value—to brief MSPs about the business and its future. I think that that was about a week before the announcement was made. We had already reached the point at which MSPs were hearing rumours that something bad was coming. We sought reassurances about your commitment to news and regional coverage and got those reassurances.

Would it not have been a bit more open, transparent and trustworthy to do that the other way around, and for you to come in after the announcement had been made and be willing to have those difficult conversations? I suggest that, overall, the situation has not been handled well.

Rufus Radcliffe: On your comment about a senior manager being at a hotel, we booked a facility because she had a number of one-to-one conversations about the changes with people in her team, there was a brief interruption and then she spent the rest of the day in Aberdeen with her team. There has been a mischaracterisation, because that person had to have sensitive conversations on a one-to-one basis and then they were in Aberdeen.

On your second point, we have an annual session in Holyrood to talk about STV. Although the timing was quite close to our half-year results, we were not able to share anything because we are required by statute to present our results twice a year. However, we made it very clear in that session that news is an incredibly important part of what STV does but that viewing levels are in

significant decline and we must do all that we can to protect regional news. The plan that we have come up with—that we are discussing with Ofcom and that we are talking about here today—has the objective of protecting regional news. That is absolutely consistent with what we said a couple of weeks ago.

Patrick Harvie: Do you take the point, though, that having those events in the other order—making the announcement first and then being willing to come to answer questions about the real, serious impact of the decision—might have built a little more trust?

Rufus Radcliffe: We had a long-standing commitment to come to Holyrood and, as I said, we could not talk about finances in any detail, because we had our statutory results coming up. However, we made the challenges that we face very clear, not only in terms of changing viewing habits but in terms of the broader macroeconomic position that we are in now. Advertisers are withholding spend. Consumer confidence is at the lowest point that I can remember, as is business confidence. We are in a very difficult macroeconomic environment. We were very clear at that time about the challenges that we face, and the plan that we are talking about here today is about protecting regional news.

Patrick Harvie: I want to go back a little, to just before the announcement. You acknowledged that there are challenging long-term trends for the industry, yet you did not include the changes that we are discussing today in your long-term plans, either when the licence was renewed or when the five-year strategic plan was produced. The changes are a short-term response to something that has just happened; they are not part of your longer-term planning.

In the short period since producing your five-year plan, which was five months ago, you have reached a decision that a crisis has emerged and that you need to make serious and damaging changes, which I am sure you would prefer not to have to make. What dialogue and discussion happened with your workforce about what the options might be? At what level did you sit down with your colleagues and say, “We’re in a difficult situation here. Let’s explore the options together,” rather than simply landing this on them?

Rufus Radcliffe: Our long-term plan that we announced in May has two parts. It has our growth plan, but we said in May that we must have the right cost base. The markets since May have deteriorated very quickly. We were definitely hoping for an advertising bounce back later this year. There are no signs of that happening.

Patrick Harvie: You are going to get one next year though, aren’t you?

10:15

Rufus Radcliffe: Our visibility is very low—wouldn’t that be great, though?

Patrick Harvie: There is the world cup, which you know will be busy.

Rufus Radcliffe: The world cup is six of 52 weeks next year. We hope that it will generate advertising demand, but we do not know—it might not. The economic situation that we are in is very difficult. The visibility—

Patrick Harvie: Can I just remind you of the question?

Rufus Radcliffe: Sure.

Patrick Harvie: During that period when you recognised that something dramatic had changed and you needed to respond to it, what level of dialogue did you have with your workforce, on whom you depend for everything that you do? What level of dialogue did you have with them about how to face the challenge and what the options were?

Rufus Radcliffe: My senior team across the business worked on all the options available. They understand how the business works and how it is all joined up. We looked at all of our options to—

Patrick Harvie: Your senior team looked at the options.

Rufus Radcliffe: Yes.

Patrick Harvie: I am asking what level of dialogue you had with your workforce.

Rufus Radcliffe: The senior team talk to our colleagues all the time. We are a relatively small business; we are only 500 people. We are a huge brand, but we are not a very big business and my senior team have very strong connections with their team, as you would expect any senior leader to have. This piece of work was done as quickly as we could, but we were trying to protect as many jobs as possible, as well as protecting our ability to grow for the future.

Patrick Harvie: My final question is about what happens next. From my understanding, you are trying to push Ofcom into making a decision fairly quickly and you are having a very short consultation window. I suggest that that is wrong, not only from our point of view as politicians who want to scrutinise the decision, or from your workers’ point of view, who will be affected by it, or from viewers’ points of view, but from the wider industry’s point of view. It would be wrong to make this decision quickly because, if Ofcom were to approve it, that would make it very difficult for it to resist other similar changes to reduce or even abolish regionality in other channel 3 regions.

You are proposing a pretty profound change that could impact on independent broadcasting throughout the entire industry. Do we not need to take our time and put pressure on Ofcom to take its time?

Rufus Radcliffe: I will answer the first part of that, and Bobby Hain might talk about the implications for regional news. Ofcom has suggested to us that a four-week consultation period is the right timeline. It is a very specific request that we have made, and the length of the consultation is up to Ofcom.

Bobby Hain can talk about the implications.

Bobby Hain: The specific request of Ofcom is in two parts: the ability to formally share material between the licences and the removal of the sub-regional operations, which are the four current regions that we support, which are very costly in distribution terms in a world where so many people are now online. Those specific points are the Ofcom consideration.

There has been a lot of attention to the cessation of nightly presentation from Aberdeen, which I understand completely is a concern. That is not subject to Ofcom approval. There are already examples in the channel 3 network where the news that you see in one place is produced and presented in a different part of the country. ITV Border is a good example, as the news that is seen in the Border area comes from Newcastle.

Further, there are already examples in the channel 3 licence system where the sharing of material is permitted not just between neighbouring licences—which is what we are asking for in Scotland—but more widely across most of the English regions.

We think that there is a unique chemistry in the way that the licences work in Scotland. Interestingly, the stories that we talked about that move from being Dundee stories that are anchored in Tayside to being national stories immediately go to both our licences and affect lives across Scotland. That is why we need to have the combination of news gathering to unearth and present the stories and bring them to our audiences but in a way that is affordable and sustainable.

Patrick Harvie: I have seen comments in the industry press where people are eyeing this issue closely and thinking about the consequences for other channel 3 regions. There are serious consequences for the wider network of channel 3 broadcast, not just the immediate regions that will be affected and fear the loss of regionality. There is a real danger that the issue could spread.

Bobby Hain: We do not believe that there are such consequences but, clearly, that is a consideration for Ofcom.

Patrick Harvie: It is one that is worth taking some time over, I think.

Alasdair Allan: Good morning. I am not sure whether you had a chance to hear, before you came in, some of the views that were expressed by representatives of the workforce, but I want to ask you to respond to a couple of things that were raised with us.

You have just described your activities as protecting regional journalism. The unions described to us their view of the changes as essentially abolishing regional journalism in the north of Scotland in terms of job opportunities and service to the public. Can you help us to reconcile the two positions that have been put to us today?

Rufus Radcliffe: Regional journalism is not just about broadcast; it is also about accelerating digital. We will have editorial hubs in Aberdeen and in Glasgow, and we will continue to have journalism from all parts of Scotland—from Inverness, Dundee, Aberdeen, Edinburgh and Glasgow, and from Holyrood and Westminster. That will continue.

We will make the right editorial decisions not only for the 6 pm news but for digital, to make sure that the most important stories for millions of people in Scotland are reflected every day. At 6 pm now, no one is tuning in wondering what has happened that day in Scotland or around the world. People find their news digitally first. More and more people are doing that, which is why we are seeing a 23 per cent decline in viewing volumes.

Regional journalism has to not only create a brilliant show at 6 pm but accelerate digital, because that is increasingly how people find their news, including their regional news.

Alasdair Allan: I do not dispute that there has been a change in viewing habits but, as somebody who lives in and represents an island area, I know that, under the status quo, the islands get a look-in, as local stories that are important to us appear in the news. One of you said that stories from a local area that become national stories will still get a hearing. What about local stories that do not become national stories—the stories that have local significance for places such as the islands and that would feature in a north of Scotland broadcast? Realistically, where will somewhere such as the Western Isles feature in the news service that is offered without a north of Scotland news service?

Bobby Hain: We largely cover Western Isles topics out of our Inverness office, and the south

Hebrides are covered from the central belt. That is because the current transmission delineation, which was set up in the 1950s, cuts a swathe between the north and south Hebrides, so we cover those islands from both licence areas.

To answer your question about where such material will come from and how it will be seen, we will still have reporting and news-gathering teams who can create material and find stories for distribution. Increasingly, people are finding that material online. The Ofcom news consumption report, which describes audience expectations of where they will find stories, shows that, below the level of international, national and what Ofcom calls county or city-sized units of news—which are all expected to be seen on television—people do not expect to see the news on television and are increasingly looking for it online, whether on Facebook, TikTok or WhatsApp. Those are the areas—

Alasdair Allan: Those are unedited sources of news.

Bobby Hain: Yes, and that is the very reason why public service media, including STV, needs to take our values and Ofcom-compliant journalism, which is impartial and fair, into those platforms. That is why we need a balance of what is distributed on TV and what is increasingly made for online consumption.

Alasdair Allan: In that case, can you also respond to the points that have been discussed by the previous panel about your plans for a new radio station? It was put to us that that has nothing to do with news. Does it have anything to do with news at all?

Rufus Radcliffe: There will be news, but we are not required to have news on that. It is a commercial radio station that, as I said, is about growing our business and increasing our revenues. We are on track to launch early next year.

There is a clear gap in the market for a radio station that is unequivocally from Scotland, for Scotland. It will have Scottish presenters, a Scottish sensibility and a Scottish focus. We are finding increasingly the networkification of commercial radio in Scotland, so we think that there is a clear opportunity. That is a very important growth initiative for STV.

Bobby, do you have anything to add to that?

Bobby Hain: Only to say that the rise of commercial radio has been immense. Nearly 40 million people a week now listen to a commercial radio station, and listening to commercial radio has continued to increase over the past few years. Radio revenues are very resilient.

There is that gap that Rufus Radcliffe identified. Many stations in Scotland remain only as names; no programmes at all are made from the premises that they used to occupy. We think that there is a clear opportunity for us to make a mainstream commercial music station that is from Scotland, for Scotland.

As with TV and other public service aspects, news is difficult to monetise. It is difficult to make money out of doing news, but we know that news is important. It is a public service commitment of ours on television, and it is natural for STV news to feature on our radio station, but we are very clear—

Alasdair Allan: Not very much of it.

Bobby Hain: Not very much of it, which is in common and in line with many other commercial radio stations. That is our competition. This is a mainstream commercial radio station that we believe can add to our profitability very shortly.

Alasdair Allan: I have one or two brief further questions. Others have touched on this first one. I understand that the environment is rapidly changing, but you will appreciate that we all find that it is stretching credulity a bit to believe that you did not know about any of this at the time of the licence renewal, a few months ago.

Rufus Radcliffe: No. We knew that viewing changes were happening. Since the licence renewal, there has been an acceleration in viewing decline and in the challenges of the markets that we are operating in. As I said, the macroeconomic situation is very difficult and, with Ofcom producing its “Transmission Critical” report, it felt like the time was right to have that conversation with Ofcom, which is what we are doing.

Bobby Hain: It is important to remember that the licensing process takes a number of years, and that the economic and viewing data used as input to the licence process dates from 2021 and 2022. It is not done in December 2024 for a licence that starts in 2025, and things have changed significantly from that period.

Yes, the public service system is there to ensure that we have public service media that is predictable and that we can rely on; however, the work that Ofcom does every five years in looking in the round at public service provision and the challenges and opportunities is also a really important part of that. You have the licence renewal, which was completed and agreed nearly three years ago, and then you have the reality of how viewing and the economic climate have changed since.

Alasdair Allan: Finally, I want to give you the opportunity to respond to the point made by the unions that there is, or recently has been,

somebody in the company who is paid more than the director general of the BBC. Is that the case?

Rufus Radcliffe: I do not know what the director general of the BBC's salary is, and I do not think that it is appropriate to talk about executive pay. Executive pay is a—

Alasdair Allan: It is relevant if you are pleading poverty as a company.

Rufus Radcliffe: Executive pay is a matter for the board; we do not decide our pay. I do not know what the director general of the BBC is paid.

Alasdair Allan: Okay. Thank you.

The Convener: I have a quick supplementary question before I move to the next member. Mr Hain, you talked about where the licence line was drawn. There is a strong correlation between that and what happened with storm Amy. From my recollection, the danger zone for that storm was above that line and not below it. I presume that that was an example of where the output from the Aberdeen office was absolutely vital to inform the public in the north about the serious damage done by storm Amy and the long-term effects of that, which did not apply in the central belt.

Bobby Hain: That is true to an extent, but what is much more important is the input from our teams in the north to that story for the very reasons that you describe. Actually, it is a really good example of how the licences work best together. Storm Amy was a weather system that affected us all. We were either in the middle of it or we knew people or places that were affected by it. In telling those stories, we needed to hear about the transport infrastructure and see what was happening in areas that were affected, and that involved everybody, including our reporters across the north, such as Nicola McAlley, who strangely was in the area that was in the eye of the storm when she reported, and, of course, Seán Batty, with his detailed weather analysis of what was happening from a meteorological point of view. That is a really good example of how the licences work together to tell the story for all of Scotland.

10:30

The Convener: I do not know, but I suspect that much more time would have been spent on that issue in the Aberdeen broadcast than in the central belt in the following days.

Bobby Hain: Off the top of my head, I cannot think that there would be any difference. The main element of the story was what happened last week, and the follow-up has been similar on both programmes, from what I have seen.

The Convener: Okay. I will move to questions from Mr Kerr.

Stephen Kerr: I understand that appearing before a parliamentary committee to discuss matters pertaining to the internal workings of your business will feel very uncomfortable. However, Mr Radcliffe, you come across as being resentful that we are asking questions at all. You must acknowledge that this discussion is in the public interest. Do you not appreciate the intensity of interest among members of the public in what you are doing, in particular with your STV North licence?

Rufus Radcliffe: Of course I do—

Stephen Kerr: So why do you resent being asked questions about it?

Rufus Radcliffe: I do not resent it. It is absolutely appropriate for you to ask questions, and we will answer them in the best way that we can.

Stephen Kerr: Do you understand that the public interest demands that, as elected representatives, we should ask direct questions of you, the chief executive of STV Group?

Rufus Radcliffe: Of course.

Stephen Kerr: The bottom line is that you have lost the confidence of your shareholders. Your share price has fallen by more than 50 per cent in a year. Why is that?

Rufus Radcliffe: The share price is a reflection of the challenges of our business and the macroeconomic situation that we are in. The aim of the plan is to put us on a financially sustainable footing as we move forward.

Stephen Kerr: You have performed reasonably and consistently—except in years when there have been major football tournaments, when you have done extremely well. That is why eyebrows were raised when you said that you were not sure whether next year's world cup programming would generate additional ad revenue. I think that you know that showing world cup games will generate additional revenue. Can you tell us what the profitability of STV Group has been—in actual sums, in pounds—for the past five years, from 2020 onwards?

Rufus Radcliffe: I do not have all those numbers in front of me. We made £20.6 million of operating profit last year.

Stephen Kerr: Right. This year, you are responding to a performance that, if I am not mistaken, suggests that your revenue in the first half has gone down by £400,000. Is that right?

Rufus Radcliffe: Our profit has gone down by 37 per cent in the first half of this year.

Stephen Kerr: But your revenue has gone down by £400,000.

Rufus Radcliffe: But our profit has gone down.

Stephen Kerr: Yes, but what is the reason for that? If your revenue is in touch with what you were doing a year ago—year on year—what is the reason for the drop in profitability?

Rufus Radcliffe: The most significant dynamic in the first half of the year was a decline in our advertising revenue.

Stephen Kerr: No—that would suggest that revenue would have fallen off a cliff. It has not—it has gone down by £400,000. Why is there a disproportionate drop in profitability if revenue has only gone down by £400,000?

Rufus Radcliffe: In the first half of this year, our studios revenue grew and our advertising revenue declined by 10 per cent. Advertising revenue is profitable, so that had a bigger impact on the group's profitability.

Stephen Kerr: I must be honest with you and say that I am not sure I understand how those numbers go together, but perhaps you could give the committee more information by writing to us.

If your revenue is roughly on par, then, on the sums that we are talking about, it does not seem like a kick in the pants from where it was. However, you are describing a huge drop in profitability, which you say has led to a 50 per cent loss in your share price and a collapse in your shareholders' confidence. What are your shareholders telling you about the performance of your executive team?

Rufus Radcliffe: We have recently spoken to our shareholders as part of our half-year results process, and they tell us that they want STV to grow and succeed and to be financially sustainable. That is the aim of the plan that we are putting in place.

Stephen Kerr: I understand that their aspirations will be for their shareholdings to retain their value, if not for that value to increase. However, they have just seen their holdings depreciate by 50 per cent in a year. Surely, they are saying much more than that to your executive team. Are they expressing confidence in you?

Rufus Radcliffe: The shareholders understand the environment in which STV operates and the difficulties that it faces. They understand why we have to have the cost-saving plan that we announced at the half-year point. Our shareholders are supportive of STV. Like me and my team, they feel confident that we have a good future in front of us, but that we have to achieve that on a sustainable cost footing.

Stephen Kerr: Where does the figure of £3 million come from? What is the basis for it?

Rufus Radcliffe: We looked at our cost base in all parts of STV to see how we could deliver savings to ensure that we can put the group on a good financial footing. I will not break down the £3 million into the various areas within it, but all parts of STV will be impacted by the changes—

Stephen Kerr: But nothing quite like what will happen with STV North. You are effectively surrendering that licence, are you not?

Rufus Radcliffe: Across the whole of STV, 60 roles will be impacted, so it is a very difficult moment for our colleagues. There will be changes to all of STV's news programming.

Stephen Kerr: Do you agree that you are surrendering the conditions of the licence that was granted to you, a few months ago, to operate in the STV North area?

Rufus Radcliffe: We are creating a new programme at 6 pm and accelerating our digital news provision to ensure that we can protect regional news programming for the future.

Stephen Kerr: But that is not what the licence conditions are for STV North.

Rufus Radcliffe: No—I agree, which is why are we are in conversation with Ofcom.

Stephen Kerr: You are effectively ripping up STV North.

Rufus Radcliffe: We are not ripping up STV North. We are—

Stephen Kerr: Are you not ripping up STV North? You are removing local production and presentation and taking them to Glasgow.

Rufus Radcliffe: Our proposal is to create a new programme at 6 pm.

Stephen Kerr: Yes, but do you understand what I am trying to say here?

Rufus Radcliffe: Yes, of course.

Stephen Kerr: We are talking about two licences. The STV North licence will effectively disappear. You want Ofcom to agree that there will no longer be 15 channel 3 licences in the UK. Instead, there will be 14, because you will just absorb STV North.

Rufus Radcliffe: No—our ask is to share content across both our licences.

Bobby, can you offer any further clarification?

Bobby Hain: The licences contain a large number of obligations beyond simply providing a certain number of hours' worth of regional news. They are a complex and detailed set of public service commitments, which include creating independent and original productions, and working together as a network. Those licences are held

across the country and have varying levels of commitment. As we have said previously, our proposal—our model—retains the reporting and source material for news stories across the bases in STV North, so that the sense of the licence does not disappear, and we include that material on a shared basis because so much of it is shared.

Stephen Kerr: I hear all of that, but your licence requires four hours of regional news weekly and five-minute sub-regional segments at 6 pm. STV North must produce 70 per cent of its regional output within that licence area. You are ripping all of that up, are you not?

Bobby Hain: No, we are certainly not ripping all of it up. We are asking to make changes. For example, the licence does not require us to broadcast anything from the north. We could change our broadcasting configuration and broadcast the same number of minutes in the central belt.

Stephen Kerr: So you do not need Ofcom's permission to shut down broadcasting.

Bobby Hain: I think that we have been very clear on that point. There are specific points for which we require Ofcom's approval, and there are others where we do not.

Stephen Kerr: Just spell those out. What are the Ofcom approval requirements? I thought that the licence stipulation was pretty clear about what the within-region output was supposed to be.

Bobby Hain: What determines the within-region aspect is Ofcom's made-in-region qualification, which is within its regional definitions. That already permits a licence holder to broadcast news from outside the region that it serves. The question for us is—

Stephen Kerr: Regional news.

Bobby Hain: Yes, the regional news.

Stephen Kerr: But you are taking that away, too.

Bobby Hain: We are asking Ofcom for clarification and transparency. Earlier, we talked about the really good example of storm Amy, but there are many others. The stories about the University of Dundee became national and appeared on both services. We want to have transparency and clarity with Ofcom, our viewers and the committee's members about how much of that material we can share. Our suggestion is that we can share all the material, but that we retain a commitment to make news programmes in both areas so that people will always see both news from the north and news from the central belt.

Stephen Kerr: That does not seem like much of an offer on your part. Basically, you are saying,

"News happens in STV North. It will be included in a programme produced out of Glasgow." That is not much of a negotiation position. It is like saying, "We will rip up all of the requirements for regional output on STV North and our compromise is, 'Oh, we will include some news about the north of Scotland in a programme out of Glasgow'."

Why are no management jobs currently in spec for the 60 jobs that you wish to cut in STV?

Rufus Radcliffe: Jobs from all levels of the organisation will be affected.

Stephen Kerr: So, there are management jobs.

Rufus Radcliffe: From all levels. I cannot go through it role by role, but all levels of the organisation will be impacted.

Stephen Kerr: The confidence level of the 500 people who work at STV is obviously pretty fragile at the minute. We understand that it is quite a common belief among STV employees that the only people who will be within the net of the potential job losses are those who are not managers. Apparently, managers will continue in post—untouched. Is that not true?

Rufus Radcliffe: No, that is not true.

Stephen Kerr: Right, okay.

Many other questions need to be asked, not least about the facts that you are spending money on a radio station, hiring expensive presenters and investing in infrastructure for the studio. You have just spent £500,000 on refurbishing your Aberdeen and Glasgow studios, but the Aberdeen one will now fall into disuse.

I think that you have lots of questions to answer, but time does not permit me to put them just now. I will pass back to the convener.

The Convener: Thank you. I appreciate that, Mr Kerr.

We move to questions from Neil Bibby.

Neil Bibby: Mr Radcliffe, you started by saying that STV is iconic. I absolutely agree with you. I will go further and say that it is a much-valued and much-loved institution in Scotland.

Earlier, Mr Harvie mentioned that you had been getting a hard time. That is probably because the passion for ensuring that we have good-quality journalism in Scotland is one on which we can all agree. We might not always agree with STV's coverage, but the role that it plays in informing the public about what is going on—not just in their local area, but across Scotland—is critical. That is why we are putting you under such scrutiny this morning. Of course, STV's coverage is made possible only by the people who work there—the

dedicated journalists and all the other staff who provide its much-valued news programming.

You said in your opening, and a few times since then, that you will provide more stories to more people. How can you do that but, at the same time, cut one in 10 people in the STV workforce—the very people who provide that much-valued and much-loved service to the people of Scotland?

Rufus Radcliffe: In the 6 pm slot, we have only 30 minutes for our output. In digital, not only is there no ceiling to what we can do, but stories can live there for longer and gain an audience for longer. Through our proposal we would be able to have short-form as well as mid-form stories, plus longer programme lengths, more opportunities for journalism and exploring what we are doing, podcasts and explainers, and applying the values of STV news to the digital space. In order to do that, we have to simplify the 6 pm offering and the news that we cover there so that we can reflect where viewers are spending their time now.

Change is very difficult. I want to be clear to everyone here today that I, as chief executive officer, and the leadership team completely understand that this is a big change: it is very difficult and it will impact people's jobs. However, in the situation in which not only STV but all businesses now find themselves, not changing is not an option. We have to reflect viewer behaviour, and we must put STV on a financially sustainable footing. The digital opportunities here mean that we will be able to apply the brilliant, high-quality journalistic standards of STV news and move it into the digital world at pace.

10:45

Neil Bibby: STV produces news content for television, which is currently put online in a digital space on social media. That is already happening now, so, even if you change what you are doing in news, I do not see how you can provide more stories to more people with a head count of 10 per cent fewer people in your organisation. How will that be possible?

Rufus Radcliffe: It is because we are taking cost out of our infrastructure. Bringing gallery and presentation into Glasgow will allow us to deliver an overall saving for the group and to do more in the digital space to get more stories out there.

Neil Bibby: I just do not see how you can do that with a headcount that will be 10 per cent lower in your organisation.

You currently have the STV North output, but you also have excellent news coverage in Glasgow in the west and Edinburgh in the east. You cover issues of importance to people right across Scotland. That manifests itself in your

results. For example, I understand that, last night, STV's news programme had 330,000 viewers, which was 50,000 more than "Reporting Scotland". The only programme that beat your news offering last night was "Celebrity Traitors", which is quite unique. Do you not fear that diluting the regional news offering, by getting rid of STV's news programme, will hasten the decline of STV as a brand? Given those figures, which represent a success story, will you not shoot yourselves in the foot by making the proposed changes?

Rufus Radcliffe: We did consider a precedent. We used to do programmes in Glasgow and Edinburgh, both of which are in the central belt. When we brought those into one programme the viewing performance increased.

Bobby will probably have more detail on that period, which predates my time.

Bobby Hain: The performance that you highlight relates to the past few years and has happened since we reduced the number of programmes that we transmit. Prior to 2018-19, STV's news bulletin was not the most watched one in the country. I remember there being a similar level of concern, and since then our teams have worked through the changes that we made to deliver a fantastic product within a framework that was much more appropriate for the times. That is where we are again. The difference today is that television audiences are in decline.

I will come back to the point about how we can generate more stories. There is an inherent inefficiency in making five-minute stories for four sub-regions every day. It takes a lot of effort to do that, and it is what we might call a very television way of doing things. You are right to point out that we use material on TV that can go online. However, as Rufus Radcliffe mentioned, the ways in which people now consume content mean that they do not wait until 6 o'clock to see what the news is. The vast majority of them gain a sense of what is happening during the day and come to the 6 o'clock news already knowing about some or most of the stories. By freeing up the constraints of legacy television distribution, we can do more online. That is how we will get to the point of generating more stories.

Neil Bibby: People will reflect on the increase in numbers that you have had over the past few years and perhaps suggest that you now have the balance right.

I have questions about STV radio, which has come up a few times. Earlier, Mr Radcliffe mentioned that you are looking to make that profitable by 2027.

Rufus Radcliffe: Yes, that is right.

Neil Bibby: There is a great deal of concern that, on one hand, you are making redundancies and, on the other, investing in STV radio and hiring people on six-figure salaries. In the event of further redundancies in the years ahead, would the radio division be protected from cuts, on the basis that it would still be in its launch phase and not yet in profit?

Rufus Radcliffe: I do not think that we can hypothesise on that, but—

Neil Bibby: Why not?

Rufus Radcliffe: We need to look at two aspects: our costs and our growth areas. We said earlier that we believe that STV radio is a strong proposition not only for Scottish listeners but, importantly, for Scottish advertisers. We want to grow our business. If we do so, that will protect the public service obligations that we have talked about today.

Neil Bibby: I understand what you are saying, but to what extent are you wedded to STV? If you have to make further redundancies in the coming years, before STV radio is profitable, will you protect it and maintain its budget or will the redundancies fall on other sides of the business?

Rufus Radcliffe: With the facts that are laid out in front of us today—and, given the visibility of the economy and the markets in which we operate, it is difficult at the moment—we are determined to grow our business. STV radio remains an exciting opportunity for us. We are getting positive feedback, not just from prospective listeners but from advertisers. We have signed our first advertiser for STV radio: Tunnock's, which was also our first advertiser back in 1957. It presents an opportunity for advertisers to advertise on STV. One of the roles that we play as a business is to help Scottish businesses grow by offering them a strong advertising platform.

Neil Bibby: There is obviously concern about how STV is spending its money at the same time as making cuts that would threaten jobs. We have talked about STV radio. Earlier, Dr Allan asked about salaries and executive pay. You said that you could not comment on whether anyone at STV was being paid more than the director general of the BBC, because you did not know what the director general's salary was. I have just checked, and it is around £545,000.

Rufus Radcliffe: I do not think that anyone at STV is paid at the same level as the director general of the BBC. However, I do not set my pay; that is a matter for the board.

Neil Bibby: I thought that I would just provide that information.

Rufus Radcliffe: Thank you.

Neil Bibby: You said earlier that you could not share your plans for what would happen if Ofcom were to reject the proposals. Naturally, we are keen to understand what your plan B would be in that event. In an earlier session the National Union of Journalists asked which options were considered before taking the decision about STV North programming. Can you share those?

Rufus Radcliffe: We have looked at savings in the round across all parts of STV. The STV news proposals are part of the overall cost-saving plan.

As Bobby Hain mentioned, we can take a number of steps without Ofcom's approval. If we do not get its approval for the full proposal, we will have to look at other ways of delivering our savings. We have approached this cost-saving plan with the overall objective of delivering such savings while protecting as many jobs as possible. I could not be clearer that we realise that the plan represents a big change for the organisation, and one that would be difficult. However, we have looked at all options to deliver savings. We believe that the proposal for news would not only do that but reflect where viewers are going and what they are doing. We believe that the new STV programme that would be created as a result would be a success for viewers.

Neil Bibby: You are reluctant to share the plans for what would happen if Ofcom rejects the proposal. I am not hearing much about the alternatives that you considered before making the decisions that you did. At the start of our discussion, we raised the fact that you had applied for a licence but then tried to change that licence. We have seen investment in Aberdeen studios, which will not now be fully utilised. We have heard about your plans to move into radio. However, we are not hearing what your plans are should Ofcom not approve your proposals. It seems that although many different things are changing, there is not much of an overall plan here.

Rufus Radcliffe: The strategy that we outlined in May, which was for us to be Scotland's leading platform for audience and advertisers, is what we are getting on with and delivering. Radio is an important part of that, as is news.

As for our studios business, not only do we make a lot of programmes in Scotland—for example, we make "Bridge of Lies", "The Hit List" and a new programme for Channel 4 called "Game of Wool" in Glasgow—we need to become an international content business, too. We are also making programmes for Netflix, Apple TV and Sky. It is really important that we diversify, and that we not only make our money from Scotland or the UK but become an international business.

To come back to my earlier point, if we become a sustainable, profitable business, that will allow to

deliver our public service obligations. We are very proud of being a public service broadcaster in Scotland, and we are very proud of STV news. We are confident that the new programme that we propose to show at 6 pm will be a compelling proposition for viewers. We would not be proposing it otherwise.

The Convener: I have a very quick final question before I bring in colleagues. When you were developing “FastFwd to 2030”—the timescales remind me of how we would develop a manifesto—what public or audience consultation took place and did you consult specifically on the development of the radio platform?

Rufus Radcliffe: Yes. We did a lot of research on STV radio and we did a lot of analysis on the market and where the market opportunity lay. To Bobby Hain’s point earlier, commercial radio in Scotland is probably being less impacted by the digital world than TV and video is at the moment. Listener levels, particularly in commercial radio, are holding up very well. In the TV space, people are spending time watching Netflix, Amazon Prime and Apple TV or, increasingly, YouTube. In commercial radio, the digital spaces are just allowing people to listen to their stations however they want to—IP-delivered audio, digital in cars and smart speakers at home are allowing people to spend more time with their favourite commercial radio stations. We would never have entered into this venture without doing a proper strategic analysis of where the opportunity lay.

The Convener: You have talked about the strategic analysis and research, but I want to know what audience consultation took place. Was that focus groups? Did you have a call for views or—

Rufus Radcliffe: We have a very sophisticated audience panel called ScotPulse, which is the biggest research panel in Scotland. We use that for lots of things and we used it as part of the development for radio. It is a groundbreaking panel and the biggest that is available in Scotland. Not only do we use it at STV, some of our advertisers use it too.

Jackie Dunbar (Aberdeen Donside) (SNP): I thank the committee for the opportunity to speak this morning. I also thank the first panel for their frank and full evidence.

We have heard that nobody tunes in at 6 o’clock, yet Mr Bibby has just said that 300,000 viewers tuned in last night. I widnae call 300,000 folk “nobody”. I think that that is a little bit disrespectful.

You have spoken about building a national cross-platform STV brand, including radio, and you have said that it is based on the trust that folk have in STV news, yet that trust is rooted in regional journalism, particularly in places such as

Aberdeen. Is there not a danger that cutting back that presence undermines the very foundation of the wider brand strategy that you are trying to produce?

Rufus Radcliffe: The biggest challenge for trust is in the digital space. That is why we need to accelerate the amount of output that we have in digital, because we all know that there is a lack of truth out there. The high-quality credentials of STV news need to apply there. We believe that the plans that we have outlined will help to deliver that.

11:00

Jackie Dunbar: But your new commercial radio will be looking for Aberdeen and north-east companies to advertise, when in Aberdeen we already have one local radio station and another two commercial stations that still broadcast to us. We also have Station House Media Unit, which is a charity radio. You will be competing with them in an oversubscribed platform. STV’s logic is that, with your new way of doing it, you will advertise on radio from first thing in the morning to the new flagship news shows on the TV, but we will not have that in Aberdeen. How do you see the business model working in Aberdeen and the north-east particularly?

Bobby Hain: The point around the existing portfolio of stations that are available is well made. In fact, there are dozens of stations that you can advertise on. The stations that you have identified are local Aberdeen stations. Some of them do their own programming and some of them are relays of UK content that is syndicated, but you can buy advertising in some or all of them just in Aberdeen, if that is what you want to do.

Jackie Dunbar: As you can do with your advertising on STV news, because I always see local Aberdeen companies popping up in the adverts in a programme that “nobody” watches—although I do.

Bobby Hain: Just to be clear on the point around news, I do not think that we were suggesting that nobody is watching. Let us not forget that “STV News at Six” is still Scotland’s most-watched news programme; we are very proud of that and it is a fantastic testimony to the team that make it. The point that we are making is that very few people watching that programme will have had no knowledge of what today’s news is by the time they come to that. That is the differentiation.

Jackie Dunbar: I am one of those folk who grab bits of news during the day but then tune in at 6 o’clock to get the full news. That is what folk do.

Bobby Hain: I appreciate that. The combination is important. However, coming back to the radio

and TV points, we have very strong advertiser connections across the whole north of Scotland, not just Aberdeen—Inverness, further north, to the west and so on. Those people can advertise all across our schedule. News is 3 per cent of our schedule, so what helps drive those advertiser businesses is advertising on “Coronation Street”, on the drama “Coldwater”, or on the world cup next year. It is very important that they have a spread of advertising, but the real challenge is not how many radio stations there are, because the other opportunities that advertisers increasingly have in Aberdeen, the north-east and other places are Facebook or TikTok; they can go online and advertise their services using their own commercials and not use TV at all. That is part of the decline that we see, which is why it is very important—as Rufus Radcliffe outlined in the strategy point—that we have a very clear digital advertising proposition. That is a vital part of our future so that we can retain business that will otherwise just be going to Google, Meta and other operators.

Jackie Dunbar: But you just will not be retaining it locally.

Bobby Hain: We will be retaining it locally. We absolutely will be. We will be retaining the money, but let us also not forget that, although we are changing our news plans, Google and Meta—

Jackie Dunbar: I am not talking about money, I am talking about keeping the regional aspect of it regional. I am not sure that you understand how important STV is in the north-east and the north of Scotland. I grew up with it. You were told by your dad to hurry up and eat your supper because the news was away to come on, and you were not allowed to switch on the telly until you had eaten your supper. I did not even know there were other news channels until I was in my late teens, because that is what we did. We have grown up with it. It is an institution and it is an institution that is utilised in the north-east and the north. I think that what you are trying to do will do a huge disservice to the communities that we represent. Sorry, convener, I will come back to you.

The Convener: That was more a statement than a question.

Before I bring in Mr Stewart. I remind everybody of the time.

Kevin Stewart: I, too, am a son of Grampian TV. I even remember Mr Hain when he was at Northsound—those were perhaps better days.

Mr Radcliffe, in relation to news intake, you said that “truth is at risk”, and truth might be at risk here, too, because I find it very difficult to believe that, when you got the new licence in January of this year—merely a few months ago—you did not know what was happening out there. It seems

bizarre to me that you are now going to Ofcom to renege on that licence and do away with STV North and the legacy of Grampian TV. Would you like to comment on that?

Rufus Radcliffe: The licence renewal process takes place over quite a long period, as Bobby Hain said, and—

Kevin Stewart: You have already gone over that. It is not credible that, after getting that licence on 1 January, you are now, a matter of months later, ripping it up, as Mr Kerr said, and doing something completely different.

Rufus Radcliffe: We are not ripping up the licence. We are looking at a new way of delivering the two licences, with a programme at 6 pm that has shared content across both licences. We are not trying to rip up anything.

Kevin Stewart: I think that you are ripping things up. STV North news has a 40 per cent audience share, which is quite incredible in today’s world. Folk tune in to watch Andrea Brymer, Norman Macleod, Tyrone Smith and Chris Harvey. Those are trusted people, and they might well remain, but they will be in much lesser roles. Truth is at risk, as you said, so we need trusted people. Why do you think that it is right to get rid of an operation with people who attain a 40 per cent audience share?

Rufus Radcliffe: The truth point that I was making is about the digital space. We are highly regulated, and we are all incredibly proud of STV news, which is delivered day after day, night after night. We operate on 13 platforms, but the digital content that we produce is surrounded by content that is not true.

Kevin Stewart: It has been said to me that STV radio is a Hain pet project and that that diversification will lead to disaster. Would you like to comment on that, please?

Rufus Radcliffe: I will throw that question to Bobby Hain, because that was quite a personal comment about him. First, as I said earlier, the STV radio proposition is a result of thorough strategic analysis of where the opportunities lie, and we are on track to launch it. Bobby Hain is working with an excellent team on it.

Bobby Hain: As Rufus Radcliffe said, and as we have detailed, we have done clear due diligence on the radio market. To be honest, as the idea emerged, because of my radio background, I was sceptical that there was an opportunity until I looked into the issue very clearly. Having done that due diligence, which involved our work through ScotPulse and our analysis of the radio market and the shift in listening habits, I am absolutely convinced that there is an opportunity.

Let us not forget the opportunities that digital brings to radio. One of the big drivers for us is that DAB radio, which is largely replacing FM, is about to open up to DAB+, which will bring in many more stations and will bring many more opportunities. Mr Stewart mentioned the days at Northsound 40-odd years ago. Northsound does not make radio programmes any more, which is a great shame, but it still provides a service that is relayed from elsewhere. As a result, we are able to step in and make an entire national radio station in Scotland, for Scotland, and we are confident that it will be successful.

Kevin Stewart: I think that others would disagree with that proposition, but let us move on.

Truth is at risk. Earlier, Mr Bibby mentioned the salary of Tim Davie, the BBC director general. I understand well that the remuneration for your good self, Mr Radcliffe, is decided by the board, but do you earn more than the £545,000 or so that Tim Davie earns?

Rufus Radcliffe: No.

Kevin Stewart: Okay. That is now on the record. I am sure that there will be more discussion around that.

You have said that you would prefer Ofcom's consultation to last four weeks, but there is a huge amount of opinion out there. Truth is at risk. Do you think that there should be a longer conversation?

Rufus Radcliffe: The four-week timeline was Ofcom's suggestion, but we will wait to see what the ultimate proposal is. We have a very specific request, and we have had a conversation about that. If the situation changes, that is a question for Ofcom.

Kevin Stewart: Finally, we have talked a lot about the regional news aspect. I think that Mr Hain talked about sub-regions, but some of the areas that we are talking about do not see themselves as sub-regions, so I ask you to reflect on what you think of the areas that you currently broadcast to. It would be sad if Grampian TV's legacy were to be lost, and it would be even sadder if certain places were regarded by you as sub-regions. Thank you, convener.

The Convener: I do not think that that requires a response, but you can give a very quick one, Mr Hain. I am sorry, but we are right up against time.

Bobby Hain: The term "sub-regions" is licence terminology; it is not our phraseology.

I just want to capture the point about the history. I was here when Grampian TV changed to STV. There was a concern that there would not be the same appeal, but that has not been the case. Things changed, including the news—it was

modernised, but it retained a very strong appeal for people. The fact that our television configuration, as proposed for the future, is changing again will not change our commitment to impartial public service news. It will still be on television, in a different configuration, and it will increasingly be online, where, as we all agree, there is a need for public service news to be high profile and discoverable.

Kevin Stewart: But not broadcast from Aberdeen.

The Convener: I thank Mr Hain and Mr Radcliffe for their attendance. I will be a bit uncharacteristically pushy and ask people to clear the room as quickly as possible, please, because we have another item on our agenda and we are constrained by the fact that general question time starts very shortly.

11:12

Meeting continued in private until 11:24.

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