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6 September 2019

Dear Ms Hyslop

It was good to have the opportunity to meet with you over the summer. Many thanks for your letter dated 20 August 2019 regarding local TV and news provision in Scotland.

I appreciate that the Scottish Government has concerns about the impact of the decisions Ofcom has taken with regard to studio locations for local TV, and the reduction of the programming commitments for local TV services in Edinburgh and Glasgow. When considering both issues, we were most concerned to ensure the sustainability of the local TV sector given the financial challenges it faces.

While our recent *Media Nations* report shows that revenues (£7.9m) are rising for the sector as a whole, these did not come close to matching costs (£11.8m) in 2018. Many local services will soon no longer receive public funding from the BBC and are now seeking other offsetting revenue streams. This is why we have seen so much ownership consolidation over the last few years, like That's Media's acquisition of five Scottish local TV services from STV in 2018.

Against that background, we believe that requiring That's Media to maintain studios in every location had the potential to raise costs disproportionately, particularly because viewers would be unlikely to notice any difference in programming. Further, the licensee has committed to re-invest the savings into more local content, with news and current affairs programming still organised, filmed and produced within each licensed area.

In terms of the programming commitments, we believe that the proposals have the potential to lead to fewer repeats across the Edinburgh and Glasgow services, which should increase the hours and improve the quality of local content. Implementation of these proposals could, together result in an improvement to the local news and current affairs programming available to audiences in Scotland.

I know news plurality in Scotland continues to be of interest to the Scottish Government, something we discussed in Edinburgh. I mentioned that we have been doing some internal work on plurality in Scotland looking at the results of our most recent News Consumption Survey, and we would be happy to share this with your officials.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sharon White', written in a cursive style.

Sharon White