Minutes of the 79th meeting of the Advisory Committee for Scotland held virtually over Microsoft Teams on 9 June 2020

Present

Liz Leonard	Chair
David Connolly	Member
Laura Anderson	Member
Carmel Teusner	Member
Stephen Speirs	Member

In attendance

Maggie Cunningham	Content Board Member for Scotland (from Section 23 onwards)
Amanda Britain	Consumer Panel Member for Scotland
Bob Downes	Ofcom Board Member for Scotland (up until Section 30)
Glenn Preston	Ofcom Scotland Director
Jonathan Ruff	Ofcom Scotland
Conor Corbett	Ofcom Scotland
Debbie Hughes	Ofcom Scotland
Emma McFadyen	Ofcom, Public Policy Team
Other Ofcom colleagues	
Colleagues from Scottish Government (Sections 36-41)	

Introduction and Apologies
1.   The Chair welcomed Members and attendees to the meeting. Ofcom's Director of Public Policy was unable to attend this month's meeting.
Minutes of the 77th meeting held on 27 February 2020
2.   The minutes of the meeting held on 27 February 2020 were **APPROVED** for signature by the Chair as an accurate record.
Members' updates – Oral
3.   Members discussed the impact Covid-19 was having on the broadcasting sector. There were particular challenges for commercial broadcasters such as STV due to a reduction in revenues from advertisers and with production of TV programmes such as Emmerdale and Coronation Street being halted.
4.   It was highlighted that radio broadcasters had also suffered losses in revenues of up to 30% while audience figures for consumers listening to Local Radio had increased significantly with people preferring to listen to local news rather than stations with a more national (UK) focus.

5.   It was **NOTED** that the legislation creating the new Consumer Scotland body had passed on the 6 May. It would have powers to provide advice; represent the views of consumers in Scotland; collect information; organise research and carry out investigations.

6.   Committee members discussed Ofcom's social media presence and agreed that some of the good work that Ofcom was doing during the Covid-19 pandemic was not being promoted as well as it could be. Information could be pushed out more directly to consumers through social media to support all the other great work that Ofcom was delivering.

7.   It was **NOTED** that there had been a significant increase in PSB viewing with audiences turning to TV for their news content in particular.

8.   The Committee **NOTED** the issue of supply chain disruption and the impact it could have on projects like the Scottish Government's Reaching 100% programme as well as commercial infrastructure roll out. There was also a short discussion about the fact that 5G conspiracy theories continued with consequential challenges for telecoms workers who had been threatened while trying to do their work.

9.   The Committee went on to discuss economic recovery measures and were advised that Scottish Enterprise had received £150M from the Scottish Government for both the Pivotal Enterprise Resilience Fund and the Creative, Tourism & Hospitality Enterprises Hardship (CTHEH) Fund, with £30m of this earmarked for the CTHEH Fund. At the close of the fund 22.9% (of the £30m) had been awarded to Creative Industries and this money was already being received by businesses. It was **NOTED** that 20% of applications to this fund were unsuccessful - one of the reasons being the inability to demonstrate 'hardship' based on three month forecasts. Recognising there may be a seasonal impact on these businesses and hardship not necessarily immediate, this was extended to allow those who did not meet that criteria, to demonstrate financial impact /difficulty over a longer time period.

10.   The Chair updated the Members on attendance at the Scottish TV Working Group and highlighted serious concerns that had been expressed about commissioning reverting to London based companies.

11.   The Chair also updated the Committee on the position of the BBC (and BBC Scotland) who were facing an 8% shortfall in income this financial year following the impact of Covid-19 and were looking at ways of saving money, including through voluntary redundancy.

12.   It was **NOTED** that Donalda Mackinnon, BBC Scotland Director, will now be staying on until the end of the year and the new Director-General, Tim Davie, will be starting in September.

Director's Report – Oral

13.   Ofcom Scotland's Director provided the Committee with an update on the Team's engagement with Scottish Government and industry stakeholders during the Covid-19 pandemic.

14.   It was noted that the Scottish Government had responded to Ofcom's Wholesale Fixed Telecoms Market Review (also known as the Access Review), asking for Ofcom to work with them on a recommendation of the Scottish Infrastructure Commission to devolve the regulatory and the pricing framework underpinning telecoms. The issue would be picked up in discussion with Scottish Government officials as this was primarily an issue that would need to be discussed by the Scottish and UK Governments. There was also an ongoing dialogue with the Scottish Government and others about the perception that the Access Review proposals could lead to higher retail prices, which Ofcom did not believe would be the case.

15.   Members were updated on Ofcom's recent attendance (as observers) at the second meeting of the Scottish Government's Working Group on the Shared Rural Network. The focus of the discussion was on work by the Mobile Network Operators to develop their radio plans, which they would share with Ofcom by the end of July. It was **NOTED** that timelines for the SRN could slip due to the Covid-19 pandemic and potential supply chain challenges.

16.   The Committee then discussed developments with the Scottish Government's Reaching 100% programme. Planning for the Central and Southern lots were ongoing and Ofcom's understanding was that work could start within the next 2-3 months. Progress on the North lot remained uncertain with the process still subject to legal proceedings.

17.   An update was given on the USO and Members were advised that there was a soft launch on 20 March given the significant pressures BT were under in the context of Covid-19. BT would be writing to consumers who were eligible during the w/c 8 June with a further push on the USO. Concern was expressed that the pandemic might be used as an excuse to not deliver on previously agreed targets, both for USO & R100.

18.   The Ofcom Scotland team updated Members on the Community Radio Fund (which had been repurposed to provide immediate financial support in the face of Covid-19) and confirmed that 81 radio stations had been successful with 7 of those being based in Scotland.

19.   The Committee **AGREED** with the suggestion that the new Chair and CEO of the Scotland 5G centre should be invited to a future ACS meeting.

General policy/political update

20.   An Ofcom colleague provided members with an update on UK public policy and political developments since the last meeting, highlighting the renewed debate concerning high-risk telecoms vendors. It was **NOTED** that any policy reversals could represent an acute risk to the cost and engineering focus that the telecoms sector is placing on its supply chain.

21.   The Chair asked about the extent of Ofcom's oversight over Royal Mail's decision to reduce delivery days from six to five days a week in response to Covid-19 crisis.

22.   It was **NOTED** that Royal Mail is allowed to reduce their Universal Service Obligation in an emergency without having to seek Ofcom's approval. Ofcom recognised that Royal Mail made this decision to cope with the strain of the Covid-19 crisis and that Universal Service Obligation delivery duties were expected to return to six days a week from the 13 June.

Strategic implications of Covid-19

23.   An Ofcom colleague introduced the paper and the purpose of the team's work in recent months i.e. to understand the immediate and longer-term impacts on the sectors Ofcom regulates.

24.   The team highlighted some important findings; advertising revenues for broadcasters had declined significantly, letters volumes have continued to fall, there had been a reduction in linear TV viewing, an increase in video streaming and new trends in network traffic. This could be characterised as an acceleration of trends that existed prior to the Covid-19 outbreak.

25.   The team also **NOTED** possible changes/impacts in wider society, such as the increase in home working. This would likely lead to increased demands for faster, more reliable broadband services and increases in automation. There would be a corresponding change in the public policy environment, with governments taking more interest in these issues.

26.   A member thanked the team for their presentation and asked whether there was sufficient resilience in digital networks in Scotland, noting that many employers are already asking employees to work at home permanently.

27.   A member suggested that it was not just small to medium sized businesses that would encounter financial challenges post Covid-19; there was already evidence of impacts on larger public service broadcasters who are also losing ground to Netflix etc. In response it was **NOTED** that broadcasters were cutting costs to balance impacts.

28.   A member **NOTED** that more and more vulnerable people would struggle to access post offices, banks etc. if plans continue to move more services online. It was suggested that digital connectivity could play key role in supporting a 'green recovery.' There was a short discussion about the Scottish Government's objectives for net-zero carbon emissions by 2045.

29.   A member suggested also it would also be necessary to explore issues around regulation of cloud-based services, while the Committee were reminded about risks to 'shielded' and vulnerable consumers. An Ofcom colleague shared details of a related Citizens Advice Scotland research report "Staying in Touch".

30.   Ofcom's Scotland Director updated members on the Scottish Government's Advisory Group on Economic Recovery and the plans for the Ofcom Scotland team to engage with Scottish Government officials on the long-term implications of Covid-19 for Ofcom's regulated sectors with a view to informing the policy options available to Scottish Ministers.

Network Security and Resilience

31.   Members were provided with an update on the performance of digital networks during the Covid-19 outbreak.

32.   It was noted that Ofcom had good levels of engagement with network operators and outlined some of the measures that had been implemented by industry to cope with anticipated demand (e.g. caps on video streaming quality and staggered releases of gaming downloads which place significant strains on bandwidth). Channels of communication had now been established between network operators and content providers, which it is hoped will allow any future issues to be rectified quickly.

33.   It was explained that, despite one or two initial outages, core networks had generally performed well during this time. Network operators were reporting changes in traffic patterns; with large surges of voice traffic in the first few weeks in suburban areas (reflecting the increase in home working).

34.   There was a short discussion about the resilience of networks in rural areas of Scotland; a Member suggested that mobile network operators develop detailed contingency plans and develop better links with local communities to improve responsiveness in isolated areas. The Chair noted the important links and increasing importance of network resilience for e-Health and telecare provision. A Member also highlighted Scottish Government plans to introduce specific thresholds/targets for network resilience, with members agreeing this would be welcome.

35.   A Member indicated that national average figures for network performance could be obscuring issues (and the associated impacts) in local areas. An Ofcom colleague said this would be worth considering in more detail as part of the broader programme of work on network security and resilience that was outlined in Ofcom's Plan of Work.

Scottish Government Presentation - Connecting Scotland

36.   Members of the Scottish Government (SG) & SCVO joined the meeting to provide members with a progress update on the new 'Connecting Scotland' programme, which is being led by SCVO on behalf of the SG. It aims to connect up to 9,000 digitally excluded people so they can access services and support and connect with friends and family during the Covid-19 pandemic.

37.   SG talked members through the background, objectives and milestones for the programme, referencing data which highlighted the importance of digital connectivity (both to individuals and to the wider Scottish economy).

38.   SCVO provided additional detail on the specific workstreams, including plans to issue 400 devices to vulnerable consumers in the first few weeks of the programme. However, it was noted that global supply chain issues and increased worldwide demand for devices had delayed the initial launch. DM also provided more details on the process and criteria for selecting participants. This was being led at local authority level for the time being.

39.   There was a short discussion about funding arrangements, with SG explaining that SCVO would manage contracts for end-users for the first 12 months. There would then be a conversation about the best way of transitioning into full payments. Ofcom Scotland's Director suggested that Ofcom and SCVO have further discussion about affordability issues.

40.   SG asked members to think about ways in which Ofcom and the ACS could contribute to the programme. An Ofcom colleague offered to share findings from our Making Sense of Media work and Ofcom Scotland's Director reiterated our offer to share mobile and broadband coverage data with the Scottish Government (and wider group).

41.   The Chair thanked the Connecting Scotland team for their time and noted that the Committee were very grateful for the opportunity to discuss such important work.

Media Nations 2020

42.   Members were updated on progress on this year's *Media Nations: Scotland* report and **NOTED** the emerging findings and the structure of the report.

43.   There was a discussion about how this report will interact with Ofcom's *Small Screen: Big Debate* (SS:BD) work and how forward-looking the report will be this year given the impact of COVID-19 on the broadcasting sector.

44.   It was **NOTED** that while the report will likely be more forward looking than usual, our SS:BD work will be the main piece of work that focusses on the future of broadcasting.

45.   A Member asked if the report would highlight the role played by community radio in keeping local communities informed throughout the COVID-19 pandemic.

46.   It was **NOTED** that the report will have reference to the community radio sector.

47.   A member asked about the production sector and the impact Brexit and coming out of the pandemic will have on the sector.

48.   It was **NOTED** that the report may not be able to go into this in too much detail this year, but it will be highlighted as an area of note.

Small Screen: Big Debate

49.	Members were updated on the status of the SS:BD programme of work and **NOTED** that the plan is now to publish a consultation by the end of the year.

50.	There was a discussion about how Governments have been challenged on broadcast news in recent months. Members expressed frustration with how the PSBs have reflected the different rules in place across the UK's nations in response to the COVID-19 pandemic, both on their channels and their online platforms.

51.	The Committee discussed the BBC's recent Annual Plan and the range of content the BBC Scotland Channel has been able to produce despite the limitations around production in recent months. The Chair expressed disappointment that the BBCS section of the BBC's Annual Report did not reflect how they were going to address representation and portrayal in Scotland, something which has been previously highlighted by Ofcom, as well as how they planned to engage with new audiences.

52.	The Chair asked about future engagement in Scotland and the potential to organise a further event in Scotland ahead of Ofcom's consultation being published. The pandemic had increased awareness of the role of the PSBs, with significant numbers, including younger audiences, turning to the PSBs for information. This had created a momentum which it would be beneficial to capitalise on, perhaps through engagement in public debates where the PSBs themselves were invited to speak to future sustainability of PSB.

53.	Members **NOTED** that Ofcom is planning a UK-wide event (potentially held virtually) in support of this project in the Autumn.

Content Board update

54.	Members had been provided with a 'For Information' written paper and the Committee **NOTED** its content.

Consumer Panel/ACOD update

55.	Members had been provided with a 'For Information' written paper and the Committee **NOTED** its content.

Matters for information

56.	Scotland data from Ofcom's Contact Centre had been circulated.

Any Other Business

57.	The Members were given an update by the Chair on the recent recruitment for new members to the Committee. The Chair indicated that 2 new members may be in place for the Committee meeting in September, subject to the Ofcom Board's agreement.

58.	The Chair informed the Members that the Committee's submission on the 'Future of PSB' had been submitted to DCMS.

Date of the Next Meeting

59.	The next scheduled Committee meeting would be held on 8 September 2020.