

MG ALBA Investment Report

A long term sustainable vision for Gaelic media

Reliance Restricted

29 November 2023 | Final Version



Ernst & Young LLP
G1
5 George Square
Glasgow
G2 1DY

Philip Milne
Partner
Tel: (+44) 141 226 9095
Email: pmilne1@uk.ey.com

David Coulson
Partner
Tel: (+44) 207 951 3383
Email: dcoulson@uk.ey.com

Gareth Shier
Director
Tel: (+44) 207 951 5586
Email: gareth.shier@uk.ey.com

Hamish Davidson
Senior Manager
Tel: (+44) 141 226 9473
Email: hdavidson@uk.ey.com

Reliance Restricted

MG ALBA (Gaelic Media Service)
Attention: Domhnall Campbell
Chief Executive
54 Seaforth Road
Stornoway, Scotland
HS1 2SD

MG ALBA - Investment Report

29 November 2023

In accordance with the terms and conditions set out in our Engagement Agreement dated 29 September 2023, this report sets out an investment case to seek additional funding.

Purpose of our report and restrictions on its use

The report has been prepared by Ernst & Young LLP, a limited liability partnership registered in England and Wales with registered number OC300001, in accordance with an Engagement Agreement for professional services with MG ALBA. Ernst & Young LLP's obligations to MG ALBA are governed by that Engagement Agreement. This disclaimer applies to all other parties (including MG ALBA's affiliates and advisors).

This report has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Refer to your advisors for specific advice. Ernst & Young LLP accepts no responsibility to update this report in light of subsequent events or for any other reason.

This report does not constitute a recommendation or endorsement by Ernst & Young LLP to invest in, sell, or otherwise use any of the markets or companies referred to in it. Our report may not have considered issues relevant to any third parties. Any such use third parties may choose to make of this report is entirely at their own risk and we shall have no responsibility whatsoever in relation to any such use.

To the fullest extent permitted by law, Ernst & Young LLP and its members, employees and agents do not accept or assume any responsibility or liability in respect of this report, or decisions based on it, to any reader of the report. Should such readers choose to rely on this report, then they do so at their own risk. Ernst & Young LLP reserves all rights in the Report.

Scope of our work

Our work in connection with this assignment is of a different nature to that of an audit. Our report to you is based on inquiries of, and discussions with, management. We have not sought to verify the accuracy of the data or the information and explanations provided by management.

If you would like to clarify any aspect of this review or discuss other related matters then please do not hesitate to contact me on 0141 226 9095.

Yours sincerely,

Partner, Ernst & Young LLP

Table of contents

1	Executive Summary	4
2	Defining the strategic vision for MG ALBA	8
3	The Funding Challenge	14
4	The investment case	19
5	Benefits of increased investment	24
6	Appendix	30

1

Executive Summary

MG ALBA is the primary steward for Gaelic Media in Scotland, and beyond and delivers diverse Gaelic services, including TV, Radio, Film, and language learning.

An introduction to MG ALBA

- ▶ The Gaelic Media Service (“MG ALBA”) plays a pivotal role in preserving and promoting the Gaelic language. MG ALBA broadcasts a variety of high quality Gaelic-language content and it acts as the primary steward for Gaelic culture across Scotland, and beyond.
- ▶ It supports an active Gaelic media sector across television, radio and online services by funding, commissioning and producing Gaelic content, ensuring that its services are a catalyst for growth for Gaelic and Gaelic communities, with the mission:

“*Gaelic for everyone, wherever you are* - MG ALBA”

- ▶ This is in line with its remit to ensure that a wide and diverse range of high quality programmes in Gaelic is made available to people in Scotland and beyond across a range of platforms suitable for modern audiences.
- ▶ The Scottish Government recognises Gaelic’s fragile position, and that it forms an integral part of Scotland’s heritage, national identity, and cultural, economic and social life.
- ▶ The Scottish Government’s Gaelic Language Plan for 2022-2027 and the 2022 ‘Public attitudes to Gaelic in Scotland’ report established a clear desire for an increased representation of Gaelic in Scotland, not just within Government but also amongst the people of Scotland.
- ▶ Since the 2011 census results, there have also been major developments in public attitudes to Gaelic in Scotland. Between 2012 and 2021, the proportion of adults that; can speak some Gaelic has doubled from 15% to 30%; believe Gaelic is important for their cultural heritage has increased from 26% to 31%; and, consider that too little public money is being spent on Gaelic every year has increased from 17% to 22%.
- ▶ Additionally, the census showed that there is a clear desire for an increased representation of Gaelic in Scotland not just at a Government objective level, but also amongst the population. However, the proportion of adults reporting exposure to Gaelic during childhood and recently in the media/online has remained stable since 2012, reinforcing the opportunity for Gaelic media to be increased in scale and availability enabled by emerging technology.

MG ALBA’s objectives

- ▶ In a digital world, with audience habits continuously evolving, it is essential that viewers can access and consume high-quality Gaelic media content across a range of platforms.
- ▶ MG ALBA believes that a failure to harness the potential of Gaelic in the digital era will result in a lost generation of Gaelic speakers, requiring a step change in what it delivers, how it reaches its audiences and ensuring a major part of Scottish culture is not marginalised in an intensely competitive digital media world. To achieve this, MG ALBA has set out a clear vision centred around four key pillars including; Inspiration; Innovation; Excellence; and Investment.

The purpose of this report

- ▶ MG ALBA is convinced that Gaelic Media can have a positive cultural, social and economic impact in Scotland and across the UK. However, minority languages everywhere face a major challenge to survive in the digital world.
- ▶ Unless there is investment in Gaelic Media, these investments are at risk and MG ALBA may not be able to deliver its objectives. The real terms funding decreases will mean that MG ALBA may miss the opportunity to thrive and create the public value that it seeks within its existing budget.
- ▶ This report sets out a case for investment in Gaelic media through MG ALBA.
- ▶ Its intended readership includes all stakeholders interested in the creating a sustainable future for Gaelic through its media, including the Scottish Government, UK Government, BBC, screen, skills, enterprise and language agencies.

MG ALBA is facing a growing funding gap as costs escalate. Additional investment is needed today to secure the long-term sustainable vision for Gaelic media

MG ALBA's funding position

- ▶ Grants from the Scottish government are MG ALBA's primary source of its operational funding, making up 99% of its total income in 2022-23, however, this core funding has remained flat since 2015.
- ▶ MG ALBA also generates commercial income through its studios and facilities, and has received ad-hoc funding from the UK Government (£2 million in total since 2014).

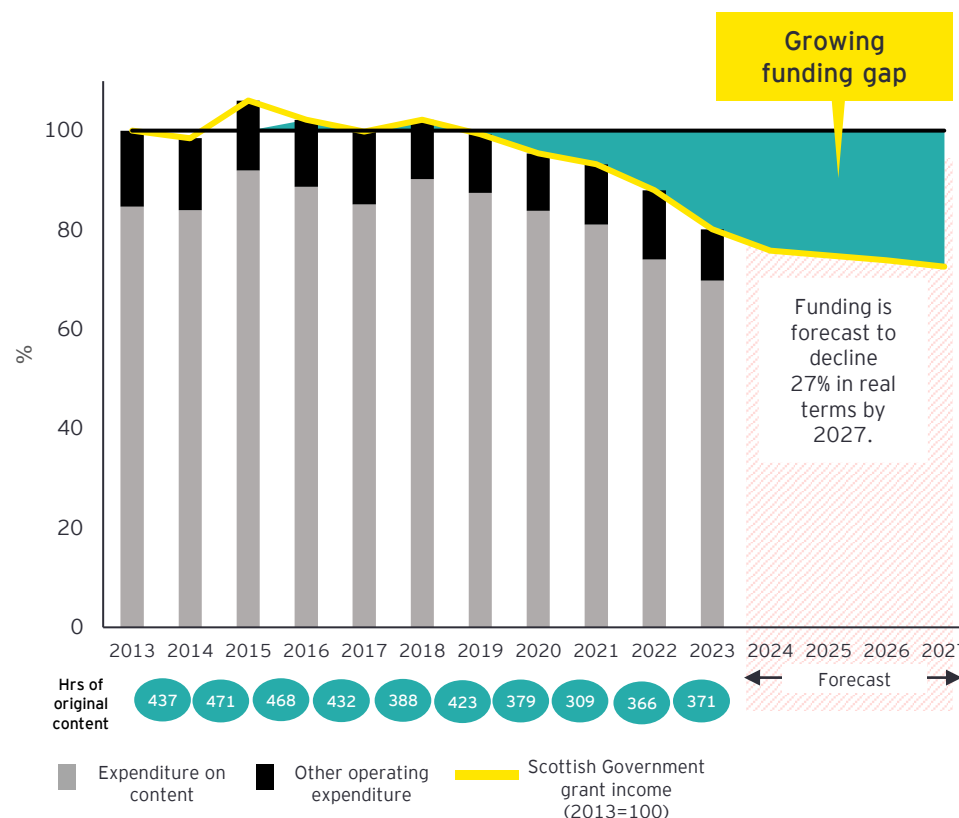
The funding challenge

- ▶ Adjusting for inflation, the funding received by MG ALBA is falling significantly in real terms, dropping 20% between 2013 and 2023, with a forecast decline of 27% by 2027.
- ▶ At the same time, consumer expectations for content and media services have increased, while inflation in broadcasters' underlying production costs reached 25% in some areas throughout 2022/23¹.
- ▶ This creates a growing funding gap, with the current level of investment proving insufficient for MG ALBA to continue delivering high-quality, culturally relevant content for modern audiences.
- ▶ Over the past decade, MG ALBA has produced close to 400 hours of original content annually. However the number of hours of originations has declined by 21% since 2015 due to financial pressures.
- ▶ Spending the majority of its funds directly on television, radio, and online productions, MG ALBA already operates efficiently, leaving it little scope to adapt to an increasingly expensive market with its current level of funding.

Remaining relevant for audiences

- ▶ While broadcast television remains a critical pillar for MG ALBA in the home, audiences are increasingly watching more content on mobile devices away from home, watching more online media, and streaming video-on-demand.
- ▶ MG ALBA has an exciting vision to expand its existing service with increased investment in the key genres that excite both new and existing viewers, such as Gaelic drama and comedy.
- ▶ Its vision also includes a greater focus on digital innovation to appeal to the next generation of Gaelic viewers, with increased content delivery across social media, online services, YouTube and BBC iPlayer.

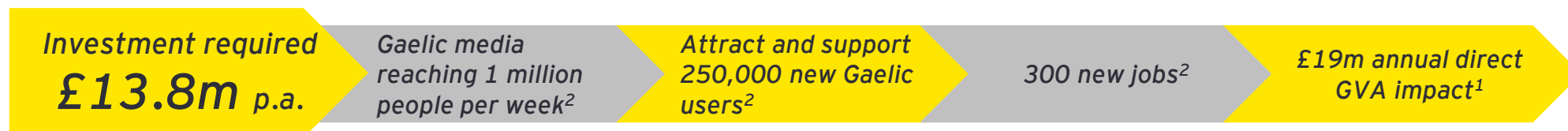
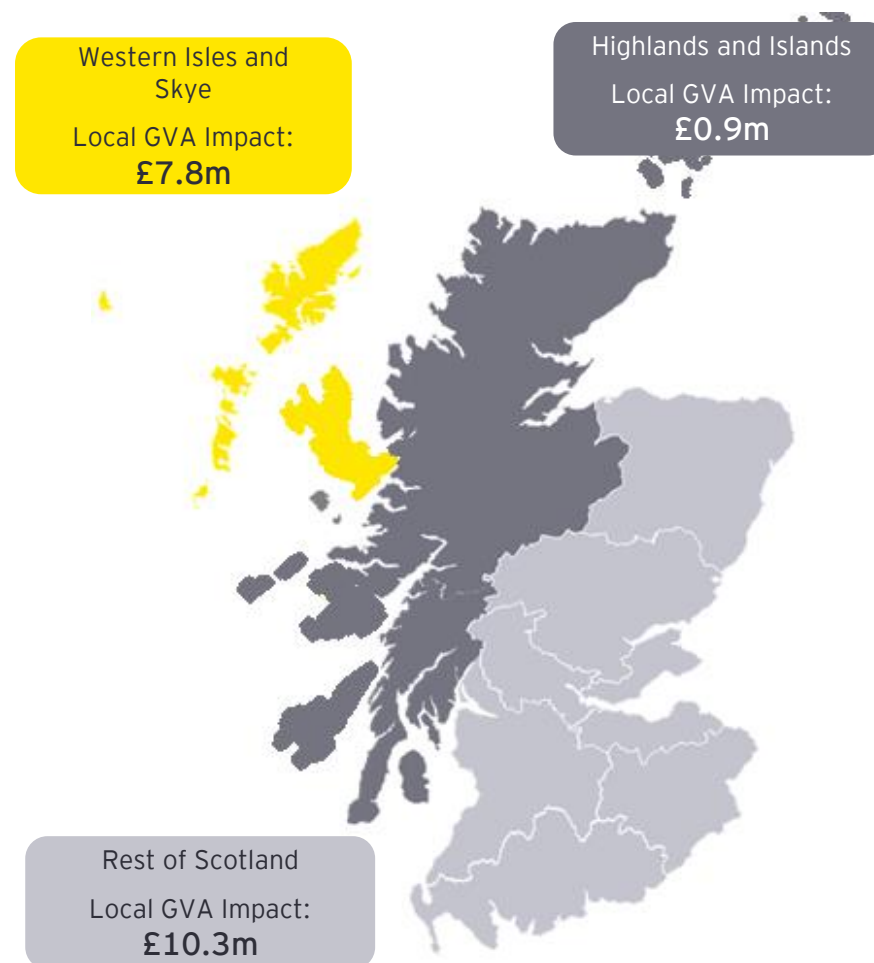
Scottish Government Grant Income and Spend on Content Production²



A strengthened MG ALBA will deliver benefits across Scotland and the Gaelic media sector, amplifying the value of the investment by 137%

Value unlocked by additional investment

- ▶ MG ALBA already represents value for money, despite receiving less public funding than comparable local language broadcasters (S4C and TG4). In 2022/23, MG ALBA's total income amounted to £13.6 million, of which over £9.1 million was invested in independent production companies, generating a Gross Value Add ("GVA") of around £18.2 million.
- ▶ MG ALBA requires additional £13.8 million per annum to unlock its ambitious vision for a world class Gaelic Media Service. With over 95% of this to be invested directly in content creation and innovation, MG ALBA will remain a key catalyst for the growth of Gaelic media and the Gaelic community.
- ▶ MG ALBA's vision will also generate an increased return-on-investment for Scotland, with this initial £13.8 million funding injection having the potential to generate £19 million of incremental GVA annually¹, while supporting an additional 300 jobs across Scotland².
- ▶ This return-on-investment will be boosted by MG ALBA's focus on scripted content, such as long- and short-form dramas and comedies, which typically have larger budgets and generate greater economic impact throughout the supply chain³.
- ▶ This will create a virtuous cycle of investment and support, with independent production companies reinvesting to grow, and higher margin productions supporting diversified revenue streams and expansion into new markets, supporting the development of sustainable business models.
- ▶ Crucially, any increased investment in MG ALBA will also stimulate demand for Gaelic media, reinforcing the Government's commitment to safeguard and grow Scotland's indigenous language.



2

Defining the strategic vision for MG ALBA

MG ALBA delivers diverse Gaelic services, including TV, Radio, Film, and language learning, but its funding arrangements are challenging

An introduction to MG ALBA

- ▶ MG ALBA's mission is "Gaelic for everyone, wherever you are", in line with its remit to ensure that a wide and diverse range of high quality programmes in Gaelic is made available to persons in Scotland and beyond across a range of platforms suitable for modern audiences.
- ▶ It supports an active Gaelic media sector across television, radio and online services by funding, commissioning and producing Gaelic content, ensuring that its services are a catalyst for growth for Gaelic and Gaelic communities.

MG ALBA's service offerings

- ▶ MG ALBA strives to inform, entertain and educate Gaelic audiences through different services:



BBC ALBA

A free-to-air public broadcast television channel managed in partnership between the BBC and MG ALBA, which broadcasts daily news, sport, music, children's and entertainment programmes



FilmG

An annual Gaelic short film competition with a focus on schools and young filmmakers to identify and nurture new talent



LearnGaelic

Provides comprehensive learning and language resources, including a dictionary, transcribed TV clips and pronunciation guides for all levels of Gaelic speaker. Both LearnGaelic and SpeakGaelic are supported by Sabhal Mòr Ostaig and the BBC, with academic and funding support from universities, Bòrd na Gàidhlig and Scottish Government



SpeakGaelic

An integrated multi-platform offering, comprising courses, TV and radio content, self-guided online resources and social media content to support comprehensive Gaelic language learning

Current funding and challenges going forward

- ▶ Grants from the Scottish government are MG ALBA's primary source of funding for its operations. MG ALBA also generates commercial income through its studios and facilities, and has received ad-hoc funding from the UK government (£2 million in total since 2014).
- ▶ The draft Media Bill contains only a general reference to Ofcom's role regarding the sufficiency of Gaelic media content. Consequently, MG ALBA is completely reliant on the goodwill funding it receives for its contribution to Scottish Gaelic language and culture - although the Scottish Government is required by statute to fund MG ALBA, there is no guidance on the required level of funding.
- ▶ There is no statutory framework for a Gaelic television service which means that BBC ALBA is reliant on a complex set of arrangements involving the UK Government, the Scottish Ministers, Ofcom, the BBC and MG ALBA. This results in an uncertain funding arrangement for BBC ALBA.

News, Current Affairs & Documentaries

- ▶ The flagship daily news program An Là airs daily and the multi award winning current affairs programme Eòrpa has been broadcast for 30 years
- ▶ Documentaries, like the acclaimed Trusadh series, are known for their focus on human interest and community-based stories which showcase Gaelic life and culture.

Entertainment, Music & Sports

- ▶ BBC ALBA broadcasts a range of Gaelic comedies & dramas like Glan Fhèin & An Clò Mòr.
- ▶ Music festivals such as Celtic Connections and Belladrum bring the biggest names in Scottish traditional music to live audiences.
- ▶ BBC ALBA provides unparalleled coverage of Scottish Women's football and is recognised as the "Home of Women's football"

Children's Content and Learning

- ▶ CBeebies ALBA and CBBC ALBA provide a wide range of award winning live-action and animation to entertain children and simultaneously support Gaelic language learning.
- ▶ Most recently, BBC ALBA won the Children's Programme trophy at the Royal Television Society Scotland awards in 2022.



MG ALBA's vision is to produce a step change in how Gaelic is delivered in the digital era, not only for Gaelic speakers but also for viewers wanting to access Gaelic language and culture

MG ALBA's objectives

- ▶ In a digital world, with audience habits continuously evolving, it is essential that viewers can access and consume high-quality Gaelic media content across a range of platforms.
- ▶ MG ALBA believes that a failure to harness the potential of Gaelic in the digital era will result in a lost generation of Gaelic speakers, requiring a step change in what it delivers, how it reaches its audiences and ensuring a major part of Scottish culture is not marginalised in an intensely competitive digital media world. To achieve this, MG ALBA has set out a clear vision centred around four key pillars including; Inspiration; Innovation; Excellence; and Investment.

Inspiration	Innovation
<i>Bold and contemporary Gaelic media content will inspire core audiences, young people, and new users of the language to be active participants in Gaelic media, language, and culture</i>	<i>Innovation will be embedded in the fabric of MG ALBA as an organisation, driving forward areas of investment, technology, skills development, and partnership</i>
Excellence	Investment
<i>The journey to excellence will continue to be a key focus, demonstrating and promoting excellence in all aspects of their work</i>	<i>MG ALBA will continue to seek the investment Gaelic media needs to serve audiences. They will seek to secure the best outcomes for Gaelic media, to ensure it will "survive and thrive" in an intensely competitive digital media world</i>

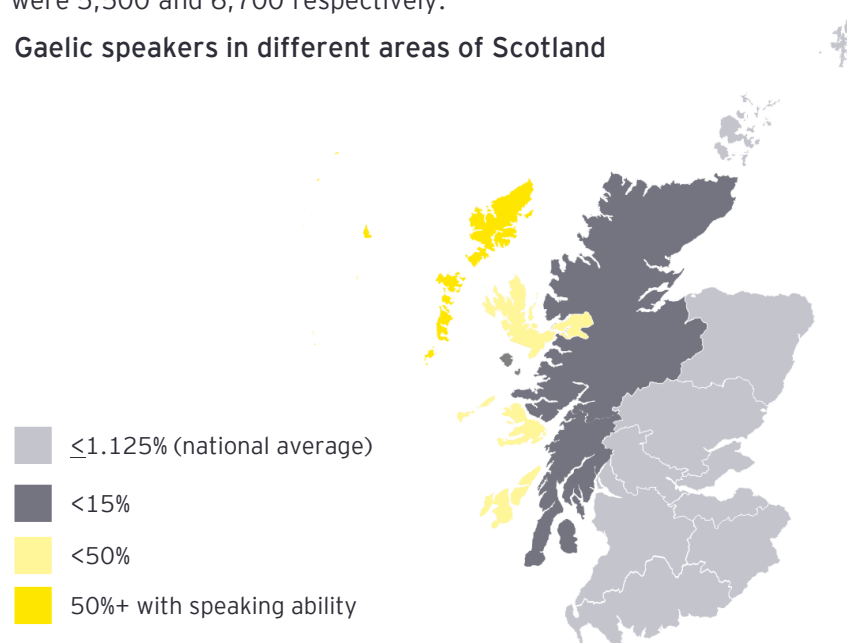
MG ALBA Stakeholders

- ▶ MG ALBA's stakeholders have a wide range of priorities which would be supported by providing additional investment to MG ALBA
- ▶ In Appendix A, we outline the priorities of several stakeholders who have a vested interest in MG ALBA and explain the potential impact of MG ALBA receiving additional investment:

Scottish Gaelic in Scotland

- ▶ The Scottish Government recognises Gaelic's fragile position, and that it forms an integral part of Scotland's heritage, national identity, and cultural, economic and social life.
- ▶ Scotland's 2011 census identified that over 57,000 people said they could speak Gaelic (59,000 in 2001), and 23,000 people said they could understand Gaelic. Gaelic speakers are spread throughout Scotland, with the highest proportions of Gaelic speakers found in Eilean Siar, where 52.3% of the population are able to speak Gaelic, Highland (5.4%) and Argyll and Bute (4.0%).
- ▶ There are also large numbers of Gaelic users in urban areas of Scotland, namely Aberdeen (3,200), Edinburgh (5,900), and Greater Glasgow (9,500).
- ▶ Further, Bòrd na Gàidhlig identified that the number of children in Gaelic Medium Education (GME) and Gaelic Learner Education (GLE) in 2021/22 were 5,500 and 6,700 respectively.

Gaelic speakers in different areas of Scotland



Source: Scottish Government - Gaelic Language Plan 2016-2021

Public enthusiasm for Gaelic culture is strong and growing, reflected in the ambitious plans Scottish Government has for the Gaelic language and Gaelic media

Public attitudes to Gaelic in Scotland

- ▶ Since the 2011 census results, there have been major developments in public attitudes to Gaelic in Scotland. In particular, the 2022 '*Public attitudes to Gaelic in Scotland*' report found that the proportion of adults who:
 - ↑ Can speak the odd word of Gaelic **doubled** from 15% in 2012 to 30% in 2021;
 - ↑ Believe Gaelic to be important to their own cultural heritage **increased** from 26% in 2012 to 31% in 2021;
 - ↑ Believe that too little public money is currently being spent on Gaelic every year **increased** from 17% in 2012 to 22% in 2021; and
 - ↑ Would like there to be more Gaelic speakers in 50 years' time **increased** from 46% in 2012 to 56% in 2021.
- ▶ Furthermore, the results showed that there is a clear desire for an increased representation of Gaelic in Scotland not just at a Government objective level, but also amongst the population:



- ▶ Almost 4 out of 5 people (79%) in Scotland believed that Gaelic was important to Scotland's heritage.



- ▶ Nearly 2 out of 3 people (65%) in Scotland said that they would like to speak Gaelic better than they currently do.

- ▶ However, the proportion of adults reporting exposure to Gaelic during childhood and recently in the media/online has remained stable since 2012, highlighting there is headroom for Gaelic media to be increased in scale and availability enabled by emerging technology.

National Gaelic Language Plan

- ▶ The Scottish Government (SG) has an ambition to see an increase in the numbers of people speaking, learning and using Gaelic in Scotland.
- ▶ SG has advised that for Gaelic to have a sustainable future, a concerted effort needs to be made by Government, the public and private sectors, and community bodies to:
 - ▮ promote the acquisition of speaking, reading and writing skills in Gaelic;
 - ▮ use, and enable the use of, Gaelic in a range of social, formal and work settings;
 - ▮ expand the respect for, and visibility, audibility and recognition of Gaelic; and
 - ▮ develop the quality, consistency and richness of Gaelic.
- ▶ While there was a decrease in the proportion of people able to speak Gaelic in most age groups between 2001 and 2011, there was an increase in those groups aged under 20 years. In total, there was a 0.1 percentage point increase in Gaelic speakers between 2001 and 2011 for the 3-19 age range.

Importance of Gaelic language media

MG ALBA directly promotes the acquisition of speaking skills in Gaelic, the enablement and use of Gaelic in a range of settings, and the expansion of respect for, and visibility of Gaelic, and therefore is deeply aligned with the objectives outlined in National Gaelic Language Plan.

- ▶ Research previously conducted by the University of Edinburgh stated that improvements in provision of Gaelic language media may have been a contributory factor for the slowed rate of decline in Gaelic speakers experienced historically, highlighting the impact which MG ALBA can have.
- ▶ A key principle of SG's support of Gaelic is that of mainstreaming, where SG seeks to ensure that opportunities for the public and their staff to use Gaelic are normalised, in support of the National Gaelic Language Plan 2018-23, i.e. that Gaelic is used more often, by more people and in a wider range of situations.

MG ALBA plays a central role in delivering the National Gaelic Language Plan's objectives: including an increased use, learning and positive image of Gaelic

- ▶ The Scottish Government has created a number of strategic aims which reflect its commitment to growing and supporting the Gaelic language and Gaelic communities, and these strategic aims have been identified as key pillars to support the delivery of the National Gaelic Language Plan 2022-27.
- ▶ MG ALBA is primed to play a central role in the delivery of these strategic aims.

Increasing the use of Gaelic	Increasing the learning of Gaelic	Promoting a positive image of Gaelic	Supporting the Culture Strategy for Scotland
<p>The Scottish government regards Gaelic as a priority, and aims to grow the use of the language through its 'Faster Rate of Progress' initiative</p> <p>MG ALBA plays a pivotal role in preserving the Gaelic language by broadcasting a wide variety of Gaelic-language content, including sport, documentaries, dramas, and entertainment programs.</p> <p>By providing a dedicated platform like BBC ALBA, MG ALBA ensures that Gaelic speakers have access to media in their native language, helping to maintain linguistic and cultural traditions and provide fair and adequate portrayal on screen.</p> <p>MG ALBA actively engages with Gaelic-speaking communities across Scotland through events, partnerships, and outreach programs. By connecting with these communities, MG ALBA helps to build a sense of belonging and pride, contributing to the sustainability of the Gaelic culture.</p>	<p>The Gaelic Language Plan seeks to promote the acquisition of speaking, reading and writing skills in Gaelic</p> <p>MG ALBA provides invaluable educational resources such as the SpeakGaelic and LearnGaelic websites.</p> <p>These platforms offer language-learning tools, cultural insights, and resources for all levels of learners, from beginners to advanced speakers.</p> <p>By empowering individuals with the means to learn Gaelic and understand Gaelic culture, MG ALBA contributes to the preservation and growth of the language, supporting the Scottish Government in its aim to increase the number of Gaelic speakers, and providing everyone in Scotland with the chance to learn.</p>	<p>A positive image of Gaelic will be created through enabling the use of Gaelic in a social, formal and work settings, and expanding the respect, visibility and audibility of Gaelic</p> <p>BBC ALBA offers a diverse range of programming which reflects the unique nature of Gaelic communities and Scottish culture.</p> <p>For instance, Dàna Scotland's Wild Side is an award winning outdoor adventure show that explores Scotland's natural beauty and wildlife.</p> <p>Similarly, Trusadh, which explores various aspects of Scottish life, including history and current affairs, has been praised for its authenticity and its in-depth coverage of important issues affecting Scotland eg: health.</p> <p>Further, SpeakGaelic supports digital content creators who are reaching worldwide young audiences with quality Gaelic content.</p>	<p>The Strategy shows the importance of culture to Scotland's prosperity and sets the future direction for strengthening, transforming and empowering through culture</p> <p>Through its content and initiatives, MG ALBA promotes the values, traditions, and stories that are intrinsic to Gaelic culture.</p> <p>MG ALBA actively supports the creation of new and original content that reflects the rich diversity of Gaelic culture, history, and heritage.</p> <p>This helps instil a sense of identity and belonging among Gaelic speakers.</p> <p>Through partnerships and collaborations with Gaelic-speaking filmmakers, musicians, and artists, MG ALBA contributes to a vibrant cultural scene that resonates with both Gaelic and non-Gaelic audiences.</p>

MG ALBA must invest in innovation and digital content to pivot its business if it to meet its Lèirsinn to improve access to Gaelic media

Defining excellence

- MG ALBA has sought to define what “excellence” represents, both in terms of its current activity, its vision for the future, and its Lèirsinn target of 250,000 people learning through Gaelic media by 2027.

Programming pivot

- Excellence for MG ALBA means evolving the composition of its production output:
 - Currently almost a third (32%) of MG ALBA’s production budget is consumed on factual programming (due in part to the lower costs of production involved in this form of programming).
 - This mix will be updated to direct a higher proportion of MG ALBA resources to scripted programming, such as drama (both short-form and long-form) and comedy.
 - Drama and comedy programming typically generate a greater impact both within the supply chain (due to their larger budgets), and within their impacts to audiences both in the UK and internationally due to their more accessible nature and higher repeatability.
 - Any such adjustments to the genre mix must not mean sacrificing factual broadcasting hours, which remain a key anchor and cornerstone for local Scottish audiences.
 - MG ALBA also plan to harness the added value of international collaboration, particularly through the co-financing of productions in genres such as feature length documentaries and drama with the use of foreign language subtitles.
 - In the current cost-pressured environment, only an increase in MG ALBA’s funding base could facilitate this strategic shift.

Media Innovation Cluster

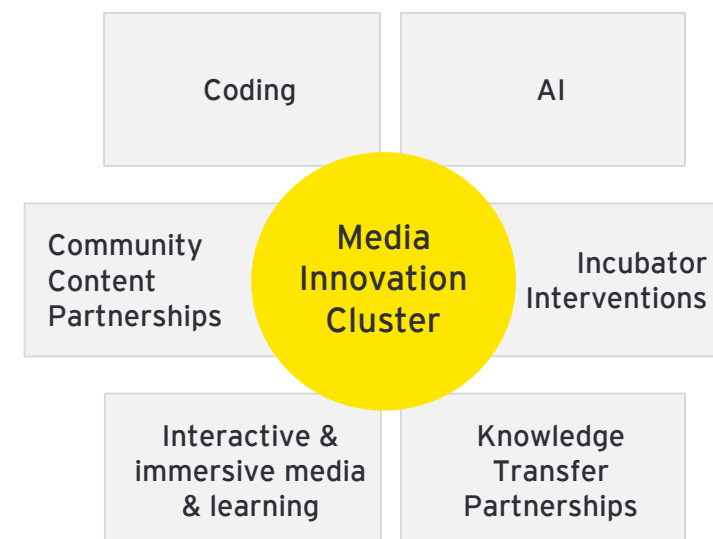
- As well as adjustments to its production output, MG ALBA is primed to fuel and accelerate its media innovation and growth capabilities, proposing to cultivate a Media Innovation Cluster which encompasses a series of activities and interventions designed to stimulate media creativity and business innovation.

Leveraging digital

- The programming pivot and Media Innovation Cluster will in turn grant MG ALBA the opportunity to most effectively leverage the power of digital content to increase the impact, reach and usage of its overall resources, supercharging its output and influence across Scotland, the rest of the UK and into international markets, whilst simultaneously seizing a greater grasp of the 16-44 markets.
- In particular, this will seek to focus on increasing the web and social media content of SpeakGaelic.
- In 2022, language learning app Duolingo released data revealing that 1.5 million people had started learning Scottish Gaelic on its app since the course launched 3 years prior. Marketing, branding, and outreach efforts will each be grown in order to convert a large proportion of Duolingo users to SpeakGaelic, and additional investment would accelerate the pace of development of SpeakGaelic interactive and immersive learning resources.

“Linear television remains one of the drivers of investment in high-quality content. Gaelic media demands a long view that includes, at one end, the creation of opportunities for young people and the conditions for media start-ups to thrive, and at the other end, the creation of high-quality content by an experienced, ambitious and innovative creative sector that draws upon a deep pool of talent.

- MG ALBA, Lèirsinn,
A Route Map for Gaelic Media



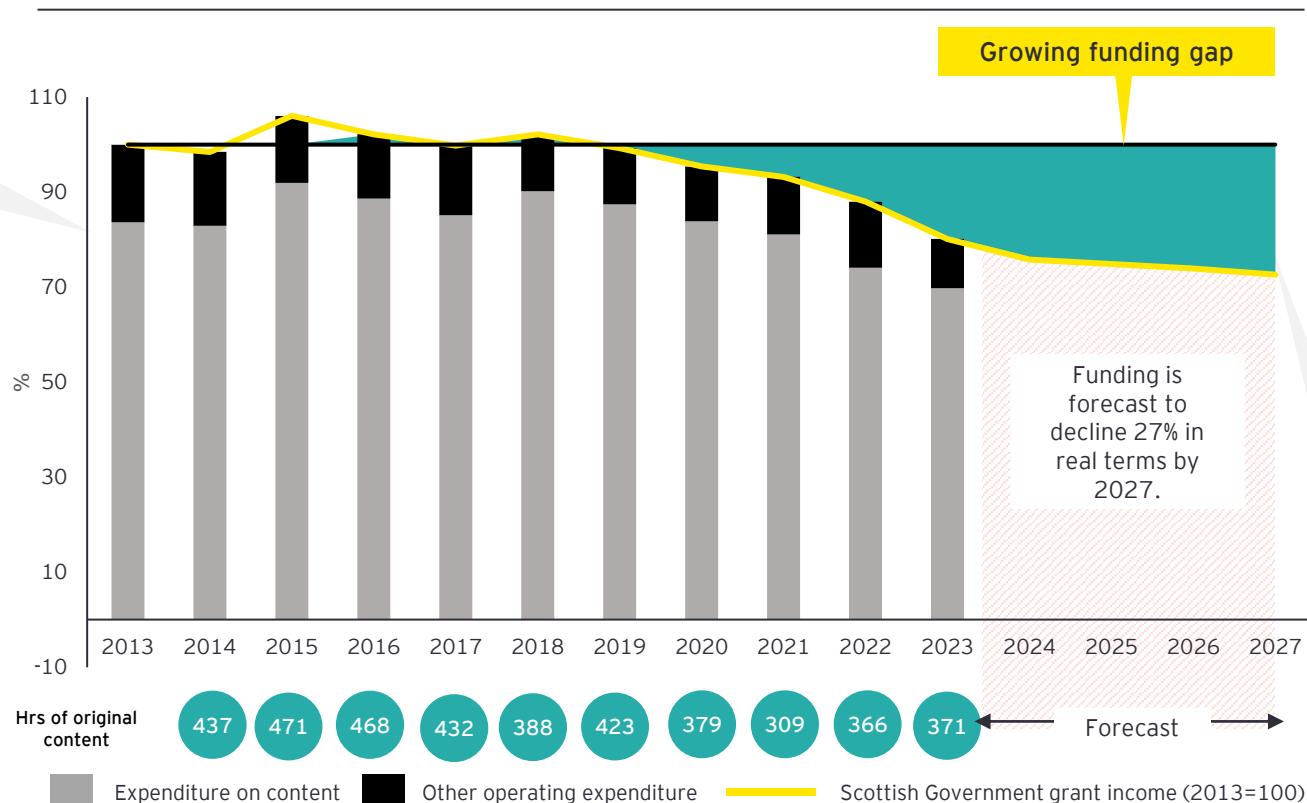
3

The Funding Challenge



The real-terms funding gap means less original content is being produced, putting MG ALBA's high-quality broadcast services at risk

Scottish Government Grant Income and Spend on Content Production¹



► Expenditure on TV, Radio and Online Content has consistently made up around 80-90% of MG ALBA's operating costs over the last decade.

► MG ALBA's expenditure is predominantly spent on-screen. The majority of expenditure is already on Gaelic content production, leaving little opportunity for cutting overhead costs to make savings.

► MG ALBA is primarily funded by grants from the Scottish Government, making up 99% of its total income in 2022-23.

► After adjusting for the impact of inflation, the level of funding received by MG ALBA declined significantly in real terms (20% between 2013 and 2023).

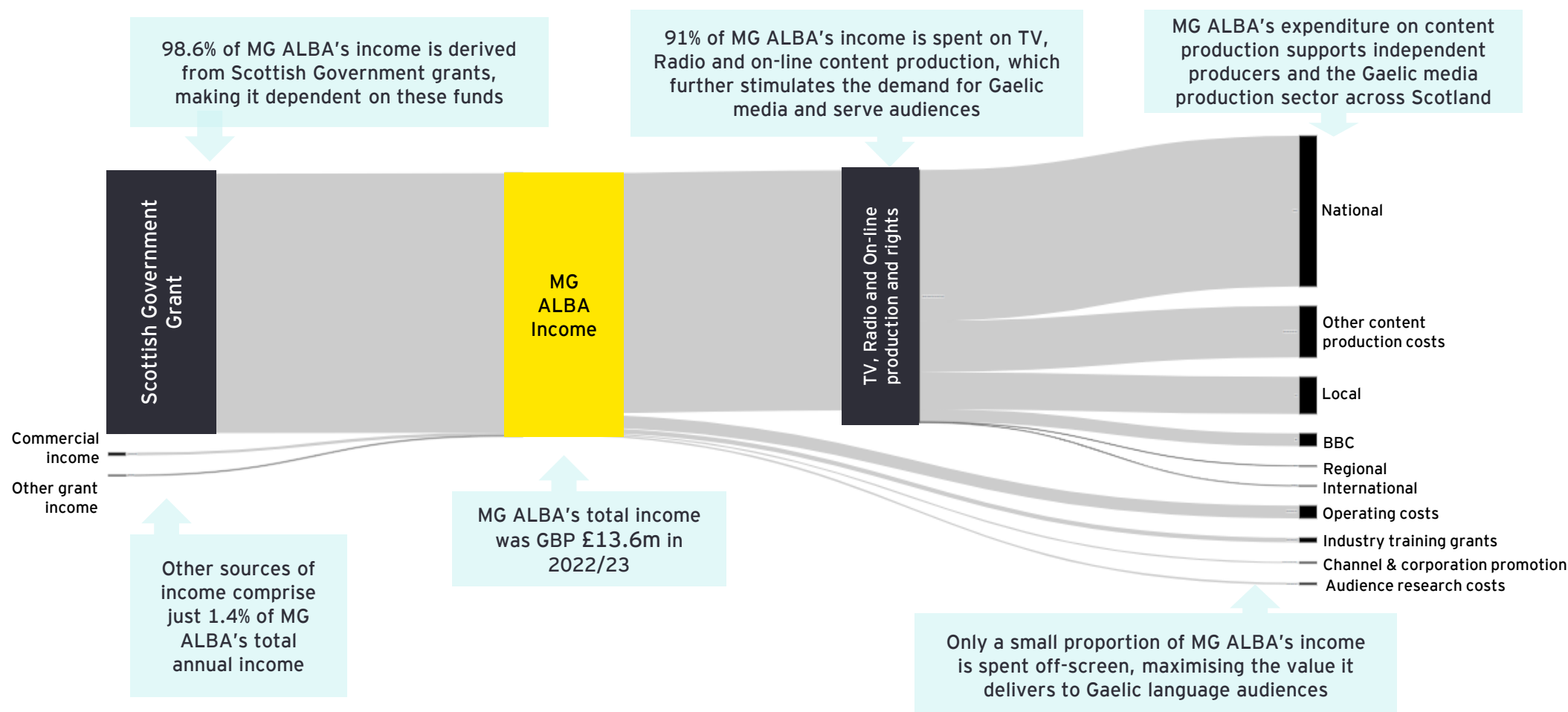
► MG ALBA has consistently produced close to 400 hours of original content annually over the past decade. MG ALBA has effectively managed its static budget without incurring funding deficits, however the number of hours of originations has declined by 21% since 2015 due to financial pressures in the market and inflation of production costs.

► Compounding the real-term decline in income, MG ALBA also faces industry-specific financial challenges. The cost of producing content has risen drastically due to skills shortages in the market and increased demand for production resources.

¹ Source: MG ALBA, ONS, Oxford Economics

Over 90% of the Government's core grant is spent on content, and 93% of cash spend on programming currently flows directly to independent producers of Gaelic language media

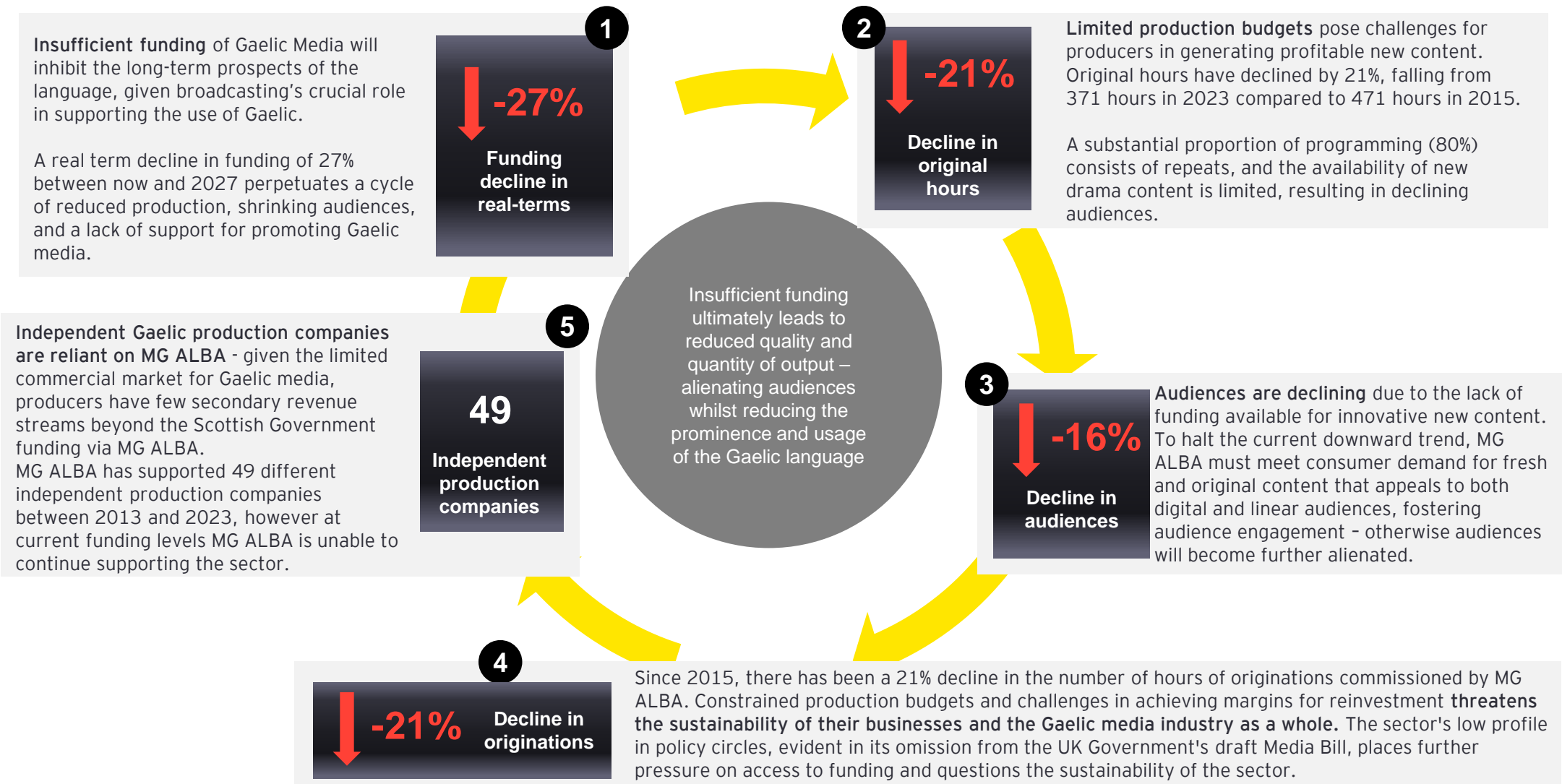
MG ALBA as a distributor of Scottish Government money into the Gaelic media sector¹



The Scottish Government effectively funds the entire Gaelic production sector through its investment in MG ALBA. £9.8m of ALBA's income (76% of MG ALBA's core grant) is spent directly with production companies, and MG ALBA is instrumental in supporting the consumption and prevalence of Gaelic language media. Without sufficient investment from the Scottish Government, Gaelic language audiences and the production sector are likely to diminish.

Government funding for MG ALBA flows directly into the Gaelic production sector. However current levels of investment limit growth and challenge the sustainability of Gaelic media

- ▶ The Gaelic independent production sector is funded entirely by the Scottish Government, through its investment in MG ALBA. Stagnant levels of investment will challenge the long-term sustainability of the sector, triggering a 'vicious circle' of decline:



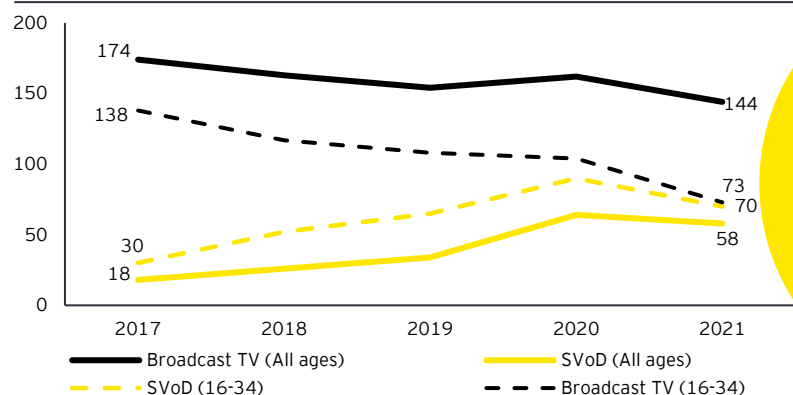
MG ALBA must invest and adapt its offerings to remain relevant in a rapidly changing market where audiences are shifting to short-form online viewing

- ▶ While broadcast television still remains the primary method of consuming content in the home, audiences are reducing the time spent watching live TV and are increasingly more engaged with online media and streaming video on demand services, with those aged between 16-34 already consuming more content through digital platforms than linear platforms. To remain relevant, MG ALBA must ensure its distribution caters for both traditional and younger audiences.

Rapidly evolving viewing trends

- ▶ The hours of broadcast television viewed by Scottish audiences has reduced 17% since 2017 and is expected to decline further across all age groups. While Live TV still retains the largest share, streaming platforms and online content are becoming increasingly popular.

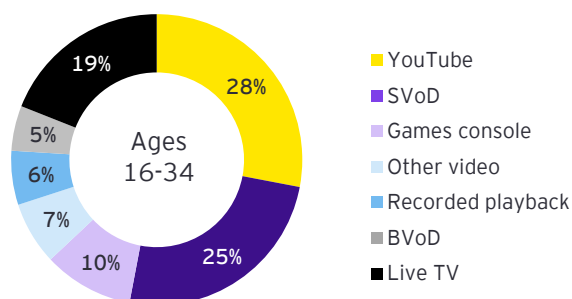
Average daily minutes viewed per person, Scotland¹



The media is going through a time of rapid change driven by the digital revolution, and MG ALBA is no different

- John Morrison,
MG ALBA Board, Chair

- ▶ The shift in viewing trends is more pronounced for younger audiences, who prefer spending more time consuming content online - in 2022, live TV accounted for only 19% of viewing time for 16-34 year-olds.



What it means for MG ALBA

- ▶ MG ALBA is not immune from audience shifts in linear viewing, and requires incremental investment in order to engage new audiences with relevant, high-quality, and award winning content.

MG ALBA: Key audience statistics²

	2018/19	2022/23	5Year change
Weekly TV reach - Gaelic audience	59.4%	49.7%	-16%
Weekly TV reach - Gaelic audience (age 16-44)	41.8%	28.7%	-31%
iPlayer content views	3.4m	3.7m	+9%
Short-form content views	3.0m	5.9m	+97%

- ▶ MG ALBA has seen a steady decline in its TV reach and time spent by viewers over the last five years.
- ▶ A high proportion of MG ALBA funded broadcast hours are currently composed of repeat programmes (80%) instead of original content, even though audiences who consume PSB content would prefer to have fewer repeats and formulaic shows, which is perceived as 'filler' content³.
- ▶ In comparison, iPlayer and short form content viewing has increased significantly, 9% and 97% respectively, in the past 5 years.
- ▶ MG ALBA must invest more in original content as well as on-demand service offerings to engage with younger audiences more frequently.

4

The investment case



MG ALBA has a firm foundation for growth, having operated efficiently to manage costs in line with its static funding position

- ▶ MG ALBA has a firm foundation for growth and has operated efficiently to manage its costs in line with its static funding position. The table below presents a summary of the financial performance of MG ALBA over the last 10 years.
- ▶ MG ALBA receives the majority of its funding from its core Scottish Government grant, supplemented by smaller and more varied sources of income in recent years, including one off UK Government grants in 2015 and 2016. MG ALBA's static funding position sits alongside an inflationary cost environment, meaning a pronounced decline in the real-terms value of this income.
- ▶ MG ALBA have consistently operated in a prudent manner and in line with the funding available. It has maintained an efficient delivery model, with between 81-90% of the funding received spent on TV, Radio, and Online content.

Historic financial performance of MG ALBA (£)										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SG Core Grant	11,800,000	12,800,000	12,800,000	12,800,000	12,800,000	12,800,000	12,800,000	12,980,000	12,800,000	12,800,000
SG Additional Grants	475,000	420,000	25,000	65,000	700,000	555,000	149,950		230,000	55,000
Other Income ¹	(161,972)	1,175,925	1,171,010	215,287	348,458	251,752	173,036	249,658	524,729	741,989
Total	12,113,028	14,395,925	13,996,010	13,080,287	13,848,458	13,606,752	13,122,986	13,229,658	13,554,729	13,596,989
Television, radio & on-line productions and rights	(10,332,337)	(12,310,943)	(11,783,433)	(11,134,189)	(12,016,220)	(11,777,402)	(11,225,444)	(10,654,976)	(11,584,017)	(12,297,990)
Channel operating costs	(641,676)	(647,974)	(772,899)	(694,601)	(589,139)	(545,586)	(511,280)	(505,561)	(778,384)	(655,276)
Channel & corporate promotion	(42,669)	(40,406)	(55,637)	(37,040)	(31,389)	(120,285)	(100,300)	(36,780)	(80,678)	(75,823)
Industry training grants	(255,469)	(344,835)	(309,967)	(278,098)	(287,955)	(319,597)	(254,949)	(201,318)	(255,120)	(235,452)
Audience research costs	(92,891)	(119,534)	(102,861)	(98,246)	(89,842)	(92,370)	(94,803)	(95,000)	(95,000)	(95,000)
Other OPEX ²	(131,252)	(99,828)	(124,933)	(104,154)	(117,890)	(41,357)	(64,846)	(15,673)	-	-
Administrative expenses	(730,036)	(827,100)	(798,614)	(864,677)	(694,152)	(727,716)	(772,608)	(876,919)	(876,459)	(760,846)
Total OPEX	(12,226,330)	(14,390,620)	(13,948,344)	(13,211,005)	(13,826,587)	(13,624,313)	(13,024,230)	(12,386,227)	(13,669,658)	(14,120,387)
Finance costs	(3,050)	(1,084)	(598)	(1,238)	(1,557)	(1,620)	(57,141)	(56,759)	(54,868)	(37,605)
Tax	(185)	(399)	(485)	(282)	(78)	(231)	(492)	(122)	(28,725)	(2,903)
Surplus/(deficit)	(116,537)	3,822	46,583	(132,238)	20,236	(19,412)	41,123	786,550	(198,522)	(563,906)

Source: MG ALBA statutory accounts 2014-2023

¹Other income is comprised of other grant income, studio & facilities income, and UK government grants (received in 2015/2016)

²Other OPEX is comprised of costs relating to stakeholder engagement, development, community liaison and strategic projects.

In an increasingly expensive marketplace, MG ALBA continues to invest the majority of its funding directly into content production

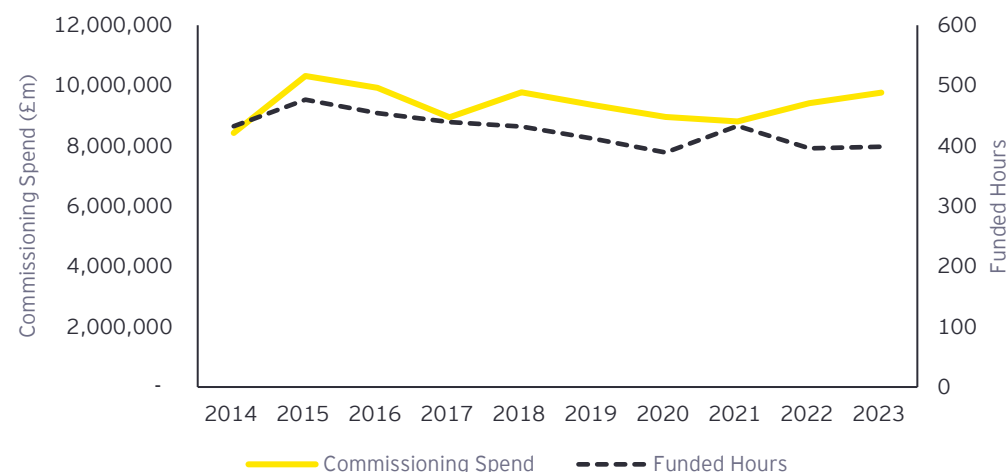
Greater budgets are needed to maintain historic output levels

- ▶ MG ALBA's prudent strategy and effective budget management have maintained steady expenditure over the last decade, however the impact of the declining real-terms value of funding is evident.
- ▶ Despite relatively consistent expenditure levels, the number of funded hours has seen an overall decline of 8% since 2014. "Funded hours" represent the actual amounts spent on programmes in each financial year.
- ▶ In 2021, as a result of the Covid-19 pandemic, Drama production was on hold for the majority of the year. More hours were funded in genres such as Factual, which has a considerably lower cost per hour to produce, resulting in an abnormal increase of funded hours in this period. Drama production commenced again in 2022, resulting in spend being diverted back to the genre and resulting in fewer hours funded in the year.
- ▶ Increased Drama production is one of the key elements in MG ALBA's vision, and additional funding will be essential in achieving this.

MG ALBA's existing funding is spent predominantly on television, radio, & online production, with little room for further allocation

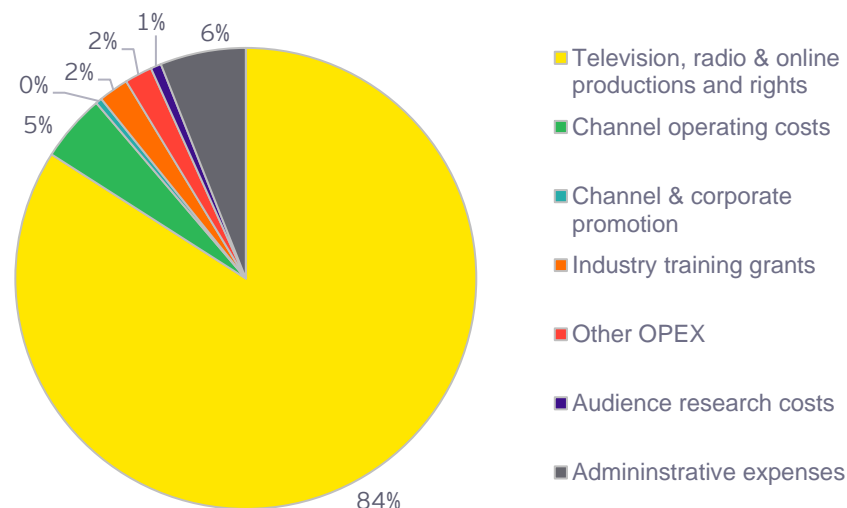
- ▶ MG ALBA's delivery model is already heavily content-focused, with an average of 84% of funding being allocated to television, radio, & online productions annually since 2013.
- ▶ There is little opportunity for further efficiency savings. Rather, additional support from SG will be necessary in order to achieve MG ALBA's vision and to support the delivery of the National Gaelic Language Plan over the next 5 years.

TV commissioning spend vs funded hours since 2014



Source: MG ALBA commissioning spend report

Average allocation of income to opex activities (2013-2023)



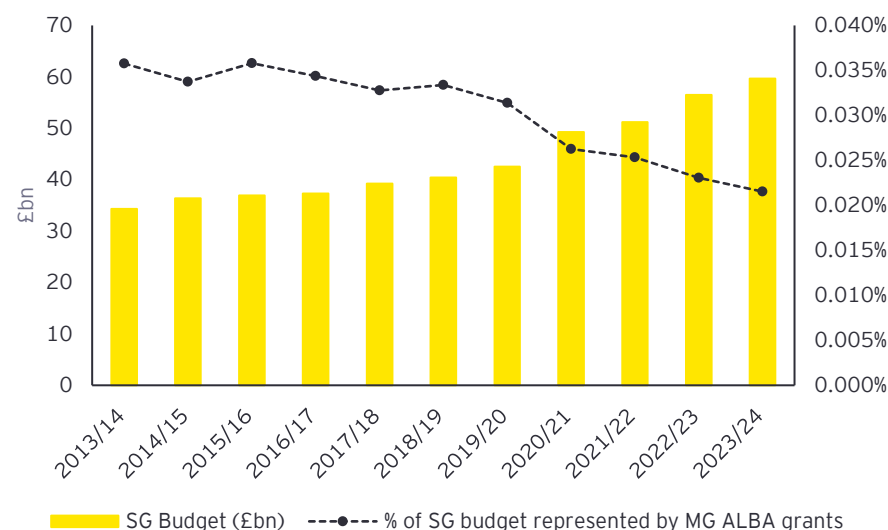
Source: MG ALBA statutory accounts 2013-2023

MG ALBA's funding has not risen in line with typical Government spending

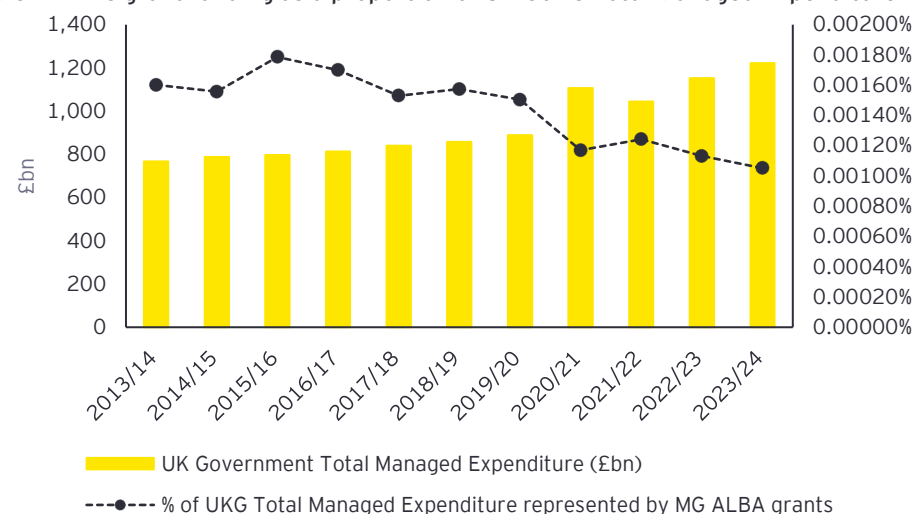
For example, MG ALBA's grant funding has reduced as a proportion of SG's and the UK Government's (UKG) overall budgets

- ▶ In SG's Gaelic Language Plan for 2022-2027, it states that SG has "increased its funding to MG ALBA recognising the importance that the channel has in supporting the Gaelic community and learners". However, whilst SG's budget has grown by approximately 74% in the last decade, MG ALBA's funding has remained relatively static over the same period.
- ▶ As a result, there has been a marked decline in the proportion of SG's total budget which has been allocated to MG ALBA in recent years.
- ▶ The graph on the top right shows that MG ALBA's grant funding has decreased as a proportion of SG's total budget (falling from 0.036% in 2013/14 to 0.022% in 2023/24).
- ▶ Similarly, there has been a marked decline in the proportion of the UK Government's Total Managed Expenditure which MG ALBA's grant funding represents.
- ▶ The graph on the lower right shows that MG ALBA's grant funding has decreased as a proportion of the UK Government's Total Managed Expenditure (falling from 0.00160% in 2013/14 to 0.00105% in 2023/24).

MG ALBA's grant funding as a proportion of SG's total budget



MG ALBA's grant funding as a proportion of UK Gov's Total Managed Expenditure



Source: MG ALBA statutory accounts 2013-2023, Scottish Government/SPICe, and OBR

MG ALBA requires a further £13.8m to changes the focus of its services and unlock a sustainable future vision for Gaelic Media

MG ALBA has set out a provisional investment profile (the “Vision Budget”) which invites additional investment to create better outcomes for audiences and stakeholders, while also continuing to deliver value for money. This profile presents a base case scenario, however it may evolve as MG ALBA continue to innovate to provide content that resonates with its audiences.

- ▶ MG ALBA asks the Scottish Government to provide an additional £13.8m to MG ALBA annually, over 95% of which will be directly invested in content creation and innovation in the creative community.
- ▶ MG ALBA’s vision sees a 7% and 5% increase of funding allocated to **Drama** and **Comedy** respectively. Based on audience data, these genres are crucial for engaging with 16-44 viewers, a key strategic goal of MG ALBA’s vision.
- ▶ With a larger focus on Drama and Comedy, which typically require larger budgets, greater benefits will be generated across the supply chain. As such, an increase in MG ALBA’s budget would have a positive impact on the wider media landscape, as well as an anticipated increased return on investment of £1.43 per £1 spent.¹ Further, high quality drama has the potential to travel both within the UK and internationally through the use of foreign language subtitles.
- ▶ MG ALBA will also have greater focus on **feature film drama** (“CineG”), allocating c.£450,000 of the Vision budget to support cinematic release and other audience platforms before iPlayer and Linear.
- ▶ Although representing a smaller proportion of funding overall, **Factual** will remain a key focus for MG ALBA. Factual production is a cornerstone of the Gaelic production sector, with co-productions and commissions (such as those with other Celtic and international broadcasters) securing investment into content and supporting independent Gaelic producers.
- ▶ In line with overall strategic objectives, **Sport** will represent a smaller proportion of the overall Vision budget, however will still see an increase in investment to support the high-quality output MG ALBA currently provide.
- ▶ **Music & Events** will continue to benefit from c.13% of the funding available, resulting in an overall increase in support of £1.85m. **Children** and **Entertainment** will see increased investment of c.£300,000 and c.£850,000

respectively. **Learning’s** budget will also rise by c.£90,000.

- ▶ 9% of the Vision Budget is allocated to business management, investment in sector skills & innovation, and audience engagement. This will support MG ALBA’s overarching goal of creating a future-facing ecosystem and a culture of media innovation and entrepreneurship, driving further value back to the Licence Fee payers.
- ▶ As well as investment in key genres, MG ALBA will also have a greater focus on the digital delivery of content across Social Media, Online, YouTube and iPlayer, in addition to linear television. An enhanced digital offering that appeals widely to all generations will be crucial in allowing Gaelic media to connect with both new and current audiences, and to give prominence to Gaelic production in a domain which is dominated by English-language content.

MG ALBA’s proposed allocation of additional investment

	Current		Vision		Change from current budget
Genre	£	% Share	£	% Share	£
Current Affairs			200,000	1%	200,000
Children	579,500	6%	879,500	4%	300,000
Drama	1,330,504	14%	4,980,504	22%	3,650,000
Entertainment	250,000	3%	1,100,000	5%	850,000
Factual	2,970,139	32%	5,070,139	22%	2,100,000
Music & Events	1,191,600	13%	3,041,600	13%	1,850,000
Sport	2,410,757	26%	2,759,856	12%	349,099
Comedy	482,500	5%	2,282,500	10%	1,800,000
Learning	25,000	0.3%	115,000	0.5%	90,000
CineG			450,000	2%	450,000
Total	9,240,000		20,879,099		11,639,099
Other					
Business Management	-		250,000	1%	250,000
Sector Skills / Innovation	-		750,000	3%	750,000
Marketing/audience engagement	-		1,163,910	5%	1,163,910
Total	9,240,000		23,043,009		13,803,009

Source: MG ALBA “What Does Good Look Like?” Report, October 2023



5

Benefits of
increased
investment

The Scottish government's investment has yielded positive returns to date. However without an uplift to the current funding model, the future benefits are put at risk

- ▶ MG ALBA delivers value for money and a positive return on investment, however its long term funding model is not sustainable, inhibiting MG ALBA's ability to promote the Gaelic language and Gaelic media, both on and off screen.
- ▶ In 2023, MG ALBA received £13.4m of funding from the Scottish Government. Despite Scotland having larger populations than Wales and the Republic of Ireland, MG ALBA's funding equates to just 15% of the funding that S4C receives through the licence fee, and 41% of the state funding received by TG4.

Investment in independent production

£9.1m
invested in 2022/23

MG ALBA commissions play an important role in supporting the development and sustainability of the independent production sector in Scotland.

In 2022/23, MG ALBA invested £9.1m on commissions from independent companies, (£9.8m including the BBC).

Throughout the year, MG ALBA worked with 26 independent production companies, including 9 in the Western Isles & Skye, 2 in the Highlands & islands and 13 in the rest of Scotland.

Alignment with the National Gaelic Language Plan

5,500
monthly learners

During 2022/23, the SpeakGaelic and LearnGaelic websites received nearly half a million visitors, averaging around 5,500 and 44,000 monthly visitors respectively and received nearly half a million visitors.

Increased investment in MG ALBA will facilitate the expansion of this valuable resource for Gaelic learners, contributing to the language's revival, and supporting the Scottish Government in delivering its Gaelic Language Plan.

Economic Impact

£17.2m

An independent report from Ekos in 2021 estimated that MG ALBA generated £17.2m of economic activity and supported 340 jobs p.a.¹

This impact was evenly dispersed across Scotland, with £7.9m impact and 180 jobs supported in the Western Isles, Skye, the Highlands and islands.

This means that for every £1 of grant invested by the Scottish Government, MG ALBA generate an additional £1.34 in net direct GVA within the Scottish economy.

Investment across Scotland

27%
of production spend in Western Isles & Skye

Over the past 5 years, MG ALBA has spent £12.4m of its production spend with independent production companies in the Western Isles and Skye, representing over a quarter of its commissioning spend.

As well as driving local economic activity, this investment is pivotal in developing and securing a vibrant creative hub and production ecosystem within the region, catalysing the growth of a creative cluster.

Award winning Gaelic content

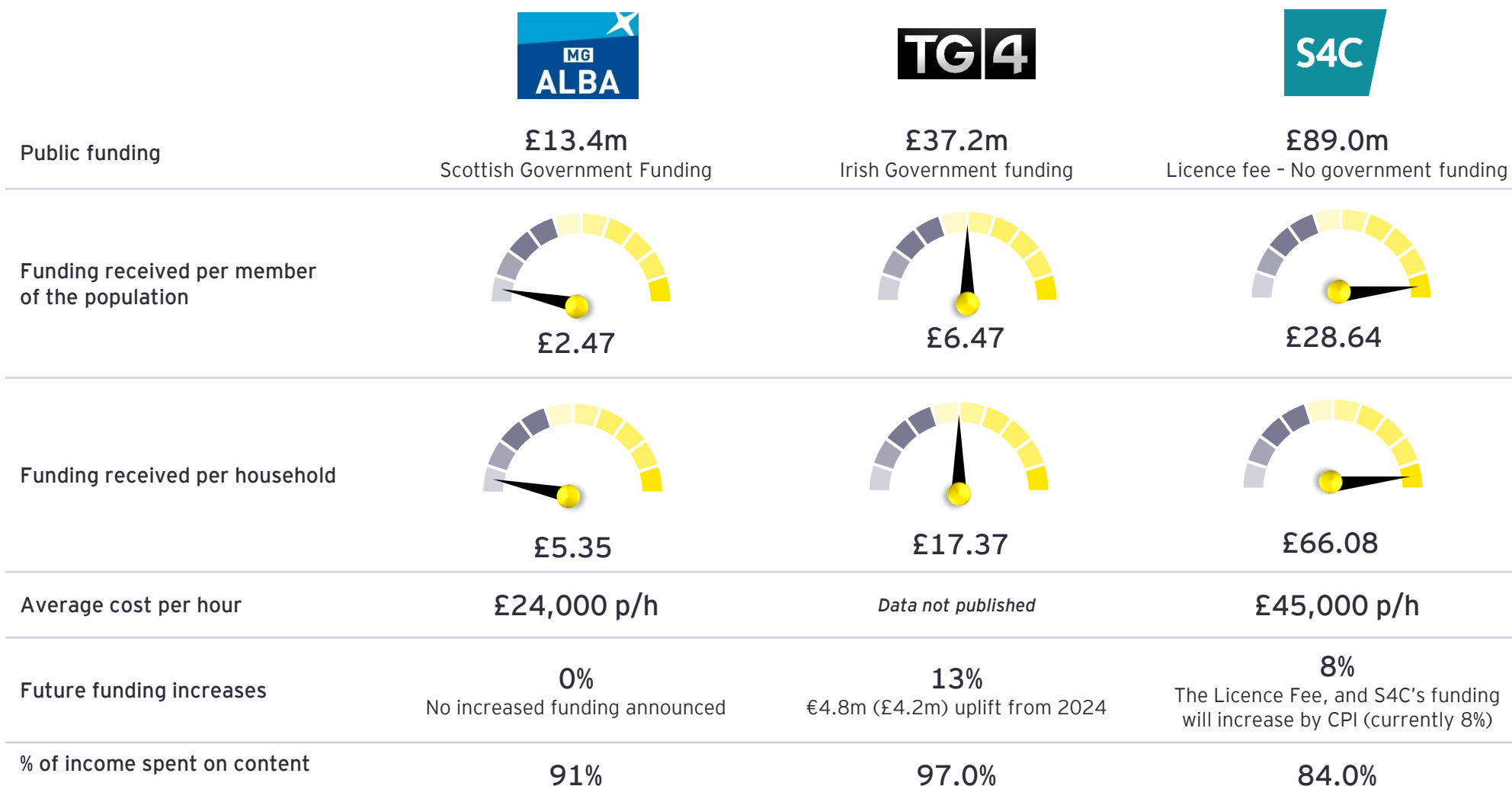
10 awards

Throughout 2022/23, content commissioned by MG ALBA won ten awards, This included awards from the Royal Television Society in Scotland and Ireland, and at the Celtic Media Festival.

MG ALBA also won the Recast Media Champion Award at the Scottish Women in Sport Awards in November 2022, recognising MG ALBA's role in raising the profile of Women's sport in Scotland.

Although facing financial pressures, MG ALBA demonstrates good value for money despite receiving less public funding than other local language broadcasters

MG ALBA performs favourably against its peer group in terms of cost per hour and the cost to each per person/household, but its funding model is unsustainable. MG ALBA's current funding costs each person in Scotland £2.47 p.a., making it the most cost-effective local language service in the UK.

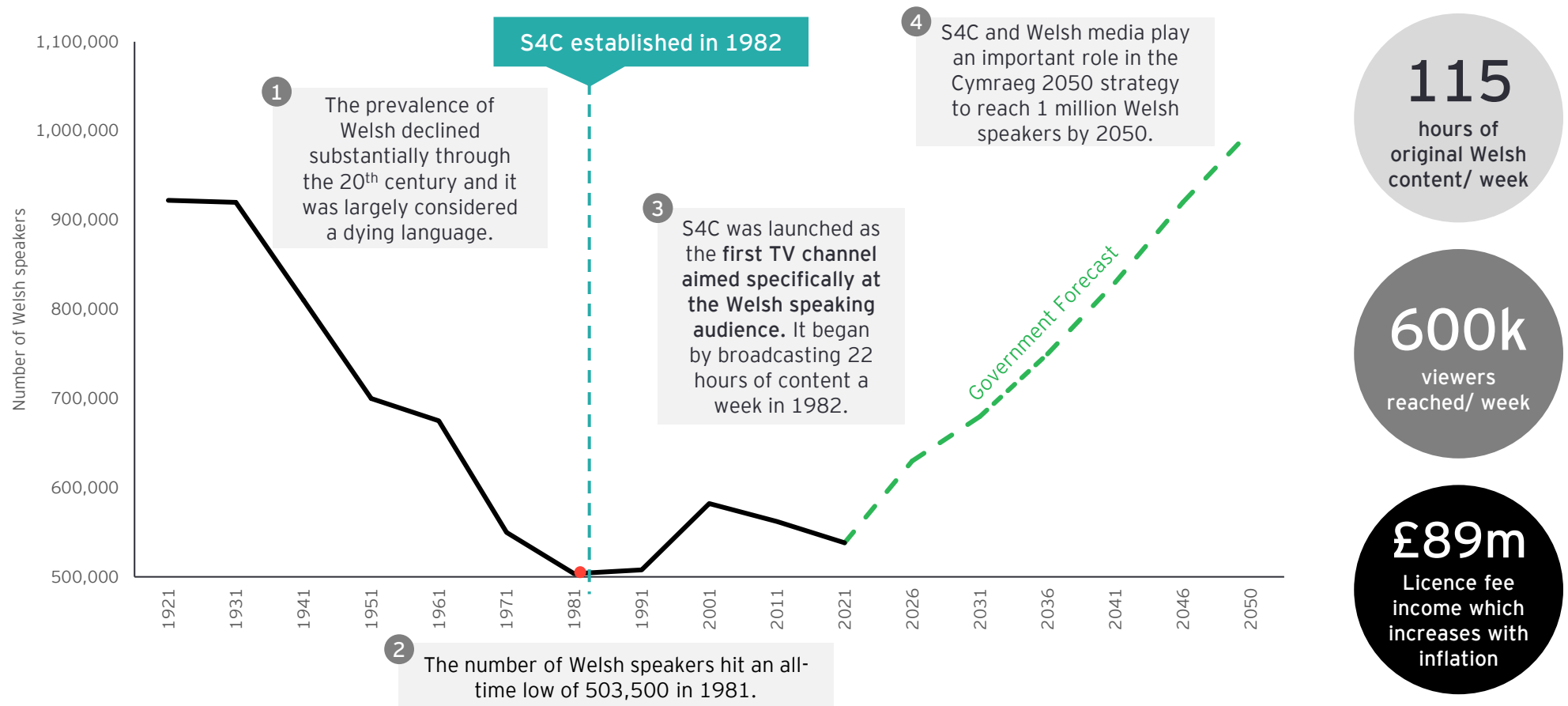


Increased investment in MG ALBA can deliver a strong platform for the Gaelic language. S4C provides a case study for the potential success.

S4C's efforts to grow the prominence of Welsh language and culture in the media over the past 4 decades have been instrumental in the revival of the Welsh language. S4C provides an example of the important role minority language broadcasters play, demonstrating the effect that continued government support for MG ALBA, to provide Gaelic audiences with high-quality content, could have in preserving the Scottish language and culture.

S4C: The Welsh Language Broadcaster^{1,2}

The broadcast media has played a key role in our efforts as a nation to revitalise the language over a number of decades. Welsh-language programming on S4C and BBC Radio Cymru has been supported by a vibrant independent production sector. We will do all we can to support and enhance Welsh-language provision." - Cymraeg 2050 Strategy

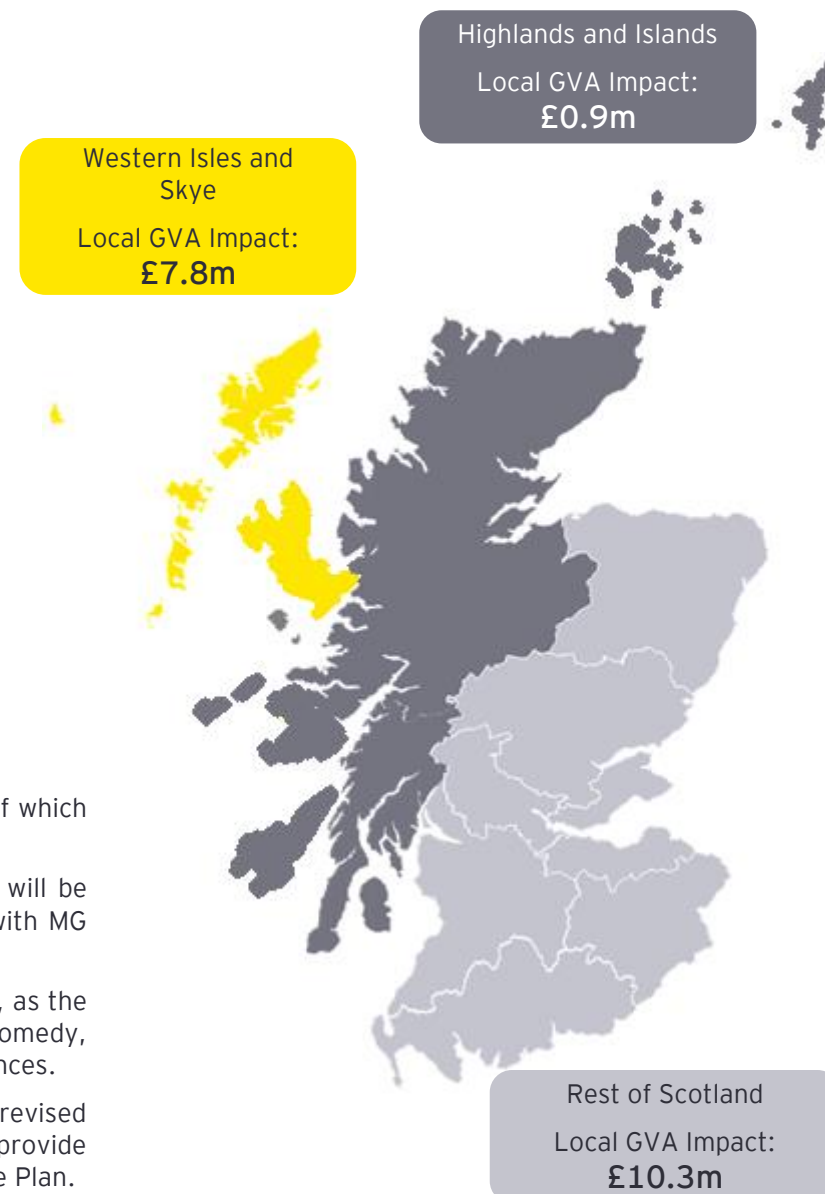


The investments made to realise MG ALBA's strategic vision for Gaelic media will be amplified, generating even greater economic returns for all of Scotland

- ▶ In 2022/23, MG ALBA's total income amounted to £13.6m, which generated an approximate Gross Value Added ("GVA") of £18.2m.¹
- ▶ An additional £13.8 million funding injection has the potential to generate an incremental £19 million in annual direct GVA throughout Scotland,¹ and support an additional 300 jobs.²
- ▶ The incremental investment will have a greater average return on investment given the increased proportion of investment in scripted content (such as long/short form dramas and comedy) which typically have larger budgets and generate greater economic impacts throughout the supply chain.³

Area of spend	Funding	Return on investment ³	GVA Impact (National)
2022/23 Impact	£13.6m	£1.34 / £spent	£18.2m
Incremental investment			
<i>Drama and comedy</i>	£5.4m	£1.43 / £spent	£7.8m
<i>Other genres and business development</i>	£8.4m	£1.34 / £spent	£11.2m
Incremental impact	£13.8m		£19m
Total Impact	£27.4m		£37.2m

- ▶ Increasing the investment within MG ALBA will deliver an incremental 145 hours of output, of which 57 hours will be digitally led output, including short-form content.
- ▶ By pivoting its distribution methods and serving audiences digitally and linearly, MG ALBA will be enabled to engage with different age groups, and increase the time that audiences spend with MG ALBA's services.
- ▶ The commissioning of new and original content will further drive engagement with audiences, as the proportion of repeats will reduce, and the investment in genres such as drama and comedy, alongside increased coverage of music and events will help MG ALBA attract and retain audiences.
- ▶ The increased levels of output, the shifted delivery mix between linear and digital, and the revised genre mix of content will catalyse the revival of the Gaelic language, promote Gaelic culture, provide access to learning and support the Government's objectives set out within the Gaelic Language Plan.



This additional investment is needed to spark a virtuous circle, with more Gaelic content leading to larger audiences and more growth

- ▶ Crucially, increased investment in MG ALBA will stimulate demand for Gaelic media, reinforcing the Government's commitment to safeguard and grow Scotland's indigenous language.
- ▶ The investment will bolster independent production by:
 - ▶ **Enabling reinvestment and growth:** Increased production budgets empower independent production companies to reinvest within their businesses, fostering sector growth and skill development. It will also provide the required financial resource to produce innovative original content.
 - ▶ **Diversified revenue streams:** Historically, companies within the Gaelic production sector have had minimal secondary revenue sources and limited international business. While not directly creating new revenue streams, higher margins enable production companies to diversify their businesses and explore new markets, breaking from historical reliance on a single income source.
 - ▶ **Sustainable business models:** The growth and diversification facilitated by increased investment pave the way for independent production companies to reduce their reliance on MG ALBA. Financial pressures have made even the largest companies (with turnovers exceeding £1 million) predominantly dependent on MG ALBA. Increased investment will enable reinvestment and diversification, diminishing sector dependency.
 - ▶ **Supporting a creative cluster in the Western Isles and Skye:** Increased investment will enable MG ALBA to continue supporting the development of a creative cluster of production companies and associated industries, driving additional economic benefit through the creation of jobs and economic output.



A large cantilever bridge, likely the Forth Road Bridge, is shown at night. The bridge's steel structure is illuminated with warm lights, and these lights reflect on the calm water below. The sky is a deep blue with some clouds. The bridge spans a wide body of water, and its reflection is clearly visible in the water's surface.

6

Appendix Stakeholder Analysis and abbreviations

MG ALBA's Stakeholders have a wide range of priorities which would be supported by providing additional investment to MG ALBA

- The following table outlines the priorities of several stakeholders who have a vested interest in MG ALBA and explains the potential impact of MG ALBA receiving additional investment:

Stakeholder	Priorities	Impact of additional investment	Impact of no funding change
Scottish Government	<ul style="list-style-type: none"> ► Promoting the acquisition of speaking, reading and writing skills in Gaelic; ► Enabling the use of Gaelic in a range of social, formal and work settings; ► Expanding the respect for, and visibility, audibility and recognition of Gaelic; and ► Developing the quality, consistency and richness of Gaelic. 	<ul style="list-style-type: none"> ► Provision of further assistance in promoting Gaelic speaking skills in Scotland, the enablement and use of Gaelic in a range of settings, and the expansion of respect for, and visibility of Gaelic. ► There is increased likelihood of achieving a greater representation of Scottish Gaelic culture across TV and online formats, helping to showcase the language, heritage, and diversity of Scotland. ► Allow for further boost to "mainstreaming", whereby the use of Gaelic is increasingly normalised. 	<ul style="list-style-type: none"> ► There will be a reduced reach with younger audiences due to a lack of short and long-form comedy, events, and learning, resulting in a lost generation of Gaelic speakers. ► Investment in Gaelic media education will be less effective as a healthy Gaelic ecology does not exist outside of the educational environment.
BBC	<ul style="list-style-type: none"> ► To provide impartial news and information to help people understand and engage with the world around them; ► To support learning for people of all ages To show the most creative, highest quality and distinctive output and services; ► To reflect, represent and serve the diverse communities of all of the UK's nations and regions and, in doing so, support the creative economy across the United Kingdom; and ► To reflect the UK, its culture and values to the world. 	<ul style="list-style-type: none"> ► The BBC ALBA channel could be provided with more diverse and high-quality programming options to engage with its audience, enhancing the BBC's diversity of content offering. ► The ability of BBC to better reflect, represent and serve the diverse communities of the UK, specifically the Scottish Gaelic community would be improved with higher quality programming being provided by MG ALBA. 	<ul style="list-style-type: none"> ► Fewer opportunities to promote and showcase a unique aspect of Scotland's rich cultural identity on an international platform. ► A funding gap will impact MG ALBA's ability to produce resources and activities which support language learning on BBC ALBA, making it more difficult to achieve the aim of promoting education and learning across the UK. ► The BBC are obligated to provide a "mixed genre television service", based on the BBC Framework Agreement, therefore if the content flow from MG ALBA diminishes, so will the BBC's fulfilment of their remit.
UK Government	<ul style="list-style-type: none"> ► To ensure a sustainable Gaelic television channel in accordance with the European Charter for Regional or Minority Languages (ECRML) Article 11. 	<ul style="list-style-type: none"> ► Would support the prominence of Gaelic alongside other regional languages within the UK, and the alignment of UK government with the ECRML. ► Increased investment by MG ALBA in genres such as drama, which has the potential to travel internationally through the use of foreign language subtitles, would promote international collaboration among both producers and distributors of content. 	<ul style="list-style-type: none"> ► A lack of additional investment presents serious risk to the sustainability and longevity of Gaelic content production, ultimately resulting in the UK government failing to meet its obligations to minority languages set out in the ECRML.

MG ALBA's Stakeholders have a wide range of priorities which would be supported by providing additional investment to MG ALBA

- The following table outlines the priorities of several stakeholders who have a vested interest in MG ALBA and explains the potential impact of MG ALBA receiving additional investment:

Stakeholder	Priorities	Impact of additional investment	Impact of no funding change
Audiences	<ul style="list-style-type: none"> ► The 2022 <i>'Public attitudes to Gaelic in Scotland'</i> report found that a majority of adults in Scotland would like: <ul style="list-style-type: none"> ► to speak Gaelic better than they currently do; and ► for there to be more Gaelic speakers in 50 years' time. ► Audiences also wish for high quality, engaging programming, which is innovative and diverse. 	<ul style="list-style-type: none"> ► MG ALBA would be enabled to produce more high-quality content, providing viewers with a greater choice of compelling programming, across an increased range of genres and formats. ► Support could be provided for language learning initiatives for all ages, including creating content and activities that assist in teaching the Gaelic language. 	<ul style="list-style-type: none"> ► High inflationary pressures would continue to constrain the content hours which MG ALBA can produce, limiting the choice and quality of programming it can provide and the cultural representation opportunities it can offer to its audience.
Production companies / suppliers	<ul style="list-style-type: none"> ► Overcoming the lack of growth in the UK broadcasting market and increasing the attraction of network commissioners; ► Allocation of resources towards investment in staff & facilities, establishing connections with multiple broadcasters, and working towards a pipeline of work; ► Development of talent pool for TV production with special focus on the Gaelic production market; ► Improve diversity in terms of content delivered and support short-form and digital content; and ► Policy support to encourage the presence and recognition of Gaelic productions within Scotland. 	<ul style="list-style-type: none"> ► Charlotte Wilson Research Services and EKOS reported that MG ALBA has a strong commitment to its supply base, and that its relationships within the sector are widely regarded as good. Further investment would allow MG ALBA to continue to leverage these strong connections, and in doing so: <ul style="list-style-type: none"> ► Enable production companies to scale up their production and establish connections with broadcasters; ► Strengthen initiatives for workforce development and training programs to nurture new talent; ► Provide financial assistance to alleviate costs for micro-organizations, leading to a robust and inclusive trade body; ► Enable smaller operators to compete with larger players without compromising margins, and facilitates the expansion of Gaelic content through increased volume production; and ► Provide access to the wider UK broadcasting market and support for short-form and digital content development. 	<ul style="list-style-type: none"> ► Risking the ongoing viability of production companies during the current downturn, leaving a hole in the market and a shortfall of Gaelic-focused production companies once the industry recovers, as it is widely expected to. ► Production companies face restrictions in their expansion and sustainability (particularly smaller entities), resulting in limited growth in Gaelic production and a reduced talent pool for Gaelic TV production.

MG ALBA's Stakeholders have a wide range of priorities which would be supported by providing additional investment to MG ALBA

- The following table outlines the priorities of several stakeholders who have a vested interest in MG ALBA and explains the potential impact of MG ALBA receiving additional investment:

Stakeholder	Priorities	Impact of additional investment	Impact of no funding change
Creative Scotland	<ul style="list-style-type: none"> ► To support individuals and organisations across Scotland to develop and deliver high quality work that reflects Scotland's diversity and distinct identity; ► Ensuring there is the opportunity for everyone in Scotland to engage with the work it funds; and ► To embed Equalities, Diversity and Inclusion (EDI) across their partners. 	<ul style="list-style-type: none"> ► Increased investment in regional creative industries would occur, helping to stimulate regional economic growth, supporting individuals and organisations across Scotland. ► More co-production opportunities between MG ALBA and other UK and international broadcasters, filmmakers and other creative organisations could occur, to showcase Scotland's culture. 	<ul style="list-style-type: none"> ► Continued decrease in accessibility for audiences to engage with creative and artistic Scottish Gaelic content. ► Limited likelihood of new creatives being supported, and therefore a limited likelihood for the expand the EDI mix within the local industry.
Highlands and Islands Enterprise	<ul style="list-style-type: none"> ► Key outcomes for HIE are to achieve: <ul style="list-style-type: none"> ► a more balanced population and growing skilled workforce; ► an increase in average wages; ► an increase in economic and community benefit from our transition to net zero; and ► enhanced productivity and innovation throughout the region. 	<ul style="list-style-type: none"> ► HIE's 2023-2028 strategy states that the acquisition and use of Gaelic offers further potential to create prosperity in parts of the region, and increase the viability of its Gaelic communities. ► Activity will increase due to economic stimulation, with investment delivering social, economic and wellbeing outcomes. ► It is anticipated that MG ALBA could achieve an even greater return on investment than it does so currently, due to potential changes in the strategic focus. ► MG ALBA employees receive a mean average salary which is 25% above the regional average, reflecting the higher skills of the employment supported. Further investment would continue to support this increase in average wages. 	<ul style="list-style-type: none"> ► MG ALBA employees' above regional average salary may not be able to be supported at existing headcount levels. ► There will be reduced investment in Gaelic programming which could adversely affect the promotion of the H&I region, making it more challenging to attract investment and increase the competitiveness of this area.
Skills Development Scotland	<ul style="list-style-type: none"> ► People develop skills and competencies that drive productive businesses and regions, and help create a fairer, more equal society; ► Talent is diverse and resilient, with people who can all adapt and thrive in the changing world of work. 	<ul style="list-style-type: none"> ► A more sustainable business model achieved by increased investment would enable creative based businesses which MG ALBA works with, specifically production companies, to develop plans for the future, specifically including investing in staff. 	<ul style="list-style-type: none"> ► Businesses supported by MG ALBA which prioritise skills development, particularly in regional areas, will not be able to thrive as they may otherwise be able to, due to a lack of long-term security in their funding models.

Abbreviations

BBC	British Broadcasting Corporation
BVoD	Broadcast video on demand
cph	Cost per hour
DCMS	Department for Culture, Media, and Sport
EDI	Equalities, Diversity and Inclusion
GLE	Gaelic Learner Education
GME	Gaelic Medium Education
GVA	Gross Value Add
H&I	Highlands and Islands
HIE	Highlands and Islands Enterprise
OPEX	Operating Expenses
p/h	Per hour
PSB	Public service broadcaster
ROI	Return on investment
SG	Scottish Government
SPICe	Scottish Parliament Information Centre
SVoD	Subscription video on demand
UKG	UK Government
£bn	Billions of Pounds (GBP)
£m	Millions of Pounds (GBP)

