

Future of TV distribution: Call for Evidence

Response from COBA to Ofcom

December 2023

Introduction

1. COBA is the Association for Commercial Broadcasters and On-Demand Services. It represents commercial sector broadcasters and on-demand services.
2. COBA members operate a wide variety of services, offering news, factual, children's, drama, music, arts, entertainment, sports and comedy. Their content is available on free-to-air and pay-TV platforms, as well as on-demand.
3. COBA members are arguably the fastest growing part of the UK television industry, and are increasing their investment in jobs, UK content and infrastructure.
4. For further information please contact Adam Minns, COBA's Executive Director, at adam@coba.org.uk.

Response

1. COBA members include a range of linear and non-linear services, ranging from broadcasters to SVoDs. They include niche players and major services in both of these categories and are vital – increasingly so – to the health of the UK screen sector.
2. For example, investment from non PSBs has been the major source of growth for funding UK television content over the last decade. Investment from PSBs has largely remained flat, according to Ofcom’s figures, while spending on high end TV production has rocketed to around £4.3 billion, more than double the amount it was a few years ago.¹ This is just area of strong growth in investment by non PSBs. Pact, the producers body, reports that commissioning from independent producers by non PSB multichannel broadcasters hit £469m last year, double the comparative figure from a decade ago.²
3. COBA members are therefore well placed to understand the changing nature of audiences, and the impact on services of these shifts. We have seen consolidation within the sector, and innovation and the development of new services. Many companies maintain a foothold in both linear and non-linear; others have moved solely into on-demand. All continue to offer audiences choice and innovation, as well as compelling UK and global content.
4. In this context, the traditional strength of the UK screen sector – the mixed ecology of different business models and revenue streams – has never been more important. On-demand revenues are now a major income stream for the sector, alongside advertising, subscription and the licence fee. To maintain the strength of the sector, and to develop it, all these revenues streams need to be allowed to flourish.

¹ <https://www.bfi.org.uk/news/official-2022-statistics>

² Pact census 2023, slide 16

5. COBA members face many of the same challenges as PSBs. They must secure prominence and carriage/availability across different platforms, monetising content on a reasonable basis all the time. They do so without public support in the form of statutory prominence or the other benefits set out in the Media Bill, or of course the licence fee.
6. We therefore urge Ofcom to maintain a watching brief on competition issues and ensure that COBA members are not at risk of being crowded out or otherwise at an unfair disadvantage.
7. More specifically, amongst the platforms that COBA members use, DTT remains vital. COBA members account for a significant audience share on the DTT platform, providing viewers with greatly increased choice. It is important that, while granting industry as much certainty as possible, policymakers also develop a plan for a clear transition process away from DTT if necessary. This should include full consultation with industry stakeholders, across content providers, network providers and intermediaries.
8. COBA also believes the existing rules governing net neutrality have generally worked well, encouraging a diverse array of services for the benefit of consumers, and we are not convinced there is a need for changes to the current framework. Where there are potential congestion issues, such as at the start of the Covid-19 pandemic, it was agreed certain updates would be made off-peak. COBA members are responsible actors and worked with Ofcom and ISPs to reduce bit rates at the outset of the pandemic to mitigate the possibility of network congestion. We are open to consideration of whether updates are required in some areas, such as for education sites, but do not see a need for wholesale change.
9. Within this system, many content providers invest in ways to mitigate network congestion, such as content delivery networks, as they are already incentivised to invest in ways to mitigate network congestion so that audiences have good experiences. This investment should be acknowledged in the event

of future moves to address any congestion, as should the role content providers play in attracting consumers and audiences through investment in attractive content.

10. We would therefore be opposed to requiring content providers to pay additional sums to alleviate any network congestion. When considering whether there are congestion issues, it is worth bearing in mind that the Covid-19 pandemic demonstrated how the current system has a significant degree of flexibility already. This includes allowing network operators to manage these processes as needed via 'reasonable' traffic management measures where certain conditions are met. As Ofcom is aware, there are already exceptions for traffic management.
11. If these measures are judged not to be working, then further forms of collaboration between platforms and content providers might be explored, such as a forum for collaboration when organisations are issuing large downloads. This might help coordination to avoid certain dates in the calendar, or to halt distribution if an emergency national event occurs.