



Proposals to Update the PSB Quotas

Consultation response

09 July 2025

1. BBC Response

1.1 Introduction

The BBC welcomes the opportunity to engage with Ofcom on the implementation of the Media Act 2024.

Due to the nature of the BBC's regulatory framework, many of this consultation's proposals do not directly apply to the BBC. Indeed, the BBC is engaging separately with both Ofcom and Government on how the Media Act may impact the Framework Agreement. However, we welcome the opportunity to respond to the consultation, as it remains relevant to the BBC on two key grounds:

- The BBC are bound by the original production guidance and regional production guidance, both of which are referenced and/or changed by the consultation.
- For those BBC quotas that are adjusted separately, we anticipate that Ofcom will use the methodology proposed in this consultation for the BBC.

Though welcoming much of Ofcom's approach, there are two areas where we disagree with Ofcom's proposals:

- The consultation proposes that co-productions will only be considered original programmes for the purposes of the quota if more than 25% of the cost has been met by the broadcaster.
- On regional productions, Ofcom propose to uplift the spend quota by 2% each year as a proxy for inflation.

1.2 Question 1: Comments on Ofcom's proposals and proposed draft Guidance for Original Productions and updates to the Regional Production Guidance

1.2.1 *Converting proportional quotas to absolute numbers*

To convert the quotas from proportions to absolute numbers of hours and spend, Ofcom propose using the average from the past five years of each broadcaster's total qualifying hours and spend and multiplying it by the current proportional quota level. The BBC's view is that this appears to be a sensible approach that is in line with the approach that has been taken to set the QI quota.

However, where the broadcast hours of the channel have changed during the five-year measurement period, Ofcom should only use the data from the years following the change. For example, in January 2022, we reduced the broadcast hours of CBBC from 14 hours per day to 12 hours per day. It would be inappropriate for a quota to be based on the volumes prior to the change.

We presume that this will be for the years 2020 to 2024 as Ofcom usually publishes its PSB compliance reports (which reports on the previous calendar year's performance) in July or August each year.

1.2.2 Original Productions - Repeats

The BBC agree with the proposal that repeats on linear channels count towards original production quotas. The quotas that Ofcom are converting were originally set on the basis that original productions included linear repeats. The consultation only directly addresses this change for the other PSBs on their main linear channels, but we assume the equivalent or similar approach would apply for the BBC's portfolio of PSB channels.

1.2.3 Original Productions – Qualifying Criteria

Ofcom is proposing a new criterion for a programme to count as an original production. This would mean a co-production will only be considered as an original production if more than 25% of the cost has been met by the broadcaster on whose service the programme will appear. In cases of co-productions/co-commissions between broadcasters, the consultation sets out that if each meets at least 25% of the cost of the programme, each commissioner can claim that programme towards its original production quota, where relevant.

This requirement is inappropriate and should be removed.

First, such a requirement has never previously been part of the definition of an original production, and we do not consider that it is Ofcom's role in this process to redefine a well-established concept. While Ofcom's guidance on its annual reporting does include a similar reference to co-productions and 25%, this only makes sense if it is describing co-productions involving different channel 3 franchises as it reads "each commissioner can claim that programme towards its original production quota". Only PSBs have original production quotas and the only circumstance in which we could foresee PSBs involved in co-productions with each other would be those between channel 3 licensees. As such it is clear that this requirement has never applied to the BBC, Channel 4 or Channel 5, or indeed to ITV where the co-production partners is not another channel 3 licensee.

Second, editorial control and influence is considerably more important in determining whether a programme is a commission, rather than an acquisition, than the level of funding. The BBC has led, editorially and creatively, on the development of hugely successful British programmes, working with co-commissioners to develop these into international brands.

Third, this approach would mean some significant and irrefutably BBC commissions not qualifying as original productions, including some major dramas, natural history documentaries and children's programming. As Ofcom's PSM report sets out very clearly, given their funding constraints, the PSBs have reduced their spending (in real terms) on original UK content and are making more use of third-party funding to get programmes made. Since 2015, in real terms, PSB spend on first-run originations has declined by 16%, while third-party investment in PSB programming has increased by 42%. This means that in some genres (particularly drama, children's and natural history) there are an increasing number of programmes where international demand is such that we can commission high-budget programmes for British audiences, with funding generated largely from international third-party sources. It would be perverse for such successful outcomes for the BBC and licence fee payers to be penalised.

Fourth, if Ofcom changes the definition of original productions in this way and given that repeats count as original productions, we would need to reassess any previously commissioned programme we were planning to broadcast for PS investment levels even if the programme was originally commissioned several years ago and had counted as an original production for previous commissions.

Therefore, we consider Ofcom should remove this new requirement from its proposals.

1.2.4 Original Productions – Repeats

The BBC are concerned that current proposals for counting repeats will be complex to administrate and mean that a programme would count differently towards the quota in arbitrary ways based on its release schedule. For example, the same programme could count:

- Twice: if shown on iPlayer first, repeated on one of our linear PSB channels within 30 days, and repeated again on the same linear channel after 30 days.
- Three times: if broadcast three times on a linear PSB channel in that same period.

We want to be able to release programmes in a way that will optimise the audience experience and bring as many viewers to the programme as possible. Ofcom's proposals currently create unintended consequences and could drive sub-optimal outcomes, i.e. undercounting the volume of original productions, or release schedules that are designed to meet Ofcom's rules rather than the best audience outcomes.

1.2.5 Regional Productions – Repeats

We agree with Ofcom's proposal that repeats should not count towards regional production quotas. This is consistent with the current approach and matches the BBC's expectations about how the regime would operate.

1.2.6 Regional Productions – Annual 2% increase

The BBC disagrees with Ofcom's proposal to uplift the spend quota by 2% each year. This proposal appears to take no account of the very market trends identified by Ofcom in their own PSM review.

Ofcom states that it is concerned that:

“fixing spend quotas in nominal terms (i.e. allowing for no adjustment to the figures over time) would be likely to erode the value of the quota. Doing so could have negative effects on the range and quality of regional productions made available to audiences, preventing the objectives of the quota from being achieved.”

However, as Ofcom's PSM Review shows PSB revenues have declined by 26% in real terms over the past 10 years, driven by real term reductions in the BBC licence fee and falling advertising revenue for the commercial PSBs. This has inevitably driven a decline in PSB spend on first-run network programming, 17% in real terms over the same period. Therefore, rather than eroding the value of the quota overtime it is more likely that the value of the quota increases rather than decreases over time. Indeed, given this trend, Ofcom's proposed approach of using an average of the past five years will result in

a nominal quota that will for the next year be higher than would have been the case with the proportional approach.

The situation is exacerbated for the BBC as it is not solely a television broadcaster, and therefore the budget for network TV programmes is not solely set in relation to our income, but also in the context of other essential public services such as network and local radio, online news, the World Service, etc. The BBC has consistently argued that the quotas should be maintained as proportional. The choice to move to a nominal quota approach was a policy decision which inevitably involved this risk. Given inevitably uncertainty regarding PSB income, costs, inflation, etc. it is inappropriate that the PSBs should be expected to bear this risk.

We propose that Ofcom commit to reviewing the nominal quotas at reasonable and regular periods to ensure that the regional production policy objectives are delivered in line with network spend.

1.2.7 Purpose of the regional production quotas

Ofcom's amendment to paragraph 1.4 appears to suggest that the main purpose of regional production quotas is to help ensure the commissioning of content that represents and portrays audiences across the UK.

While many programmes that qualify as regional productions do represent and portray audiences across the UK (e.g. *Sherwood*, *Alma's Not Normal*, *The Responder*, etc.), many are not (e.g. *Doctor Who*, *Casualty*, etc.). Indeed, there are many genres that do not lend themselves to regional representation or portrayal in the sense described above. For example, natural history programmes are a very important part of the creative economy in Bristol, but do not typically represent and portray South West England. Similarly, quiz shows and sports production contribute significantly to the creative economy across the UK, but not typically to local representation and portrayal. It is also possible for programmes to clearly deliver representation and portrayal whilst not qualifying under Ofcom's guidance, e.g. *Pilgrimage*, *Once Upon a Time in Northern Ireland*.

The BBC is fundamentally committed to both supporting the creative economy across the UK and representing and portraying the diverse communities across the UK. For the past two years, over 60% of the BBC's network programming spend and nearly 70% of hours have been outside of London. However, we have some concerns that in amending the purpose of the regional production quotas Ofcom could cause unintended consequences, e.g. with non-regional producers focussing less on portrayal and regional producers limited to portrayal. We suggest that Ofcom should be clear that the primary purpose of the regional production requirements remains supporting the creative economy across the UK, that any reference to portrayal is clearly secondary to the primary purpose, and that there is no portrayal element to the qualifying criteria in the guidance.

1.2.8 Implementation

The BBC would welcome clarity on the timing of the regulation. Our assumption is that, once the changes come into force, they would apply across the whole year, rather than percentage-based quotas applying for one period and absolute quotas – in whole or part – applying for another.

1.3 Question 2: Comments on Ofcom's impact assessments

In line with the BBC's response to Question 1, we believe that (without changes) the current proposals regarding the qualifying criteria for original productions quotas and the yearly uplift to regional productions will have adverse impacts on both the PSBs and audiences, and that these have not been properly considered in Ofcom's impact assessments.