

Producers Alliance for Cinema and Television (Pact)

Question	Your response
Question 1: Do you have any comments on our proposals and proposed draft Guidance for Original Productions and updates to the Regional Production Guidance?	Converting from proportional to absolute hours Pact has some issues with the methodology Ofcom has outlined to calculate the absolute hours for the independent, regional and original production quotas. We think that the range between 2019-2023 is the most appropriate years to use to calculate the hours but think excluding 2020 is crucial if we are avoid the significant drops in average hours for Channel 4 and Channel 5. We commissioned Oliver and Ohlbaum Associates to look at the years of output hours between 2019-2023 and they found that by including 2020 covid data there was not a marked difference for ITV and BBC but for Channel 4 and 5 it amounted to between 5-6% drop in hours. Clarity on the impact should be outlined by Ofcom and if it continues to find this drop once looking at their own data it should reconsider the inclusion of 2020 data. We welcome that Ofcom will continue to keep monitoring developments in PSB and market circumstances to assess whether obligations remain appropriate. If changes are required, clarification that stakeholders will be consulted before any change to the quotas must be outlined. Original productions – repeats and catalogue /catch up programming Pact considers that Ofcom’s proposal to allow repeats on linear to count towards the original production quotas make sense given the need

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	to give audiences the opportunity to view new content. We also agree with their approach towards allowing repeats of online originated content on a PSBs' linear channel to count towards its original production's quota. Peak time programming Pact welcomes the continuation of the requirement to broadcast original content during peak time hours. It is important to ensure that as wide a range of audience is able to access original content on PSB channels and services. Regional productions Pact accepts Ofcom's proposals on regional quotas and the range of spend that they have outlined PSBs will be spending on regional productions (with the caveat as identified above on the average hours and spend it has arrived at). We also welcome the proposed annual 2% uplift on the spend quotas to take into account possible cost increases in the future and see the use of the Bank of England's inflation long run inflation target as a reasonable proxy for changes in production over time. As we have identified above the inclusion of COVID hours in Ofcom's calculations has a considerable impact on Channel 4 and Channel 5. Given that Channel 4 in particular is going to be undertaking a considerable change as an organisation (by becoming a publisher broadcaster) it is advisable for Ofcom to re-look at the methodology it used to calculate the absolute hours. In terms of hours and spend, we asked Oliver & Ohlbaum associates to estimate the impact of excluding covid hours, and they found that although the BBC and ITV's hours remained relatively the same the other channels quota hours were considerably impacted :

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	<table border="1" data-bbox="762 264 1393 958"> <tr> <td data-bbox="762 264 914 434"></td><td data-bbox="914 264 1393 434">Impact of Excluding COVID Years on Regional Production Hours Quota</td></tr> <tr> <td data-bbox="762 434 914 546">Channel 5</td><td data-bbox="914 434 1393 546">5.9%</td></tr> <tr> <td data-bbox="762 546 914 672">Channel 4 MoL</td><td data-bbox="914 546 1393 672">5.2%</td></tr> <tr> <td data-bbox="762 672 914 873">Channel 4 MoE</td><td data-bbox="914 672 1393 873">5.2%</td></tr> <tr> <td data-bbox="762 873 914 958">ITV</td><td data-bbox="914 873 1393 958">1.6%</td></tr> </table> And when it came to spend it also showed a considerable impact for Channel 4, 5 and ITV: <table border="1" data-bbox="762 1178 1393 1753"> <tr> <td data-bbox="762 1178 914 1348"></td><td data-bbox="914 1178 1393 1348">Impact of Excluding COVID Years on Regional Production Spend Quota</td></tr> <tr> <td data-bbox="762 1348 914 1429">ITV</td><td data-bbox="914 1348 1393 1429">4.9%</td></tr> <tr> <td data-bbox="762 1429 914 1509">Channel 5</td><td data-bbox="914 1429 1393 1509">3.6%</td></tr> <tr> <td data-bbox="762 1509 914 1630">Channel 4 MoL</td><td data-bbox="914 1509 1393 1630">5.6%</td></tr> <tr> <td data-bbox="762 1630 914 1753">Channel 4 MoE</td><td data-bbox="914 1630 1393 1753">5.6%</td></tr> </table> Reporting, Monitoring and Compliance Ofcom must offer assurances and clarity over what will happen if PSBs fail to meet their PSB quotas and to offer assurances that spending		Impact of Excluding COVID Years on Regional Production Hours Quota	Channel 5	5.9%	Channel 4 MoL	5.2%	Channel 4 MoE	5.2%	ITV	1.6%		Impact of Excluding COVID Years on Regional Production Spend Quota	ITV	4.9%	Channel 5	3.6%	Channel 4 MoL	5.6%	Channel 4 MoE	5.6%
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	levels and quota levels will be monitored to prevent significant reductions in spend(over and above market fluctuations) and offer to write to PSBs if this occurs.
Question 2: Do you have any comments on our impact assessments underpinning our proposals, as set out in Annex 3?	Under section A3.10- A3.13 of the impact assessments there is no acknowledgement of the impact of including hours that include covid figures and to what extent this is accurately being averaged out. We commissioned Oliver and Ohlbaum Associates to check on the general impacts of including 2020 Covid data in the calculations of average hours and found the impact varied according to channel with Channel 4 and Channel 5 having significant drop in hours when the 2020 data is included (5% and 6% respectively). Pact would like clarification from Ofcom on this impact and how they have calculated to take this into account and what mitigations will be implemented given the significant impact.