



**Ofcom Consultation: Proposals to update the PSB quotas
(the “Consultation”)**

**Consultation Response from
STV Group plc**

**Thursday 10th July 2025
Extension granted to Thursday 17th July 2025**

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Ofcom Consultation Response: Proposals to update the PSB quotas (the “Consultation”)

Introduction

STV welcomes the opportunity to respond to the Consultation, as part of Ofcom’s continuing implementation of the Media Act 2024.

Our comments on Ofcom’s proposals and proposed draft Guidance for Original Productions and updates to the Regional Production Guidance and related impact assessments are set out below.

STV welcomes Ofcom’s approach in setting the same absolute quotas for all Channel 3 licences, rather than relying on individual averages across the last five years which would have led to minor differences that would have been difficult to manage on a licence-by-licence basis, given all licences rely on shared network material to fulfil their obligations.

Question 1: Do you have any comments on our proposals and proposed draft Guidance for Original Productions and updates to the Regional Production Guidance?
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Original Productions and Repeats

Original Production Definition

STV notes Ofcom’s proposal to add a new requirement to the original productions definition that would require that 25% of the cost of a programme must have been met by the broadcaster in order for it to qualify as an original production.

This additional requirement is concerning to STV, given the already significant economic challenges faced by PSBs, of which Ofcom is acutely aware. PSBs’ commissioning budgets are under strain and we would suggest that where the PSB is a commissioner (and therefore is a part funder) there should not be any threshold for that funding in order for a programme to qualify as an original production.

This new requirement would also have consequences for co-productions between regional Channel 3 licences and UK networks. It would be unreasonable to force a regional licensee to contribute at least 25% of a programme’s budget toward a co-production with a network, when its maximum audience is a fraction of the UK total of the network partner. This would prevent regional programmes with a regional focus and national appeal from being co-produced.

STV invites Ofcom to take into account the challenge PSBs would face in complying with such a requirement, particularly when it is coupled with the requirement that a commissioned programme has its first UK showing on a PSB channel (or designated IPS). This may not be something that the PSB can afford to secure in future and yet there could still be enormous value for UK audiences for such an original UK commission over which a PSB has had substantial influence appearing on a FTA PSB even if it is not technically the first UK transmission when it does.

Original Production quotas

STV welcomes Ofcom's proposal that repeats should continue to qualify towards the originations quota.

We are concerned however that the complexity of the proposals will place a disproportionate administrative burden (and related cost) on PSBs, in terms of the significant volume of data tracking that would be required to capture and record the information relevant release and broadcast windows.

The guidance document explains that the same programme may count for 1, 2 or 3 hours against quotas, depending on the timing of broadcast and scheduling of repeats.

STV urges Ofcom to consider a less onerous, simpler methodology for the PSBs to operate and report on. STV suggests the following as an alternative, whilst keeping in the spirit of the intention of the draft proposals:

The inclusion of an original production commissioned by or for the PSB with a view to first being made available on a qualifying audiovisual service would:

- Count once when included on STV Player (assuming it is a DIPS)
- Counts as many times as it is shown on STV (PSB channel) whether it is shown before or after being on STV Player

Regional Production Spend Quotas

STV notes Ofcom's proposal that the regional production spend quotas are uplifted by 2% each year, in order to account for the likelihood of production cost increases over time.

We do not agree that such fixed indexation of spend is appropriate. Commissioning spend by commercial PSMs is under pressure due to fluctuations in the ad market, the primary source of funding. Both commissioners and producers are incentivised to innovate, evolving new ways of working, including new technologies, that bring efficiencies to the production process. Against this background, enshrining a compound indexation on costs relating to production spend could be onerous and unaffordable, given the long term downward trend evident in TV ad revenues. This proposal would also potentially not reflect the future relativity of spend on Out of London production as a percentage of the overall total.

We ask Ofcom to consider that PSB content spend varies year by year and the ability to flex spend is a key element in making sure that PSBs can accommodate changes in the economic cycle and associated advertising revenue.

We would also ask that Ofcom confirm that there is no proposed increase to spend on regional Channel 3 programmes.

Networking Arrangements

The flexibility introduced by the Media Act as to where and how PSBs deliver their remits and requirements necessitates a review by STV as to the suitability of the current Channel 3 Networking Arrangements, given that STV relies on ITV's commissioning and scheduling decisions to deliver a network programme schedule that fulfils many of our licence commitments. This compliance is facilitated through the current Networking Arrangements,



as approved by Ofcom, however these do not address the provision of network programming in an online environment. Detail pertaining to acquisition and online exploitation of rights or quota delivery via DIPS is not currently within the scope of the Channel 3 Networking Arrangements and therefore STV believes they will require to be updated.

STV welcomes further discussion in this regard.

Question 2: Do you have any comments on our impact assessments underpinning our proposals, as set out in Annex 3?
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STV has no comments in response to Question 2.

Ends.