



About us

1. Directors UK is the professional association of UK screen directors. It is a membership organisation representing the creative, economic and contractual interests of over 7,500 members — the majority of working TV and film directors in the UK.
2. Directors UK collects and distributes royalty payments and provides a range of services to members including campaigning, commercial negotiations, legal advice, events, training and career development. Directors UK works closely with fellow organisations around the world to represent directors' rights and concerns, promotes excellence in the craft of direction and champions change to the current landscape to create an equal opportunity industry for all.
3. Directors UK welcomes the opportunity to respond to Ofcom's Call for Evidence regarding the assessment of BBC Studios' changes to its lines of business.

Question 1: Do you agree with our analysis that the BBC Studios decision to combine its production and distribution activities is consistent with market practice for competitors of a similar size and scope? Please provide reasons and evidence to support your answer.

4. Based on the analysis undertaken by Mediatique for Ofcom, and from our own observations of market trends, Directors UK agrees with Ofcom's conclusion that BBC Studios decision to combine its production and distribution activities is consistent with market practice of similar sized competitors. The media landscape is undergoing dramatic and rapid change. With the emergence and increasing dominance of large global platforms, who are also moving into content production, we believe it is in the UK production industry's interest to have a strong and viable BBC, able to create and export content in a global market.
5. It is also in Directors UK members' interest, as rights holders, for the BBC to be part of a strong and vibrant UK production and distribution market for UK-originated content, provided they are getting fair remuneration for creating the content and for its onward use, at the market rate.

Question 2: Do you agree with our proposals to amend the monitoring, reporting and transparency requirements? Please provide reasons and evidence to support your answer.

6. The recent changes to the BBC Studios lines of business from five to two, and the subsequent changes to how it reports its production and distribution activity have been significant. We therefore agree that it is appropriate for Ofcom to amend its reporting requirement such that the BBC is required to provide separate lines of reporting on its production and distribution activity. This will ensure that there is transparency to demonstrate that BBC Studios is meeting its regulatory obligations to deliver a commercial rate of return for both production and distribution, in line with the market.
7. In terms of the BBC back catalogue, we believe that the BBC should seek to exploit the back catalogue to gain maximum return for UK content and the content creators. In the same way that other content owners are seeking to exploit their back catalogues, both to drive audiences to their services and to bolster revenues. From Directors UK point of view, if the money from BBC back catalogue sales enables BBC Studios to spend more on new content, that in itself does not negatively affect our members, provided that this does not unfairly distort the overall

production market; and provided that our members are appropriately compensated for the creation of and use of their work.

8. Given the size of the BBC back catalogue, and the concerns raised by Ofcom and other stakeholders that BBC Studios may benefit from the Public Service back catalogue in a way that other comparable sized companies would not be able to replicate, which could be unfairly used to its competitive advantage, it would seem reasonable that Ofcom should be able to review the returns the BBC gets from the Public Service owned IP as part of their Trading and Separation requirements in order for this to be assessed. Directors UK is not best placed to comment on the specifics of the reporting mechanisms; however, we agree that if the information is already available within the BBC's management accounts, which are commercially sensitive, that it would be appropriate for this information to be reported confidentially to Ofcom.
9. Whilst we do support transparency of reporting to ensure that BBC Studios is operating fairly and not distorting the market through any unfair competitive advantage from the public service, this additional reporting should not be used to unnecessarily inhibit the BBC from being able to develop a strong position for the UK industry in a highly competitive global market.

Question 3: Do you agree with our proposals to amend the commercial rate of return requirements and guidance? Please provide reasons and evidence to support your answer.

10. We agree in principle with Ofcom's proposals to amend the commercial rate of return requirements and guidance in order that the BBC is required to provide notice to Ofcom of any proposed changes to its commercial subsidiaries and to its lines of business.
11. While we do not want to unnecessarily delay the BBC, or the UK industry, from being able to quickly adapt and evolve in the face of rapid change in the market, we do not believe that the BBC should have free reign to change its structure without appropriate transparency or consultation regarding significant potential impacts.
12. As the largest commissioner of new content in the UK, and with its unique role as both Public Service Broadcaster and commercial content creator and distributor, any changes to the BBC's commercial structure can have significant impacts on the wider market. It is therefore right that Ofcom, as the industry regulator, has advance notice of proposed changes to the BBC's commercial structure in order to assess the justification and impact of these, and has the scope to intervene as necessary. However, this oversight needs to be dealt with in a way that recognises the need to be agile in this fast changing market, and does not put the BBC at a significant commercial disadvantage compared to global competitors who do not have such additional regulatory burdens.

Question 4: Our changes will take effect from the date of our statement, are there any reasons to delay implementation?

13. We do not foresee a reason to delay implementation, provided that any justifiable concerns raised by stakeholders in response to this consultation have been appropriately considered.