



Ofcom review of proposed BBC Three television channel

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 7,800 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. We welcome the opportunity to respond to Ofcom's review of the proposed BBC Three television channel.
4. Directors UK has no objection in principle to BBC Three returning as broadcast television channel, provided that the additional value of the use of works on the channel is recognised and fairly rewarded and that our members, as underlying rights holders, are paid fairly for the use of their work.

Question 1: Because the BBC's proposal involves the introduction of a new public service channel, we do not consider that further analysis is required to determine materiality. If you disagree, please explain why you consider the BBC's published proposals are not material.

5. We agree.

Question 2: Do you consider that the BBC's published proposals are clear in relation to their scale (both in terms of financial resource and in terms of reach and type of content) and the timescales for implementation? If not, please provide details of the areas where you feel more clarity is required.

6. The BBC has provided more detail of its proposals in the recent PIT document.
7. We acknowledge the budgetary constraints within which the BBC operates, and recognise that it has said it will be doubling its content budget for BBC3 to £72.5million. However, our concerns remain that this is the same budget as the £75million budget BBC Three had when it was launched in 2003 – 18 years earlier, but that this is £50m less in real terms. The BBC PIT has acknowledged stakeholder feedback regarding concerns over *“backdoor commissioning into BBC One or Two via BBC Three Tariffs”* and stated that they will *“pay a fair price for programmes that reflects the channel proposition, audience and use across the new channel and iPlayer”*. Our concern remains that BBC3 online-only commissions have tended to have lower budgets than content commissioned for linear broadcast, however the time and resources required to produce the content is not necessarily any less and the impact of the lower budgets is felt by the production teams. Budgetary pressures on content production results in downward pressure on

the programme making teams – often resulting in longer working hours and poorer working conditions. As money on screen becomes more stretched, production budgets and delivery schedules are becoming increasingly squeezed, and programme makers are often being asked to do more for less. This has a considerable negative and unsustainable impact on the health, well-being and stamina of the production workforce. In order to retain and develop a talented and diverse production workforce, able to create quality PSB content for BBC Three, content production needs to have appropriate budgetary resourcing. To mitigate concerns over budgets and the impact on productions and workforce welfare, commissioned productions must be given appropriate and realistic budgets and schedules.

Question 3: Did the BBC's consultation process provide a suitable opportunity for you to set out your views fully? If not, please provide details.

8. There was opportunity to set out our views in the consultation. However, it is worth noting that information regarding audience research and market impacts has only recently been made available and therefore was not available at the time the BBC consulted as part of its PIT.

Question 4: Please explain whether you consider Ofcom should undertake a BCA or a Shorter Assessment of the BBC's proposal.

9. As there have been a number of respondents raising a range of issues it would seem appropriate that Ofcom undertake a full BCA.

Question 5: Do you agree with the BBC's assessment in its public interest test about the potential public value and/or market impact of the proposal? Please provide any additional information you may have to explain your view.

10. We recognise the public value and benefits of the proposal for a BBC Three broadcast TV channel as a way of ensuring that a wide range of diverse, entertaining and informative UK originated content aimed at younger audiences is accessible to all, particularly those who are currently underserved or unable to access BBC Three content via digital on-demand services.
11. From the research presented by the BBC in its PIT it would seem that audience recognition and awareness of BBC3 as a brand and a destination for younger audiences would be enhanced by adding a linear channel offering. Whether it achieves its public value will depend on the mix of content it provides and how it engages its target audiences. We share the concerns of other stakeholders about not wanting the channel to be filled with overseas acquisitions and would welcome the channel focus on broadcasting distinctive UK-originations.
12. In order for the BBC to achieve its aims to reach its target audience it must be accessible and discoverable, and we therefore agree that it should therefore appear high up in Electronic Programme Guide to ensure it is easily discoverable.
13. The BBC has stated that it will not be creating programming targeted at 13-15 year olds. Therefore, it is vitally important to ensure that if content aimed at 16-34 year olds is following CBBC channel content, that there is clear transition in terms age appropriate content post 7pm in the pre-watershed slots.

14. In terms of industry value, we support the intention to commission more work from under-represented and diverse groups; and for two-thirds of new spend to be outside London. Provided it creates genuine opportunities for on and off-screen talent from outside London and supports new voices and storytelling. There must be commitment across the content production chain from commissioners to producers, to crew. The BBC setting clear targets and accountable measures for delivery will be key to achieving this.
15. The BBC PIT also reflects that the new BBC3 channel will “*provide a bigger ‘shop window’ that may increase the potential commercial value of secondary rights for producers’ programmes*”. In order for this to be achieved the BBC must enter into fair negotiations over terms of trade with the producers, and also with underlying rights holders to ensure that creators are genuinely in a position to benefit from the repeat use of their work on linear channels, BVOD and other SVOD platforms. Residual payments to creators for the use of their work is a key part of their income as freelancers and is increasingly being affected by changes to the secondary rights market. If the BBC is to genuinely provide value to the production sector this is a key part of the value chain.

Question 6: Does this proposal highlight any significant market impact concerns which might affect your products and services? Please provide any additional information you may have to explain how you consider the launch of BBC Three television channel could affect you if it goes ahead.

16. As highlighted above, Directors UK has no objection in principle to BBC Three returning as a linear channel, provided that the additional value of the use of works on the channel and the iPlayer is recognised and fairly rewarded; and that our members, as underlying rights holders, are paid fairly for the use of their work.
17. To mitigate any negative impacts from the additional use of creative works the BBC must engage in fair discussion over rights payments. This is particularly important with the increase in iPlayer first commissioning and changes to use and extended use, which has an impact on rights and royalties - a critical part of a freelance creators’ income.
18. We welcome that the BBC has recognised in the consultation that its plans for the use of works on the channel are dependent on discussions with Pact and other rightsholders. As one of those rightsholders, we look forward to engaging with the BBC regarding this on behalf of our members.

Directors UK
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