

03 December 2008

Yiannis Thoedorou  
Ofcom  
Riverside House  
2A Southwark Bridge Road  
London  
SE1 9HA

A handwritten signature in black ink, appearing to read "Yiannis Thoedorou", written in a cursive style.

Pinewood Shepperton plc welcomes Ofcom's Second Public Service Review. However, the proposal to reduce the quota for out-of-London production raises a number of concerns.

Out-of-London production is an important source of revenue for the creative industries in the nations and region. Given the importance of the creative industries to the UK economy, especially in an economic downturn, it is essential to develop and maintain a range of geographical production centres. As noted by *Broadcast* 'the credit crunch is likely to mean more people staying at home and watching TV in their free time... there is going to be a downward pressure on production budgets'<sup>1</sup>. Given this, it would seem sensible to protect cheaper out of London (outside of the M25) production centres to ensure that cost effective and high quality programming can continue to be produced. It is interesting to note at a time when the BBC is pushing for regional production, ITV is doing the complete opposite.

Pinewood accepts that ITV is under financial pressure, and continuation of the quota could hasten ITV giving up its public sector broadcasting responsibilities. However, Pinewood believes that it is important to maintain a plurality to production location. Given the increased pressure on ITV to reduce drama budgets and location shooting at a time when economic conditions mean more people will be watching TV, it would be wrong to unfairly penalise regional production centres which can help ITV to meet its commitments in a more efficient and cost effective way which bring additional benefits to ITV shareholders in cost reductions. For example, Pinewood has introduced a 'Juggling your budget' campaign which encourages the use of more cost effective outside production facilities.

---

<sup>1</sup> Andrew Sunnucks, quoted in *Ask the Experts*, *Broadcast*, 24 October 2008

Ofcom reported in its first public sector broadcasting review that '83% of respondents to the quantitative research thought it important that the main channels provide programmes that take place and reflect life in the UK.'<sup>2</sup> Ofcom does not indicate that this has changed in its latest report, and it is therefore important to maintain a large out-of-London quota as part of a public sector broadcasting licence. Pinewood does not believe that the increase in Channel 4's quota will be sufficient to offset the loss of non-London production by ITV, especially as the Channel 4 quota does not come into effect until 2010 and is dependent on the settling of funding arrangements for Channel 4 in the ensuing period. We therefore urge Ofcom to review its recommendations to ensure that out-of-London production is not adversely affected in the interim, especially given the current economic conditions.

Ofcom has recognised that TV production remains very 'London-centric'. Pinewood accepts that there is some inevitability to this. Moves by the BBC to refocus production across the country and increase its out of London production target to 50% are yet to become effective. Also welcome is the decision by the BBC to assess its out of London production using Ofcom definitions, enabling greater cross sector comparison.

The Pact survey illustrates production disparities between the nations and regions of the UK, despite the current quota system, with areas such as Northern Ireland and the North East accounting for 0.27% and 1.03% of total out of London production respectively<sup>3</sup>. However, when taken across the broadcasters, no broadcaster produced more than 0.2% of their programming in Northern Ireland, and besides BBC2, no broadcaster produced more than 0.2% of programming in the North East. Table one sets out the first-run originated network hours, excluding News, per region in 2007. Such disparities undermine the quota system and fail to achieve the objectives of the out of London quota. Given this, Pinewood believes that a reduction in ITV's quota will only serve to strengthen these disparities, especially if the reduction is not appropriately offset by other non-BBC broadcasters. The proposed increase in Channel 4's quota does not achieve this.

---

<sup>2</sup> Suzanne Hall, Nick Pettigrew, Gideon Skinner, Richard Stockley, Jerry Latter and Peter Cornick; (April 2008) *The audience's view on the future of Public Service Broadcasting: Final Report*; Pg. 71

<sup>3</sup> attentional, (November 2008), *Nations and Regions, a report for Pact*, (Total Production, Pg. 12); (Individual nation and region hours, Pg. 19)

**Table One: First-run originated network hours per region 2007 (excluding News)<sup>4</sup>**

| <b>Broadcaster</b>                | <b>BBC 1</b> | <b>BBC 2</b> | <b>ITV 1</b> | <b>C4</b> | <b>Five</b> |
|-----------------------------------|--------------|--------------|--------------|-----------|-------------|
| <b>Nation/Region</b>              |              |              |              |           |             |
| <b>East</b>                       | 0.2          | 0.4          | 0            | 0.6       | 11.1        |
| <b>London</b>                     | 71.5         | 74.1         | 49.3         | 58.8      | 76.6        |
| <b>Midlands</b>                   | 8.8          | 3.6          | 1.5          | 2.1       | 1.3         |
| <b>North East</b>                 | 0.1          | 1.5          | 0.1          | 0         | 0.2         |
| <b>North West</b>                 | 3.3          | 2.6          | 38.3         | 6.5       | 2.5         |
| <b>Northern Ireland</b>           | 0.2          | 0.1          | 0.1          | 0.1       | 0           |
| <b>Scotland</b>                   | 3.3          | 3.8          | 0.4          | 1.4       | 0.6         |
| <b>South East</b>                 | 3.6          | 2            | 3.5          | 5.3       | 1.2         |
| <b>South West</b>                 | 6.4          | 7            | 2.8          | 9.7       | 6.1         |
| <b>Wales</b>                      | 1.1          | 0.9          | 0            | 1         | 0.2         |
| <b>Yorkshire &amp; the Humber</b> | 1.5          | 4            | 4            | 14.5      | 0.2         |

Without a greater balance between the public sector broadcasters there is the strong possibility that production in the nations and regions will come substantially from the BBC. Given that Ofcom found in its Phase One survey that 70% of people agreed that 'it is important for ITV1 to show programmes that "are made in a variety of different parts of the UK"<sup>5</sup> a predominant BBC would not be the appropriate model for the delivery of out of London production. We therefore strongly support a plurality of broadcasters providing out of London production and urge Ofcom to reassess its proposal to reduce ITV's quotas.

Pinewood also notes that within the current Ofcom definitions for out of London production there is some scope for companies to base their offices out of London whilst continuing to produce TV content in London.

Accepting the necessity for flexibility in the system, Pinewood believes that policing of the regulatory framework could be stronger to ensure that production classed as out of London is produced outside of London.

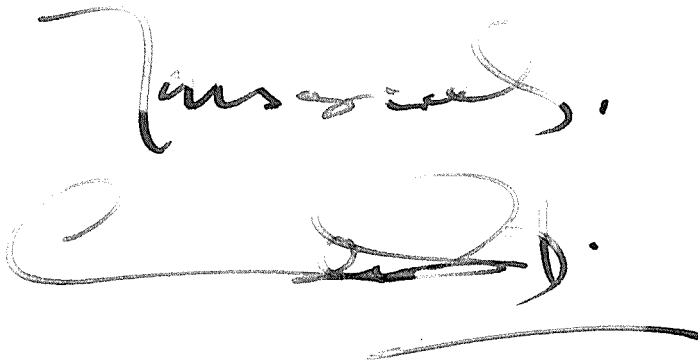
<sup>4</sup> attentional, (November 2008), *Nations and Regions, a report for Pact*, Pgs. 20-29

<sup>5</sup> Ofcom, (September 2008), *Ofcom's Second Public Service Broadcasting Review; Phase 2: preparing for the digital future*, Pg. 69

Pinewood is currently developing Project Pinewood, the first purpose-built living and working community for film, television and the creative industries, linked to and interacting with Pinewood Studios. This will ensure Pinewood's continued presence at the forefront of the creative industries, and help to maintain the UK's global lead in this sector. This project will provide immense opportunities for film and television production in the UK and we would ask Ofcom to consider supporting this project.

The Pinewood Shepperton Group, comprising Pinewood, Shepperton and Teddington Studios, is the cornerstone of British film and television infrastructure and is now the largest studio infrastructure group in the EU. The studios provide facilities for major national and international film production, filmed television, studio television recording, the filming of commercials and post-production sound services.

Recent films produced at Pinewood and Shepperton are: *Harry Potter and the Half Blood Prince*, *Mama Mia!*, *The Boat That Rocked*, *The Wolfman* and *Quantum of Solace*. Current television productions include *The Weakest Link*, *Gladiators*, *After You've Gone*, CBeebies and *My Family*.

A handwritten signature in black ink, appearing to read "Andrew M. Smith". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Andrew M. Smith**  
**Group Director Corporate Affairs**