

**Response to Ofcom call for evidence on
Public Service Broadcasting and the
UK production sector**

March 2021

ITN response

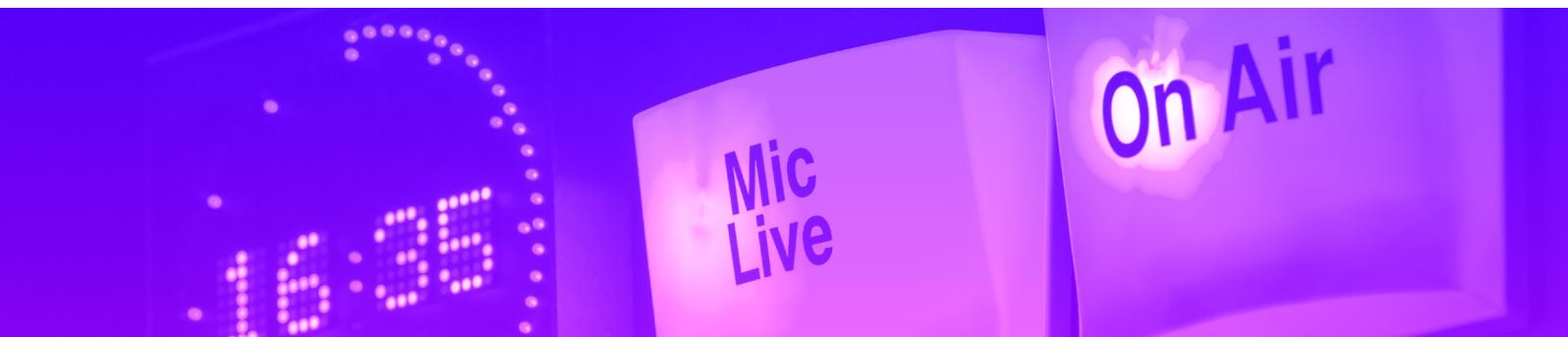
The current system by which production companies are defined as independent or otherwise is incomplete: there is a group of production companies that benefit neither from independent production company status nor broadcaster/shareholder involvement.

ITN is one such company. Its largest shareholder – ITV plc – has a 40% stake thus precluding ITN from independent status. However, this minority shareholding does not provide ITN with any preferential position relative to other production companies. ITV has no controlling stake in ITN and no influence nor involvement in its day-to-day affairs, and there is no incentive for ITV to choose ITN over another supplier: ITV receives no dividend from ITN; there are no special relationships; there is no corporate directive at ITV to favour ITN.

Policy which is designed to level the playing field is actually having the unintended consequence of creating an imbalance in the market. It results in more difficult trading conditions for the likes of ITN. For example, ITN finds it difficult to secure terms equivalent to PACT's Terms of Trade as clients can take advantage of ITN being outside of this umbrella agreement. Accordingly, ITN finds itself unable to compete for certain projects or bound to accept less favourable terms than others in the market.

We urge Ofcom to reconsider the qualification system. One outcome may be the creation of a third group: production companies with >25% broadcaster shareholding but no business benefit from said shareholding, and which are afforded benefits similar to those given to independent production companies. Another outcome may be redefining what constitutes independent.

We also urge Ofcom to assess commissioning structures that exclude non-qualifying indies (NQIs) such as certain genres of BBC programming, in which it is near impossible for an NQI to win a commission.



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