



# A new BBC Three channel: Response to Ofcom's consultations

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BBC Response

6 October 2021

## Executive summary

The BBC welcomes the opportunity to respond to Ofcom’s consultations on its provisional determination of the BBC Three television channel competition assessment and review of rules for prominence of BBC Three.

As we set out in our consultation document in March and our Public Interest Test submission in June, a new BBC Three TV channel will build on the huge creative success of BBC Three’s programmes (such as *Fleabag*, *Normal People*, *This Country*, *RuPaul’s Drag Race UK* and *Jesy Nelson: Odd One Out*). Restoring BBC Three as a broadcast channel will help us reach and deliver value to younger audiences – particularly those who maintain a broadcast TV habit, and are lighter users of on-demand services – and maximise the reach and impact of our increasing investments into new young adult content.

We consider that Ofcom’s competition assessment thoroughly and rigorously considers the public value and likely market impact of the BBC’s proposals. We consider that Ofcom has reached the correct provisional conclusion that the public value of the new BBC Three channel justifies its limited market impact.

We consider that Ofcom’s proposed Operating Licence conditions for the new BBC Three channel are appropriate.

We welcome Ofcom’s provisional the new BBC Three channel should be within the first 24 slots of the general entertainment section of EPGs and consider that Ofcom has carried out a thorough and rigorous assessment of the potential impacts of this change. However, we consider that the 18 month implementation period for platforms, while consistent with previous Ofcom decisions, is generous. It is unfortunate that younger audiences on other platforms will not as easily and readily receive the full benefits of the new BBC Three channel until more than a year after its launch.

The improvements that the BBC and Ofcom have made to the process of Public Interest Tests and BBC Competition Assessments, based on the experience of previous PITs, have improved the efficiency and the quality of the process. We look forward to Ofcom concluding its deliberations and issuing final decisions as soon as possible that will enable the BBC to launch the channel in January as proposed in the BBC’s Public Interest Test submission.

## 1. BBC Three channel competition assessment

**Question 1: Do you agree with the findings from our review of the BBC’s assessment of the public value of the Proposals?**

We consider that Ofcom has carried out a thorough and rigorous review of the BBC’s assessment of the public value of the BBC Three proposals and agree with Ofcom’s positive conclusion.

We welcome Ofcom’s acknowledgement that the BBC’s assessment of public value is more detailed than in previous PITs and that we have taken on board some of Ofcom’s previous comments regarding the need for greater detail and evidence.

There is one area where we disagree with Ofcom’s assessment. Ofcom state that:

“the BBC did not consider impacts on the public value generated by other broadcasters in its PIT. Other Public Service Broadcasters (PSBs) deliver public value through investment in UK originated content across a range of genres. We consider that this provides social value, given the PSB purposes and characteristics they are required to deliver. In addition, other commercial broadcasters investing in UK content also make a significant contribution to the UK broadcasting sector.”<sup>1</sup>

However, on page 62 of the BBC’s PIT document in our discussion on ‘Potential foregone public value in other non-BBC services’ we stated “We acknowledge that other broadcasters – particularly other PSBs – can also be a source of public value” and noted:

“As set out in Section 5 of this document, we estimate that the market impact of the new BBC Three channel will be relatively low, and it is unlikely to have an adverse impact on other broadcasters’ incentives to invest in content and services that may provide viewers and industry with public value.”<sup>2</sup>

Following the conclusion of this regulatory process we would welcome the opportunity to discuss this issue further, as part of the process of continuing to improve the quality and comprehensiveness of the BBC’s Public Interest Tests.

**Question 2: Do you agree with Ofcom’s assessment of the likely impact of the proposals on fair and effective competition (including as set out in Annex 1)?**

We consider that Ofcom has carried out a thorough and rigorous assessment of the likely impact of the proposed new BBC Three channel. We agree with Ofcom’s conclusion that the changes are unlikely to have a significant adverse impact on competition.

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<sup>1</sup> [BBC Three television channel competition assessment: Consultation on Ofcom’s provisional determination](#), paragraph 4.74, Ofcom, September 2021

<sup>2</sup> [A new BBC Three channel: Public Interest Test](#), BBC, June 2021

**Question 3: Do you agree with Ofcom’s provisional conclusion that the public value associated with the BBC’s proposals justifies the adverse impact on fair and effective competition that we have identified?**

We fully agree and support Ofcom’s provisional conclusion that the additional public value created by the new BBC Three channel justifies the limited adverse impact on fair and effective competition.

**Question 4: Do you agree with Ofcom’s proposals on the Operating Licence conditions that should apply to BBC Three?**

Ofcom proposes three operating licence conditions for BBC Three:

- To show news every weekday (except Public Holidays);
- 75% of the hours of programming to be original productions; and
- To provide first-run UK originations that are intended to appeal to 16 to 34 year olds across a mix of different genres.

The BBC is content with Ofcom’s proposed operating licence conditions. These are all consistent with the BBC’s proposals for the new BBC Three channel. It was our intention to show news, provide first-run programming that would appeal to younger audiences across a range of genres and for the significant majority of this programming to be original BBC productions.

We consider that in proposing these Operating Licence conditions, Ofcom has appropriately balanced the need to ensure the public value of the proposals with allowing the BBC appropriate flexibility to adapt the new BBC Three channel to audience needs.

In our next Annual Plan, we will – as we did last year for our existing services – set out how the new BBC Three channel will during 2022/23 be distinctive and contribute to the delivery of the Mission and Public Purposes.

## **2. Review of Rules for prominence of BBC Three**

**Question 1: Do you agree with Ofcom’s provisional view on appropriate prominence for BBC Three?**

We welcome Ofcom’s provisional view that the minimum prominence for the new BBC Three channel is within the first 24 slots of the general entertainment section of EPGs.

This is consistent with Ofcom’s approach to other PSB channels and is essential to the public value of the BBC’s proposals.

**Question 2: Are there any material impacts that Ofcom have not considered and should be included in our analysis?**

We consider that Ofcom has carried out a thorough and rigorous assessment of the potential impacts of that changes to the EPG.

**Question 3: Do you agree with our proposed implementation period of 18 months?**

We consider that, while consistent with previous Ofcom decisions, the proposed implementation period of 18 months in this instance is generous. We would note that the free-to-air platforms are likely to have already been able to implement the prominence requirements by the proposed launch of the channel. We consider it unfortunate that younger audiences on other platforms would not as easily and readily receive the full benefits of the new BBC Three channel through the optimised prominence and ease of discoverability that all other public service channels enjoy until, in the worst case scenario, over a year after its launch.

However, the BBC’s most pressing interest is in Ofcom concluding its deliberations and issuing final decisions relating to both the competition assessment and prominence that will enable the BBC to launch the channel in January as proposed.