
Quantity and scheduling of television advertising on public service channels

Proposals for removing regulation

[Welsh overview available](#)

CONSULTATION:

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1. Overview

- 1.1 Commercially-funded public service broadcasting (PSB) channels in the UK are subject to stricter rules on the quantity and scheduling of television advertising than other commercial channels. This document sets out two options for removing some or all of these stricter rules, while retaining limits on the overall amount of advertising that can be shown on television. We also propose to retain the restrictions on the number of interruptions allowed in films, news and children’s programmes.
- 1.2 The difference in advertising rules for PSB and other commercial channel advertising was introduced in 1991 by Ofcom’s predecessor, the Independent Television Commission (ITC). This was long before the establishment of multichannel television and the significant shift from broadcast television to online viewing.
- 1.3 The current rules are part of [Ofcom’s Code on the Scheduling of Television Advertising \(COSTA\)](#). COSTA imposes limits on the amount of advertising that all television channels can show, but also includes tighter restrictions applicable only to the commercial PSB channels: Channel 3, Channel 4, Channel 5 and S4C. The ITC designed the additional rules to “protect the quality of the viewing environment” on the PSB channels. The rules mean that non-PSB channels, such as ITV2, 5USA and Pick, can show more advertising and have greater freedom than PSB channels when scheduling the duration and frequency of advertising breaks.
- 1.4 In our [Recommendations to Government](#), published in July 2021, we explained why urgent reform of the PSB regulatory framework was necessary to secure its future for a digital age. As part of this, we identified the COSTA rules as one of several important areas of regulation that may affect the sustainability of commercial PSBs. We agreed with stakeholders that this area warranted further consideration to ensure the rules remained effective and proportionate.
- 1.5 Since we last reviewed COSTA in 2011, the broadcasting landscape has continued to shift. Audiences are moving away from primarily watching television on linear broadcast channels, and now enjoy a wide range of advertising-supported and subscription services over broadcast and online. This has fundamentally changed how people watch PSB content too. We also recognise the commercial challenges facing the PSB sector, such as rising production costs, and the increased competition from well-funded global streaming services.
- 1.6 It is in this context that our review has sought to establish whether the stricter advertising rules that apply to PSB channels are still a justifiable and proportionate means of achieving their original policy objective. We also take account of our legal duty not to retain unnecessary regulation.
- 1.7 In July 2022, we published a [call for evidence](#) to seek initial stakeholder views on the arguments for and against reform of these stricter rules. We have carefully considered all

responses to our call for evidence, alongside new audience research, and other relevant information and evidence available to us.

- 1.8 The stricter rules clearly play some role in minimising the length and frequency of advertising breaks. However, under the current rules, the difference in the amount of advertising between PSB and other commercial channels is typically relatively limited in three of the five hours between 18:00 and 23:00, with those hours varying by channel.
- 1.9 There are also a number of other factors that are relevant to the quality of both PSB content and the viewing environment. These include levels of programme investment, viewer expectations on interruptions in certain types of programmes and the number of interruptions within a given programme.
- 1.10 We have a range of other regulatory tools that affect the quality of UK television, including PSB-specific measures such as setting licence obligations. The increasingly competitive environment in which the PSBs operate is also relevant, as a wide range of services now compete for audiences' time.
- 1.11 In this context, our provisional view is that the additional restrictions on PSB channel advertising are no longer justified or proportionate for achieving their original purpose. We think that providing PSB channels with the same freedom in advertising minutage and scheduling as other commercial channels would be appropriate and that other regulatory tools would be sufficient to maintain the high levels of quality audiences expect from PSB services.
- 1.12 We do, however, consider there is current evidence to support the retention of the restriction on frequency, as discussed in our consideration of the audience impacts below. We have decided to consult on two options for change. Our preferred option at this stage is to equalize the amount of advertising while retaining the stricter frequency restriction for PSB channels.
- 1.13 In reaching our provisional conclusion, we have considered the likely impact on audiences and the wider market of these proposed changes. We have taken into account our regulatory principle to seek the least intrusive regulatory methods to achieve the policy objective. Subject to responses to our consultation, we may also consider maintaining the status quo.

Our review has considered the potential impacts of changes to COSTA rules on audiences...

- 1.14 In considering the potential impact of changes to the COSTA rules on audiences, it is important to note that all channels are restricted to a maximum of 12 minutes of advertising and teleshopping per hour. We are not proposing any change to this restriction, or to the rules that limit the frequency of advertising breaks in news and children's programmes, and films.
- 1.15 The current stricter rules for PSB channels mean that advertising on those channels must not exceed an average of 7 minutes per hour, or an average of 8 minutes per hour

between 18:00 and 23:00 – the period which attracts most viewers. PSB channels can, and often do, show up to or close to the absolute maximum of 12 minutes of advertising in one or more of the hours between 18:00 and 23:00, so long as the overall total during that period does not exceed 40 minutes.

- 1.16 The removal of these stricter rules would mean that PSB channels, like non-PSB channels currently, would be permitted to show no more than an **average** of 12 minutes of advertising and teleshopping spots for every hour of broadcasting, of which no more than 9 minutes may be advertising.
- 1.17 To understand what audiences might think about changes to advertising on PSB channels, we commissioned new audience research. Audiences told us that the television landscape (PSB and non-PSB channels taken together) seemed quite homogenous. Most people we spoke to in our [qualitative research](#) and surveyed in our [omnibus survey](#) had limited awareness of the current differences in the amount and frequency of advertising shown on PSB versus non-PSB channels. They also did not necessarily notice an increase in advertising minutes on PSB channels when those channels were allowed to show the same number of minutes as non-PSB channels, following [the period of National Mourning](#) to recoup lost minutage. However, our findings indicated that an increase in the frequency of advertising breaks on the PSB channels may be more of a concern for audiences.¹
- 1.18 We are particularly mindful that given current scheduling patterns, the rules could lead to a reduction in the amount of news content on PSB channels. This is because the change would, in effect, allow broadcasters to schedule more advertising minutes in their evening slots, which generally run during 18:00 to 19:00 and 22:00 to 23:00. Currently, these slots include relatively fewer minutes of advertising.
- 1.19 Given the potential impact of changing the rules on news provision, under both of the options we are consulting on, we would retain important safeguards in the existing COSTA rules that limit the extent to which advertising can interrupt news programmes. We also have other regulatory tools relevant to the protection of quality news programmes on PSBs, including licence conditions on the amount and scheduling of news content and general obligations to contribute to the statutory PSB remit.
- 1.20 Our audience research also suggests that, while audiences do not want more advertising on PSB channels, they are more likely to tolerate it if it can be assured that additional advertising revenue will be generated as a result, and that this will be invested in content. Audiences' willingness to accept more advertising on PSB channels also grew when they recognised that it might not be as disruptive to their viewing experience as they had initially feared.

... as well as the potential market impacts

- 1.21 There is already a vast choice of alternatives to linear broadcast television, including subscription video on-demand (SVoD) services and free advertising-supported television

¹ See footnote 56.

(FAST) channels which are increasingly drawing audiences' attention. In this highly competitive and dynamic market, we want to ensure that any additional regulatory constraints on the PSBs, beyond those that exist for the rest of the market, are necessary and justified.

- 1.22 We consider there are two main ways in which PSBs might benefit from removing the additional restrictions which apply to their channels under COSTA. First, with more minutes available, we may see a decrease in the price of linear television advertising. In turn, this may mean these slots become more attractive than those on other media, including online. This may contribute to promoting the sustainability of the PSBs and potentially, the future competitiveness of television advertising more generally. Second, there may be a benefit to some PSBs, although possibly mainly for ITV, as more available advertising minutes for the PSB channels may lead to higher revenues. This is likely to be largely a redistribution of revenue from non-PSB channels, rather than an overall increase in advertising revenue.
- 1.23 It is not possible to predict with any certainty what the impact on the market, or particular broadcasters, would be should the stricter rules that apply to PSB channels be removed. Our previous work produced inconclusive results, and we have not seen analysis with more definitive conclusions since. Stakeholders broadly agreed that the precise effects on the market of a change are highly uncertain.

We have provisionally concluded that stricter advertising restrictions on PSB channels are no longer justified or proportionate

- 1.24 Taking account of our initial research and analysis, our provisional view is that the stricter rules in COSTA are no longer justified or a proportionate means to secure the quality of the viewing environment on PSB channels. Our audience research, however, indicates there may be some benefit to retaining the stricter frequency rule for PSB channels.
- 1.25 We do not think that removing the stricter COSTA rules would significantly affect the range of services available to viewers, or materially affect audiences' perceptions of quality. We also have other relevant and effective tools to continue to protect the quality of PSBs. While we cannot predict the impact on the market with any certainty, there is a reasonable probability that, if we removed this regulatory restriction, at least some of the PSB channels may benefit.
- 1.26 Audiences will continue to move to online media and so the advertising market will continue to evolve. We want to incentivise PSBs to fulfil their remit as effectively and sustainably as possible, in light of these market-wide trends. Allowing the PSB channels slightly greater flexibility in the scheduling of advertising may strengthen their commercial position as they continue to manage their transition to digital-led organisations and would afford them greater opportunity to monetise their content.

What we are proposing – in brief

- We are consulting on two options: (1) full harmonisation of the rules between PSB and non-PSB channels; and (2) partial harmonisation while retaining the limit on the number of internal breaks permitted in programmes on PSB channels.
- Under Options 1 and 2, all PSB and non-PSB channels would be subject to the same limit of showing no more than an average of 12 minutes of television advertising and teleshopping spots per hour, of which no more than 9 minutes may be television advertising. Advertising breaks broadcast during programmes on PSB channels would also no longer be subject to a maximum duration.
- Under Option 1 we would allow PSB channels the same number of internal breaks as non-PSB channels. We would not amend this rule under Option 2. Given that our audience research highlighted viewer concerns about potentially increasing the frequency of advertising breaks, Option 2 is our preferred option at this stage.
- We would retain the rules applying to all channels that restrict frequency of advertising in news and children’s programmes, and in films under both options.
- We welcome views and evidence from interested parties on our proposals. The deadline for responses to this consultation is 31 May 2023. We aim to make a decision and publish our statement in Q2 2023/24.
- This overview section is a simplified high-level summary only. The proposals we are consulting on, and our reasoning, are set out in the remainder of this document.

2. Background

2.1 This section describes how regulation of the quantity and scheduling of television advertising on PSB and non-PSB channels in the UK has evolved since commercial television began in the 1950s.² It then describes the relevant context we have considered to inform this consultation on proposed changes to the current rules.

Background to current regulation

2.2 The Television Act 1954 introduced rules on how much advertising was to be permitted, and which programmes it was to be excluded from. Subsequent legislation omitted detailed rules,³ merely requiring that broadcasters should insert advertising only at the beginning or end of programmes or in ‘natural breaks’. In place of legislative rules, the relevant regulatory bodies imposed detailed conditions in broadcasters’ licences.⁴

2.3 Since the adoption of the Television without Frontiers Directive (**TWF Directive**) in 1989, the rules have been set within the context of a European framework. The TWF Directive required Member States to adopt only a minimum common standard of advertising regulation, so the actual rules have always varied by European Union (**EU**) member state.

2.4 When Channel 4 launched in 1982, it was only the fourth television channel in the UK. From the mid-1980s, new means of distributing channels emerged, initially by cable and later by satellite. This extra capacity provided scope for many additional channels, none of which carried public service obligations. By the end of the 1990s, hundreds of new channels were available across cable, satellite and digital terrestrial television.

2.5 PSB and non-PSB channels have been subject to different advertising rules since 1991 when the ITC published the [ITC Rules on Advertising Breaks \(ITC Rules\)](#), in part to give effect to the TWF Directive. The ITC said that it had no remit to secure the quality of non-PSB channels, which should be allowed the maximum flexibility permitted by TWF, but that it did have an obligation to protect the quality of the viewing environment on PSB channels.⁵ It recognised, however, that over time the difference between the rules applying to the PSBs and non-PSBs could be held to constitute an unfair competitive advantage.⁶ Since Ofcom took over the ITC’s role, the distinction between PSB and non-PSB

² We use the following definitions in this consultation: “**PSBs**” means public service broadcasters of PSB channels as defined below – it does not include the BBC or local digital television programme services (**L-DTPS**); in line with the definition of “public service channels” in COSTA, “**PSB channels**” refers to Channel 3 services (e.g. ITV, STV and UTV), Channel 4, Channel 5 and S4C – it does not include the non-PSB channels belonging to the PSBs (e.g., ITV2 and E4); “**non-PSB channels**” refers to all licensed commercial television channels except for the PSB channels – it includes L-DTPS services.

³ Including the Television Act 1954, the Television Act 1964, the Independent Broadcasting Act 1973, the [Broadcasting Act 1981](#), the [Cable and Broadcasting Act 1984](#), the [Broadcasting Act 1990](#) and the [Broadcasting Act 1996](#).

⁴ The Independent Television Authority (ITA) from 1954, the Independent Broadcasting Authority (IBA) from 1972, the ITC from 1991 and Ofcom from 2003.

⁵ [ITC Rules on Advertising Breaks, January 1991](#), page 3, paragraph (e).

⁶ [ITC Rules on Advertising Breaks](#), page 3, paragraph (g).

channels has remained in Ofcom’s rules on the quantity and scheduling of television advertising.

- 2.6 Ofcom’s rules initially took the form of a code called the [Rules on the Amount and Distribution of Advertising \(RADA\)](#). In 2007, the EU adopted amendments to the TWF Directive that gave slightly more flexibility to Member states and broadcasters. These amendments became the Audiovisual Media Services Directive (**AVMSD**). In 2008, Ofcom carried out a review to both give effect to the AVMSD, and to update RADA. Following the review, Ofcom replaced RADA with its [Code on the Scheduling of Television Advertising \(COSTA\)](#).

Current rules on the quantity and scheduling of television advertising

- 2.7 The rules that set out how much advertising a television broadcaster can transmit and where it can be scheduled continue to be set out in COSTA.
- 2.8 As permitted by the AVMSD framework, COSTA goes beyond the minimum requirements of AVMSD in several places. This includes by limiting the total amount of advertising which broadcasters may show in one clock hour to 12 minutes and by drawing a distinction between PSB and non-PSB channels.⁷ As set out in Figure 1, in some areas the rules are more restrictive for PSB channels than they are for non-PSB channels.

Figure 2: COSTA rules that apply differently to PSB and non-PSB channels

	PSB channels	Non-PSB channels
Average amount of advertising per hour	On PSB channels, time devoted to television advertising and teleshopping spots must not exceed: i) an average of 7 minutes per hour for every hour of transmission time across the broadcasting day; and ii) an average of 8 minutes per hour between 18:00 and 23:00. (Rule 4)	Non-PSB channels must show no more than an average of 12 minutes of television advertising and teleshopping spots for every hour of transmission across the broadcasting day, of which no more than 9 minutes may be television advertising. (Rule 3)
Advertising break duration	Advertising breaks during programmes on PSB channels may not exceed 3 minutes 50 seconds, of which advertising and	<i>No specific restrictions on the duration of advertising breaks during programmes on non-PSB channels.</i>

⁷ In particular, Article 23 of the current AVMSD only restricts spot advertising to 20% of the period between 06:00 and 18:00 and 20% of the period between 18:00 and 24:00.

	PSB channels	Non-PSB channels
	teleshopping spots may not exceed 3 minutes and 30 seconds. (Rule 5)	
Number of permitted advertising breaks per programme based on scheduled duration	<p>If the scheduled duration is 21 – 44 minutes, one break.</p> <p>45 – 54 mins = two breaks</p> <p>55 – 65 mins = three breaks</p> <p>66 – 85 mins = four breaks</p> <p>86 – 105 mins = five breaks</p> <p>106 – 125 mins = six breaks</p> <p>(Rule 16, Table 1)</p>	<p>If the scheduled duration is less than 26 minutes, one break.</p> <p>26 – 45 mins = two breaks</p> <p>46 – 65 mins = three breaks</p> <p>66 – 85 mins = four breaks</p> <p>86 – 105 mins = five breaks</p> <p>(Rule 16, Table 2)⁸</p>

2.9 COSTA also contains Rule 10, which restricts advertising in news and films, and Rule 12 which restricts advertising in children’s programmes. These rules are the same for PSB and non-PSB channels. The rules limit films and news programmes to one advertising break for each scheduled period of at least 30 minutes. Broadcasters cannot show advertising in children’s programmes scheduled for less than 30 minutes, and for longer shows they can only place one advertising break in each scheduled period of at least 30 minutes.

2.10 Ofcom may change the rules set out in COSTA pursuant to its statutory duty to set, and from time to time, review and revise, standards for the content of television and radio programmes.⁹ We provide further detail on the relevant legal framework in Annex 1.

Implications of the current rules

2.11 Rule 4 of COSTA places limits on the amount of advertising that PSB channels can transmit in a 24-hour broadcasting day. It provides that:

- PSB channels may transmit an average of 7 minutes of advertising per hour across their broadcasting day (06:00-06:00); and
- between 18:00-23:00, PSB channels can transmit an average of 8 minutes of advertising per hour.

2.12 As PSB channels broadcast for 24 hours per day, this essentially means that they can transmit 168 minutes of advertising in one day but with no more than 40 minutes broadcast between 18:00 and 23:00. Like all broadcasters, PSBs schedule advertising at times when audiences are the largest to maximise revenue. This varies depending on the channel, but PSB channels tend to broadcast the maximum 12 minutes of advertising in

⁸ Our CFE incorrectly included a row for ‘105-125 minutes’ for non-PSB channels. The tables presented here show the correct restrictions on the number of breaks under Rule 16.

⁹ Section 319 of the [Communications Act 2003 \(the Act\)](#).

and around popular entertainment programmes in the 20:00 and 21:00 clock hours (for example during *Britain's Got Talent* and *Gogglebox*). They usually balance this with fewer or no advertisements in the 18:00, 19:00 and 22:00 hour slots, which typically contain news programmes, although scheduling varies by channel.

- 2.13 Outside of this five-hour window, PSB channels have more scope to distribute their advertising allowance. PSB channels routinely broadcast the maximum 40 minutes of advertising between 18:00 and 23:00. Generally, these channels have 128 minutes to distribute across the remaining 19 hours of their schedules outside of the 18:00 to 23:00 slots. Further, PSB channels transmit little or no advertising between the hours of 01:00 and 05:00, owing to low audiences, which means that they broadcast approximately 128 minutes' worth between 05:00 and 18:00, and 23:00 and 00:00. The specific placement of advertising depends on the programmes and viewing habits associated with each channel. ITV, for example, tends to insert more in its late morning/lunchtime magazine programmes whereas Channel 4 tends to focus on the 23:00 clock hour.
- 2.14 By removing the restrictions placed on PSB channels under Rule 4 of COSTA, PSB channels would be subject to the same minutage rules as non-PSB channels (a maximum of 9 minutes of advertising per hour as an average across the broadcasting day).¹⁰ In this scenario, PSB channels would be permitted to broadcast an additional 48 minutes of advertising each day. This could include an additional 20 minutes of advertising between 18:00 and 23:00.
- 2.15 Rule 16 sets stricter limits for PSB channels on the frequency of their internal breaks. For example, on PSB channels a 30-minute programme can currently have only one internal break, which could increase to two if Rule 16 were harmonised between the PSB and non-PSB channels.

International comparisons

- 2.16 As envisaged by AVMSD, EU member states have taken different approaches to implementation. Approaches range from the same treatment of PSB and non-PSB channels (for example, Luxembourg and Poland), to a differential between PSB and non-PSB channels (for example, Ireland) to no advertising permitted on PSB channels which are wholly publicly funded (as in Sweden and Finland).
- 2.17 As in the UK, Ireland's PSBs and non-PSBs are subject to different restrictions, though some of the rules differ from the UK. Ireland's PSBs are funded in part by a licence fee, and also by commercial revenue including income from advertising. Its non-PSB channels can have a maximum of 12 minutes of advertising and teleshopping spots per hour, except for children's programmes which can carry a maximum of 10 minutes of advertising, with no

¹⁰ It is, however, worth noting that some non-PSB channels do not currently use the full allowance.

teleshopping spots permitted.¹¹ PSB channels can show up to 10 minutes per hour for general programmes, which is more generous than the UK's allocation.¹²

Market context

Viewing habits have changed dramatically since 1991

- 2.18 Since the introduction of the ITC Rules in 1991, the range of television channels and services in the UK has increased dramatically.¹³ Audiences now have access to a wider range of viewing options, with a multitude of television channels, on-demand and streaming services available over digital terrestrial, cable and satellite broadcast as well as via apps and the open internet.
- 2.19 In Q2 2022, 67% of households subscribed to one or more subscription video-on-demand (**SVoD**) services.¹⁴ According to Ofcom's VoD Survey 2022, 52% of all online adults and teens considered online video services to be their main way of watching television. Among online adults aged 18-24 this rose to 74%.¹⁵ As viewers have spent more time watching on-demand content, broadcast television viewing has decreased. Between 2017 and 2021, it declined by 31 minutes per person each day; at the same time viewing of SVoD services grew by 40 minutes per person each day. Broadcaster video-on-demand (**BVoD**) services also grew by 6 minutes. Broadcast viewing is still much larger than SVoD, however. People watched for an average of nearly three hours in 2021 (excluding BVoD), while SVoD was only just under an hour.¹⁶ In 2021, live television represented less than half of all video consumption compared to just 19% of viewing among those aged 16-34.¹⁷
- 2.20 PSBs also gain views through their BVoD services (ITVX from ITV, All4 from Channel 4, and My5 from Channel 5), as well as through their portfolio channels, albeit growth in online viewing did not fully compensate for losses in viewer numbers on the main channel. For the main PSB channels, live viewing declined by between 13% and 22% from 2018 to 2022, depending on the channel.¹⁸
- 2.21 An important recent development has been the introduction of the advertising funded video-on-demand (**AVoD**) service Freevee in April 2022 and Netflix's launch of an

¹¹ [BAI Rules on Advertising and Teleshopping](#) (2010), sections 4.1 and 4.2.

¹² [Broadcasting Act \(2009\)](#), section 41.

¹³ See Section 3 (BARB analysis).

¹⁴ Source: BARB Establishment Survey in [Media Nations: UK 2022](#), Ofcom, 17 August 2022, p. 14. "**SVoD**" services are paid-for services such as Netflix, Amazon Prime Video and NOW. These services may offer more than just video-on demand e.g., streaming and content to own or rent, but we have categorised them as SVoDs for ease of reference.

¹⁵ Source: Ofcom VoD Survey 2022. Percentages refer to those who scored the statement "Video on demand services are the main way I watch programmes and films" between 7 and 10, where 10 was 'strongly agree' and 1 was 'strongly disagree'. Fieldwork conducted 22-28 February 2022.

¹⁶ Source: Ofcom estimates of total video viewing. Modelled from BARB, Comscore and IPA TouchPoints data.

¹⁷ Source: Ofcom estimates of total video viewing. Modelled from BARB, Comscore and IPA TouchPoints data in [Media Nations 2022: interactive report](#), Ofcom, 17 August 2022, Total Video: Viewing: 16-34. "**BVoD**" services are free services from the major broadcasters which enable television viewers to watch programmes or films whenever they choose, rather than according to the linear schedule.

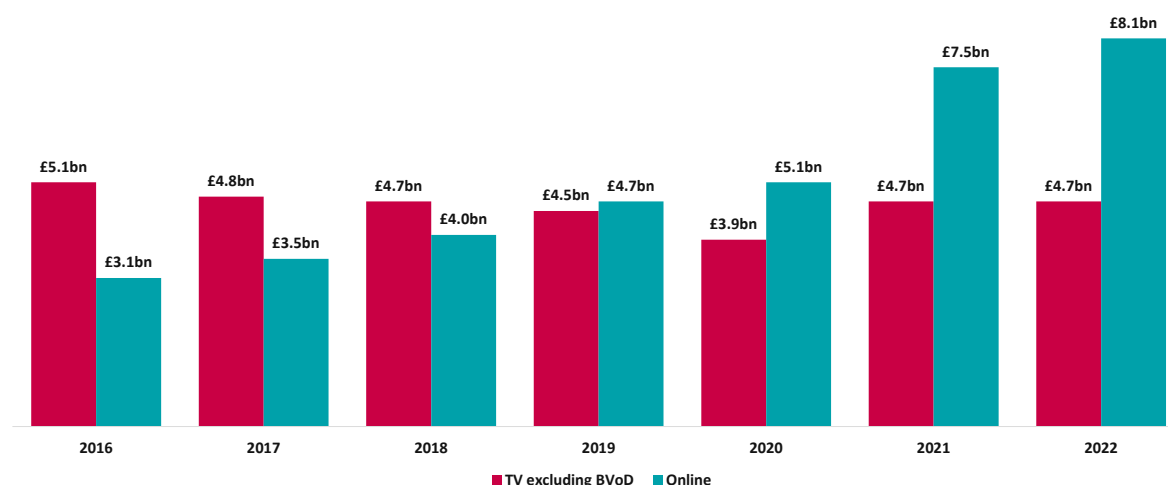
¹⁸ Source: BARB. Live viewing only. Excludes +1 channels.

advertising-funded tier in November 2022.¹⁹ We understand that Disney+ may also be planning to launch an advertising-funded tier in the UK.²⁰ In addition, in recent years we have seen the emergence of free advertising-supported television (FAST) channels, which stream scheduled programmes to audiences over devices connected to the internet. ITV’s BVoD service ITVX, for instance, includes a range of FAST channels themed around certain genres or shows.²¹ It is too soon to predict what impact these new services may have on linear broadcast television advertising or viewing habits. We consider it is reasonable to assume that the market will continue to evolve, and possibly at some pace.

There have been significant developments in the advertising sector

2.22 Television advertising revenues have been unstable in recent years. Expenditure gradually declined from 2016 to 2019, from £5.1 billion to £4.5 billion, followed by a rapid drop to £3.9 billion in 2020 as the market reacted to the pandemic. Although there was a sharp rebound in 2021,²² some analysts believe that this does not represent a reversal of the downward trend.²³ Television advertising revenue for 2022 is forecasted to remain at £4.7 billion.²⁴

Figure 2: UK advertising expenditure for selected segments: 2016-2022



Source: AA/WARC Expenditure Report.²⁵

2.23 These changes in television advertising revenues have taken place against a backdrop of rapid growth in online advertising. Advertising revenue from online media competing for

¹⁹ We note that Netflix’ advertising-funded tier is partially funded by advertising, and partially by the subscriber. The current price of the ‘Basic with adverts’ plan is £4.99 per month. <https://help.netflix.com/en/node/24926>, Netflix.

²⁰ <https://press.disney.co.uk/news/disney+-to-introduce-an-ad-supported-subscription-offering-in-late-2022>, Disney.

²¹ <https://www.itvmedia.co.uk/news-and-resources/itv-launches-itvx>, ITV.

²² Source: WARC/IAB in [Media Nations: UK 2022](#), Ofcom, 17 August 2022, p. 33.

²³ We note JPMorgan Cazenove forecasted an advertising slowdown in 2022 and 2023 (JPMorgan Cazenove, An Xceptional opportunity – Modelling ITV returns and Sensitivities, 20 June 2022).

²⁴ Source: AA/WARC Expenditure Report.

²⁵ Presented in nominal terms. 2022 figures are forecasts as at January 2023. Online expenditure excludes internet classifieds (including search) and excludes online video that is not instream (i.e. not pre-mid-post roll).

viewers' attention overtook television in 2019. It continued to grow during the pandemic, with AA/WARC estimating it to have reached £8.1bn in 2022.

- 2.24 BVoD advertising as a whole increased by over ten times from £60 million in 2011 to £733 million in 2021, partly compensating for declines in television advertising revenue seen in recent years. This revenue is forecasted to be £810 million for 2022 and is expected to offset a slight contraction in television advertising compared to 2021.²⁶ As viewing and advertising spend continues to move online, broadcasters are increasingly using online services to reach audiences and fulfil their remits. As part of its '[Future4' strategy](#), Channel 4 is aiming for at least 30% of its total revenue to be from digital advertising by 2025, and for All4 viewing to double between 2020 and 2025. Similarly, as part of its "[More Than TV" strategy](#)', ITV is seeking to double digital revenue to £750 million by 2026. An important aspect of this strategy has been the launch of ITVX, a streaming service with both an advertiser-funded free-to-watch element and a subscription tier. Its "digital first windowing strategy" means that much of ITV's new content will premiere on ITVX before moving to linear channels months later.²⁷
- 2.25 Broadcasters have also responded to the shift to online with the launch of new products to improve their advertising offer across television and online, allowing for greater personalisation and targeting as well as enhanced measurement. Channel 4, for example, launched the All 4 Private Marketplace in 2021, a digital marketplace where advertisers can buy advertising through automated real-time bidding.²⁸ ITV has worked with Boots Media Group and Tesco to create the Matchmaker service, a data collaboration platform that matches ITV's audiences with the loyalty card databases of Boots and Tesco. Alongside this, it has launched a new version of its advertising platform Planet V 2.0 that aims to give advertisers greater control over the planning and reporting of their campaigns.²⁹ These offerings continue to evolve and will provide advertisers with more sophisticated approaches to optimising and measuring their advertising spend, potentially increasing the value of individual television and VoD adverts.

Ofcom's previous review of the COSTA rules on the quantity and scheduling of television advertising

- 2.26 We last reviewed the COSTA rules on the quantity and scheduling of television advertising over ten years ago. In December 2011, we published a [statement](#) in which we concluded that the various interests that the regulation was designed to serve were being met effectively through COSTA, as set out at the time. We decided not to consult on any

²⁶ Source: AA/WARC. Data presented in nominal terms and includes PSB and non-PSB broadcaster on-demand services. 2022 figures are forecasts as of January 2023.

²⁷ <https://www.itvmedia.co.uk/news-and-resources/itv-launches-itvx>, ITV; <https://www.broadcastnow.co.uk/itv/carolyn-mccall-advertiser-response-to-itvx-has-been-extremely-positive/5179802.article>, Broadcast Now.

²⁸ <https://www.channel4.com/press/news/channel-4-launches-real-time-bidding-all-4-uk-broadcast-industry-first>, Channel 4.

²⁹ <https://www.itvmedia.co.uk/news-and-resources/itv-launches-groundbreaking-retail-media-partnerships-at-palooza>, ITV.

changes to the rules.³⁰ However, we said that our decision did not preclude us from reconsidering the rules in the future.

- 2.27 As part of that review, we carried out econometric modelling which concluded that levelling up would have very uncertain impacts on the market and could lead to a decline in total television advertising revenues. It was partly for this reason that we decided not to make any changes to COSTA. Given how difficult it is to estimate how far prices would fall in response to an increase in minutage, we do not think that more econometric analysis will help us get greater clarity on the impact on the market of such a change. We have therefore chosen not to repeat the exercise, but have instead considered a range of evidence provided by stakeholders.

Contract Rights Renewal obligations

- 2.28 ITV plc was created in 2003 as a result of the merger of Carlton Communications plc and Granada plc. Following an investigation into the merger by the Competition Commission, the Secretary of State for Trade and Industry permitted the merger to proceed subject to accepting Undertakings from Carlton and Granada.
- 2.29 The Undertakings established a number of restrictions on Carlton and Granada including obligations in relation to the sale of airtime for advertising. These are referred to as Contract Rights Renewal (**CRR**) obligations, as they give existing advertisers and media buyers the option to carry over certain contractual terms, from before the merger took place, into new contracts with ITV.
- 2.30 In considering our approach to COSTA, we have had regard to the possible interaction between the proposed changes to the rules and the CRR obligations.³¹ From our engagement with stakeholders to date, we are not of the view that removal of the stricter COSTA rules would have an adverse impact on the effectiveness of the CRR obligations.

Ofcom review of public service media

- 2.31 In 2020/21, we carried out an in-depth review of the future of PSB in the UK. We concluded our review in July 2021 with a published set of [recommendations to Government \(PSB recommendations\)](#), calling for the renewal of the PSB system.
- 2.32 In our PSB recommendations, we set out how the PSB regulatory framework required urgent reform to ensure it remained effective and relevant in a digital age. We highlighted that, while audiences enjoy PSB content across broadcast and online, the legislation remained focused on linear channels. We recognised the commercial challenges facing the PSB sector with rising production costs, competition from well-funded global services and

³⁰ Ofcom conducted another review of COSTA in 2015, which focused on Ofcom's approach to its enforcement of advertising placement rules, rather than proposing any changes to the COSTA rules. Further changes were effected on 31 December 2020, but these were limited to reflecting amendments to the legal framework arising out of Brexit: Ofcom, [Ofcom broadcasting codes: Proposed amendments to the Broadcasting Code and Code on the Scheduling of Television Advertising](#), 31 December 2020.

³¹ See Section 4.

pressure on their main revenue sources. We said that COSTA was one of several important areas of advertising regulation affecting the sustainability of commercial PSB providers. We also noted that while there have been some signs of recovery for television advertising revenue, the projections are insufficient to fully offset declines and the move away from television advertising will continue to put pressure on the finances of PSB providers.

- 2.33 We said that a modernised regulatory framework could better promote the objectives for PSB, by requiring Ofcom to set obligations which can be adapted in line with audience and sector changes. We proposed moving towards setting clear expectations on outcomes for audiences across broadcast and online and holding PSBs to account for those – rather than defining prescriptive requirements on how PSBs should meet those outcomes. Under this model, PSBs would have more flexibility to decide how best to meet their objectives. Our view was that accountability and transparent reporting by PSBs on their obligations and outcomes should underpin this approach.³²
- 2.34 We recommended new legislation to secure the goals discussed above. The Government broadly accepted our recommendations and these are reflected in the DCMS' White Paper, [Up Next](#), and the published [draft Media Bill](#).
- 2.35 Pending these legislative changes, we said we would look at the effectiveness of our existing regulatory toolkit, including COSTA, for ensuring the sustainability of commercial PSB providers. Other tools included reviewing the media ownership rules and continuing to monitor diversity and accessibility in broadcasting. We also said we would engage with stakeholders on suggestions they had made in response to our December [2020 Small Screen: Big Debate consultation](#), including in relation to COSTA.³³

Stakeholder input

Before our call for evidence

- 2.36 Following publication of our PSB recommendations, we engaged with several PSBs and non-PSBs to understand their views on the current rules in COSTA relating to the quantity and scheduling of television advertising. These discussions reflected a significant difference in opinion between the PSBs and non-PSBs, as well as some differences between PSBs themselves.

Our call for evidence

- 2.37 In July 2022, we published a [call for evidence \(CFE\)](#) seeking evidence and views from stakeholders to help us consider whether the rules in COSTA that apply only to PSB

³² We have already begun the move towards this new model of regulation through our updated BBC Operating Licence, since the BBC regulatory framework already covers the BBC's broadcast television, radio and online services. In our [statement on the new Licence](#) we set out how it will safeguard important content while also giving the BBC sufficient flexibility to shape its output to meet changing audience preferences.

³³ Consultation responses can be found at <https://www.smallscreenbigdebate.co.uk/statement> including responses from Channel 4, ITV and STV which specifically raised the rules in COSTA on the quantity and scheduling of television advertising.

channels remain justified. We were keen to hear the arguments for or against the following potential changes to COSTA:

- Removing Rule 4, which applies only to PSB channels, and amending Rule 3 to apply to all PSB and non-PSB channels equally.
- Removing Rule 5 so that advertising breaks broadcast during programmes on PSB channels are no longer subject to a maximum duration.
- Amending Rule 16 so that PSBs are subject to the same restrictions as non-PSB channels on the number of internal breaks permitted per programme.

2.38 We also sought views on Rule 7 which requires that on PSB channels, broadcasters may schedule teleshopping windows only between 00:00 and 06:00. We did not receive any comments from stakeholders on this area.

2.39 We received 11 stakeholder responses to our CFE, as well as 121 responses from individuals.³⁴ The main points raised by stakeholders on the direct audience impact and market impact of the potential changes to COSTA are summarised in Section 3.

Audience research

2.40 Alongside considering existing quantitative research,³⁵ we commissioned two new pieces of research to explore the potential audience impact of changes to COSTA.

2.41 One of these was a [quantitative survey](#) testing audience awareness of, and reported viewing behaviour towards, advertising minutage on television. This took place during the period in which broadcasters were permitted to recoup advertising minutes that they had not used during the period of National Mourning in September 2022, meaning that during the recoupment period respondents were exposed to more advertising minutage than they would have normally been.³⁶

2.42 The other was [deliberative research](#) to help us understand current attitudes towards television advertising, and to specifically test audience views on potential changes to COSTA.

2.43 We also conducted [analysis of BARB data](#) exploring audience viewing habits and looking at the distribution of advertising minutes by daypart. This analysis enabled us to break down the 24-hour day into one-hour slots, to see how much advertising minutage was shown in each hour. This analysis covers a number of channels.³⁷

2.44 We have outlined a summary of the main findings from the research outlined above in Section 3.

³⁴ Responses to our CFE can be found at: <https://www.ofcom.org.uk/consultations-and-statements/category-1/regulating-quantity-and-scheduling-of-tv-advertising-on-public-service-channels>.

³⁵ [Ofcom Adults Cross Platform Media Tracker, 2022](#)

³⁶ The rules around increased frequency of advertising breaks were not relaxed during the recoupment period, therefore the survey results relate to longer advertising breaks only, not increased frequency.

³⁷ The channels covered in this research were ITV1, Channel 4 and Channel 5.

Impact assessment and equality impact assessment

- 2.45 Ofcom has a legal duty to carry out impact assessments where our policy decisions are likely to have a significant effect on businesses or the public, or when there is a major change in Ofcom’s activities.³⁸ The research we have undertaken, and the responses received to our CFE have informed our assessment of the potential impact of our proposals.
- 2.46 The analysis presented in this document constitutes an impact assessment as defined in section 7 of the Act. In the sections that follow, we have set out our analysis for removing some of the COSTA rules and have identified the potential benefits and risks associated with the proposed changes. We consider the proposed options reflect the strategic and policy priorities in line with our PSB review, while supporting the quality of the viewing environment on PSB channels.
- 2.47 Impact assessments provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen.³⁹ They form part of best practice policymaking. As a matter of policy, we carry out impact assessments in relation to the great majority of our policy decisions.
- 2.48 We have also conducted an Equality Impact Assessment, set out in Annex 2. In summary, we have given careful consideration as to whether the proposals in this consultation will have a particular impact on persons sharing protected characteristics,⁴⁰ and whether they may discriminate against such persons or impact on equality of opportunity or good relations. As set out in Section 4, on balance we accept that older audiences will be more affected by our proposed changes than younger viewers. However, they also stand to gain if PSB sustainability is protected.

³⁸ Section 7 of the Act. We have recently published a [consultation](#) on our proposed new impact assessment guidance to align it with the current approach to assessing impacts. We welcome responses from all stakeholders and individuals by the deadline of 12 May 2023.

³⁹ <https://www.ofcom.org.uk/about-ofcom/policies-and-guidelines>, Ofcom.

⁴⁰ Broadly including race, age, disability, sex, sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnerships and religion or belief in the UK and also dependents and political opinion in Ireland.

3. Summary of evidence gathered

- 3.1 This section summarises the evidence we have considered to inform this consultation. It covers existing and newly commissioned Ofcom audience research and the main points raised by respondents to our CFE on the potential impact of our proposals on audiences and the market.

Existing Ofcom audience research – attitudes to advertising

- 3.2 Ofcom's [Cross Platform Media Tracker](#) consistently shows that most audiences do not want more advertising minutes on the PSB channels, a finding that is supported by our [deliberative research](#). While most audiences say they do not want more advertising minutes on the PSB channels, the proportion of those saying there are already more minutes of advertising in an hour than they are happy with has decreased (51% in 2015, 44% in 2022). The proportion saying the present amount does not bother them, but they would not want any more, has been broadly consistent since 2015 (38% in 2015, 37% in 2022).⁴¹
- 3.3 Over time there appears to be a gradual shift towards tolerance of a small increase in advertising minutes with more viewers stating it would not bother them (5% in 2015, 10% in 2022).⁴² We see this trend across all age groups apart from those aged 65+, the demographic which our [BARB analysis](#) indicates is most likely to be exposed to increased advertising by the potential rule changes, due to their viewing patterns.
- 3.4 Respondents who watched any broadcast television in the last 12 months, and said they had concerns about advertising on television, were asked an open question about what concerns them. One of the top concerns mentioned was too many advertising breaks (31%). This finding is supported by our deliberative research, which indicates that it is the potential increase in frequency of advertising interruptions which is a particular concern for audiences.
- 3.5 **The TouchPoints survey** from the Institute of Practitioners in Advertising asks respondents about attitudes to television.⁴³ The latest findings show that 68% of adults who watch recorded/catch-up programmes weekly said they preferred to record or pause television to fast forward through advertising, up from 61% in 2021. This supports the finding from our deliberative research, where participants told us that technologies that allow them to fast forward through advertising mean that some are better able to manage their exposure to advertising.

⁴¹ Between 2020 and 2022 there was a methodology change, in addition to a change to the base definition for this question. There were also methodology changes in 2017 and in 2020.

⁴² We do not see the same shift in tolerance for larger increases in advertising minutes, with the number of viewers who feel there could be quite a few more minutes of advertising before it bothered them remaining consistently low (4% in 2022). [Cross Platform Media Tracker, 2022](#).

⁴³ IPA TouchPoints, September – November 2022 and June – August 2021.

BARB analysis: advertising minutes and viewing trends

- 3.6 We conducted [BARB analysis](#) looking at the distribution of advertising minutes by daypart, across various channels to better understand how advertising minutes are currently scheduled by broadcasters and where the potential for additional advertising minutes could be. We also looked in detail at how much viewing there is to commercial PSB channels and which demographics could potentially be exposed to more advertising with the proposed rule changes.
- 3.7 BARB data analysed by Ofcom shows that in peak viewing hours on the PSB channels (18:00 to 23:00), the hours between 19:00 and 22:00 are already maximised, or are close to the maximum permitted level of advertising minutes and attract the highest peak audiences. In almost all peak slots, non-PSB channels maximise advertising at 12 minutes per hour. Peak hour slots 18:00-19:00 and 22:00-23:00 on the PSB channels contain news slots and carry very little advertising currently.
- 3.8 We undertook analysis to look at the levels of advertising minutage shown around news programmes on the PSB channels, during the peak time hours between 18:00 and 23:00. On average, Channel 4's minutage per peak news transmission was under a minute at 49 seconds. The vast majority of their news transmissions were in early peak hours. Channel 5's average minutage per peak news transmission was just over a minute at 1 minute 10 seconds. These were, like Channel 4's, tilted towards early peak but tended to be shorter in duration. ITV's average minutage per peak news transmission was just over 2 minutes, at 2 minutes 6 seconds. The news programmes with the most advertising minutage were the weekday ITV Evening News at 18:30, with an average 6 minutes 22 seconds of advertising minutes per transmission.⁴⁴ There is potential for broadcasters to increase advertising in these slots if the stricter COSTA rules are removed.
- 3.9 The proportion of viewing to commercial PSB channels, as a whole, has declined over the years.⁴⁵ Viewers have moved from having access to four terrestrial channels and a small number of satellite and cable channels, to having access to hundreds of channels providing a variety of mainstream and niche content. Many of these channels are funded in whole or in part by advertising.⁴⁶ As a result, in 2021 non-PSB channels accounted for 44% of broadcast television viewing, compared to 25% for advertising-funded PSB channels.⁴⁷

⁴⁴ Source: BARB, 30/08/21 to 28/08/22, averages include transmissions with no advertising minutage. Advertising minutage attributed to news programmes includes centre-breaks, direct end-breaks or end-breaks of any following weather bulletin or party-political broadcast. News transmissions include those where following regional news or weather bulletins end past 17:56.

⁴⁵ In 2021, commercial PSB channels generated 25% of broadcast television viewing, compared to 28% in 2010. Source: BARB in [Media Nations 2022: Interactive report](#), Ofcom, 17 August 2022, 4+, Broadcast television: Viewing: Share.

⁴⁶ BARB now reports on the viewing figures of 282 different channels (<https://www.barb.co.uk/resources/tv-facts/tv-since-1981/2022/reported/>), though many other smaller channels are not included.

⁴⁷ Source: BARB in [Media Nations 2022: Interactive report](#), Ofcom, 17 August 2022, 4+, Broadcast television: Viewing: Share.

- 3.10 Further analysis, looking at viewing to commercial PSB channels by different demographic groups, has found that PSB channels account for 23%-28% of All Time viewing,⁴⁸ depending on demographic.
- 3.11 Our analysis identified that the demographic group most likely to be exposed to more advertising minutes by potential changes to COSTA are adults 65+. This is because their viewing is the highest of the age demographics analysed in both peak and daytime.⁴⁹
- 3.12 They are also the age group more likely than all adults 16+ to be in homes without broadband access (15% versus 5% respectively).⁵⁰ Although the rate of SVoD take-up among adults 65+ over the last three years has been faster than all adults 16+,⁵¹ less than half have access to SVoD, at 44%, compared to 74% of all adults 16+.

Newly commissioned research

- 3.13 Ofcom commissioned a quantitative [omnibus survey](#) during a period when we permitted broadcasters to recoup advertising they had not used during the period of National Mourning in September 2022.⁵² The survey ran across four weeks and asked respondents whether they had noticed any difference in advertising on the PSB channels.⁵³ During the period the survey was undertaken, there were an additional 4,960 minutes of advertising shown⁵⁴ across approximately 30 channels, scheduled across different times of the day. Most respondents (around 80%)⁵⁵ did not notice any change to the amount of advertising shown during the recoupment period.⁵⁶ A significant minority (around 20%) claimed to notice, of which around 50% were “bothered a little” and around 35% were “bothered a lot” by it. The proportions remained consistent throughout all four waves of the research even though most recoupment had finished by the final wave. This suggests awareness of the additional advertising was not necessarily as high as claimed.

⁴⁸ BARB, 28-day Consolidated. 2021 (week 35) to 2022 (week 34), to include +1 channels. The 23% Share of Viewing (SOV) generated by Commercial PSBs was among Children (4-15s), 28% SOV was generated by both Adults 55-64 and Adults 45-54, Adults 65+ SOV was 26%.

⁴⁹ Source: BARB, 28-day Consolidated viewing, week 35 2021 to week 34 2022. All Time viewing is viewing across a whole 24-hour period.

⁵⁰ 2022 Q3 BARB Establishment Survey.

⁵¹ BARB Establishment Survey: In Q3 2022, 44% of those aged 65+ had SVoD at home versus 74% of all adults 16+, compared with 21% of adults 65+ and 55% of all adults 16+ in Q3 2019 – in numbers terms a growth of 117% among adults 65+ in SVoD homes versus 38% among all adults 16+.

⁵² The survey took place between the 28 Sept 2022 – 1st Nov 2022.

⁵³ Q3: And what do you think about the amount of advertising shown on these channels over the past seven days? Less than usual, More than usual, No change. Base: All who have watched live broadcast on that channel in the past seven days.

⁵⁴ Approximately 66% of the total number of minutes recouped during the full period of 20th September 2022- 10th March 2023.

⁵⁵ This is a combined figure for viewers of any commercial PSB that remained consistent across each wave. Figures for individual waves and channels can be found in the full data tables.

⁵⁶ It is important to note that the way broadcasters recouped advertising minutes during the recoupment period is not necessarily the approach they would follow if the tighter advertising restrictions on PSBs were lifted on a permanent basis. Furthermore, it is worth noting that broadcasters were not permitted to alter the frequency of interruptions during the recoupment period. Therefore, while these findings offer a general indication of how audiences might perceive additional advertising minutes, we cannot fully predict what decisions in practice individual broadcasters may take in response to the stricter rules being removed, or how those changes would be regarded by audiences. The deliberative research indicates that increasing the frequency of advertising breaks is the most contentious issue for audiences.

- 3.14 We commissioned [deliberative research](#) to help us understand current attitudes towards television advertising, and to specifically test audience views on potential changes to COSTA. The findings of our research suggested most of the viewers we heard from do not currently notice any difference as to how advertising is scheduled on PSB versus non-PSB channels. Audience tolerance of advertising appeared to vary in relation to what people are watching and who they are watching with. For example, participants claimed that they are more likely to tolerate advertising in ‘live’ shows (e.g., *I’m a Celebrity...*) compared to others, and often use it as an opportunity to discuss what they have just been watching.
- 3.15 Participants told us that technologies that allow people to fast forward through advertising mean that some are better able to manage their exposure to advertising. Some participants told us that they would simply continue to avoid any additional advertising, by recording and pausing live television. Those with access to SVoD felt that more advertising across PSBs might see them watch more on these alternative platforms.
- 3.16 Most participants were sympathetic to the challenges faced by the PSB channels and thought it unfair that stricter rules apply to them. However, they prioritised wanting to maintain their current viewing experience, and initially had a strong negative reaction to the idea of more advertising on the PSB channels.
- 3.17 As part of the research, we explored with participants four potential rule change scenarios which could be introduced.⁵⁷ This exercise illustrated the different tolerance levels of viewers to additional advertising and showed that participants generally prioritised viewing experience over ‘fairness’ in creating parity of rules.⁵⁸ Increasing the frequency of breaks was seen as more disruptive than small increases to the duration of existing advertising breaks.
- 3.18 The prospect of increased advertising became more acceptable as viewers explored the potential scenarios of how additional advertising could be introduced, and the strength of feeling for preserving current PSB viewing experience lessened. After exploring the scenarios, viewers appeared to be more open to an increase in advertising if it is not too noticeable nor disruptive to their television watching.⁵⁹ Any increase in advertising was seen to only be acceptable, and tolerated by viewers, if additional revenue is used to maintain the quality of programme content.
- 3.19 Viewers still considered all scenarios to be short-term solutions to the current funding challenges faced by PSBs. Participants articulated that PSB broadcasters need to consider longer-term innovative solutions, to ensure that they can compete with on-demand television and online streaming services both now and in the future.

⁵⁷ Scenario 1 – Rules staying the same, Scenario 2 – Allowing more advertising breaks within programmes, Scenario 3 – Allowing longer advertising breaks, Scenario 4 – More advertising during certain parts of the day.

⁵⁸ While viewers often cited wanting fairness in the application of rules, across PSB and non-PSB channels, they were strongly resistant to the idea of more advertising as a consequence of bringing parity. As conversations among participants continued therefore, it became clear that the ultimate priority for them would always be the preservation of their current television experiences over and above the idea of fairness in the application of the rules.

⁵⁹ Scenarios 3 and 4 were generally considered by viewers to be the most acceptable options for increasing advertising on PSB channels without causing too much disruption to television viewing. Scenario 2 was the least preferred option.

Points raised by stakeholders

- 3.20 We received 11 stakeholder responses to our CFE, as well as 121 responses from individuals. Between September and December 2022, we met with most stakeholders to discuss their views and the evidence they had provided.
- 3.21 ITV, Channel 4 and the Institute of Practitioners in Advertising (**IPA**) were all broadly in favour of removing the rules in COSTA that apply only to PSB channels.⁶⁰ However, the positions of ITV and Channel 4 differed. Channel 4 was supportive of overall harmonisation of the rules, while ITV was focused on removal of the average 8 minutes per hour rule in the 18:00-23:00 slot within Rule 4 and the alignment of the rules around the frequency and length of advertising breaks (Rule 5 and Rule 16). Also, ITV proposed changes on a two-year trial basis while Channel 4 sought a two-year implementation period.
- 3.22 In contrast to ITV and Channel 4, Paramount – the parent of the other PSB, Channel 5 – was broadly in line with the Commercial Broadcasters Association (**COBA**), the Incorporated Society of British Advertisers (**ISBA**), News Broadcasting and Sky who all strongly opposed harmonisation of the rules.⁶¹
- 3.23 Most individual responses were against any change to the rules.

Audience impact

- 3.24 Respondents favouring change told us that the audience impact of removing the stricter rules would be limited as audiences are accustomed to the maximum permitted level of advertisement on television. This is due to (i) 12 minutes of advertising per hour shown in some hours between 18:00 and 23:00 on PSB channels; (ii) more advertising being shown on non-PSB channels.⁶²
- 3.25 Those opposed to change argued more advertising has a negative direct impact on audiences.⁶³ COBA commissioned consumer research to support this.⁶⁴ Sky stated harmonisation would result in more advertising in news bulletins during the hours of 18:00-23:00, or news bulletins moving out of those hours, driving viewers away from critical public service content.⁶⁵

⁶⁰ ITV [response](#); Channel 4 [response](#); IPA [response](#).

⁶¹ Paramount [response](#); COBA [response](#); ISBA [response](#); News Broadcasting [response](#); Sky [response](#).

⁶² ITV [response](#), p. 3; Channel 4 [response](#) p. 6-7.

⁶³ COBA [response](#); ISBA [response](#); Sky [response](#). Voice of the Listener and Viewer (**VLV**) agreed we should revise the stricter rules but argued that levelling up PSB advertising minutage would reduce the quality of audience viewing environment, VLV [response](#), p. 3.

⁶⁴ COBA [response](#), p. 79-87.

⁶⁵ Sky [response](#), p. 3-4.

Market impact

- 3.26 Respondents generally agreed that it is not possible to predict with any certainty what the impact on the market would be of these changes. However, some stakeholders sought to forecast how potential regulatory changes might affect the advertising market.⁶⁶
- 3.27 Some stakeholders said that television advertising inflation, driven by declining linear audiences, is a challenge for media buyers and broadcasters.⁶⁷ ITV's concern was that some advertisers may increasingly substitute towards other forms of advertising, and that this trend could be mitigated somewhat if linear television advertising prices were to decrease.⁶⁸
- 3.28 ITV and Channel 4 stated that increased minutage would have a deflationary impact on the overall linear television market.⁶⁹ However, ISBA stated that a short-term deflation in price created through the supply of additional minutage would be limited in time and scope.⁷⁰ COBA's research produced an estimate that the market could be up to £300m a year worse off due to deflation, with the non-PSB sector up to £186m worse off. Given the nature of COBA's modelling we think this is likely to be subject to the same uncertainties as the previous work undertaken by Ofcom.⁷¹
- 3.29 Stakeholders in favour of maintaining the stricter rules suggested that changing the rules will mainly benefit ITV.⁷² ISBA stated the overall change in share of commercial impacts resulting from the increased minutage could result in a two percentage-point swing of impact from the Sky saleshouse to ITV.⁷³ It also stated that without accounting for any premium from minutage between 18:00 and 23:00 – which contributes to 75% of the gain – approximately £100m of market share could transfer from Sky to ITV if the share of broadcast follows the share of commercial impacts in the mid-term. With the premium for those hours, ISBA said this could mean up to a £150m market share changing hands.⁷⁴
- 3.30 COBA stated that even if ITV's own revenues were broadly flat in real terms overall (because of the negative impact on its portfolio channels), it could potentially increase its volume of advertising to dampen revenues for the rest of the sector and thereby derive a competitive advantage. COBA also stated that this would in turn risk harming viewer choice by undermining the ability of smaller channels to compete, as well as reducing their ability to raise investment for new UK content.⁷⁵ We have heard from ITV that this substitution would be fairly limited because prices on PSB channels are significantly higher than on non-

⁶⁶ Channel 4 [response](#); COBA [response](#); ISBA [response](#); ITV [response](#); News Broadcasting [response](#).

⁶⁷ Channel 4 [response](#) p. 5; IPA [response](#), p.3; ISBA [response](#) p. 1-3; ITV [response](#), p. 5.

⁶⁸ ITV [response](#) p. 5-6.

⁶⁹ ITV [response](#), p. 6; Channel 4 [response](#), p. 6.

⁷⁰ ISBA [response](#), p. 1.

⁷¹ COBA [response](#), p. 11.

⁷² COBA [response](#), p. 12; IPA [response](#), p.3; ISBA [response](#), p.4; Paramount [response](#), p. 2; Sky [response](#), p. 6.

⁷³ “**Commercial impacts**” refers to the total amount of viewing to commercial channels and is an important determinant of the share of advertising revenue that a broadcaster can achieve.

⁷⁴ ISBA [response](#), p.4.

⁷⁵ COBA [response](#), p. 13-14.

PSB channels and even with more minutage this would remain the case, so the two would not become significantly closer substitutes.⁷⁶

⁷⁶ ITV [response](#), p. 6.

4. Our provisional view on whether stricter rules are still necessary

The basis of our assessment

- 4.1 We set out at Annex 1 the legal framework that applies to our analysis of whether it is justifiable and proportionate to retain the stricter rules for PSB channels. We note in particular that under section 6 of the Act we must keep our functions under review with a view to securing that we do not maintain regulatory burdens which are no longer necessary.⁷⁷ Our regulatory principles also refer to seeking the least intrusive regulatory mechanisms to achieve our policy objectives.⁷⁸
- 4.2 There are a number of duties which are relevant to our assessment including in particular that:
- In carrying out our functions we must secure the availability throughout the UK of a wide range of television and radio services which (taken as a whole) are both of high quality and designed to appeal to a variety of tastes and interests.⁷⁹
 - In carrying out our functions we must also secure the maintenance of a sufficient plurality of providers of different television and radio services.⁸⁰
 - We must have regard in all cases to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.⁸¹
 - We must have regard to the desirability of promoting the fulfilment of the purposes of public service television broadcasting in the United Kingdom and of promoting competition in relevant markets.⁸²
 - We must also have regard to the interests of those consumers in respect of choice, price, quality of service and value for money.⁸³
- 4.3 We have considered whether the stricter rules that apply to PSB channels are still a justifiable and proportionate means to secure quality on these channels in the light of this legal framework. We consider the quality of the viewing environment to comprise the choice and quality of the programmes available, as well as the general viewing environment. This includes the length and number of interruptions. We have considered whether the stricter rules are meeting the policy objective of protecting the quality of viewing on PSB channels. We have also taken account of the available evidence to date on the likely impact changing the rules could have for audiences, for PSBs and the wider

⁷⁷ Section 6(1)(b) of the Act.

⁷⁸ 'Regulatory principles', <https://www.ofcom.org.uk/about-ofcom/policies-and-guidelines>, Ofcom.

⁷⁹ Section 3(2)(c) of the Act.

⁸⁰ Section 3(2)(d) of the Act.

⁸¹ Section 3(2)(a) of the Act.

⁸² Section 3(4)(a) and (b) of the Act.

⁸³ Section 3(5) of the Act.

market, as well as the likely impact on the choice of, and competition between, linear and online-demand services.

- 4.4 We have also considered the wider context in which these rules operate: an environment with rapid technological change, shifting audience habits and developing commercial strategies. Also relevant to our assessment are our PSB recommendations (see Section 2), in which we proposed moving from a PSB system focused on quota obligations that apply solely to PSB channels, to an approach where PSBs would have more flexibility to decide how best to carry out their objectives and better compete for audiences across a wider range of services, including online. The Government broadly accepted our recommendations and these are reflected in the DCMS White Paper, *Up Next*, and the published [draft Media Bill](#).

Purpose of the stricter rules for PSB channels

- 4.5 In setting its rules, the ITC said that it had no remit to secure the quality of non-PSB channels. It allowed the maximum flexibility permitted by the TWF Directive for commercial non-PSB channels but set stricter rules to protect the quality of the viewing environment on PSB channels.
- 4.6 We have a range of regulatory tools that are relevant to protecting the quality of UK television. These include PSB-specific measures like ensuring PSBs fulfil their statutory requirements and licence obligations, as well as market wide measures like our [media plurality work](#). The highly competitive and increasingly global environment that UK PSB operates in is also a relevant factor in protecting quality, as a wide range of services now compete for audiences' time and attention via both broadcast and online.
- 4.7 In deciding to review the advertising rules that apply solely to PSB channels, we considered how the market had developed since our last review of COSTA, which concluded in 2011. Audiences are moving away from watching television solely on linear broadcast channels, enjoying a wide range of advertising-supported and subscription services over broadcast and online. This has fundamentally changed how people watch PSB channels too.
- 4.8 The range of TV services and platforms have continued to grow at pace in both volume and variety since our last review of COSTA. There are varying rules for advertising that apply across these different services and platforms; for example, the PSBs' BVoD services are not subject to COSTA. As a result, the amount and frequency of interruptions differs across services and channels. COSTA is also just one of many factors that affects the quality and perception of quality of the viewing environment, and it only directly affects linear channels.
- 4.9 In determining whether the stricter rules for PSB channels are justified in a broadcasting landscape that fundamentally differs from when they were introduced, we have considered the material impact that these rules currently have on the quality of the viewing environment. As noted above, we consider quality to comprise the choice and quality of the programmes available, as well as the length and number of interruptions.

Key elements of this assessment are informed by the analysis detailed in the sections below on audience impact and market impact.

- 4.10 The stricter rules clearly play some role in minimising the length and frequency of advertising breaks. However, PSB channels can, and often do, show up to or close to the absolute maximum of 12 minutes of advertising in three of the five hours between 18:00 and 23:00, with those hours varying by channel. As such, the quality of the viewing environment at these times, in terms of length of interruption, is indistinguishable on the PSB channels from that on non-PSB channels. This finding is supported by the evidence from our consumer research that audiences perceive little or no difference between the amount of advertising shown on PSB and non-PSB channels.
- 4.11 It does appear that the stricter rules are contributing to shorter interruptions of news programmes shown in the hours between 18:00 and 23:00. But there are a number of additional factors that also contribute to the quality of news offered on PSB channels, including investment levels and the minimum requirements stipulated in the PSBs licences.
- 4.12 The stricter COSTA rules may compromise the ability of PSB channels to sustain the quality of the programmes that they broadcast. As discussed above, PSBs face increasing competition for viewers and revenues, particularly from new online offerings. Advertising is a vital source of revenue for the PSBs but their ability to compete for this revenue is potentially limited by the stricter rules on the amount of advertising they can show. However, we have not yet seen evidence that the rules on frequency of advertising breaks have a similar impact on their ability to compete for advertising revenue. As discussed below, we consider there is current evidence to support the retention of the stricter frequency rule for PSB channels.

Consideration of the impact on audiences and on the market

- 4.13 In reaching our provisional view that the stricter rules on the duration of advertising may not be necessary to protect the quality of PSB channels, we have considered available evidence on audience behaviour, attitudes and market impact. We summarise our findings in the sections below. We have sought to establish whether any harmonisation may have unintended consequences for audiences, or particular groups such as older viewers, and whether any such changes may have a significant impact on the wider market.

Impact on audiences

- 4.14 We have drawn on multiple research sources to inform our view on the need to maintain differentiated rules on PSB channels.⁸⁴ These include both qualitative research to examine audience perceptions and attitudes towards advertising, as well as quantitative sources such as analysis of BARB data and survey evidence. In the following section, we describe our main findings.

⁸⁴ See Section 3 for detail on different research sources.

- 4.15 **The perceived homogeneity of the television landscape meant that, on balance, the majority of the people we spoke to and surveyed had limited awareness of the current differences in the amount and frequency of advertising shown on PSB versus non-PSB channels.** They did not necessarily notice an increase in advertising minutes on PSB channels when PSB channels were allowed to show the same number of minutes as non-PSBs during the period after the National Mourning, to recoup lost minutage.⁸⁵
- 4.16 **The PSB channels have for many years already used, or have shown close to, the maximum 12 minutes of advertising permitted in COSTA during some peak hour slots.**⁸⁶ This means that currently, during some peak hours (typically between 20:00-22:00) when audiences watch the most television, the difference in amounts of advertising on PSB and non-PSB channels actually shown is low and, in some slots, non-existent.
- 4.17 **While audiences do not want more advertising on the PSB channels, they are more likely to tolerate this if it can be assured that additional advertising revenue will be generated as a consequence and that it will be invested in content.** Our audience research further suggests that participants' acceptance also grew as they better understood how increased advertising might be introduced and may not be as noticeable or disruptive to their experience as first feared.⁸⁷ However, we cannot be certain of additional revenues being generated, or how they may be used if they are. We explain this in more detail in the market impact section below.
- 4.18 Our research indicates that over time there appears to be a gradual shift towards tolerance of a small increase in advertising minutes. More viewers stated that a small increase would not bother them (5% in 2014, 10% in 2022), with younger adults (16-34) expressing the highest tolerance for a small increase. However, we do not see this same trend for older adults aged 65+,⁸⁸ the age group which our BARB analysis indicates is most likely to be exposed to increased advertising by the potential rule changes, due to their viewing patterns.⁸⁹ Audience tolerance of advertising also appears to vary in relation to what people are watching and who they are watching with. Participants claimed that they are more likely to tolerate advertising in 'live' shows (e.g., *I'm a Celebrity...*) and when watching with others, as it is an opportunity to discuss what they have just been watching.⁹⁰
- 4.19 Our [qualitative research](#) indicates that younger audiences are more indifferent about the topic of television advertising than other demographic groups especially those aged 16-24 and most pronounced among 16–17-year-olds. They think about, and consume, television

⁸⁵ COSTA [deliberative research](#); COSTA [omnibus survey](#).

⁸⁶ [BARB analysis](#) looking at distribution of advertising minutes by daypart, was carried out across the period week 35 2021 to week 34 2002.

⁸⁷ Scenarios 3 (allowing longer advertising breaks) and 4 (more advertising during certain parts of the day) were generally considered by viewers to be the most acceptable options for increasing advertising on PSB channels without causing too much disruption to television viewing. Scenario 2 (allowing more advertising breaks during programmes) was the least preferred option as participants felt it was the most disruptive.

⁸⁸ [Cross Platform Media Tracker, 2022](#).

⁸⁹ [BARB analysis](#).

⁹⁰ COSTA deliberative research, Nov-Dec 2022.

in a very different way to other age groups and this tended to manifest in general apathy regarding potential rule changes. We have considered how rule changes might affect different people, especially those households which are still fully or largely dependent on broadcast services. While the shift to online is most pronounced among younger audiences, it is a change that is happening across nearly all households.⁹¹

- 4.20 **We recognise that older audiences will be exposed to more advertising as a result of our proposed changes** because they watch more commercial PSB television than younger viewers and are less likely to have access to alternative providers (for example, SVoDs).⁹² However, they also stand to gain if PSB sustainability is protected.
- 4.21 **Removal of the stricter rules on PSB channels may be most notable in news programmes.** The viewing hours of 18:00 to 19:00, and 22:00 to 23:00 currently include only a few minutes of advertising and so, if the rules were harmonised, they could provide an opportunity for the PSBs to increase minutage and potentially increase associated revenues.⁹³
- 4.22 **There are, however, other relevant regulations that protect the availability and quality of PSB news. These include the news obligations set out in PSB licences, as well as the general rule that applies to all broadcasters on the number of interruptions allowed in news programmes.** Under conditions in their broadcasting licences, PSBs are subject to a requirement to broadcast a specified number of hours of news at certain points in the day, which varies by PSB. There is also a general obligation for PSBs together to fulfil the PSB remit, which includes news and current affairs objectives.⁹⁴ In addition, Rule 8 and Rule 10 in COSTA would continue to protect the frequency of interruptions. These specific tools that protect the quality of news programmes are also supported by our independent monitoring and reporting work, for instance [Ofcom's News Consumption Survey](#) which looks at the consumption and impact of range of news sources including the PSBs, and our [PSB Compliance Reports](#).
- 4.23 **In our qualitative audience research, it was the frequency more than the length of breaks that viewers considered to be most disruptive.** However, as noted above, audience tolerance of advertising varies by situation, including the programme genre that people are watching. As we have highlighted, we will maintain the rules around the frequency of

⁹¹ [BARB analysis](#). See Section 3.11-3.12.

⁹² [BARB analysis](#). See Section 3.11-3.12.

⁹³ [BARB analysis](#).

⁹⁴ [Channel 4's licence](#) (Annex part 1, section 2) sets out that the Channel 4 service must provide at least one programme at lunchtime and at least one in the early evenings each weekday, and a programme in the early evening at weekends on both Saturday and Sunday. It also sets out that a minimum of 208 hours in each calendar year of news programmes in peak viewing times should be included in the Channel 4 service. [Channel 5's licence](#) (Annex part 1, section 4) sets out that a minimum of 280 hours in each calendar year should be included in the Channel 5 service between 06:00 and 00:00, and 20 hours in each calendar year in Peak Viewing Times. One programme should be included in the early evening on Saturdays and Sundays. There are different regional [licences for Channel 3](#) (these are held by the subsidiaries of ITV PLC and STV Group PLC). [The national ITV breakfast-time licence](#) (Annex part 1, section 4) sets out that the service must broadcast a minimum of 60 minutes each weekday of high-quality national and international news and regional opt-out material, excluding bank holidays measured in slot time.

interruption to films, news and children’s programmes that apply to both PSB and non-PSB channels.

- 4.24 **Removal of the specific stricter rules around frequency of advertisement for PSBs could see more frequent advertising breaks during certain programme genre on PSB channels.** For example, on PSB channels a 30-minute drama can currently have only one internal break, which could increase to two if Rule 16 were harmonised between PSB and non-PSB channels. Our audience research suggests this may have an adverse impact on perceptions of quality. We discuss the wider commercial and market impacts in the following sections.

Impact on the market

- 4.25 **It is uncertain what impact a change in the rules would have on the whole market for linear advertising, or on broadcasters.** We know from our previous experience that trying to quantify the impact is unlikely to produce results strong enough to fully base a decision on. Stakeholders have agreed that the impact on the market is very difficult to model with any degree of certainty.
- 4.26 **We do however know the mechanism by which a change in the rules would lead to different market outcomes. An increase in the number of minutes of advertising that PSB channels show would mean there is a greater number of commercial impacts in the market.** The price of linear advertising would therefore be likely to decrease. This price change would affect broadcasters’ revenues directly, and it would also affect how advertisers allocate funds between different linear broadcasters and between linear television and other types of advertising.
- 4.27 PSB channels might benefit from this in two ways:
- a) There may be a direct revenue benefit to some PSB channels (possibly mainly for ITV) if their increase in advertising inventory outweighs the fall in the price of linear advertising. This is likely to be largely a redistribution of revenue from non-PSB channels (including the portfolio channels of the PSBs). This might, in turn, help to protect the quality of content on PSB channels should this revenue be invested in content.
 - b) Deflation in the price of linear television advertising may make linear advertising more attractive than would otherwise be the case, when compared with advertising on other media, including online. This may help to keep advertising funding with the PSBs for longer than would otherwise be the case.
- 4.28 **There are three main areas of uncertainty regarding these effects. First, it is uncertain how much prices for advertising on PSB and non-PSB channels would fall in response to an increase in advertising minutage.** We have received no new information from stakeholders attempting to estimate these elasticities.
- 4.29 **Second, it is uncertain what impact such price changes would have on the revenues of PSB and non-PSB channels.** Whether there would be a revenue gain for each PSB

broadcaster would depend on whether the increase in impacts outweighs the decrease in price.

- 4.30 It is unclear how fixed the marketing budgets for linear advertising are. Some stakeholders have suggested that a fall in price would not attract further advertising spend into the linear market and so by definition any revenue increase for PSBs would have to be the result of advertising spend being re-allocated from other linear broadcasters (this could include smaller PSBs as well as multichannel).⁹⁵ We have heard from ITV that this substitution would be fairly limited because prices on PSB channels are significantly higher than on non-PSB channels and even with more minutage this would remain the case, so the two would not become significantly closer substitutes.⁹⁶ However, several stakeholders told us that there would be a significant redistribution of advertising revenue, and that ITV would be the main beneficiary of such a redistribution (to the detriment of multichannel and smaller broadcasters).⁹⁷ As discussed, we think PSB and non-PSB television advertising are going to remain to some extent differentiated products for advertisers, and stakeholders have not told us that the redistribution of revenues would be so big as to materially reduce choice for audiences.
- 4.31 **Third, it is uncertain how non-linear advertising competes with linear advertising for revenue.** We have heard from some stakeholders that just as PSBs face competition online for viewers they also face competition for advertising revenues from new entrants into the advertising market such as Netflix.⁹⁸ How much this is the case will again depend on whether marketing budgets are fixed across linear and non-linear advertising or whether (as we have also heard) AVoD advertising may not come out of the same marketing budgets as linear advertising and therefore may not directly compete.⁹⁹ There are a range of services which provide online video advertising, and these differ in similarity to traditional broadcasting. The format of FAST channels, for instance, closely resembles that of linear television. The extent to which these services are substitutable with linear television may therefore vary.
- 4.32 **It is, however, credible that there would be some substitution between linear and online advertising at least at the margin.** If this is the case, the ability of PSBs to compete for advertising revenue with new entrants would depend in part on how price-competitive linear advertising is. Rising linear advertising prices (driven by falling linear audiences) would make competing for advertising revenue harder than it would otherwise be, and this may contribute to the challenges PSBs (and in fact many non-PSBs) face when competing with global providers. We heard from stakeholders that a fall in the price of linear television advertising would help it at least to some extent remain more competitive with

⁹⁵ COBA [response](#), p. 13-14; ISBA [response](#) p. 3-4; Paramount [response](#), p.2; Sky [response](#), p. 6.

⁹⁶ ITV [response](#), p. 6.

⁹⁷ ISBA [response](#) p. 4; Paramount [response](#) p. 2.

⁹⁸ Channel 4 [response](#), p. 5; ISBA [response](#), p. 6; ITV [response](#), p. 3.

⁹⁹ COBA [response](#), p. 14.

other types of advertising than would otherwise be the case. However, it is uncertain what the scale or duration of such an effect might be.¹⁰⁰

Impact on the CRR obligations

4.33 From our engagement with stakeholders to date, we are not of the view that harmonisation of COSTA rules between the PSB and non-PSB channels would have an adverse impact on the effectiveness of the CRR obligations.¹⁰¹ We welcome evidence-supported views from stakeholders if they have any concerns in this area.

Provisional view

4.34 Our provisional view is that the stricter treatment of PSB channels in COSTA is no longer justified to secure the quality of the viewing environment on PSB channels. We do not consider that the rules have a significant impact on the quality of the viewing environment outside of the hours between 18:00 and 23:00 where news is shown.

4.35 We do, however, consider there is current evidence to support the retention of the stricter frequency rule for PSB channels. It is, therefore, our preferred option to retain Rule 16 of COSTA under Option 2.

4.36 COSTA is just one of many factors that affect the quality and perception of quality of the viewing environment, particularly given the fundamental changes to the media landscape since the stricter rules were introduced, and since our last review of COSTA. Alongside the external pressures of a competitive market, we consider that the range of alternative regulatory tools at our disposal, including statutory requirements and licence obligations, are sufficient to protect the quality of UK television, for both content and the viewing environment.

4.37 Given our obligation to not impose unnecessary regulatory burdens, we have considered the impact that removing the stricter rules might have on audiences and on the market. On audience impact, it is our view that the disbenefit to audiences from a change in the rules would primarily be felt in a small number of hours between 18:00 and 23:00, primarily, the early and late evening or ‘news hours.’ However, we will maintain the provisions in COSTA that limit interruptions in the genres of news, children’s programmes and films. There are also a range of other regulatory tools that are relevant in protecting the quality of PSB news as we have outlined.

4.38 Consistent with our last PSB recommendations, we also consider it important to protect and promote the sustainability of PSB in the light of the commercial challenges that the sector is facing, including pressures on their main revenue sources, and competition from well-funded global services. We consider that affording PSB channels the same flexibility as non-PSB channels in making decisions on the amount and possibly also the frequency of

¹⁰⁰ Channel 4 [response](#), p. 4; ITV [response](#), p. 6.

¹⁰¹ See Section 2.

their advertising, may help PSBs to continue to fulfil their remit in a highly successful and competitive market. This would likely be in the general interests of viewers.

- 4.39 It is not possible to predict with any certainty what the impact on the market, or on particular broadcasters, would be of this change. There is a reasonable probability, however, that some revenue may transfer from the multichannel sector to the PSB channels. Any such transfer of value may not benefit all PSB channels equally, given the current share of impacts, but could assist some PSB channels in being more competitive with other types of advertising. In addition, there may be a deflationary effect across all advertising which might also help slow the decreasing competitiveness of linear advertising.
- 4.40 We also consider that this additional flexibility for PSBs would be appropriate in the context of our proposed future regulatory framework, where PSB would be delivered across a wider range of services than currently, and it would be consistent with our regulatory principle to seek the least intrusive regulatory methods to achieve the policy objective. We also consider the other tools available to us, setting licence obligations through to monitoring and reporting, as a proportionate and effective means to maintain the quality of PSB, above and beyond COSTA regulations. It of course remains open to us to decide, following consultation, not to make any changes to the rules.

Consultation question 1: Do you agree with our provisional view that the retention of the stricter rules that apply only to PSB channels is not justified? If not, please explain why.

5. Summary of proposals

- 5.1 In light of our provisional views set out in Section 4, we are minded to remove all or most of the stricter rules for PSB channels in COSTA. We are consulting on two options for changing the rules. For each option, we set out in Annex 3 an extract of the current version of the relevant COSTA rules, with the proposed changes clearly identified. Annex 3 further includes a clean copy of the relevant COSTA rules showing how the relevant COSTA rules would look following the proposed changes to the rules. Following consultation, it also remains open to us to decide not to make any changes to the COSTA rules, should we see clear evidence from stakeholders that the current COSTA rules are necessary and proportionate for protecting the viewing environment.
- 5.2 Under both proposed options, to the extent appropriate, any changes made to the rules under Part A of COSTA will be reflected in the rules under Part B of COSTA.
- 5.3 In an evolving media sector, it is important for Ofcom to keep a close eye on the market including the quality of the viewing environment for audiences. Regardless of our final decision, we propose to monitor developments in this dynamic and complex sector following amendment of the rules to help us judge whether to step back in if necessary in the future. This would help ensure we can respond in future as appropriate, including reserving the ability to intervene and reconsider the minutage rules in COSTA if required.

Option 1: Full harmonisation of the rules

- 5.4 Under Option 1, we are proposing the following changes to COSTA:
- **Removing Rule 4**, which applies only to PSB channels, and **amending Rule 3** to apply to all PSB and non-PSB channels equally. This would mean that all PSB and non-PSB channels would be subject to the same limit of showing no more than an average of 12 minutes of television advertising and teleshopping spots for every hour of transmission across the broadcasting day, of which no more than 9 minutes may be television advertising.
 - **Removing Rule 5** so that advertising breaks broadcast during programmes on PSB channels are no longer subject to a maximum duration.
 - **Amending Rule 16** so that PSB channels are subject to the same restrictions as non-PSB channels on the number of internal breaks permitted in programmes. We set out in Annex 3 how this change would affect the number of internal breaks permitted on PSB channels.
- 5.5 Although we focused our review on the COSTA rules that regulate the amount and frequency of television advertising, in our CFE we welcomed any views that stakeholders may have on Rule 7 in COSTA. This requires that on PSB channels, broadcasters may only schedule teleshopping windows between 00:00 and 06:00. We did not receive any comments on Rule 7 and are therefore not proposing to remove it at this stage. We welcome views from stakeholders on this.

Option 2: Partial harmonisation with frequency rule retained

5.6 Under Option 2, the changes we are proposing are to remove Rules 4 and 5, and to amend Rule 3 as outlined under Option 1. However, under this option we are not proposing to amend Rule 16, which regulates the frequency of advertising. This option would therefore not amend the permitted number of advertising breaks per programme based on scheduled duration. Given our audience research which highlighted viewer concerns about potentially increasing the frequency of advertising breaks,¹⁰² at this stage Option 2 is our preferred option.

Consultation question 2: Do you have a preference between the proposals under Option 1 and Option 2? If you do not agree with the proposals under either option, please explain why.

Additional issues

5.7 We recognise that PSBs and other affected stakeholders may need sufficient time to prepare if we decide to make changes to COSTA, for example to revise commercial agreements to factor in the increased availability of advertising minutes on PSB channels. Following discussions with stakeholders on operational readiness, we consider that a period of one year from the date of any decision to amend COSTA would be sufficient for Options 1 and 2 outlined above. We welcome views from stakeholders on this proposal.

Consultation question 3: In the event that we proceed with Option 1 or 2, we suggest a one-year period before implementation. Do you agree? If not, please explain why.

Consultation question 4: Is there any further information you wish to provide regarding changing the stricter rules in COSTA?

¹⁰² See Sections 3 and 4.

A1. Relevant legal framework for considering the COSTA rules

The Communications Act 2003 (the Act)

A1.1 Ofcom has several broad statutory duties which are relevant to television advertising and are set within the Act. As noted above, the Act also reflects the EU's AVMSD framework in relation to more specific television advertising rules

Ofcom's relevant statutory duties under the Act

A1.2 Section 3(1) of the Act provides that Ofcom's principal duty in carrying out its functions shall be to further the interests of:

- a) citizens in relation to communications matters, and
- b) consumers in relevant markets, where appropriate by promoting competition.

A1.3 Section 3(2) specifies matters which Ofcom must secure in carrying out its functions, including:

- a) the availability throughout the UK of a wide range of television and radio services which (taken as a whole) are both of high quality and designed to appeal to a variety of tastes and interests; and
- b) the maintenance of a sufficient plurality of providers of different television and radio services.

A1.4 Where it appears to Ofcom that any of its general duties conflict with one another, it must secure that the conflict is resolved in the manner it thinks best in the circumstances (section 3(7)).

A1.5 In performing the duties under section 3(1)(b) to further the interests of consumers, Ofcom must also have regard to the interests of those consumers in respect of choice, price, quality of service and value for money. Section 3(3) and section 3(4) provide that in performing the duties set out in section 3(1), Ofcom must have regard in all cases to:

- a) the principles under which regulatory activities should be transparent, accountable, proportionate, consistent, and targeted only at cases in which action is needed; and
- b) any other principles appearing to Ofcom to represent best practice.

A1.6 Ofcom must also have regard, where Ofcom considers it relevant, to a variety of other factors including:

- a) the desirability of promoting the fulfilment of the purposes of public service television broadcasting in the United Kingdom;
- b) the desirability of promoting competition in relevant markets;

- c) the needs of persons with disabilities, of the elderly and of those on low incomes; the opinions of consumers in relevant markets, and of members of the public generally; and
- d) the different interests of persons living in the different parts of the United Kingdom of the different ethnic communities within the UK and of persons living in rural and urban areas.

A1.7 Under section 6 of the Act Ofcom must keep the carrying out of its functions under review with a view to securing that regulation does not involve:

- a) the imposition of burdens which are unnecessary; or
- b) the maintenance of burdens which have become unnecessary.

Ofcom's specific television advertising statutory duties under the Act

A1.8 Under section 319(1) of the Act, it is Ofcom's duty to set, and from time to time, review and revise, standards for the content of programmes to be included in television and radio services as appears to it best calculated to secure the standards objectives set out under section 319(2) of the Act.

A1.9 The standard objectives related to advertising and relevant for the purposes of this consultation are section 319(2)(i) of the Act, which requires "that the international obligations of the United Kingdom with respect to advertising included in television and radio services are complied with"¹⁰³ and section 319(2)(ha),¹⁰⁴ which requires that the requirements of any EU directives, as they had effect immediately before 31 December 2020 (**IP completion day**), with respect to advertising included in television and radio services are complied with. The latter would include the rules under the AVMSD as they were in place at the time of IP completion day.

A1.10 The standards set by Ofcom under section 319 of the Act must be included within one or more codes, with COSTA being such a code. In setting or revising such a code, Ofcom must have regard, in particular and to such extent as appears to it to be relevant to securing of the standards objectives, to each of the following matters:

- a) the degree of harm or offence likely to be caused by the inclusion of any particular sort of material in programmes generally, or in programmes of a particular description;
- b) the likely size and composition of the potential audience for programmes included in television and radio services generally, or in television and radio services of a particular description;
- c) the likely expectation of the audience as to the nature of a programme's content and the extent to which the nature of a programme's content can be brought to the attention of potential members of the audience;

¹⁰³ Section 319(2)(i) of the Act.

¹⁰⁴ Inserted by Broadcasting (Amendment) (EU Exit) Regulations 2019/224.

- d) the likelihood of persons who are unaware of the nature of a programme's content being unintentionally exposed, by their own actions, to that content;
 - e) the desirability of securing that the content of services identifies when there is a change affecting the nature of a service that is being watched or listened to and, in particular, a change that is relevant to the application of the standards set under this section; and
 - f) the desirability of maintaining the independence of editorial control over programme content.
- A1.11 Section 321 of the Act sets out further standards objectives for advertisements, sponsorships and product placement. Section 321(4) specifically requires Ofcom to have a general responsibility with respect to advertisements and methods of advertising and sponsorship, in relation to programme services. In discharging this responsibility, Ofcom may include a condition in any licence it grants for any service that enable it to impose requirements with respect to any of those matters that go beyond the provisions of Ofcom's standards code.
- A1.12 As such, Broadcasting Act licences granted by Ofcom include a condition requiring the licensee to comply with Ofcom's standards code under section 319 of the Act, with "Standards Code" being defined as: "the code or codes governing standards for the content of programmes, including standards and practice in advertising and in the sponsoring of programmes included in television and radio services as drawn up and from time to time revised by Ofcom in accordance with Section 319, 322 and any international obligation specified in a direction given by the Secretary of State under section 335 of the Communications Act."
- A1.13 Section 322 provides supplementary powers to Ofcom specifically in relation to advertising with subsection 322(1) providing that the regulatory regime for every television programme service includes a condition requiring the person providing the service to comply with every direction given to him by Ofcom with respect to the matters mentioned in subsection (2).
- A1.14 Under Section 322(2) such matters are:
- a) the maximum amount of time to be given to advertisements in any hour or other period;
 - b) the minimum interval which must elapse between any two periods given over to advertisements;
 - c) the number of such periods to be allowed in any programme or in any hour or day; and
 - d) the exclusion of advertisements from a specified part of a licensed service.
- A1.15 COSTA sets out the rules with which television broadcasters licensed by Ofcom must comply on the amount, scheduling and presentation of advertising.

A2. Equality Impact Assessment

- A2.1 Section 149 of the Equality Act 2010 (**the 2010 Act**) imposes a duty on Ofcom, when carrying out its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct related to the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The 2010 Act also requires Ofcom to have due regard to the need to advance equality of opportunity and foster good relations between persons who share specified protected characteristics and persons who do not.
- A2.2 Section 75 of the Northern Ireland Act 1998 (**the 1998 Act**) also imposes a duty on Ofcom, when carrying out its functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the 1998 Act. Ofcom's Revised Northern Ireland Equality Scheme explains how we comply with our statutory duties under the 1998 Act.
- A2.3 To help us comply with our duties under the 2010 Act and the 1998 Act we have given careful consideration to whether the proposals in this document will have a particular impact on persons sharing protected characteristics (as set out above for the UK, and also including dependents and political opinion in Northern Ireland). In particular we have considered whether they may discriminate against such persons or affect equality of opportunity or good relations.
- A2.4 We propose to remove a number of PSB specific rules from COSTA and have identified that this may affect different people, especially those households who are still fully or largely dependent on broadcast services. While the shift to online is most pronounced among younger audiences, it is a change that is happening across nearly all households. Our qualitative research also reflected limited differences in attitudes between people of different demographic backgrounds.
- A2.5 On balance, we accept that older audiences will be more affected by our proposed changes because they watch more commercial PSB television than younger viewers and less likely to have access to alternative platforms (for example, SVoDs). However, they also stand to gain if PSB sustainability is protected.
- A2.6 Furthermore, any disbenefit to audiences from changing the COSTA rules would be mitigated by the provisions in COSTA which limit interruptions in the genres of news, children's programmes and films.
- A2.7 We consider that affording PSBs the same flexibility as non-PSB channels in making decisions on the amount and possibly also the frequency of their advertising is therefore important in helping PSBs to continue to fulfil their remit in a highly successful and competitive market. This would be in the general interests of viewers.

A3. COSTA following proposed changes

- A3.1 This annex includes the relevant COSTA rules that we intend to amend or delete, in line with the two options set out above. We are also updating the link under Rule 3, to the latest version of the guidance document providing an explanation of teleshopping and self-promotional services.
- A3.2 Table A3.1 sets out, for each option, the changes to rules 3, 4 and 5 of COSTA, with the text we intend to add in bold and highlighted in yellow and the text we intend to delete strikethrough and highlighted in green.
- A3.3 Table A3.2 sets out, for each option, the changes to Rule 16 of COSTA, with the text we intend to add in bold and highlighted in yellow and the text we intend to delete strikethrough and highlighted in green.
- A3.4 Table A3.3 sets out, for each option, the clean version of rules 3,4 and 5 of COSTA with the proposed changes implemented.
- A3.5 Table A3.4 sets out, for each option, the clean version of Rule 16 of COSTA with the proposed changes implemented.

Table A3.1: COSTA Rules 3, 4 and 5 under Option 1 and 2, showing changes

Option 1	Option 2
<p>3. Public and Non-public service channels must show no more than an average of 12 minutes of television advertising and teleshopping spots for every hour of transmission across the broadcasting day, of which no more than 9 minutes may be television advertising.</p> <p>Teleshopping and self-promotional services are exempt from Rule 3 (for an explanation of these types of services see our guidance for licence applicants).</p>	<p>4. On public service channels, time devoted to television advertising and teleshopping spots must not exceed:</p> <ul style="list-style-type: none"> i) an average of 7 minutes per hour for every hour of transmission time across the broadcasting day; and ii) an average of 8 minutes per hour between 18:00 and 23:00.

During programmes broadcast by the national Channel 3 breakfast licensee, the amount of time permitted for television advertising and teleshopping spots between 06:00 to 09:25 may be averaged across the week.

There may be occasions when a broadcaster transmits less advertising than it scheduled. If this happens for reasons of good programme presentation, or because of unforeseen technical or human errors, Ofcom may grant the broadcaster a limited exemption from Rule 3 ~~or 4~~ to enable it to transfer unused minutage to other parts of its schedule. In such circumstances, the broadcaster must contact Ofcom, in writing, to seek permission to transfer unused minutage. The request must set out:

- the reason for the proposed transfer; and
- the date(s) and time(s) of the proposed recoupment, which must be within 7 days of the lost minutage.

In no circumstances can the transfer result in any clock hour containing more than 12 minutes of advertising.

~~5. Advertising breaks during programmes on public service channels may not exceed 3 minutes 50 seconds, of which advertising and teleshopping spots may not exceed 3 minutes and 30 seconds.~~

Advertising breaks in films are not subject to Rule 5.

Table A3.2: COSTA Rule 16 under Option 1 and 2, showcasing changes

Option 1	Option 2
<p>16. For programmes other than those set out in Rules 10 8 to 15 13 above, the number of internal breaks permitted is set out in the tables table that follow follows. For every additional 20-minute period beyond that set out in the tables, a further break is permitted.</p>	<p>16. For programmes other than those set out in Rules 10 8 to 15 13 above, the number of internal breaks permitted is set out in the tables that follow. For every additional 20-minute period beyond that set out in the tables, a further break is permitted.</p>

Table 1: Number of internal breaks permitted in programmes on public service channels

Scheduled duration of programme	Number of breaks
21 – 44 minutes	One
45 – 54 minutes	Two
55 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five
106 – 125 minutes	Six

Table 2: Number of internal breaks permitted in programmes on other all channels

Scheduled duration of programme	Number of breaks
< 26 minutes	One
26 – 45 minutes	Two
46 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five

Table 1: Number of internal breaks permitted in programmes on public service channels

Scheduled duration of programme	Number of breaks
21 – 44 minutes	One
45 – 54 minutes	Two
55 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five
106 – 125 minutes	Six

Table 2: Number of internal breaks permitted in programmes on other channels

Scheduled duration of programme	Number of breaks
< 26 minutes	One
26 – 45 minutes	Two
46 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five

Table A3.3: COSTA Rules 3, 4 and 5 under Option 1 and 2, clean version

Option 1	Option 2
1. Public and Non-public service channels must show no more than an average of 12 minutes of television advertising and teleshopping spots for every hour of transmission	

across the broadcasting day, of which no more than 9 minutes may be television advertising.

Teleshopping and self-promotional services are exempt from Rule 3 (for an explanation of these types of services see [our guidance for licence applicants](#)).

During programmes broadcast by the national Channel 3 breakfast licensee, the amount of time permitted for television advertising and teleshopping spots between 06:00 to 09:25 may be averaged across the week.

There may be occasions when a broadcaster transmits less advertising than it scheduled. If this happens for reasons of good programme presentation, or because of unforeseen technical or human errors, Ofcom may grant the broadcaster a limited exemption from Rule 3 to enable it to transfer unused minutage to other parts of its schedule. In such circumstances, the broadcaster must contact Ofcom, in writing, to seek permission to transfer unused minutage. The request must set out:

- the reason for the proposed transfer; and
- the date(s) and time(s) of the proposed recoupment, which must be within 7 days of the lost minutage.

In no circumstances can the transfer result in any clock hour containing more than 12 minutes of advertising.

Table A3.4: COSTA Rules 16 under Option 1 and 2, clean version

Option 1	Option 2
<p>16. For programmes other than those set out in Rules 8 to 13 above, the number of internal breaks permitted is set out in the table that follows. For every additional 20-minute period beyond that set out in the tables, a further break is permitted.</p>	<p>16. For programmes other than those set out in Rules 8 to 13 above, the number of internal breaks permitted is set out in the tables that follow. For every additional 20-minute period beyond that set out in the tables, a further break is permitted.</p>

Table 1: Number of internal breaks permitted in programmes on all channels

Scheduled duration of programme	Number of breaks
< 26 minutes	One
26 – 45 minutes	Two
46 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five

Table 1: Number of internal breaks permitted in programmes on public service channels

Scheduled duration of programme	Number of breaks
21 – 44 minutes	One
45 – 54 minutes	Two
55 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five
106 – 125 minutes	Six

Table 2: Number of internal breaks permitted in programmes on other channels

Scheduled duration of programme	Number of breaks
< 26 minutes	One
26 – 45 minutes	Two
46 – 65 minutes	Three
66 – 85 minutes	Four
86 – 105 minutes	Five

A4. Responding to this consultation

How to respond

- A4.1 Ofcom would like to receive views and comments on the issues raised in this document, by **5pm on Wednesday 31 May 2023**.
- A4.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-1/regulating-quantity-and-scheduling-of-tv-advertising-on-public-service-channels>. You can return this by email or post to the address provided in the response form.
- A4.3 If your response is a large file, or has supporting charts, tables or other data, please email it to CostaRules@ofcom.org.uk, as an attachment in Microsoft Word format, together with the [cover sheet](#).
- A4.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:
- Content Policy
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- A4.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files; or
 - upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A4.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A4.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt of a response submitted to us by email.
- A4.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.
- A4.9 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 7. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.

Confidentiality

- A4.10 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish responses on [the Ofcom website](#) at regular intervals during and after the consultation period.
- A4.11 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A4.12 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A4.13 To fulfil our pre-disclosure duty, we may share a copy of your response with the relevant government department before we publish it on our website. This is the Department for Business, Energy and Industrial Strategy (BEIS) for postal matters, and the Department for Culture, Media and Sport (DCMS) for all other matters.
- A4.14 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our [Terms of Use](#).

Next steps

- A4.15 Following this consultation period, Ofcom plans to publish a statement in Q2 2023/24.
- A4.16 If you wish, you can [register to receive mail updates](#) alerting you to new Ofcom publications.

Ofcom's consultation processes

- A4.17 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 5.
- A4.18 If you have any comments or suggestions on how we manage our consultations, please email us at consult@ofcom.org.uk. We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A4.19 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA
Email: corporationsecretary@ofcom.org.uk

A5. Ofcom's consultation principles

Ofcom has seven principles that it follows for every public written consultation:

Before the consultation

- A5.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

During the consultation

- A5.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A5.3 We will make the consultation document as short and simple as possible, with an overview of no more than two pages. We will try to make it as easy as possible for people to give us a written response.
- A5.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A5.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A5.6 If we are not able to follow any of these seven principles, we will explain why.

After the consultation

- A5.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish the responses on our website at regular intervals during and after the consultation period. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

A6. Consultation coversheet

BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? _____

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom aims to publish responses at regular intervals during and after the consultation period. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

A7. Consultation questions

A7.1 We request stakeholders' views and evidence on the following questions:

Question 1: Do you agree with our provisional view that the retention of the stricter rules that apply only to PSB channels is not justified? If not, please explain why.

Question 2: Do you have a preference between the proposals under Option 1 and Option 2? If you do not agree with the proposals under either option, please explain why.

Question 3: In the event that we proceed with Option 1 or 2, we suggest a one-year period before implementation. Do you agree? If not, please explain why.

Question 4: Is there any further information you wish to provide regarding changing the stricter rules in COSTA?