Incorporated by Royal Charter

29 January 2026

IPA Response to Ofcom Call for input: Review of broadcast regulation

About The IPA

The IPA is the professional body representing advertising, media and marketing communications agencies based in the United Kingdom. We have approximately 250 agency brands within our membership. Our member agencies include those planning and buying the vast majority of UK TV advertising spend on behalf of their advertiser clients (~90% in 2025).

As a membership body incorporated by Royal Charter, the role of the IPA is two-fold: (i) to provide essential core support services to our corporate members who are key players in the advertising industry; and (ii) to act as our members' spokesperson. With the responsibility that comes from being honoured with a Royal Charter, we are committed to advancing the theory and practice of advertising, media and marketing communications for the benefit of a wide range of people and organisations.

Advertising is a driver of economic growth and competition and creates jobs for thousands of people across the UK. According to the Advertising Association's Talent Report 2023, the industry employed over 350,000 people across the UK in 2021, with over half of advertising and marketing jobs located outside London.

Advertising brings many benefits: it plays a crucial role in brand competition, drives product innovation, and can help reduce prices, particularly important during a cost-ofliving crisis.

Introduction

As noted in the Ofcom Call for input, "*The UK media landscape is undergoing rapid transformation. It is critical that regulation does not stifle innovation or deter investment in PSM content and supports audiences wherever they are watching and listening to content*."

Considering this, the Call for input is asking stakeholders for their views on how regulation needs to evolve in the short and longer term.

The IPA Submission

In line with our area of expertise, our submission concentrates on one of the Call's three areas of focus: Advertising.

Building on our previous submissions, we have been guided by the Call's stated goal: *It's time to take a fresh look at advertising regulation – to see where current rules need updating or stripping out given the differences between linear and online.*

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1. **The IPA supports harmonisation of the quantity and scheduling of PSB and non-PSB television advertising**

As per the IPA Response to Ofcom consultation: *Quantity and scheduling of television advertising on public service channels – proposals for removing regulation* (May, 2023) and indeed the earlier IPA Response to Ofcom call for evidence: *Regulating the quantity and scheduling of television advertising on public service channels* (October, 2022), our position remains, in agreement with Ofcom's provisional view at the time, stricter rules that apply to PSB channels are not justified.

These previous IPA responses can be found in the appendix to this document, but in summary:

- Most pertinent to this consultation is the decline from majority to minority share of commercial television viewing via PSB channels.
- Whilst it is the case that PSB channels remain the individually most popular in the market, it appears increasingly difficult to support stricter rules for PSB channels based on protecting viewing experience when a significant majority of total commercial channel viewing now takes place outside of this regime.

2. **The IPA supports Ofcom's previously proposed one-year implementation period for any such PSB/non-PSB harmonisation**

The one-year pre-implementation period provides an opportunity to monitor any unforeseen consequences of PSB harmonisation. We have previously noted two specific areas for monitoring:

i. The TV advertising marketplace is a complex one and there are unique properties regarding PSB channels, notably their commercial attractiveness considering relatively large audiences. As PSBs already maximise ad minutage in peak time for their key programming, it is likely that any additional minutage would be disproportionately allocated in pre-peak. A possible consequence of this is that the overall audience profile of the PSBs could become more downmarket and older, and therefore less attractive to advertisers. Before any loosening of rules to bring PSB rules in line with nonPSB, further analysis of this possible consequence is advised.

ii. PSB ITV1 has unique properties in reaching large audiences and enabling mass cover build over a very short period of time. This was the thrust of the case for introducing the Contract Rights Renewal (CRR) mechanism. We address the subject of CRR in greater detail below under "4. Review of Advertiser Market Protections"

3. **The IPA supports a review of the commercial minutage regulatory environment of the broader video advertising market.**

As per the IPA Response to Ofcom consultation: *Quantity and scheduling of television advertising on public service channels – proposals for removing regulation* (May, 2023), with the growth of BVOD, SVOD and online video, the IPA broadly supports a review of the commercial minutage regulatory environment of the broader video advertising market.

Beyond a review of the commercial minutage regulatory environment of the broader video advertising market: the value of a more proactive, holistic review by Ofcom.

We would further support a consultation on measures to ensure a more level playing field between PSBs and non-traditional, global players - many of whom are headquartered outside of Britain - with a view to ensuring we are promoting the competitiveness and health of the British broadcasting industry in years to come.

4. Review of Advertiser Market Protections

Progressive and accumulating change in the TV and broader video advertising market warrants an overarching review of advertiser market protections:

i. Contract Rights Renewal

The CRR remedy gives advertisers and media buyers the right to renew their contracts with no increase in the share of their spend that they commit to PSB channel ITV1 and no reduction in the discounts they receive.

Whilst the TV advertising marketplace has changed significantly since this remedy was introduced in 2003, the case for the continued relevance of CRR is predicated on ITV1's continued and unique (albeit declining) ability to deliver fast cover build making it extremely difficult to replace the channel on TV advertising campaign schedules.

The case against notes CRR restricts ITV's ability to trade more efficiently and is increasingly anachronistic in an ever more different media landscape to the one it was created for.

ii. Broadcaster/Media Owner/Sales House consolidation

Traditional UK broadcasters are facing significant commercial pressure that is driving both innovative collaboration and calls for consolidation.

The IPA had publicly welcomed TV broadcasters working more closely together when it enhances access and innovation – for example, making BVOD and addressable TV more accessible to SMEs. However, consolidation such as the proposed takeover of ITV's Media & Entertainment business by Comcast-owned Sky would be questioned by many, including the IPA, without the inclusion of adequate market safeguards for advertisers.

5. Future of BBC funding

We are seeking clarification on the relationship between Ofcom's Review of broadcast regulation and UK government's consultation on the review and future renewal of the BBC's Royal Charter, set to take effect in January 2028. The green paper outlining the BBC consultation notes the government is open to considering advertising on BBC platforms under Options for Future Funding.

The IPA's position in summary is that domestic BBC media, including but not limited to TV, should remain ad free. Allowing advertising on the BBC would not expand the overall advertising market but would instead take budget away from its commercial rivals.

Appendices:

1. IPA Response to Ofcom consultation: **Quantity and scheduling of television advertising on public service channels – proposals for removing regulation** (May, 2023)

2. IPA Response to Ofcom call for evidence: **Regulating the quantity and scheduling of television advertising on public service channels** (October, 2022)

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31 May, 2023

IPA Response to Ofcom consultation: Quantity and scheduling of television advertising on public service channels – proposals for removing regulation

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Advertising is fundamental to the UK economy. Every pound spent on advertising returns £6 to GDP[2]. It plays a crucial role in brand competition, drives innovation and fuels economic growth. It also helps fund our media and employs thousands of people throughout the UK.

Introduction

Following a call for evidence last year, Ofcom have provisionally concluded that stricter advertising restrictions on PSB channels are no longer justified or proportionate.

Ofcom are consulting on two options:

1) make the rules between PSB and non-PSB channels the same; or
2) make them the same, except for the difference in the number of internal breaks permitted in programmes. This is our preferred option.

The IPA Submission

We have taken the questions of the consultation in turn and answered them below.

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.

As per our 7 October, 2022 submission to the Ofcom call for evidence, we remain in agreement with Ofcom's provisional view that stricter rules that apply to PSB channels are not justified.

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.

As per our 7 October, 2022 submission to the Ofcom call for evidence, we continue to prefer Option 1: make the rules between PSB and non-PSB channels the same.

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. relevant COSTA rules operate as a distortion of competition?

Yes, we agree with a one-year period before implementation.

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

Contract Rights Renewal

PSB, ITV1, has unique properties in reaching large audiences and enabling mass cover build over a very short period of time. This was the thrust of the case for introducing the Contract Rights Renewal (CRR[3]) mechanism. Whilst the TV marketplace has changed significantly since this remedy was introduced in 2003, it is worth noting evidence suggests ITV is still unique in its ability to deliver fast cover build and that it is still extremely difficult to replace ITV1 on TV schedules. 89 of the 100 largest commercial programme audiences (89%) were delivered by ITV in 2021[4]. The figures would be 93.2%, if you extend to the top 1000 programmes.

The CRR remedy gives advertisers and media buyers the right to renew their contracts with no increase in the share of their spend that they commit to PSB channel ITV1 and no reduction in the discounts they receive. CRR and the Office of the Adjudicator remain vital in any post-harmonisation of PSB channels. The one-year pre-implementation period provides an opportunity to monitor any unforeseen consequences of PSB harmonisation.

The broader video viewing and video advertising markets

Live broadcaster viewing now represents less than half of total video viewing in the UK.
In 2022, 17% of video viewing was via non-live broadcaster BVOD platforms and a further 37% via SVOD and online video[5]. The forecast trend is for broadcast live video viewing minutage to continue to decline.

The video advertising market reflects these changes. Nearly 16% of TV advertising revenue was via BVOD in 2022[6]. This revenue represented only 14% of the internet media-based video advertising market with over £5 billion spent on other online platforms.

Channel 4 aims to deliver 30% of its total revenues from digital advertising by 2025[7]. ITV has set a target of £750m per year from digital advertising by 2026[8].

A natural next step following the harmonisation of PSB and non-PSB broadcast channels would be to review the commercial minutage regulatory environment of the broader video advertising market.

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7 October, 2022

IPA Response to Ofcom call for evidence: Regulating the quantity and scheduling of television advertising on public service channels

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Introduction

Ofcom "*have identified three possible reasons why the stricter COSTA rules that apply to PSB channels should perhaps be removed*":

- *given the significant change in viewing habits since the early 1990s, the stricter COSTA rules that apply to PSB channels might no longer be justified on the basis that they are needed to protect the quality of the viewing experience;*
- *removal of the stricter COSTA rules that apply to the PSB channels might help the financial sustainability of the PSBs; and*
- *the relevant COSTA rules might be operating as a distortion of competition, particularly given that non-PSB channels are long established in the UK.*

The IPA Submission

In this concise submission, we will take each of these three possible reasons in turn before summarising the resultant IPA View:

Are the stricter COSTA rules that apply to PSB channels still justified to protect the quality of the viewing experience?

As this consultation recognises there have been significant changes in how television is distributed and watched during the period since the differential rules for commercial Public Service Broadcast channels (PSBs) were introduced over 30 years ago.

These include a dramatic increase in the number of channels available in the UK and the rise of on-demand and streaming services. Most pertinent to this consultation is the decline from majority to minority share of commercial television viewing via PSB channels. For example, in 2002 PSB channels accounted for ~70% of commercial television viewing. By 2021 this figure had dropped to ~40%[3].

Clearly, in part this is due to the sheer growth in numbers of non-PSB channels available to UK viewers. There are considerably more non-PSB commercial channels available with the current number being 480+, not least the successful non-PSB channels of PSB broadcasters. Whilst it is the case that PSB channels remain the individually most popular in the market[4], it appears increasingly difficult to support stricter rules for PSB channels on the basis of protecting viewing experience when a significant majority of total commercial channel viewing now takes place outside of this regime.

As we note below with regard to distortion of competition, the TV marketplace is a complex one and there are unique properties with regard to PSB channels, notably their commercial attractiveness in light of relatively large audiences. As PSBs already maximise ad minutage in peak time for their key programming, it is likely that any additional minutage would be disproportionately allocated in pre-peak. A possible consequence of this is that the overall audience profile of the PSBs could become more downmarket and older, and therefore less attractive to advertisers. Before any loosening of rules to bring PSB rules in line with non-PSB, further analysis of this possible consequence is advised.

Does the removal of the stricter COSTA rules that apply to the PSB channels help the financial sustainability of the PSBs?

PSB financial stability is influenced by a myriad of factors beyond stricter COSTA rules for PSB channels. Changes in TV distribution and viewing (as referenced in this call for evidence itself) fundamentally underpin these. As do how each PSB is reacting strategically to this in terms of their non-PSB channel proliferation, BVOD services, sales house operations and production. We are not in a position to model the relative impact on PSB financial stability by the removal of stricter COSTA rules. However, we would note that such a removal is unlikely to have any detrimental effect to their financial stability.

Do the relevant COSTA rules operate as a distortion of competition?

In principle, we consider the most obvious means to minimise distortion of competition is to start with a level playing field in restrictions between all broadcast channels, both PSB and non-PSB.

TV media inflation, especially on PSB channels which is running at +19% vs 2021 (All

Adults)[5] is a current issue in the market. On first inspection, the removal of stricter COSTA rules for PSB channels should go some way to ameliorate this via increased supply of commercial airtime.

However, the TV marketplace is a complex one that has facets beyond pure supply and demand.

Most notable of these is the unique properties that PSB ITV1 has in reaching large audiences and enabling mass cover build over a very short period of time. This was the thrust of the case for introducing the Contract Rights Renewal (CRR[6]) mechanism. Whilst the TV marketplace has changed significantly since this remedy was introduced in 2003, it is worth noting evidence suggests ITV is still unique in its ability to deliver fast cover build and that it is still extremely difficult to replace ITV on TV schedules. 89 of the 100 largest commercial programme audiences (89%) were delivered by ITV in 2021[7]. The figures would be 93.2%, if you extend to the top 1000 programmes.

The CRR remedy gives advertisers and media buyers the right to renew their contracts with no increase in the share of their spend that they commit to PSB channel ITV1 and no reduction in the discounts they receive. Further analysis is required to ensure any changes to COSTA rules do not inadvertently damage the protections afforded to advertisers and media buyers by the CRR mechanism.

The IPA View

Given the above considerations and with the noted caveats, we are supportive of 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 nonPSB channels on the number of internal breaks permitted in programmes.

Further, are supportive of **removing Rule 7** which requires that on PSB channels, teleshopping windows may be scheduled only between 00:00 and 06:00.