



Assessing the impact of Ofcom's **proposed changes to BBC's public services activities.**

March 2026

Introduction.

1. Pact is the UK trade association which represents and promotes the commercial interests of independent feature film, television, digital, children's and animation media companies.
2. The UK independent television sector is one of the biggest in the world, with revenues of £3.66 billion in 2024.¹ Large parts of the resulting revenues are invested back into the development and production of UK content. The sector is a key part of the UK's growth plans as it, along with others in the screen sector, saw 8.4% growth in December 2024 offsetting the declines seen in other areas of the service sectors.²
3. Pact works on behalf of its members to ensure the best legal, regulatory, and economic environment for growth in the sector. Pact has around 800 member companies across the UK, including 56 companies in Scotland, and the majority of these are SMEs (small and medium sized enterprises) with a turnover of less than £50m a year.
4. For Pact's members, the BBC represents a major buyer for independent companies. Therefore, it is important to ensure that the BBC remains accountable for its decisions and that Ofcom, as the regulator, are maintaining this.

¹ Pact Census 2025

² [GDP monthly estimate, UK - Office for National Statistics](#)

Overview.

1.1 Pact welcomes the opportunity to respond to Ofcom's consultation on proposed updates to Ofcom's Guidance for assessing changes to BBC's public service activities.

1.2 The UK television and film industry operate within a mixed ecology comprising both public service and commercial broadcasters, alongside on-demand services and producers of all sizes. The PSB system, supported by the regulatory framework, is a key contributor to one of the most dynamic, innovative, creative and diverse broadcasting ecologies in the world.

1.3 The BBC plays a central role within this market. As one of the largest PSBs in the UK, changes to its activities have the potential to affect competition within the wider media industry significantly. In the context of the BBC Charter Renewal process, this is a pivotal moment for both the BBC as a broadcaster and Ofcom as its regulator.

1.4 As part of the BBC's Charter Renewal, the BBC's Mission and Public Purposes will be reviewed. In pursuing these objectives, the BBC must seek to fulfil its responsibilities while avoiding adverse impacts on fair and effective competition. Ofcom's regulatory framework must therefore balance the BBC's ability to adapt and innovate with the need to safeguard competitive markets.

1.5 There is the potential for changes made by the BBC in pursuit of these aims to generate positive effects on competition including increased choice, audience demand and innovation. However, there is also the potential for 'crowding out', whereby commercial providers' revenues decline as audiences shift towards BBC services. If this is not appropriately managed, this may reduce the overall choice, quality and range of content available to UK audiences.

1.6 Following the publication of Ofcom's review of its regulation of the BBC in 2022, and the Government's subsequent acceptance of its recommendations in the BBC Mid-Term Review in 2024, Ofcom's proposed updates to its guidance seek to reflect those reforms considering the amendments made to the Charter and Framework Agreement.

Response.

Flexibility and Safeguards

2.1 Pact understands that the changes proposed by Ofcom to its guidance following the Government's decision would increase flexibility and reduce the length of the regulatory process for the BBC. However, this flexibility must be contingent on the BBC conducting a robust, transparent and objectively evidenced assessment of both competition impacts and public value.

As the proponent of any proposed change, the BBC has an inherent institutional interest in its approval. It is therefore essential that Ofcom's guidance sets clear expectations regarding balance, evidential robustness and meaningful engagement with the Public Interest Test (PIT) process.

Given Ofcom's new ability to approve material changes by the BBC without undertaking a full BBC Competition Assessment (BCA) the integrity of the PIT process becomes increasingly important. This is particularly due to the BBC's significant standing in the market, accounting for almost a quarter of all in-home video viewing in 2024.³ In such circumstances, stakeholder engagement and analysis of proposed changes must operate as effective safeguards to ensure that flexibility does not hinder fair and effective competition.

Stakeholder engagement requirements

2.2 Pact is supportive of keeping stakeholders informed and engaged when it comes to competition assessments. It is important for stakeholders to be given ample time to digest proposals made by the BBC and provide informed input on them. Therefore, the BBC must be open to listening to concerns put forward by stakeholders during its PITs for the purpose of ensuring routes for external oversight and commentary.

Where stakeholder engagement is inadequate, insufficiently transparent or fails to address concerns raised, Pact considers that this should weigh in favour of Ofcom undertaking a full BCA, rather than relying solely on the PIT process.

BBC Competition Assessment

2.3 Where Ofcom determines that a BCA is not required, it is essential that stakeholders retain a meaningful opportunity to express agreement or disagreement with that decision and that such views are properly considered.

Ofcom has indicated that it would be more likely not to undertake a BCA where there is a 'large and compelling' public value case and where adverse effects on fair and effective competition appear 'small and necessary'. While this may provide a legitimate basis for regulatory discretion, these concepts are evaluative. Stakeholders may reasonably differ in their interpretation of what constitutes 'large and compelling' public value, particularly considering evolving audience behaviours and diversity of content provision.⁴

Similarly, there may be legitimate concern regarding how Ofcom will determine whether adverse effects are sufficiently 'small and necessary' and which impacts will ultimately be considered 'justified'. Greater clarity is therefore required to ensure predictability and confidence in the regulatory framework.

Pact encourages Ofcom to provide further clarity on how it will assess whether adverse effects are 'small and necessary' relative to public value, and how this balancing exercise will be explained in published decisions.

³ Media Nations, Ofcom, July 2025, p 22

⁴ Media Nations, Ofcom, July 2025

Public value test

2.4 The removal of the automatic classification of a 'new UK public service' as a material change should not reduce the level of scrutiny applied to genuinely novel proposals. While Pact recognises the rationale for aligning materiality more closely with the likelihood of significant adverse impacts on fair and effective competition, new services may by their nature introduce greater uncertainty as to their market impacts.

Guidance on how 'newness' or 'novelty' will be assessed as part of the material determination would therefore be helpful. In circumstances where the competitive impact of a new service is materially uncertain, it may not be immediately clear whether it gives rise to a significant adverse effect.

Shorter assessments

2.5 Pact acknowledges that a shorter assessment may be appropriate in circumstances where a full BBC Competition Assessment is disproportionate or where concerns are limited in scope. However, in such cases Ofcom should publish clear and reasoned determinations explaining why a shorter assessment was sufficient and how any conditions imposed adequately mitigate potential competition risks.

Ofcom should articulate why a full assessment was not required and how the chosen approach ensures fair and effective competition is protected. While it may be beneficial to reduce what have been termed as 'unnecessary' delays to the BBC implementing changes, procedural efficiency must not come at the expense of rigorous and transparent regulatory scrutiny.