

# The independent TV production sector: a British success story

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## Govt intervention over 30 years

- 1983 creation of publicly owned publisher broadcaster Channel 4- 80% supplied by Indies
- 1990 Broadcasting Act establishes 25% indie quota on all PSB's-10% on cable and satellite
- 2003 Communications Act regulates what the 4 Public Service Broadcasters can acquire for their investment
- 2007 BBC voluntarily introduces the WOCC increasing available market
- 2014 BBC promises to remove in-house guarantee

# A decade of success

2000

- Indie share 23%
- T/over £800m
- Few prime time
- Exports <£10m
- IP limited by negotiation
- 1200 Prod co's
- Only active in UK

2013

- Indie share 50%
- T/over £3.1b
- Top in prime time
- Exports >£1b
- IP guaranteed
- in law
- 450 Prod co's
- Active around the globe

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# Increasing share in all genres and markets

• Arts and Music	49% up 13% since 2007
• Children's	40% down 9% since 2007
• News/Current affairs	23% up 2% since 2007
• Drama and Soaps	52% up 1% since 2007
• Education	69% down 10% since 2007
• Entertainment/Comedy	73% up 6% since 2007
• Factual	64% up 1% since 2007
• Feature Films	100% no change
• Religion	34% down 12% since 2007
• Sports	9% down 10% since 2007

- CAGR over 3 years is 6.5%
- International income accounts for nearly 50% of all revenues
- US is biggest non UK market accounting for 40% of all revenues
- UK second largest exporter in the world
- UK formats account for 53% world trade and 80% of these are owned by UK independent producers

# Why an intervention on IP?

- In spite of a quota indies were being managed out of business
- Margins were in rapid decline, budgets micro managed, voluntary agreements ignored.
- An oligopoly had emerged with the 4 PSB's being the main buyers dictating terms.
- A lifestyle/service sector had evolved which was under capitalised and sub-scale
- BBC was the main culprit and failed to reach its quota in 2002

# What was the intervention?

- The regulator, the ITC conducted research into programme supply market
- Joint scrutiny committee of both Houses of Parliament also examined the case. (only to JSC's in past 15 years)
- Secretary of State introduced 66 amendments into the 2003 Act as it was finalised coming into law in 2003
- Clause 285 of legislation governs the regulations between independent producers and the PSB's
- This leads to a market negotiation between the PSBs and a "body representing independent producers"

## How it works

- The 4 PSB's are regulated by Ofcom
- Each has to provide a "code of practice"
- This defines and restricts what they get under a licence
- Each have to agree "Terms of Trade" with Pact
- There have been three iterations since 2004
- The agreements adapt to the market with no input by the regulator
- No broadcaster have been able to evidence any "harm"
- After 10 years this is integral to the strength of the UK Broadcasting industry
- A paradigm shift in the structure of UK production

# Has it worked?

- Strength, reach and ambition of sector now global
- Broadcasters have benefitted from OPM
- They still get what they need but cant take-it has to be negotiated
- UK is the most capitalised invested market in Europe
- Consolidation has driven scale and foreign ownership
- Audiences have benefitted from sustained investment
- Companies have had to become more entrepreneurial
- Owning IP is the heart of global success



# Has it worked?

- For some the move to deficit financing has not been easy
- Budgets are tough and getting tougher
- Not all programmes have a commercial life
- Broadcasters want more for less as their markets are challenged
- Consolidation is happening at a local and global level
- This was inevitable
- Closed markets cannot exist in an OTT digital world
- Digital brings new buyers and commissioners

# Conclusions

- Net -net the past decade has seen unprecedented change
- Difficult to reverse as broadcasters can't fully finance now
- A tougher but more rewarding business for producers
- The UK remains a creative lab for the world
- Light touch regulation should prevail
- Market will always seek a better settlement
- Having a policeman is essential even if they are never used
- Global markets are not limited by language

Thank you

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