

Channel 4's response to Ofcom's Children's Content Review

1. Executive Summary

Channel 4's programming has always had strong appeal to younger audiences. We have a remit set by parliament to "*participate in the making of relevant media content that appeals to the tastes and interests of older children*" and as such, we very much welcome the Ofcom Children's Content Review.

Channel 4's commitment to delivering older children's content

- Channel 4 is committed to investing in innovative and impactful content for older children. We have a proactive strategy for delivering this content, by providing content that reflects their lives and interests but which also has a popular mainstream appeal.
- Since taking on a new obligation to appeal to older children our commitment has grown from £1m to £5m per year. We exceeded this target in 2016; with a total spend of £6m on content for older children.
- Our strategy for reaching older children – through a particular emphasis on scheduling programming designed to appeal to 10-14's in the 8pm pre-watershed slot – has been successful. In 2017, we saw our biggest year on year increase for share with this group in this slot, up by +38%.
- Research also shows that Channel 4 content is valued by older children, with Ofcom's research in 2017 finding that 48% of 10-14 year olds stating that they 'like or love' the Channel 4 family, with the Channel 4 Portfolio accounting for 9% of 10-14 year olds' weekly TV viewing.

Challenges in delivering children's content

- Looking at the Television Sector as a whole, Channel 4 recognises that the provision of new, UK produced children's content is an area where there has been a greater degree of market failure than other genres. However there is a particular set of unique challenges positioned around this type of content.
 - There are challenges in providing content specifically for the 10–14 age range, given the varied needs and preferences of this group.
 - There are further commercial constraints as there are restrictions placed around advertising to this age group and the limited size of the potential audience.

Consideration of policy responses

- We recognise the importance of providing content which appeals to the tastes and interests of older children.
- It is imperative that any policy responses are evidence based and put the needs and preferences of this audience first. They should also be grounded both in the commercial realities of funding children's programming and delivering content which genuinely appeals to audiences.
- We welcome the Government's provisional decision to allocate the £60m Contestable Fund to help increase the range of children's television in the UK.

However we believe that the Fund needs to be as flexible as possible and that it does not place undue restrictions on where and when the content it backs can be aired. We also highlight the potential opportunity cost commercial PSBs face in commissioning content from this genre even with the contestable fund in place.

- Channel 4 does not believe that setting quotas would be an appropriate or effective means of addressing the under provision of content for this age group as it would limit our creative flexibility and freedom to commission the kinds of content that appeals to children on the platform that suits them the best.

2. Introduction

Channel 4 welcomes the opportunity to respond to Ofcom's children's content review and we believe that it is an important time to be conducting it. Channel 4 agrees that content aimed at younger audiences is important, and in particular that young people should have access to high-quality content that is relevant to their lives and experiences.

Channel 4 notes that this review follows several years of debate around children's provision as a result of changing viewing and economic circumstances and the more recent statutory obligations placed on Ofcom as a result of the 2017 Digital Economy Act. Channel 4 worked closely with Baroness Benjamin during the passage of the 2017 Digital Economy Act and we welcome that the amendment allows Ofcom to consider the provision of children's content across all services offered by Public Service Broadcasters before deciding whether quotas are appropriate. This is particularly important as children increasingly consume content in different ways.

Channel 4 operates within a strong and varied PSB system – with a variety of organisations with different models, missions and purposes which serve the British public, with a wide range of public service programming. Channel 4 is a publicly owned, but entirely commercially funded Public Service Broadcaster with a complex statutory remit which contains obligations that extend beyond those in our licence. It is important that Ofcom carefully consider these obligations in the round, the need for Channel 4 to balance the delivery of these competing priorities and the impact of any changes before introducing any further obligations which may disrupt that balance.

Channel 4 also stresses that this children's content review should be led with viewers in mind. As Ofcom's research makes clear, there is an increasing diversity in the range of providers of children's content and over 120,000 hours of children's content was made available in 2016 across PSB and commercial children's channels alone. In addition, a range of content was produced for digital, on-demand or streaming services¹. In the context of a rapidly changing media landscape, we believe that Ofcom's focus needs to be on audience needs and current provision across the board.

2.1 Context

As Ofcom's research highlights, linear television continues to play an important role in children's lives even in a connected world of digital and social media, and the near-ubiquity

¹ Ofcom, 2017. Children's Content Review

of smartphones and other mobile devices². Broadcast TV continues to offer significant reach with 87% of children watching linear TV weekly and the TV set accounting for the majority (75%) of children's video consumption at more than 2 hours per day³. Moreover, the TV set is still the most regularly used device by children with 77% of those aged 5-15 saying they use a TV "almost every day", versus 50% for each of tablets and mobile phones.⁴

Despite this, Channel 4 recognises that online is becoming more important and younger audiences are migrating there at a faster rate than other demographics. The number of children watching any traditional broadcast television in a given week has diminished over the past 5 years⁵ and this declining trend is more prevalent among the older children (10-14s) that we are tasked with serving compared to younger children (4-9s). Indeed, broadcast TV reached 82.3% of 10-14 year olds in a given week last year (2017) versus 92.5% in 2012 – a decline of -11%. Whilst 87.6% of children aged 4-9 were reached in a given week in 2017- a -6% decline since 2012 (93.3% weekly reach). Further, whilst children aged 8-11 spend comparable amounts of time watching TV on a TV set and using the internet, 12-15s spend the highest proportion of their time online (at nearly 21 hours) followed by using a mobile phone (around 18hours)⁶. These trends mean that reaching this audience through traditional linear channels is becoming more and more challenging. Indeed part of Channel 4's strategy to reach older children (detailed below) has evolved to combat these trends by airing content which has a direct appeal to children, but which also appeals to a wider audience, in peak time on the main channel to ensure it reaches as broad an audience as possible.

As a broadcaster with a responsibility to engage with young people, Channel 4 has also led the way in digital, becoming the first broadcaster in the world to launch an on demand service, 4oD in 2006. That service has grown and evolved significantly into All 4, which combines on demand content with exclusives, short form, box sets and originals. It is notable that Ofcom's evidence indicates that despite the trend to use online platforms, children are still watching long form content on these online platforms⁷. Therefore the picture is more complicated than children just watch online/short form and Ofcom's evidence shows that while that plays an important part of their media diet younger audiences still consume long form and indeed still watch PSBs.

As well as being the first to launch an on demand service Channel 4 was also the first to register viewers. Launched alongside our award winning viewer promise this enabled us to tailor programme recommendations and deliver relevant advertising to viewers. All 4 now has over 16 million registered users including two thirds of all 16-34 year olds in the UK, demonstrating Channel 4's ability to reach audiences across different platforms and compete with other online services. Further, our ability to tailor advertising to specific segments of the audience enables Channel 4 to charge a premium for our online inventory, making All 4 a market-leading platform for advertisers and enabling Channel 4 to be broadly agnostic, in revenue terms, as to whether a viewer watches content on Channel 4 or All 4.

² Ofcom, 2017. Children and Parents: Media Use and Attitudes Report

³ Enders Analysis, 2017. Children's changing video habits And implications for the content market

⁴ Enders Analysis, 2017. Children's changing video habits And implications for the content market

⁵ BARB (reach is based on watching at least 10 mins per week)

⁶ Ofcom, 2017. Children and Parents: Media Use and Attitudes Report

⁷ Ofcom, 2017. Children and Parents: Media Use and Attitudes Report

It will be important for Ofcom to consider the use of online services in measuring the best ways to serve young people and children in the future and, in a world where anybody can become a content provider, the important role the highly regulated space of public service broadcasting can play in providing a safe and trusted space for children and family viewing.⁸ Television is one of the most regulated mediums in the world, and this regulation has been put in place precisely because of the influential role TV plays. Channel 4 believes that this regulation is entirely appropriate, has been carefully considered and is evidence based. It ensures that British television offers a gold standard and a safe environment for families, young people and children to view content. However, the same cannot be said for the online world where legislation has failed to keep pace as digital online platforms have grown rapidly, unchecked, despite their increasing importance and influence in our everyday lives.

Furthermore, Channel 4 also believes that it is important that Ofcom also consider the discoverability of the content PSBs are being asked to produce, particularly as viewing habits change. The value of the prominence given to PSBs to ensure their content is discoverable is increasingly diminishing as platforms seek to undermine it by pushing viewers towards the unregulated on demand areas of their platforms where they can promote their own content or that which they have paid for, over that of the PSBs. It is essential that Ofcom strengthen and update the prominence regime to ensure it is fit for purpose and viewers, including children, can continue to discover public service content wherever it is made available.

2.2 Channel 4's remit

Channel 4 plays a vital role in the UK's PSB system. We are publicly owned but entirely commercially funded and operate a model which means that our profits are put back into programmes, with the ultimate objective of providing for audiences through delivering our statutory remit and specific Ofcom licence obligations. This is combined with Channel 4's status as a "publisher broadcaster", which means that all of our commissioned programmes are made by external production companies and our model creates a virtuous circle which ensures that the success of Channel 4 benefits the wider creative economy.

Channel 4's detailed public service remit is laid out in statute and is comprised of 15 separate elements across qualitative purposes and specific requirements. This includes producing content to appeal to a culturally diverse society, to be distinctive, to promote alternate views and perspectives, to inspire change, broadcast news and current affairs, provide educational content, to invest in film, and to provide content for older children and young adults. Channel 4's remit was amended in the 2010 Digital Economy Act to add in a number of purpose driven components as well as broaden the way in which Channel 4 could fulfil the remit across the whole portfolio and in digital content. As such Channel 4 now has the ability (and is required) to fulfil the remit not just on the main channel, but across all our activities. In recognition of this, Channel 4 has a unique set of accountability arrangements whereby it reports on specific obligations in our licence and the delivery of our remit in the annual Statement of Media Content Policy (SMCP) where we provide a transparent and comprehensive account of our activities over the last year.

⁸ Ofcom, 2017. Children and Parents: Media Use and Attitudes Report

Channel 4 has always had a particularly significant role to play in reaching younger people with public service content across our output. The values in the remit touch on areas that resonate with younger people and have always been a counterweight to the more mainstream BBC and ITV. Channel 4 is the only PSB in the world with a disproportionately young audience. Similarly Channel 4 News is the youngest skewing news programme of any of the PSBs and in 2017, Channel 4 programmes accounted for seven of the top 20 British shows among young audiences

Our Remit also includes a specific obligation to provide educational content for teens (14-19 year olds). Our strategy for delivering this focusses on programmes which address “life skills” that bridge the knowledge gap that is left between what schools teach and what parents teach – tackling themes about the transition between childhood and adulthood, such as sex education, relationships and resilience and online identity.

Given Channel 4’s strong relationship with younger audiences, our remit was altered to include the provision of content for older Children in the 2010 Digital Economy Act which introduced a new requirement for Channel 4 to “*participate in [...] the making of relevant media content that appeals to the tastes and interests of older children and young adults.*” After discussions with Ofcom the requirement to provide content for older children was defined as the 10-14 age bracket, a natural extension of our strengths in reaching 16-34s and 14-19s.

It is important to note that Channel 4’s remit does not require it to produce content for younger children (under 10’s), an age group which is already well served by other broadcasters.

3. Channel 4’s older children’s content strategy

Channel 4 is committed to investing in innovative and impactful content for older children. We have done this within the wider context of the multi-faceted nature of our remit which features many other obligations, and that Channel 4 has never provided “children’s programming” in its traditional sense as other PSBs have done. The BBC and ITV have long histories of providing zones of dedicated children’s programming, initially on their main channels and latterly on dedicated Children’s channels, aimed largely at a younger age group than Channel 4 is tasked with appealing to. Channel 4’s strengths and the values of the remit have more naturally aligned with the teen and young adult audience and our strategy for older children has built on this.

Channel 4’s strategy for delivering this part of our remit has evolved since originally taking on the older children obligation in the Digital Economy Act 2010. After discussion with Ofcom we initially agreed to spend c.£1m/year on our children’s programming and since then we have significantly increased this commitment to £5m/year.

We have experimented with different ways of delivering this part of our remit and from 2010-2012 our investments for 10-14s were focussed in commissioning online games and animation. However, in 2013 we shifted our strategy to focus on multi-episode, pre-watershed drama designed specifically to appeal to older children increasing our investment to £2m. *Youngers* aired on E4, our youth skewing channel at 7.30pm (where we could maximise our reach and impact with this audience) and told the story of two young teens

growing up on a Peckham council estate and navigating their way into maturity. The series had a strong moral tone and distinctive and positive perspective of life on an estate, with nearly 8 in 10 of viewers aged 10-14 agreeing the show was different from anything else on TV at the moment. It also performed well with older children, both the share (+72%) and the volume of people watching were up (+78%) for the slot averages for 10-14s.

Following this success, a second series of *Youngers* returned in 2014 and continued to resonate with this age group, reaching a 109% higher share and 58% higher volume of 10-14 year olds versus the slot averages. In 2014, we built on the success of *Youngers* by investing in a series of other programmes commissioned to appeal specifically to this age group including *Mr Drew's Summer School* and *Child Genius* to further demonstrate our commitment to reflecting the lives and experiences of older children through a variety of genres. These both performed brilliantly for older children with *Child Genius* up +138% and *Mr Drew's Summer School* up +222%, for share vs the slot average for this group.

While we had significant success with these programmes their impact was again necessarily limited because of a combination of the relatively small scale of our investment and the lack of a dedicated and natural home for this content in the vein of CITV or CBBC which harmed the discoverability of this content for audiences who do not traditionally associate Channel 4's channels with Children's content.

After discussions with Ofcom following their Public Service Broadcasting report in 2015 we further evolved our approach for reaching older children. Rather than exclusively focussing a necessarily smaller budget on content made specifically for this audience, we aimed to maximise our impact with this age group by focussing investment on peak time, pre watershed, high quality, distinctive content which contains storylines and elements which are specifically designed to appeal to 10-14 year olds but which is designed to reach a wider audience. This content aimed to fill the gap between the younger audiences catered for by the BBC and the young adults Channel 4 traditionally focusses on.

Ofcom's research highlights that 79% of 10-15's weekly viewing on a TV set was to programmes not specifically made for children, but rather family-orientated entertainment shows such as *Britain's Got Talent* and *The Great British Bake Off* that have wide ranging appeal.⁹ Channel 4's approach aims to capitalise on this trend by ensuring the programmes children are inclined to watch anyway are commissioned with them in mind and contain elements and themes which will cater to their tastes and interests.

In 2015, we commissioned programmes with this view in mind and this new strategy has started to bear fruit, resulting in a series of successes, with programmes reaching much larger volumes of this younger audience while also performing strongly with a broader audience – thereby increasing the impact of the programming and making the investment more sustainable because of its wider reach.

In 2016 we announced plans to further increase investment in programming for older children to £5m annually including factual, drama and entertainment shows in Channel 4's 8pm slot. The approach further supercharged this time slot as it played shows for the whole family, but featured storylines and themes that appealed to 10-14 year-olds. In 2016, we

⁹ Ofcom, 2017. Children and Parents: Media Use and Attitudes Report p298

exceeded this commitment investing £6 million - a considerable increase from our original £1 million commitment in 2011.

2016 saw the launch of the first full series of *Gogglesprogs*, following on from the success of its 2015 one-off special which led to an 87% increase on the slot average for this age group while *Child Genius*, *The Supervet* and *The Secret Life of the Zoo* also all performed well with 10-14s. The strategy of commissioning programmes with this audience in mind but with a wide appeal, overall, led to viewing to the 8pm slot, where much of this content was targeted, to grow by 4% year on year in 2016.

Case Study: The Secret Life of the Zoo

The Secret Life of the Zoo is a documentary series that captures the remarkable behaviour of the animals at Chester Zoo and their close relationships with their keepers. The first series aired on Tuesdays at 8pm in 2016 and was designed to reach older children and the wider family audience that watch at this time.

The programme was extremely successful with 10-14s. It was up + 41% for volume and 39% for share versus the slot average and audience research for younger viewers (10-15's) found that that they loved getting a behind-the-scenes look at what happens at the zoo, when the public were not present. They also enjoyed learning about the animals whilst watching, so as well as being entertaining it was educational.

Importantly the programme also delivered an average audience of 2.7m/11.4% across 6 episodes; up +64% for volume and up +53% for share versus the slot average and was the highest rated 8pm series since September 2013 thereby meeting our strategy to reach a wide audience in the peak time, pre watershed slot making the programme a sustainable investment.

Following its success in 2016, The Secret Life of the Zoo continues to perform strong. It returned for its fourth series in November 2017.

Subsequently in 2017, we further evolved our strategy focussing on commissioning content with a higher degree of focus for 10-14s which also has a mainstream appeal as well as maintaining our investment in programmes for a wider audience which contain elements that appeal to older children. The four part competition series *Lego Masters* which attempted to find Britain and Ireland's most talented amateur LEGO builders was a particularly successful example of the former. Whereas, *Ackley Bridge* our much anticipated new drama series about the merging of two culturally different schools into one, was commissioned for 14-19s but included elements that were designed to appeal to 10-14 year olds. Our emphasis to place programmes which appealed to 10-14s in the pre watershed, 8pm time slot meant that in 2017 we saw our biggest year on year increase for share with this group in this slot, up by +38%.

Case Study: Lego Masters

New format *Lego Masters*, a series which attempted to find Britain and Ireland's most talented amateur LEGO builders, aired at 8pm on Thursdays in August and September 2017. Hosted by Melvin Odoom, eight pairs of children competed against one another by putting their design, originality and construction skills to the test.

It was an example of a commission that was specifically designed for older children but met our renewed strategy to develop strong returnable formats that are not just educational – but also

entertaining and keep audiences coming back for more. It performed strongly with a series average audience of 2.0m and 9.7% share.

It also became Channel 4's biggest prime time series for children by volume since 2014 as it gained a 22.7% share of 4-9-year-old (up +254% vs the slot average) and 24.2% for 10-15s (up +272% vs the slot average).

Lego Masters has been recommissioned for a second series in 2018.

Case Study: Ackley Bridge

Ackley Bridge, a new school based drama was launched in June 2017 at 8pm. It was developed as part of our commitment to new talent and regional production and was targeted at a slightly older demographic of 14-19's but with elements that would appeal to 10 – 14s the series is about a new academy school that merges the lives and cultures of a community.

The programme was one of Channel 4's most-successful dramas of 2017, reaching 5.5 million viewers over the series. However, despite catering primarily for an older group it was also our highest-rating commission for 10-15-year-olds in 2017 and performed particularly well among young viewers. It received an 18.5% share of 16-34-year-olds and an even bigger 22.3% share of 10-15-year-olds, which was up a huge +484% compared to the slot average demonstrating the appetite this age group has for content about their older peers which explores issues they are likely to face in their near future rather than their present.

The first series of Ackley Bridge also garnered an extremely positive viewer response amongst this group. Almost 60% of 10-15 viewers said that the issues/storylines surrounding friendship interested them the most when watching Ackley Bridge. And, 72% of the 10-15 year-old viewers we spoke to said they spoken about Ackley Bridge/part of the show with friends, while 15% were motivated to talk to a teacher about aspects of the programme.

Ackley Bridge returns for its second series in early 2018.

In 2018 we plan to continue with this approach, commissioning content with a higher degree of focus for older children and content targeted at a wider audience but with this younger age group in mind. Programmes commissioned for 2018 include; *The Class Next Door* – where parents go back to primary school to experience what it's like for their 11 year old children; *Alone At Home* – a four-part factual entertainment series which will question to what degree modern parenting styles adequately prepare our children for adulthood as sibling groups whose parents have gone away for a long weekend are put to the test and *Postcode Playdates* which will see families with children from the same neighbourhood but across social divides – cultural, ethnic and economic – open their doors to their neighbours' offspring for a playdate for the very first time.

Ofcom's research demonstrates that this approach has been successful, with 48% of 10-14 year olds stating that they 'like or love' the Channel 4 family in a recent survey, with the Channel 4 Portfolio accounting for 9% of 10-14 year olds' weekly TV viewing¹⁰.

As a publically owned Public Service Broadcaster, Channel 4 also seeks to deliver public value beyond the specific obligations laid out in our remit and licence obligations. In 2012

¹⁰ Ofcom, 2017. Children and Parents: Media Use and Attitudes Report p15

and 2016 we reflected this through our investment in animation aimed at younger children outside of the 10-14 bracket. Channel 4 has no track record (or remit) in providing children's content for the younger children's audience as is the case for other broadcasters including the BBC and ITV. Despite this, we made considerable investments in younger children's programming when we commissioned *The Snowman and the Snowdog* in 2012, the sequel to iconic children's animation *The Snowman*, and *We're Going on a Bear Hunt* in 2016, based on the popular illustrated children book written by Michael Rosen. These both formed the centrepieces of Channel 4's Christmas schedules and performed particularly well with younger audiences. *The Snowman and the Snowdog* attracted ratings of over half a million 10-14s and *We're Going on a Bear Hunt* was watched by 368,000 10-14s as well as being the second most watched programme among all children aged 4-15 in 2016.

4. Challenges of reaching younger audiences

Channel 4 recognises that the provision of new, original and UK produced children's content is an area where there has been a greater degree of market failure than other genres. The provision of content in this genre is a systemic problem which has resulted from the difficulties associated with successfully commercialising this content as a result of changing audience patterns and commercial constraints around its funding.

As Ofcom rightly identifies producing content for this age group is particularly commercially challenging because of a combination of the restrictions that have been placed around advertising to this age group and the limited size of the potential audience – indeed Channel 4 does not sell advertising for this demographic precisely because the audience size is so narrow.

In addition, as younger audiences increasingly move online, we are unable to capture commercial value from the 10-14 age bracket in the same way we can for 16-34 year olds. For data protection reasons we are unable to register viewers under 13. We therefore cannot extend the benefits of our data and advertising strategy to the majority of this group.

In Channel 4's case there are further challenges in providing specifically for the 10-14s age bracket which is in itself is quite varied. As Ofcom identifies children are not one single group, but are made up of several, often quite distinct, audience groups¹¹. This is supported by Channel 4's own research which shows that for children aged 12-14 viewing begins to switch to TV commissioned for older age groups as they are look to connect with genres and interests which appeal to their older peers. Categories can therefore be arbitrary and what a 10 year old is looking for in terms of content is likely to be very different to what a 14 year old is looking for. This is reflected in the performance of *Ackley Bridge*, our new School based drama which was commissioned for young adults (14-19s) but gained a slightly bigger share of 10-14's (22.7%) than 14-19's (21.8%). Despite these challenges Channel 4 remains committed to delivering its remit for Older Children.

5. Contestable fund

Channel 4 welcomes the fact that the Government has provisionally decided to allocate the £60m contestable fund to help increase the range of children's television in the UK. Whilst it

¹¹ Children's Content Review Invitation to contribute p4

will not solve all of the commercial challenges around Children's content it will help mitigate some of these issues. As outlined in our consultation response, it is important that the fund is as flexible as possible and in particular does not place undue restrictions on where and when the content it backs can be aired.

DCMS also rightly identify the challenges commercial broadcasters face when commissioning content for Children, particularly increased advertising restrictions. However it is important to also note the significant opportunity cost commercial PSBs face in commissioning content from this genre. Whilst up to 50% of the upfront cost of a programme may be partially covered by the contestable fund, its opportunity cost, in terms of maximising the commercial airtime and protecting the Channel's overall share could still result in it being both a loss making venture for commercial Broadcasters and in Channel 4's case, harm the delivery of other areas of our remit. It is therefore vital that ongoing work to consider the scope of the fund takes full account of the need to build in flexibility to ensure broadcasters can properly target the delivery of this content whilst also minimising any negative commercial impact it may have. Doing so could jeopardise the delicate PSB ecology which has provided a successful and sustainable model for delivering public service content. Broadcasters or content providers who accept or also invest in projects which have been supported by the fund should also be free to decide which is the most appropriate platform for delivering this content.

6. The role of quotas

Whilst Channel 4 acknowledges that there has been a reduction in the provision of content for children, we do not believe that setting quotas would be an appropriate or effective means of addressing the under provision of content for this age group. Following the 2003 Communications Act we welcomed the shift from narrow, genre specific quotas to, in Channel 4's case, a value and purpose led remit that has enabled us to take innovative approaches to delivering PSB across all of our programming including children's.

Channel 4 has to balance the delivery of 15 separate elements of our remit and our 16 licence obligations whilst also ensuring we can generate enough revenue to deliver these obligations. The introduction of quotas for the provision of children's content would significantly disrupt that balance. Channel 4 already reinvests all of our profits back into delivering our remit so the introduction of quotas which require further investment in children's content would, by definition, come at the cost of investment in other areas of the remit.

Channel 4 believes that introducing quotas for children's content could risk forcing PSBs to provide content that children do not want to watch in a place they do not want to watch it. Moreover, as previously mentioned the 2010 Digital Economy Act broadened the way in which Channel 4 could deliver the remit across the entire portfolio and Parliament has been clear that there is a multitude of ways in which Channel 4 can do this which goes beyond quotas.

Quotas would limit our ability to commission high quality, distinctive and innovative programmes that appeal to this audience, but do not necessarily fit into the kind of strict definition that would be required if we were required to meet a licence quota. The current

system enables us to interpret our remit and deliver our obligations in imaginative and engaging ways that are commercially viable within our business model.

Furthermore, as quotas can only be applied to the main channel, this approach would limit PSBs' ability to target the delivery of this content to places where children are most likely to discover it. We understand that campaigners for children's content also acknowledge this to be the case. Whilst Channel 4 often schedules this content in prime time on the main channel to reach a family audience, we also utilise our younger skewing channel E4 and our online services to best reach this audience. The introduction of quotas would immediately limit that optionality. Ofcom's research demonstrates that children are increasingly accessing content in different ways and locking broadcasters into one specific way of reaching this audience (i.e. through linear TV channels) would be counterproductive especially when other mediums are gaining a greater degree of traction amongst this audience¹². As well as being an ineffective means of reaching the desired audience, quotas on the main channel also place a significant opportunity cost on a commercially funded linear channel with a limited number of slots available to place programmes.

7. Closing remarks

As outlined above Channel 4 agrees that younger audiences should have access to high-quality content and we remain committed to delivering innovative and award-winning content for 10-14s having significantly increased our investment in shows appealing to this audience to £5m annually. Our strategy has evolved significantly since we first took on this obligation as we have experimented with how best to reach this audience, building on a number of substantial successes.

We do however recognise that this is an area that has been comparably underserved compared to other PSB genres. Nonetheless, we have sought to fill this gap by providing content that reflects their lives and interests but which also has a popular mainstream appeal, in the peak time, pre watershed slot of 8pm. This has importantly allowed us to create content that reaches a large number of 10-14 year olds within the overall remit and model that Channel 4 works to.

Channel 4 welcomes the fact that the Government has provisionally decided to allocate the £60m contestable fund into children's television and we agree that serving young people is important and it remains a priority area for the Channel. However, we consider the best outcomes for children will be fulfilled by having the creative flexibility and freedom to commission the kinds of content that appeals to them on the platform that suits them best.

January 2018



¹² Ofcom, 2017. Children and Parents: Media Use and Attitudes Report