

Dame Melanie Dawes
Chief Executive

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22nd June 2021

Dear Alex,

# Channel 4 Corporation's Statement of Media Content Policy 2020

I'd like to thank you and your team for the constructive discussions we have had as we have undertaken our annual review of Channel 4 Corporation (C4C)'s Statement of Media Content Policy (the Statement). These reviews are an important way we hold C4C to account for its performance in delivering its public service remit and media content duties. Our findings are set out in detail in the attached report.

As you know, our *Small Screen: Big Debate* review is considering long term questions on how best to maintain and strengthen public service media and how the regulatory framework should change to better support C4C and the other PSBs to deliver their obligations. C4C's engagement with us on this wider review has been welcome, including discussions on your Future 4 strategy and how you see its implementation strengthening C4C's mandate in the coming years as the business is reshaped to prioritise online delivery.

Turning to our review of the 2020 Statement, due to the major disruption caused by the COVID-19 pandemic, it was a year without precedent. Our findings must be seen in the context of how C4C has responded to the impact of the pandemic and looked to continue how to best serve audiences and support the creative sector.

In this context, we recognise the swift action C4C took to absorb the shock to its revenues at the start of the year. While not something it would have been easy to do, taking quick decisions on where to make cuts put C4C in a position where it could continue to deliver its remit. C4C's response to the crisis demonstrated the flexibility and resilience of the Corporation's business model.

Financial decisions C4C took in the initial months of 2020 to protect the sustainability of the business, notably taking £150m out of the content budget, inevitably had a major impact on your creative plans for the year. As you will be aware, both the investment in and volume of first-run originated content dropped significantly, and this had clear knock-on effects for both C4C's creative offer to audiences and for producers heavily dependent on C4C commissions. The suspension of productions as result of the pandemic also had a significant impact on C4C's original plans to deliver its remit last year. Having to push back key commissions and coverage of certain events to 2021

reduced C4C's ability to promote diverse voices and perspectives, as well as to experiment and take creative risks. These delayed commissions included *It's A Sin,* Russell T Davies' powerful drama about the AIDs crisis in 1980s Britain. I also know of the extensive planning that had gone into C4C's coverage of the Tokyo Paralympic Games, now delayed until later this summer.

Despite these challenges, we consider that in many ways C4C's response to COVID-19 still allowed it to deliver well against its remit and content duties. The annex attached to this letter provides more detail, but we note the following in particular:

- C4C worked closely with producers to maintain a creative and informative offer for audiences; putting new programmes on screen quickly, with lower budgets. Innovative content commissioned as part of C4C's 'Stay at Home Academy' strand proved popular with audiences and the documentaries relating to the pandemic helped keep people informed in uncertain times.
- C4C's news and current affairs output performed very strongly both on linear TV and online, including on social media. Importantly, *Channel 4 News* continued to engage younger and more diverse audiences who other broadcasters find it more difficult to reach.
- To lessen the impact of the drop in production spend, C4C took targeted action to maintain
  its support to the sector, including through ringfencing half of origination and development
  funding for small production companies, those based in the nations and regions, and those
  led by people from a black, Asian or ethnic minority background. C4C also protected the
  proportion of spend going to producers based in the nations and regions. It met and
  surpassed Ofcom quotas in this respect.
- Beyond the quotas, as a publisher-broadcaster C4C plays a unique role within the UK's creative economy. This will become even more important as the UK recovers following the pandemic. The 4 All UK plans to build strong creative hubs outside London continued to progress well despite the pandemic. Around 250 staff are now based in the Leeds, Bristol and Glasgow offices including senior commissioners. The launch of the Emerging Indie Fund is also a positive development to help support the growth of new and emerging producers based outside London. Local producers we have spoken to were also encouraged by C4C's actions, during a very difficult year, to provide greater access to creative decision-makers through virtual briefings and virtual conferences.

Both Channel 4 and All 4 proved a big draw to audiences over the last year. Large numbers of people turned to the main channel and the on-demand player to watch both established and new titles. Channel 4 grew its share of all audiences — particularly amongst 16-34 year olds. All 4's record year on year growth reflects the acceleration of viewing to streaming services. C4C also made more series available as box sets in response to viewer preferences for how they want to watch content ondemand.

In view of changing consumption habits, we recognise the progress made last year in terms of digital innovation and putting more content on the platforms younger audiences are using. However, we do have some concerns about where and how C4C's youngest audiences fit into these plans. Both spend on, and volume of, linear content that appeals to older children and educational content for

14-19 years olds dropped back again last year following a similar decline in 2019. C4C's planned online content strand for teenagers has also still to launch, having been delayed until 2021 due to the pandemic. We recognise that these are far from ordinary times and C4C has had to take tough decisions on where to prioritise investment. However, connecting with these hard-to-reach audiences is fundamental to C4C's duties and we would like to see a clear strategy around the approach to investing in a high-quality offer for children and teenagers. While E4's target audience goes beyond teenagers, C4C's strategy to boost the appeal of the youth-skewing channel has been particularly impacted by the pandemic. We are also keen to understand C4C's ambitions for E4, and the role you see its distinctive brand playing in delivering the Corporation's content duties as the strategic priority moves to online delivery.

The launch of digital content unit, 4Studio, in June has provided a strong focal point for C4C's online innovation and we commend the work underway to better understand how audiences are engaging with C4C content online. Partnerships like the one formed with Snapchat, where C4C provides shortform content specifically tailored to users of that platform, are the type of approaches the PSBs need to consider if they are to reach wider audiences online and compete with global players.

As the PSB with the youngest audience profile, C4C should be at the forefront of responding to changing viewing habits. The Future4 strategy sets out C4C's ambitions clearly in this respect. This strategy chimes with many of the areas we highlighted in our *Small Screen: Big Debate* consultation, including the importance of forming strategic partnerships with other companies to address the challenges of audience fragmentation and increased competition.

We look forward to continuing working with you and your team on these issues and we welcome your thoughts on any of the questions raised in this letter.

I am copying this letter and annex to the Secretary of State for Digital, Culture, Media and Sport and the Chairs of the House of Commons Select Committee for Digital, Culture, Media and Sport, and the House of Lords Select Committee for Communications and Digital. We also intend to publish both documents on our website.

**MELANIE DAWES** 

# Annex 1: Channel 4 Corporation's performance in delivering its remit and content duties in 2020

#### **Financial Performance**

2020 was an exceptionally challenging year. The outbreak of the COVID-19 pandemic and government restrictions to mitigate its impact, including recurrent lockdowns and social distancing requirements, resulted in major disruption to many aspects of national life. The broadcast and media industry, like every other sector, felt the negative impact of the virus particularly when it came to advertising revenues and plans for production and investment.

C4C occupies a unique position in the UK media industry, as a not-for-profit public service broadcaster, that is publicly owned and commercially funded. C4C is also different from the other PSBs in that it has been established as a publisher-broadcaster, meaning that it commissions all of its content from external producers rather than through its own production arm. This model supports the growth and sustainability of the UK production sector and means the profit generated by C4C's commercial activities is directly reinvested back into the delivery of its remit. However, it also means C4C relies heavily on advertising for revenues and is particularly vulnerable to volatility in the advertising market. C4C also has more limited access to liquidity than the commercial PSBs.<sup>1</sup>

Over April and May 2020, C4C experienced a severe drop of around 50% in its television advertising revenues. In our response to C4C's 2019 Statement of Media Content Policy last year, we recognised the action C4C took to absorb this financial shock and to put itself in a position where it could continue to deliver its remit and content duties. This included a package of cost-cutting measures most notably, in terms of on-screen impact, an immediate reduction of £150m in the content budget for 2020. C4C reports that it was able to make these adjustments to its cost base quickly due to its operating model, with low fixed overheads and its most significant outgoings being variable costs such as commissioning spend.

A combination of these financial measures as well as recovery in the advertising market in the late summer and autumn meant C4C was sufficiently confident in its financial position to put £11m back into the content budget towards the end of the year, allowing more new shows to broadcast in the last quarter. Overall, C4C spent £522m on content in 2020, down from £660m in 2019. Turning to revenues, despite the difficult trading conditions, these remained resilient across the year. Total revenues amounted to £934m, a 5% decline year on year. Digital advertising revenue grew by 11% to £161m and now makes up 17% of total C4C revenue. A stronger balance sheet than might have been anticipated at the start of the year helped C4C generate a significant surplus of £74m.

On the basis of this financial performance, C4C has expressed confidence that its creative strategy and investment plans for 2021 and beyond, including its out of London plans, remain on track. C4C's 'Future4' strategy focuses on growing its online and social media platforms, with targets for 30% of

<sup>&</sup>lt;sup>1</sup> Under the Communications Act 2003, there is a £200m limit on the borrowing that the Channel Four Television Corporation is allowed to undertake.

total revenues to come from digital advertising by 2025, and 10% to come from non-advertising sources over the same time frame.

The financial outlook remains uncertain however. The disruption caused by the pandemic will persist for some time and the pace of change in the advertising market, from TV to online, could accelerate further. Other risks to C4C's sustainability also continue to grow including the intensifying competition from global companies such as Amazon and Netflix.

# TV viewing performance

The fallout from the pandemic also had a significant impact on television viewing performance in 2020. The 'lockdown effect' and the various stay-at-home orders imposed by the Government prompted a surge in TV viewing. In the initial months of the outbreak, C4C and the other PSBs benefited from significant increases in broadcast TV viewing, driven by increased audiences to news and current affairs. But as the year progressed and the social restrictions eased, broadcast viewing declined from its peak although levels remained higher than in 2019. The growth in viewing of online video accelerated, in large part due to a sustained increase in audiences to subscription video-on-demand (SVoD) services.

We agree with C4C's own assessment that the overall net impact of these external factors was mostly positive in terms of its viewing performance in 2020. In terms of broadcast, average weekly reach to the main channel, Channel 4², increased to 39.5%, up from 38.9% in 2019 and its share of viewing followed a similar pattern (5%, up from 4.7% in 2019). Notably, the growth in the main channel's viewing share was greatest amongst younger audiences with 16-34 year olds' share increasing to 7.2%, up from 6.5% in 2019. In peak time on the main channel, share amongst 16-34s increased to 9.3%, 1.3 percentage points higher than the previous year. Channel 4's viewing share amongst audiences from black, Asian and minority ethnic backgrounds also rose to 4.3%.

The performance of C4C's portfolio channels<sup>3</sup> generally held up well in 2020 with little year-on-year variations in both their performance in reaching all audiences and in their viewing share. As the largest of these channels, E4 plays a pivotal role in attracting younger audiences to C4C and in developing creative talent and taking risks with new ideas. The channel has been under pressure in recent years as the competition for younger audiences has intensified and 2020 proved particularly challenging. Disruption to the production sector resulted in a reduced volume of *Hollyoaks* episodes, a linchpin of the E4 schedule, and there were no new episodes shown of the popular US acquisition *The Big Bang Theory*. While overall reach and share to E4<sup>4</sup> held steady at 12.0% and 1.5% respectively, both metrics slipped significantly among the key 16-34 demographic (reach fell from

<sup>&</sup>lt;sup>2</sup> BARB (excluding C4 +1). Average weekly reach % is for 15+ minutes of consecutive viewing. Ofcom analysis of Channel 4's performance excludes Channel 4+1. This differs from the methodological approach taken by C4C for its statement, where its figures for Channel 4 include Channel 4+1.

<sup>&</sup>lt;sup>3</sup> E4, More4, Film4, 4seven and The Box Plus Network, including 4Music.

<sup>&</sup>lt;sup>4</sup> BARB (including E4 +1). Average weekly reach % is for 15+ minutes of consecutive viewing.

15% in 2019 to 12.6% in 2020, and share declined from 4.7% to 3.9%). E4 also experienced a large drop in viewing amongst audiences from black, Asian and minority ethnic backgrounds.

Reflecting audience trends, a number of E4-branded titles performed well on All 4 during 2020. *Married at First Sight Australia* was a standout performer, and *Celebs Go Dating: The Mansion*, while not attracting large audiences to E4, did drive large volumes of on-demand viewing.

#### On-demand viewing performance

All 4 continues to benefit from the audience migration to on-demand services and the onset of lockdown drew more audiences to the player. C4C's strategic response to these trends included making more new TV series available as All 4 'box-sets' as well as investing in exclusive content. This action helped drive record viewing growth last year, with C4C's annual report showing that the number of programme views initiated through All 4-branded platforms<sup>5</sup> increased by 26% year on year to reach 1.25 billion. C4C reports that almost half of this viewing was from 16-34-year olds.

Much of this growth in All 4 viewing has been powered by archive content of Channel 4 originations, including shows such as *Friday Night Dinner, The Inbetweeners* and *Scrubs,* and acquisitions such as *ER, The West Wing, Married at First Sight Australia* and *Buffy the Vampire Slayer* have driven viewing to 'exclusive' content. Many of these titles had their original UK transmission on C4C's channels so there is a connection with the C4C brand. Increasing the number of box-sets and targeted acquisitions available on All 4 are key parts of C4C's strategy to accelerate online growth. An equally important part of this strategy will be the steps C4C takes to support audiences to find and discover a range of new, original and 'remit-defining' content when using All 4.

C4C also reports there are now 24m viewers registered on All 4, including 80% of all 16-24-year-olds and 16-34-year-olds in the UK, making it the youngest-profiling UK PSB streaming service. All 4 was also named 'Best On Demand TV Service' at the 2020 Edinburgh TV Festival Awards. Industry survey data allows for comparisons with the performance of other streaming services in the UK<sup>6</sup>. According to this data, in 2020 All 4 had the third highest weekly reach (11%) of the PSB players behind the BBC iPlayer (30%) and ITV hub/STV player (13%).

# Channel 4 Corporation's performance in delivering its remit and content duties in 2020

### Investment in originated content

The reduction in C4C's content budget and the problems with production led to a significant reduction in the investment in, and volume of, first-run originated content last year. C4C's total spend on originated content across TV and online declined by 25%, from £492m in 2019 to £370m in 2020. £337m (91% of the total) was spent on Channel 4, a 23% drop when compared to 2019.

<sup>&</sup>lt;sup>5</sup> include PCs, smartphones, tablets, games consoles and connected TVs.

<sup>&</sup>lt;sup>6</sup> Data from Touchpoints 2020.

The volume of first-run originations across the TV channels fell by 20% year-on-year. C4C report this was the lowest level since this metric was first reported in 2008. Hours on Channel 4 fell by 17% while those on the portfolio channels were down by 46%. The relative mix of output on the main channel was also affected. Total originations (first-run and repeats) comprised 79% of peak-time output on Channel 4, above Ofcom's 70% licence requirement, but first-run originations made up 65%, nine points below 2019's figure, and repeats accounted for 14%, up by four points year-on-year.

The breakdown of originated content spend and hours by genre broadly reflected the overall declines, although C4C prioritised investment in news and current affairs content to help people stay informed about developments in relation to the pandemic. Spending on news increased last year and spend on current affairs saw a smaller relative drop than other genres. While spend on factual content dropped substantially, the number of hours of factual programmes broadcast remained relatively high. Many of those commissions were lower budget documentaries that examined the impact of the pandemic.

#### Delivery of remit and content duties

Our review of C4C's performance in delivering its duties in 2020 must be seen in the context of the unprecedented challenges the broadcaster faced last year and how it responded to these. As well as considering C4C's response to the pandemic, we concentrate below on prominent areas of C4C's remit and content duties (which are summarised at the end of this annex).

# COVID-19 response

As our assessment of C4C's 2019 performance was published in October last year, we also considered C4C's immediate response to the pandemic in that response. We concluded that in many ways C4C delivered well against its content duties in those initial months. C4C commissioners worked with producers to maintain both a creative and informative offer for audiences. C4C's 'Stay At Home Academy' strand of programming offered audiences innovative commissions such as *Grayson's Art Club* and *Jamie: Keep Cooking and Carry On.* COVID-19 documentaries were also produced at pace.

Despite the reduction in the content budget due to Covid-19, across the year, there was a rise in the number of new and one-off programmes shown on Channel 4. Much of this content was either about the pandemic, or in direct response to it. C4C also provided a record volume of news programmes in peak-time and regularly extended the evening bulletin to provide greater coverage of the pandemic. Both Ofcom's audience research and C4C's own surveys demonstrated the value of this content in keeping the UK informed in uncertain times. Research we undertook during the first lockdown found that, along with the BBC and ITV, Channel 4 was rated as a trusted source of news and information by more than eight in ten people.

C4C also used its reach with audiences to deliver important public health messages. It launched a digital on-screen graphic across all its services urging the audience to 'Stay at Home' and later in the year to 'Stay Safe'. C4C reports this message reached 79% of the UK population. It also launched an

irreverent 'We Need Your Buttocks' campaign to promote the stay at home message using popular C4C presenters and actors.

#### Appealing to a culturally diverse society

C4C reports that commissioning COVID-related content to replace productions that were planned for 2020 meant it could not deliver on other important areas of its remit in the way that it would have wished. C4C's plans to promote diverse voices and perspectives were significantly affected by the pandemic with important commissions such as *It's A Sin*, about the AIDs crisis in 1980s Britain, and long-planned centrepiece coverage of the summer Paralympic Games in Tokyo pushed back to 2021. Overall, C4C report the total volume of first-run originations specifically commissioned to cover diversity issues on the main channel was down by 34% compared to 2019. C4C reports that, as much of the 'replacement' content focused on COVID-related issues, this could have contributed to some decline in the its reputational scores, which it tracks through annual audience surveys, particularly on how it is delivering on its remit to be distinctive and experimental.

Several commissions broadcast in 2020 showed C4C's strong commitment to reflecting the diversity of the UK and giving a platform to underrepresented voices. Examples include the series of short original films under the title *Take Your Knee Off My Neck*, the award-winning documentary *The School That Tried To End Racism*, which attracted a significant viewing share amongst 10-15 year olds, and the popular talk show *the Last Leg: Locked Down Under*.

#### News and Current Affairs

Across the year, the very strong viewing performance of C4C's news output demonstrated the important role it continues to play in the UK news market, especially in serving a younger and more diverse audience relative to other broadcasters. In 2020, as more people spent time at home and wanted the latest information and analysis, C4C reports that an average of 9.8 million people watched *Channel 4 News* every month, a significant increase of 25% on 2019. C4C also report that the flagship evening news programme recorded a substantial 14% increase in viewing share. Share also increased year on year amongst 16-34-year-olds and audiences from black, Asian or minority ethnic backgrounds.

According to C4C's survey data, audiences continue to perceive *Channel 4 News* as the most highly regarded PSB news provider in terms of its perceived independence from the government and from the influence of big businesses. C4C's flagship current affairs programmes *Unreported World* and *Dispatches* also continue to perform well against audience expectations.

Social media is now a major news source, particularly for younger people and C4C has responded well to this shift by taking its news and current affairs output online and to social media. It has established a large user base across the main social platforms (Facebook, YouTube, Twitter, Instagram and Snapchat). Channel 4 News' presence on YouTube experienced particularly strong growth in 2020. C4C report viewing of its news videos on the platform increased by 50% year on year to 280m.

Working with producers and the creative sector across the UK

One of the main ways that C4C delivers on its commitment to providing content which appeals to a culturally diverse society is through working with a range of different producers across the UK Sourcing content from a diverse supply base is also an important way to support the growth of smaller independent producers and to help get innovative ideas on screen.

The cuts to C4C's content budget severely impacted producers it worked with last year. Total investment in first-run originations from suppliers across C4C's TV channels was £356m, a 26% decline compared to 2019. C4C took action where it felt it could to maintain its support to the sector including through ringfencing half of remaining origination and development funds for smaller companies, those in the nations and regions, and companies led by people from a black, Asian or ethnic minority background. C4C also protected the proportion of spend going to producers outside London. Compared with 2019, C4C devoted a greater proportion of both its main channel budget for first-run originations (47%, up from 46% in 2019), and volume of output (58%, up from 54% in 2019), to producers based in the nations and regions. This performance exceeds Ofcom's 35% licence quotas. The spend figure also represents a record proportion going outside London and shows C4C remains on track to deliver on its commitment to increase this proportion to 50% by 2023.

In 2020, Ofcom's increased licence quota of 9% for the proportions of volume and spend on first-run originations on the main channel to be made in Scotland, Wales and Northern Ireland came into force. Despite the challenges caused by the pandemic, the proportion of hours of such content increased to 12%, a one percentage point increase on 2019 and three percentage points more than the Ofcom quota. Looking at the individual nations, Scotland accounted for 6% of these commissions, Wales 4% and Northern Ireland 2%<sup>7</sup>. Turning to spend, 9% of the total budget for first-run originated programmes on the main channel was spent on commissions outside of England, one percentage point up on the 2019 figure and level with the new Ofcom quota. This comprised 6% spent in Scotland, 2% in Wales and 1% in Northern Ireland.

C4C worked with the same number of TV, film and digital media producers as it did in 2019, although there was a slight decline in the number of independent TV producers commissioned. 37 companies were new suppliers, 6 fewer than in 2019 representing a decline of 14%. We recognise this has been an exceptional year but, in anticipation of a return to a more stable commissioning cycle, it is important that C4C continues to build relationships with new producers to fulfil its media content duties effectively.

C4C's 4 All UK plans to move to a multi-site operating model and build strong creative hubs outside London continued to progress in 2020. C4C reports it now has over 250 employees working in the Leeds, Bristol and Glasgow bases and aims to increase this to more than 300 by the end of 2021. Senior Commissioners now based outside London include the Head of Features & Daytime based in Glasgow, and the Head of Drama and Head of Sport based in Leeds. 2020 also saw the opening of C4C's new Leeds-based digital business, 4Studio.

C4C has also looked at how it targets funding to support small and emerging producers across the UK. To replace the previous Alpha Fund, C4C launched the Emerging Indie Fund last year. This fund is

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<sup>&</sup>lt;sup>7</sup> These figures are rounded.

designed to help support the growth of small or new producers outside of London by providing development funding and advice. The long-standing Indie Growth Fund, which comprises equity stakes in smaller companies, has also been refocused as part of the 4 All the UK strategy to prioritise production companies in the nations and regions.

Having C4C's key creative decision makers in the nations and regions provides increased opportunities for local producers and other locally based creative partners to build close relationships with C4C without needing to travel to London. Producers and other stakeholders we have spoken to were positive about the steps C4C has taken to decentralise decision-making and open up access. In particular, virtual commissioning briefings, virtual pitching and video conferencing have all facilitated closer engagement. For example, a four-week virtual training programme that C4C hosted in conjunction with the National Film and Television School (specifically aimed at independent producers and freelancers outside of London) was well received, as was the launch of 4 Skills, C4C's new training and development programme designed to give opportunities in the broadcast industry for people from a range of backgrounds across the UK. We would hope that the positive lessons learned over the course of last year in respect of industry engagement become part of C4C's 'business as usual' operations.

### Engaging younger audiences

In a year when people sought out trusted news and entertainment from the main PSB channels, Channel 4 performed strongly amongst younger and older viewers alike. However, the general trend is one of audiences, and younger audiences in particular, turning away from broadcast TV to online and on-demand services. Over a five year period, Channel 4's reach among key youth audience groups (16-24 and 25-34) has dropped (from 34.9% and 45.1% respectively in 2015, to 20.5% and 33.6% respectively in 2020)<sup>8</sup>. This presents an acute challenge for C4C.

A key element of C4C's 'Future 4' strategy is to enhance its means of reaching younger audiences wherever they are watching content. This strategy aligns well with the delivery of C4C's wider duties to encourage innovation in the way its content is distributed. Last year, C4C made further strides in this area. C4C's digital content unit, 4Studio, launched in June 2020 and during the year it started to build partnerships with major social platforms such as Snap Inc to stream short form edits of Channel 4 content. C4C is also building up a more holistic understanding of the impact on audiences of the content it publishes on social media. It is looking to make this data more central to its assessment of audience reach and engagement.

C4C's duty to provide content that appeals to older children and teenagers is an area of its remit we monitor closely. C4C's linear strategy has been to cater for these audience through programmes in peak-time, pre-watershed slots on the main channel. C4C spent £1m on originated and acquired programmes aimed at children aged 10-14 years old in 2020, compared with £6m in 2019. It spent £4m on educational programmes aimed at 14-19 year olds compared to £11m in 2019. Hours of first-run originations in the two genres were also down significantly. This follows year-on-year declines in spend and volume in 2019, which we highlighted in our last response. C4C's new online

<sup>&</sup>lt;sup>8</sup> BARB (Excluding C4+1)

content strand for teenagers, to be distributed on YouTube and other social media, has still to launch having been delayed until 2021 due to the pandemic. We recognise that these are not ordinary times but we consider that C4C needs to give greater attention to its investment in high-quality content for children and teenagers.

In summary, we consider that in many respects C4C has performed well against its remit and content duties over the last year considering the challenges posed by COVID-19. Despite the impact of the pandemic, C4C delivered against all its quotas for 2020, and the forecast for 2021 is also positive. However, we will not know the full extent of the impact of the pandemic on C4C's operations for some time yet. Our wider review of public service media has highlighted that the risks to the delivery of the remits of all the PSBs are growing, given the pace and scale of change in the market and in audience behaviours. Whilst managing the COVID-19 crisis has been the priority throughout 2020 and early 2021, it is important that we continue to engage with C4C as to how it should best deliver its obligations in the medium to long term.

# C4C's Public Service Remit and Media Content Duties

PSB Remit (section 265(3) of the Communications Act 2003) – applies to main channel

The public service remit for Channel 4 is the provision of a broad range of high quality and diverse programming which, in particular—

- a) demonstrates innovation, experiment and creativity in the form and content of programmes;
- b) appeals to the tastes and interests of a culturally diverse society;
- makes a significant contribution to meeting the need for the licensed public service channels to include programmes of an educational nature and other programmes of educative value; and
- d) exhibits a distinctive character.

#### Media Content Duties (section 198A of the Communications Act 2003) – applies to all services

- 1. C4C must participate in
  - a) the making of a broad range of relevant media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society,
  - b) the making of high quality films intended to be shown to the general public at the cinema in the United Kingdom, and
  - c) the broadcasting and distribution of such content and films.
- 2. C4C must, in particular, participate in
  - a) the making of relevant media content that consists of news and current affairs,
  - b) the making of relevant content that appeals to the tastes and interests of older children and young adults,
  - c) the broadcasting or distribution by means of electronic communications networks of feature films that reflect cultural activity in the United Kingdom (including third party films), and
  - d) the broadcasting or distribution of relevant media content by means of a range of different types of electronic communications networks.
- 3. In performing their duties under 1) and 2) C4C must:
  - a) promote measures intended to secure that people are well-informed and motivated to participate in society in a variety of ways; and
  - b) contribute towards the fulfilment of the public service objectives (as defined in section 264A of the Communications Act 2003)
- 4. In performing their duties under 1) to 3) C4C must
  - a) support the development of people with creative talent, in particular
    - i) people at the beginning of their careers in relevant media content or films, and
    - ii) people involved in the making of innovative content and films

- support and stimulate well-informed debate on a wide range of issues, including by providing access to information and views from around the world and by challenging established views,
- c) promote alternative views and new perspectives, and
- d) provide access to material that is intended to inspire people to make changes in their lives.
- 5. In performing those duties C4C must have regard to the desirability of
  - a) working with cultural organisations,
  - b) encouraging innovation in the means by which relevant media content is broadcast or distributed, and
  - c) promoting access to and awareness of services provided in digital form.