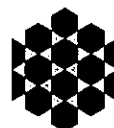


From the Office of the Minister



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4 February 2014

To whom it may concern

### **Renewal of the Channel 4 Licence: Out of England Quota**

I welcome the opportunity to comment and provide further evidence in relation to OFCOM's proposals regarding the 'Out of England' quota to be included within the renewed Channel 4 Licence.

As I set out in my original submission, the proposal to increase the 'Out of England' quota from 3% as stipulated in the existing Channel 4 licence is to be welcomed. However, given that over 60% of the responses to last year's public consultation on the Renewal of the Channel 4 licence suggested variations to this proposal, I am disappointed that OFCOM continues to endorse the proposal set out by the Channel 4 Corporation (C4C).

I would question the perceived commercial risks to Channel 4 as a result of a production quota that would exceed 9%. C4C acknowledges very clearly that there is no evidence that companies in the devolved Nations are less capable of producing programmes of creative quality or commercial performance for the organisation. While C4C asserts that there are too few companies with which it could work in Northern Ireland, I am aware of at least 6 indigenous companies who have delivered successfully to C4C before. There is also no impediment on any production company setting up offices in Northern Ireland and competing for C4C commissions from such a base. I would question C4C's analysis of sectoral abilities in the devolved Nations. The fact that C4C chooses not to commission content from Northern Ireland based producers, is not in its self evidence that the necessary production base does not exist.

Indeed, the fact that Northern Ireland has secured the production of HBO's Game of Thrones, which has gone on to 4 successful seasons, bringing many spill over benefits to the local screen industry, is evidence of Northern Ireland having the experience and skills base necessary to produce high quality, commercially viable television drama. It should be noted that any one Game of Thrones season would have comfortably

passed OFCOM's regional quota test. In addition, it should be recorded that the production volumes delivered by the Northern Ireland animation sector would easily surpass any regional quota placed on C4C. This sector in Northern Ireland is driven by international sales rather than UK Public Service Broadcasting commissions and highlights the quality and commercial viability of the Northern Ireland offering.

The consultation paper also suggests that an 'Out of England' quota in excess of 9% would pose a threat to Channel 4's public service remit and its ability to drive innovation, distinctiveness and cultural diversity. I would contend that companies based in Northern Ireland are just as capable of delivering on these criteria as any production company based elsewhere in the UK.

A number of recent examples stand out to support this point. Waddell Media delivered a *4Thought* strand for Channel 4 which was innovative, distinctive, culturally diverse and from Northern Ireland. It also many years ago, invented a new style of programming that embraced hearing impaired children and young people in a series called *The Vibe* for Channel 4. Double Band's recent documentary for Channel 4, *Queen Victoria and the crippled Kaiser* was also culturally diverse, addressing the history of disability in an innovative way. In addition, Flickerpix's recent idents for the Paralympics were also innovative and distinctive. Even this short list of projects illustrates that content from Northern Ireland is more than capable of delivering Channel 4's public service obligation to be innovative, distinctive and culturally diverse.

Another argument put forward to justify limiting any 'Out of England' quota to just 9% was the offer that C4C would seek to exceed any quota annually. Existing arrangements for BBC production within the Nations was put forward as a rationale for this approach. It is a further source of disappointment that the BBC's targets in relation to the Nations of the UK are not enforceable. I would contend that a regulated obligation from OFCOM, would be a more effective incentive to Channel 4 than any voluntary target that might be reached.

I was also disappointed by OFCOM's decision to adopt C4C's proposal to delay the introduction of any quota until 2020. Given that current Channel 4 'Out of England' production is approximately at 7% by volume and 5.4% by spend, the evidence would appear to suggest that 9% of Channel 4 production could be delivered 'Out of England' before 2020 without any particular difficulty. Should OFCOM decide to persist with a 9% 'Out of England' target, I would encourage the establishment of annual milestone targets to ensure gradual progress to a 9% quota. Such an approach would help to build the supply side of the production market by helping producers to understand Channel 4's particular editorial requirements.

Finally, the reasons set out for increasing the 'Out of England' quota, is to support the development of a range of strong production centres across the UK and in so doing, to contribute to the cultural diversity of the content broadcast on Channel 4. The proposal not to introduce sub-quotas for each of the devolved Nations would appear to be inconsistent with these objectives. Northern Ireland, Scotland and Wales provide, at the very least, 3 distinct perspectives. The absence of any 'Out of England' sub

quotas allows for the possibility that only a single 'Out of England' production centre of any significant strength will develop and only one distinct cultural voice is heard.

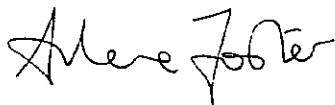
While not wishing to undermine the need for sub-quotas in relation to Scotland and Wales, I would argue that the need for sub-regional quotas is most acute in Northern Ireland. Scotland hosts a permanent Channel 4 presence and has benefited considerably from recent increases in Channel 4 commissioning. Wales has also seen an increase in Channel 4 commissioning of late and also, more significantly, has the benefit of S4C. In contrast, Northern Ireland has experienced extremely limited benefit from UK PSB commissions.

In conclusion, I am disappointed that OFCOM appears to be favouring Channel 4's proposal to set the 'Out of England' quota at 9%. I am equally disappointed that the date for achieving this target has been set for 2020 and that there are currently no proposals to introduce sub-quotas for each of the devolved nations of the UK.

Such a position does not appear to adequately reflect the views of key stakeholders, particularly those drawn from the devolved nations, including those from Northern Ireland. With only 15% of the responses to the original consultation supporting Channel 4's proposal, I would encourage OFCOM to revisit their preferred position and include, within the next Channel 4 licence, an 'Out of England' production quota of 17% to reflect the population share of the devolved nations; key milestones to help build the producer base in the devolved nations in a sustainable way and the introduction of sub-quotas to ensure 'Out of England' production is encouraged in all 3 devolved nations.

I am copying this correspondence to the First & deputy First Ministers of Northern Ireland, the Minister for Culture, Arts & Leisure, Richard Williams (CEO of NI Screen) and to Jonathon Rose (Director of OFCOM NI).

Yours sincerely



**ARLENE FOSTER MLA**

Minister of Enterprise, Trade and Investment