Channel 4 Licence Renewal

Consultation on Channel 4's Made outside England quotas

Consultation

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Contents

Section

Annex

1. Overview

1.1 The current Channel 4 licence will expire on 31 December 2024. Ofcom is responsible for setting the duration and conditions of a new licence for the Channel 4 Television Corporation (C4C) to provide the public service channel, Channel 4.

1.2 We consulted on our proposals for the renewed Channel 4 licence in December 2023 (the 'December consultation'). The proposals aimed to strike a balance between allowing C4C greater flexibility in the future to develop its content and distribution strategy in support of its digital transformation, while continuing to secure its investment in distinctive UK content and the delivery of the core elements of its linear output on Channel 4. Having considered responses to that consultation, we are now consulting on a revised proposal for Channel 4's Made outside England ('MoE') quotas for hours and spend.

1.3 We have not yet reached decisions on any of the proposals made in the December consultation. We will publish a statement concluding on the duration and conditions of the renewed Channel 4 licence in the autumn.

What we are proposing – in brief

- We are proposing to **increase the requirements on Channel 4** in relation to programme production in the UK outside of England from 2030.
- We are proposing **that, from 2030, in each calendar year at least 12% of the hours** of programmes made in the UK for viewing on the Channel 4 service must be produced outside England, and **at least 12% of the expenditure on programmes** made in the UK for viewing on the service must be allocated to the production of programmes outside England and using production centres in Scotland, Wales and Northern Ireland.
- We propose to require that C4C **set out annually its strategy for commissioning** in Scotland, Wales and Northern Ireland over the coming year, and how it has delivered its strategy for the previous year, to ensure transparency and accountability to its key stakeholders.

2. Introduction

Background to this consultation

2.1 The current licence for Channel 4 expires at the end of 2024. Under section 231 of the Communications Act 2003 ('the Act'), Ofcom has the power to renew the Channel 4 licence for a further period. In doing so, Ofcom must:

- set the licence conditions that Ofcom "consider appropriate";
- determine the length of the renewed licence, which may run "for such period as Ofcom may think fit".

2.2 On 6 December 2023 Ofcom published a consultation on renewal of the Channel 4 licence. The consultation period closed on 14 February 2024. Ofcom received 22 responses to the consultation; the non-confidential responses have been published on our website. We received a number of additional representations from stakeholders after the consultation period had closed. Further, a number of Peers shared their position on the proposals during the Media Bill's passage through the House of Lords, which we have taken into account.

2.3 Many of the responses we received focused on our proposal to retain Channel 4's regional production quotas at their current level. In the December consultation we set out that we proposed to retain the Made Outside London ('MoL') quotas at 35% of hours and spend and the MoE quotas at 9% of hours and spend. Generally, stakeholders considered that these quotas should be raised to 50% and 16% respectively, with some arguing for the introduction of sub-quotas for each of the nations.[1] We discuss stakeholders' views on options for the MoE quotas in section 4.

2.4 Since publishing the December consultation, we have engaged extensively with stakeholders on these points. We have also asked C4C for further information in relation to its previous submissions to us on nations and regions production, as well as updated financial information, which it has provided (C4C's 'April information request response'). During this process, C4C has revised its initial view that the current MoE quotas should be retained for the whole of the next licence period and suggested that it could meet MoE quota levels of 12% of hours and spend by 2030. It has provided a submission (C4C's 'May 2024 submission') explaining why it considers that this increase is appropriate and deliverable. At our request, it subsequently provided further analysis and evidence to support this (C4C's 'June 2024 submission' and C4C's 'July information request response').

2.5 Having carefully considered the responses to the December consultation, the additional information provided by C4C and its new suggestion, we are now proposing to increase Channel 4's MoE quotas to 12% of hours and spend from 2030.

2.6 We take account of the interaction between the proposal for the MoE quotas in this consultation and the proposal for the MoL quotas that we set out in the December consultation and address this where relevant. We will consider any new representations raising points about our December proposal for the MoL quotas in light of the proposal for the MoE quotas in this consultation.

[1] In this consultation, 'nations' refers to Scotland, Wales and Northern Ireland.

2.7 We are not consulting on new proposals for any other licence conditions or on the licence duration. Given the specific scope of this consultation, the consultation period will close on 16 August 2024. Following consideration of responses, we will issue a concluding statement on this and all other matters included in the December consultation, in the Autumn.

The impact of our proposals

2.8 Section 7 of the Act requires us to carry out and publish an assessment of the likely impact of implementing a proposal which would be likely to have a significant impact on businesses or the general public, or when there is a major change in Ofcom's activities.

2.9 More generally, impact assessments form part of good policymaking and we therefore expect to carry them out in relation to a large majority of our proposals. We use impact assessments to help us understand and assess the potential impact of our policy decisions before we make them. They also help us explain the policy decisions we have decided to take and why we consider those decisions best fulfil our applicable duties and objectives in the least intrusive way. Our impact assessment guidance sets out our general approach to how we assess and present the impact of our proposed decisions.

2.10 The relevant duties in relation to the proposal on which we are consulting are set out in sections 3 and 4.

2.11 Since May 2024, Ofcom has a new statutory duty to have regard to the desirability of promoting economic growth when exercising certain regulatory functions.[2] In performing this duty, Ofcom must consider the importance of the promotion of economic growth and ensure any regulatory action we take is necessary and proportionate.

2.12 As we explain more fully throughout this consultation, we have had regard to the impact of this proposal on the economies in each of the nations and we do not expect the increase in the MoE quota to have a significant negative impact on growth in the UK as a whole. While there may be some redistribution of economic benefit between different UK regions, we expect that the proposal to increase Channel 4's MoE quotas is likely to have a positive impact on the creative economies in the nations and could have a positive impact on representation and portrayal of audiences in those areas (see paragraph 4.63).

2.13 At the same time, we consider that our proposal provides C4C with sufficient flexibility to develop and realise its latest 'digital-first' strategy, *Fast Forward* (see paragraph 3.8 below) so that it can continue to deliver Channel 4's remit and its media content duties (see paragraphs 3.2-3.4 below) over the licence period.

2.14 Our detailed assessment of the impact of our proposal is set out in section 4.

Equality Impact Assessment

2.15 Section 149 of the Equality Act 2010 ('the 2010 Act') imposes a duty on Ofcom, when carrying out its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct related to the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership;

[2] Under section 108 of the Deregulation Act 2015. The Economic Growth (Regulatory Functions) (Amendment) Order 2024 applies the duty set out in section 108 to Ofcom.

pregnancy and maternity; race; religion or belief; sex and sexual orientation. The 2010 Act also requires Ofcom to have due regard to the need to advance equality of opportunity and foster good relations between persons who share specified protected characteristics and persons who do not.

2.16 Section 75 of the Northern Ireland Act 1998 ('the 1998 Act') also imposes a duty on Ofcom, when carrying out its functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and have regard to the desirability of promoting good relations across a range of categories outlined in the 1998 Act. Ofcom's Revised Northern Ireland Equality Scheme explains how we comply with our statutory duties under the 1998 Act.

2.17 To help us comply with our duties under the 2010 Act and the 1998 Act, we assess the impact of our proposals on persons sharing protected characteristics and, in particular, whether they may discriminate against such persons or impact on equality of opportunity or good relations.

2.18 When thinking about equality we also think more broadly about potential impacts on various groups of persons (see paragraph 4.7 of our impact assessment guidance). In particular, section 3(4) of the Act requires us to have regard to the needs and interests of specific groups of persons when performing our duties, as appear to us to be relevant in the circumstances. These include:

a) the vulnerability of children and of others whose circumstances appear to us to put them in need of special protection;
b) the needs of persons with disabilities, older persons and persons on low incomes; and
c) the different interests of persons in the different parts of the UK, of the different ethnic communities within the UK and of persons living in rural and in urban areas.

2.19 A number of stakeholders responded to the Equality Impact Assessment and Welsh Language Impact Assessment in the December consultation with concerns that our MoE proposal could have negative impacts on production companies and audiences in the nations.[3]

2.20 We consider that that our proposal to increase C4C's MoE quotas may have a positive impact on the creative economy in the nations. The proposals could also improve the way that the lives and concerns of different communities and their cultures and traditions are reflected and represented to viewers or citizens in the UK (as discussed at paragraph 4.63 below).

2.21 We note that it is also possible that increasing Channel 4's MoE quotas could mean that less production for Channel 4 occurs in the English regions or London, which may negatively impact the creative economy and audiences living in those areas.

2.22 We have assessed the impact of our proposals in more detail in section 4 of this document. We would welcome responses to our consultation on the potential impact on the identified groups and on ways in which we may be able to mitigate or eliminate this impact.

[3] Pact response to the December consultation, p.5; TAC response to the December consultation, p.2-4; Creative Wales response to the December consultation, p.1.

2.23 Ofcom can provide information in a variety of formats on request, e.g. accessible PDF, large print, easy read, audio recording or braille. If you let us know what information you require and in what format, we will consider the request and respond within 21 days and as soon as we are able.

> **Consultation question 1**:
>
> Do you agree with our assessment of the potential impact on specific groups of persons?
>
> Please provide reasons for your response, with any supporting evidence.

Welsh Language Impact Assessment

2.24 The Welsh Language (Wales) Measure 2011 established a legal framework to impose duties on certain organisations to comply with standards in relation to the Welsh language. We consider that the proposals set out in this consultation for the renewed Channel 4 licence will not have any impact on opportunities for persons to use the Welsh language, or on treating the Welsh language no less favourably than the English Language. C4C's remit does not include Welsh language programming (S4C is the Welsh language PSB service) and the Channel 4 licence does not include any Welsh language conditions.

> **Consultation question 2**:
>
> Do you agree with our Welsh language impact assessment?
>
> Please provide reasons for your response, with any supporting evidence.

About this document

2.25 The rest of this document comprises the following:

- Section 3 sets out the context in which we are renewing the Channel 4 licence and how this context has changed since we last renewed the licence.
- Section 4 sets out our proposals for a new MoE quota, including our analysis of the financial position in relation to a new MoE quota.

2.26 The supporting annexes offer guidance on how to respond to this consultation:

- Annex 1 – Responding to this consultation
- Annex 2 – Ofcom's consultation principles
- Annex 3 – Consultation coversheet
- Annex 4 – Consultation questions

3. Context in which we are renewing the licence

Channel 4's remit and obligations

3.1 C4C is a publicly owned, not-for-profit body, funded by commercial revenues. Its main channel, Channel 4, was launched in 1982 with the aim of extending the choice available to viewers, appealing to tastes and interests not generally catered for by other broadcasters, and so encouraging innovation and the development of the independent production sector. Since then, C4C has launched a range of portfolio channels[4] and a streaming service, referred to in this report as Channel 4 Streaming (previously All4).[5]

3.2 Channel 4 has a unique and specific public service remit and contributes to the overall purposes of public service broadcasting (PSB).[6] The Act envisages the collective fulfilment of the PSB purposes by the public service broadcasters (PSBs) to secure the objectives set out in section 264(6) of the Act. These include the provision of public service television services which, taken together: inform, educate, and entertain; reflect cultural activity in the UK and its diversity; and facilitate to an appropriate extent civic understanding and fair and well-informed debate on news and current affairs.

3.3 Channel 4's public service remit is to provide a broad range of high quality and diverse programming which, in particular: demonstrates innovation, experiment and creativity in the form and content of programmes; appeals to the tastes and interests of a culturally diverse society; makes a significant contribution to the need for public service channels to include educational programming; and exhibits a distinctive character.[7] Further specific obligations are set out in the broadcast licence for Channel 4.

3.4 C4C also has a range of statutory media content duties which it can deliver across any broadcast or online services,[8] including Channel 4 Streaming.[9] These include duties to:

a) make a broad range of high-quality content that appeals to the tastes and interests of a culturally diverse society;
b) provide news and current affairs;
c) provide content which appeals to older children and young adults;
d) make, broadcast and distribute high quality films, intended to be shown to UK audiences, and broadcast and distribute films (including third-party films) that reflect cultural activity in the UK to audiences;
e) support the development of people with creative talent;

[4] These include E4, E4 Extra, More4, Film4, and 4seven. They also include The Box, Box Upfront, 4Music, Kerrang, Kiss TV, and Magic TV, which C4C fully acquired in 2019.
[5] Webpage: Channel 4 brings iconic blocks back together for single brand streaming future.
[6] These purposes are set out in section 264(4) of the Communications Act 2003.
[7] Section 265(3) of the Act. The Channel 4 licence must include a condition requiring C4C to fulfil the public service remit for Channel 4.
[8] The relevant online services are on-demand programme services and other services provided by means of the internet where there is a person who exercises editorial control over the material included in the service.
[9] The media content duties are set out in section 198A of the Act.

f) promote alternative views and new perspectives;
g) promote measures intended to ensure that people are well-informed and motivated to participate in society; and
h) support and stimulate well-informed debate on a wide range of issues, including by providing information and views from around the world and by challenging established views.

3.5 The Media Act 2024, which received Royal Assent on 24 May 2024, enables changes to the way C4C delivers its obligations and to its operating model. It updates the PSB framework in a way that will support C4C in its digital transformation by allowing PSBs to deliver their public service remits across a broader range of services, including third-party online platforms. It also introduces a new regime to ensure the availability and prominence of live and on-demand PSB content on major smart TV platforms, complementing existing EPG (electronic programme guide) prominence rules. Furthermore, the Media Act removes the existing restriction on C4C making programmes for broadcast on Channel 4, known as the 'publisher-broadcaster restriction',[10] which has the potential to create a significant change to its operating model. When these provisions come into force, Ofcom will implement them as quickly as possible.[11]

Market Context

3.6 As we set out in the December consultation, the broadcasting landscape of 2024 is very different to that of 2014, when the Channel 4 licence was last renewed. Audiences (and particularly those in younger age groups) watch far less linear broadcast TV, turning increasingly to on-demand viewing. At the same time, PSBs face growing competition for audiences' attention from global streaming services such as Netflix, putting the sustainability of the UK's PSB system under pressure. In response to these changes, all of the PSBs are at various stages of the transition from a primarily linear delivery model to a digital-first one. C4C's core audience skews younger than the other PSBs' which means the need for it to deliver a successful digital transformation is even more pressing. It has been one of the first to articulate a clear strategy which prioritises digital growth over linear ratings. This is a core principle of its most recent strategy, *Fast Forward* (see paragraph 3.8 below).

3.7 All commercial PSBs are experiencing challenging macroeconomic conditions, reflecting a downturn in the TV advertising market following a post-covid rebound in 2021. Spend in the TV advertising market dropped 8.9% in 2023 to £4.9bn (from £5.38bn the previous year).[12] This was driven by a steep decline in spend on linear TV which decreased 13.6% in 2023 to £3.9bn. Broadcast-video-on-demand (BVoD) advertising spend grew to £979.6m, up 15.9% on 2022, continuing a trend of strong growth but still not offsetting falls in linear TV spend. C4C's current operating model, where it is predominantly reliant on advertising funding, means that it is particularly exposed to fluctuations in the advertising market. Since the December consultation, as part of its *Fast Forward* strategy, C4C is in the process of making

[10] The restriction is set out in section 295 of the Act and must be a condition of Channel 4's licence. It requires C4C not to be involved, except to such extent as Ofcom may allow, in the making of programmes to be broadcast on Channel 4.
[11] In February 2024 we published Media Bill: Ofcom's roadmap to regulation setting out our high-level plan for implementing the Media Act.
[12] AA/WARC and IAB UK.

some challenging decisions to reduce business costs and protect its sustainability, including staff redundancies (predominantly in London)[13] and, separately, it has decommissioned several series which were performing less well on-demand, such as *Steph's Packed Lunch*.[14]

The evolution of C4C's digital strategy

3.8 Since publication of the December consultation, C4C has launched its new strategy, *Fast Forward*. While its previous *Future 4* strategy (launched in November 2020) signalled C4C's shift in focus from traditional broadcasting to digital, the new strategy is intended to accelerate C4C's transformation into a digital-first PSB by 2030, which it says will ensure that it manages evolving audience viewing habits and stands out in an increasingly crowded wider market. The strategy has the following key pillars:

- Digital growth and transformation: including shifting investment to digital-first commissioning that performs well on its streaming service and focusing on fewer, more high-impact titles.
- Diversified new business: including exploring the potential of moving into intellectual property ownership and growing the subscription tier of its streaming service.
- Reengineering the business for a digital first world: including reducing headcount (predominantly in legacy operations), moving out of C4C's London base, and closing smaller linear channels.

3.9 As we set out in the December consultation, our approach to setting a new licence for the Channel 4 service aims to strike a balance between allowing C4C greater flexibility in support of its digital-first content and distribution strategy, while continuing to safeguard its investment in distinctive UK content for audiences and protect the delivery of the core elements of its linear output.[15]

3.10 In addition to Fast Forward, C4C also has the *4 All the UK* strategy, which aims to significantly boost jobs in the nations and regions through its regional hubs in Glasgow, Leeds, Manchester and Bristol and thereby better represent the UK. As part of this strategy, C4C set itself a voluntary target that by 2023 50% of spend on first-run originated content on Channel 4 would be commissioned from suppliers outside London. While Ofcom monitors and comments on C4C's delivery of its *4 All the UK* strategy, these are voluntary commitments on the part of C4C and we do not have an enforcement role.

Updated financial analysis

3.11 C4C made a submission to Ofcom setting out its requests for the new licence in May 2023 (C4C's 'May 2023 submission'), which included an estimated full year of costs and revenues for 2022 and figures from its three-year business plan for 2023 and 2024. Since then, C4C has reported the 2022 and 2023 actuals (costs, revenues and surplus/deficit) and updated its revenue and cost projections for 2024.[16]

[13] Webpage: Fast Forward strategy.
[14] Webpage: Channel 4 set to announce plan to axe almost 250 jobs.
[15] Webpage: Fast Forward strategy.
[16] C4C's April information request response, Annex 1.v.

3.12 The updated results for 2022 and 2023 combined show that C4C's revenues are in total 5% lower than originally forecast.

3.13 C4C has offset some of the revenue decline in 2022 and 2023 with a reduction in content spend. However, there is a limit to the level of reduction that is possible while it pursues a digital-first commissioning strategy which focuses investment on the types of high-impact and often high-cost programming that drive streaming growth, such as drama, premium factual, comedy and reality TV.

3.14 As a result, the expected surplus for the current licence period is expected to be approximately 30% lower than forecast in C4C's May 2023 submission.

3.15 C4C's *Fast Forward* strategy is designed to react to the shift that is taking place in TV viewing. It reflects the need to accelerate the diversification of revenue streams away from linear advertising. C4C's previous strategy, *Future4*, aimed to generate 30% of total revenues from digital advertising by 2025.[17] With *Fast Forward*, this target has been set for 30% in 2024, one year earlier, and 50% by 2030.[18]

3.16 In addition, in C4C's April information request response it set out the cost saving targets for the *Fast Forward* strategy (2024 to 2026), to support the redesign of the business for the digital transition. Our analysis indicates that if these cost savings are achieved then C4C will be able to support its short-term commissioning needs.

3.17 However, C4C's recent performance indicates that the long-term uncertainties concerning the balance of linear and digital revenue, and its financial sustainability, have not diminished. We consider that C4C needs to retain flexibility, particularly around commissioning decisions, to transform from being a predominantly linear to a digital-first broadcaster and to continue to deliver for audiences and secure its long-term sustainability.

[17] Webpage: [Future4 strategy](#).
[18] Webpage: [Fast Forward strategy](#).

4. New proposal for the Made outside England quotas

Statutory background

4.1 Section 264 of the Act provides for the objective that the PSBs together, "so far as they include programmes made in the United Kingdom, include what appears to OFCOM to be an appropriate range and proportion of programmes made outside the M25 area".[19] It also provides for the objective that they "include what appears to OFCOM to be a sufficient quantity of programmes that reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom, and locally in different parts of the United Kingdom".[20] We consider that the production of programming across the UK contributes towards the fulfilment of this objective.

4.2 Section 288 of the Act requires Ofcom to set the conditions we consider appropriate for securing that C4C makes a suitable proportion of programmes for the Channel 4 service outside the M25, that these constitute a suitable range of programmes and that a suitable proportion of expenditure is spent on producing these programmes in a suitable range of production centres based outside the M25 area.

4.3 Our regional production guidance (last updated in 2019) sets out that, in order to count towards the regional production quota by hours, relevant productions must meet two out of the following three criteria:

- i) A substantive base outside the M25.
- ii) A minimum of 70% of total production spend outside the M25.
- iii) A minimum of 50% of production talent, by cost, have their usual place of employment outside the M25.

4.4 The regional production quotas only apply to first-run programmes made within the UK and do not apply to news programmes. The quotas also do not apply to self-promotional content or acquisitions.

Current obligations

4.5 In accordance with the Act's requirements, the current Channel 4 licence includes MoL quotas to ensure that in each calendar year, at least 35% of the hours of programmes made in the UK for viewing on Channel 4 are produced outside the M25, and at least 35% of expenditure on programmes made in the UK for viewing on the service are allocated to the production of programmes produced outside the M25 and using a range of production centres.

4.6 We consulted on the MoL quotas in December 2023 and we are not revisiting our proposal to retain the level of the MoL quotas at 35% of hours and spend in this consultation.

[19] Section 264 (6)(j)
[20] Section 264 (6)(i)

However, we take account of the interaction between the MoE and MoL quotas and will consider any new representations raising points about our December proposal for the MoL quotas in light of the proposal for the MoE quotas in this consultation.

4.7 The current Channel 4 licence also provides that:

"With effect from 1 January 2020 the Corporation shall ensure that in any calendar year at least 9 per cent of the hours of Programmes made in the UK for viewing on the Channel 4 Service are produced outside England."

"With effect from 1 January 2020 the Corporation shall ensure that in any calendar year at least 9 per cent of its expenditure on Programmes made in the UK for viewing on the Channel 4 Service is allocated to the production of Programmes outside England and referable to Programme production at production centres in Scotland, Wales and Northern Ireland."

4.8 The MoE quotas were first introduced in 2009 after the Ofcom's Second PSB Review. When introduced, the spend and hours quotas were set at 3%. In the 2014 licence the quotas were set initially at 3%, increasing to 9% in 2020.

4.9 The below table illustrates C4C's recent delivery against the MoE and MoL quotas:

Quota	2014	2015	2016	2017	2018	2019	Quota	2020	2021	2022
Made outside England										
3% hours	6.1%	9.1%	9.2%	12.1%	10.1%	11.2%	9% hours	11.7%	9.8%	9.1%
3% spend	6.0%	7.4%	8.4%	9.5%	7.8%	7.9%	9% spend	9.4%	9.4%	9.7%
Made outside London										
35% hours	51.3%	53.2%	54.5%	56.9%	59.3%	54.1%	-	57.0%	66.3%	65.8%
35% spend	42.3%	38.5%	40.1%	44.7%	45.2%	45.4%	-	46.6%	54.8%	52.5%

4.10 In the December consultation, we proposed to retain C4C's MoE quotas at 9% of hours and spend.

Our approach to this assessment

4.11 In considering the appropriate levels for Channel 4's MoE quotas, we must have regard to the desirability of promoting the fulfilment of the PSB purposes in the UK.[21] We must therefore take into account the market context described in section 3 and the need to maintain and strengthen the UK PSB system in which C4C plays a critical role. Our intervention must be proportionate and reflect appropriately a number of different, potentially competing considerations.

4.12 We acknowledge stakeholders' strength of feeling on the issues raised by the MoE quotas and we have carefully considered the arguments and evidence provided in responses to our December consultation. C4C has also provided additional information and revised its

[21] Section 3(4)(a) of the Act.

position. We discuss the full range of views and evidence provided to us in our analysis of the different options below.

4.13 C4C is currently facing the twin challenges of delivering its new digital transformation strategy whilst at the same time managing the impact of the advertising market slowdown on its revenues and therefore on the amount of money that it can invest into its content budget. As set out at paragraph 3.8, C4C's *Fast Forward* strategy will involve prioritising content that works in an on-demand environment.

4.14 Any adjustment to the MoE quotas needs to take into account this future shift in focus of C4C's commissioning spend towards genres that drive viewing on Channel 4 Streaming while still appealing to linear audiences. C4C has said that will mean fewer hours of programming overall but with higher audience impact.[22]

4.15 We are seeking to set the MoE quotas at an appropriate level to support production outside England, to contribute to a diverse range of programmes that reflect the lives and interests of communities across the UK, and to give C4C appropriate flexibility to succeed and deliver for UK audiences. Determining the appropriate level involves consideration and analysis of a range of inputs, including external submissions, financial and other qualitative data and a range of research. It also requires a degree of forward forecasting and scenario testing based on these inputs, in a highly uncertain media market, and therefore relies on a high degree of regulatory judgment.

4.16 Taking into account the views and evidence put forward by stakeholders in response to our December consultation and the new information provided by C4C, we have assessed the following options for the MoE quotas:

- Retaining the quotas at 9% of hours and spend (our proposal in the December consultation);
- Increasing the quotas to 16%;
- Increasing the quotas to 12%;
- Adding more granular nation-specific quotas.

4.17 As set out in section 3, there is a significant level of uncertainty surrounding C4C's financial position and the TV advertising market more broadly in the period of the next licence.[23] Where we use forecasts, we base these on the best information that we have available, but we acknowledge that they are likely to evolve over the course of the licence period.

Analysis of individual options

Retaining the quotas at 9%

Retaining 9% quotas would give C4C the greatest flexibility

4.18 Of the options that we have considered, retaining the MoE quotas at 9% of hours and spend, in line with our original proposal, would provide C4C with the greatest flexibility in its commissioning strategy. In the December consultation, we drew on C4C's May 2023 submission to us about the new licence in which C4C strongly opposed any increase to the

[22]Webpage: Fast Forward strategy.

[23] In the December consultation we proposed that the licence should be renewed for a ten-year period.

MoE quotas so soon after the previous increase without giving them time to embed. Particularly given its size, C4C was concerned that any increase could make it vulnerable to missing a quota because of disruption to, or the loss of, one or two key programmes. As well as economic and commissioning uncertainties, C4C also cited potential challenges in the growth of the production sectors in the nations and regions as a risk factor in its delivery.[24]

4.19 We broadly agreed with this position and noted that it was particularly important that C4C should have appropriate flexibility in the commissioning decisions it makes in order to support its digital transformation and to ensure that it can continue to deliver its remit and media content duties.[25] This was consistent with the approach we took to the other conditions such as changes that we proposed to the original productions quota and the current affairs quota. It is also consistent with the direction of travel set out in the Media Act which amends PSB remits and requirements to focus on the most important areas of public service delivery, with the aim of giving the PSBs greater flexibility to meet their obligations in a way which meets audience needs.

4.20 In the December consultation, we presented some analysis of the cost of production in the nations in order to model the impact of higher MoE quotas on C4C's sustainability. We found that an increase in the MoE quotas could result in an increase in C4C's production costs, which could in turn reduce its surplus and revenues and therefore impact its ability to respond to commercial challenges in the future. A number of stakeholders (including Pact,[26] Northern Ireland Screen[27] and Screen Scotland)[28] questioned this analysis. Pact presented data commissioned from O&O which it said indicated that production in the nations may appear to have become more expensive in recent years because of an increase in more costly genres being produced in these areas (rather than it being inherently more costly to produce programmes there).[29]

4.21 In our analysis for the December consultation, we did not break down MoE programming by genre so could not isolate the impact of individual genres. Having since carried out further analysis splitting out MoE and MoL programming by genre,[30] we have found that:

- Hours of comedy and drama qualifying as out of England were higher in 2022 than in 2017. These are more expensive genres than, for example, entertainment or general factual (regardless of where they are produced).
- This changed the genre mix for MoE spend, which did skew average cost per hour for out of England programming upwards when comparing 2022 and 2017.
- Apart from this, there were no significant differences in genre costs for MoE versus other MoL regions, except for general factual where MoE was more expensive than other MoL programming.

4.22 We acknowledge the views of stakeholders that establishing whether the cost per hour of production in the nations compared to the rest of the UK (excluding London) is or is not

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[24] C4C's May 2023 submission, p. 32.
[25] Ofcom, Channel 4 Licence Renewal: Consultation, 6 December 2023, p. 67-69.
[26] Pact response to the December consultation, p. 16-19.
[27] NI Screen response to the December consultation, p. 3-6.
[28] Screen Scotland response to the December consultation, p.9-10.
[29] Pact response to the December consultation p. 16-19.
[30] We do not hold qualifying spend information by genre for London programming, so could not include London in our analysis.

more expensive is challenging and that there are various ways of interpreting the available data.

In isolation, 9% quotas may be less effective in delivering public policy objectives than higher quotas

4.23 In the December consultation, we noted the importance of the MoE quotas for supporting production in the nations and their role in improving on-screen representation of audiences in the nations. We also observed that quotas were not the only way to further these two objectives and that C4C's investment in the nations went beyond programming for the licensed channel.

4.24 As set out in paragraphs 4.29-4.31 we accept the argument that, absent other considerations, there is likely to be a positive link between higher quotas and greater impact in terms of increased production hours and spend in the nations. Retaining the MoE quotas at 9% may not deliver any further increase to the current positive impact on the creative economy and audiences in the nations.

Increasing the quotas

4.25 Since the December consultation closed, C4C has suggested that, rather than remaining at 9% of hours and spend for the whole of the next licence period, the MoE quotas should increase to 12% from 2030.

4.26 In C4C's May 2024 submission, it said that it had assessed the following factors in the round in order to reach its view:

a) The challenges of growing the proportion of nations and regions commissions;
b) The effect of initiatives to grow skills and build capacity in the production sector in Scotland, Northern Ireland and Wales;
c) Historic and predicted performance against nations quotas;
d) The uncertainties of its operating environment, in particular:
   i) Market uncertainty;
   ii) An evolving commissioning strategy towards streaming; and
   iii) The impact of the Media Bill (now Act);
e) The implications of higher nations quotas for how it delivers its voluntary commitment to 50% out of London main channel commissioning spend.[31]

4.27 In our assessment of the impact of increasing the quotas, we have taken into account C4C's submissions and information request responses, other stakeholders' views in response to the December consultation and additional analysis we have conducted.

4.28 As well as assessing C4C's suggestion of an increase to 12% we have also assessed the larger increase to 16% suggested by many stakeholders in response to the December consultation.

[31] C4C's May 2024 submission, p. 2.

Raising the quotas would be likely to deliver additional benefits to producers in the nations

4.29 Many stakeholders (including Pact,[32] Screen Scotland, Creative Wales and Northern Ireland Screen,[33] representatives of the Scottish and Northern Irish independent production sectors,[34] representatives of the Scottish, Welsh and Northern Irish governments,[35] Directors UK,[36] Ofcom's Advisory Committee for Scotland[37] and the Scottish Trades Union Congress)[38] argued in response to the December consultation that Channel 4's MoE quotas should be raised to 16% or higher.

4.30 These stakeholders considered that this would deliver benefits for the production sector across the UK. For example, Screen Scotland argued that 16% MoE quotas would " […] ensure the programme development and production capacity already in Wales, Scotland and Northern Ireland is sustained, and strategically developed; and […] ensure the UK's second publicly owned PSB delivers for all the UK in terms of representation, democratic engagement, diversity, and inclusion."[39]

4.31 We agree with stakeholders that raising Channel 4's MoE quotas beyond 9% and therefore increasing the guaranteed, enforceable proportion of production spend and hours in the nations would be likely to benefit regional production. Absent other considerations, it appears that an increase to 16% would be likely to deliver greater benefits for the production sector outside of England than an increase to 12%.

Increasing the quotas would require C4C to move commissions and could impact its financial sustainability

4.32 To meet increased MoE spend and hours quotas[40] C4C would have to:

a) Move spend and hours of content produced in London to the nations;
b) Move spend and hours of content produced in the English regions[41] to the nations; and/or
c) Increase its overall level of production spend and hours.

4.33 It is for C4C to determine how it should implement any increase to its quotas provided the different production centres used constitute "a suitable range".[42]

4.34 In C4C's May 2024 submission, it set out its view that it could meet quotas of 12% if it had time to adjust to the new quota level which, combined with its other commitments and regulatory obligations, would represent an additional limit to the creative freedom vital to

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[32] Pact response to the December consultation, p. 15.
[33] Webpage: Joint response from Northern Ireland Screen, Screen Scotland and Creative Wales.
[34] Letter from Scottish indies received 5/3/2024; NI Independent TV Production response to the December consultation, p. 1
[35] Letter from representatives of the Scottish, Welsh and Northern Irish governments received 26/4/2024.
[36] Webpage: Directors UK letter to Ofcom on Nations and Regions
[37] Ofcom's Advisory Committee for Scotland response to the December consultation, p. 6.
[38] Webpage: Creative unions open letter to Ofcom and C4.
[39] Screen Scotland response to the December consultation, p. 8.
[40] These quotas only apply to 'Qualifying spend'. Qualifying spend is a [✂]% subset of C4C's programme spend on its main PSB channel, and excludes spend on news, acquisitions, and repeats etc. Channel 4's qualifying production spend is itself a subset of around [✂]% of C4C's reported total annual content spend across its portfolio of services (based on 2022 quota performance data).
[41] References to the English regions exclude London.
[42] Under section 288(1) of the Act.

its commercial success, and which it would need to manage alongside its transformation into a digital-first broadcaster.[43] C4C also told us that increasing the MoE quotas to 16% would place constraints on its commissioning and force it to commission shows with a view to meeting a quota rather than because those shows represent the best possible ideas.[44] It explained that this is because the higher the level of regulatory obligations that it faces in its licence, the less creative flexibility its commissioners have, which may lead to less successful programming in terms of audiences and therefore commercial return, making it more difficult to guarantee its longer term commercial sustainability in a challenging and competitive market.[45]

4.35 C4C estimated that the spend required to migrate from England (including London) to support an increase in the MoE quotas from 9% to 12% could be up to c. £[✂]m per year, and to support an increase to 16% could be up to c. £[✂]m per year.[46]

4.36 We have verified C4C's estimate by modelling the additional MoE hours and spend that would have been required in 2022 were the quotas set at 12% and 16% respectively. In estimating this, we used the genre mix and costs as per Channel 4's actual quota performance in 2022, rather than attempting to remodel costs based on a potential future genre mix. It is for C4C to determine which types of programming it invests in to drive streaming growth and generate sufficient revenues to the end of licence period.

4.37 Our analysis showed that to achieve 12% MoE hours and spend in 2022 C4C would have needed to migrate c. [✂] hours and c. £[✂]m spend from England to Scotland, Wales and Northern Ireland. To achieve 16% MoE hours and spend C4C would have needed to migrate c. [✂] hours and c. £[✂]m spend from England to Scotland, Wales and Northern Ireland. These are in line with C4C's estimates.[47]

4.38 C4C said that in implementing any increase to its spend and hours quotas it would seek to reduce any impact on English regional commissioning by reallocating commissioning from London rather than the English regions.[48]

4.39 However, C4C also said that it is not realistic that it could increase its overall level of out of London commissioning by migrating the full £[✂]m of spend required to support 16% quotas from London.[49] C4C explained that existing commitments to key returning series mean that there are limitations on the volume and pace at which it can feasibly reallocate spending from London. It gave the example of programmes such as *Gogglebox*, *Hunted* and *Taskmaster* which it said were currently essential for driving large audiences and sustaining the commercial revenues that it needs to deliver its remit for audiences. Whilst it acknowledged that its schedules will change over time, it said the importance of certain major shows to its viewing and revenue sets limits on how quickly it could redirect spend on London-based productions. [50]

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[43] C4C's May 2024 submission, p. 1.
[44] C4C's May 2024 submission, p. 4.
[45] C4C's July information request response, p. 7.
[46] C4C's July information request response, p. 7.
[47] C4C's July information request response, p. 7.
[48] C4C's July information request response, p. 6.
[49] C4C's July information request response, p. 6.
[50] C4C's July information request response, p. 6.

4.40 Therefore, in the event that it could not move sufficient content from London, C4C would either have to move commissions from the English regions or increase its overall content spend. C4C said that reallocating such a large proportion of content spend may lead to harming production communities in England.[51]

4.41 C4C has provided credible reasons as to why there is a limit on how much moving content from England (London and English regions) can contribute to fulfilling an increased MoE quota. Therefore, we consider it is likely that C4C would need to increase its content spend to meet any increase beyond 12%.

4.42 In addition to the analysis in paragraph 4.36, we have done some forward-looking modelling of the maximum potential impact on C4C of increasing its MoE quotas beyond 12% to 16%. In modelling this, we have assumed that C4C would manage an increase from 9% to 12% mainly by moving commissions from London, and would then implement an increase from 12% to 16% by increasing its overall content spend. In modelling additional content costs we have used Channel 4's actual MoE costs per genre in 2022, and based the increases to future delivery on the genres we understand C4C will look to commission more of in future. We have also assumed that Channel 4's qualifying spend as a proportion of C4C's total annual content spend will remain at the same level for the new licence period (see footnote 40).

4.43 Our modelling showed that the maximum potential impact of increasing the MoE quotas from 12% to 16% is that C4C would need to produce an additional c. [✂] hours of programming at c. £[✂]m additional cost. This is the equivalent of c. [✂]% of C4C's total 2022 content cost and c. [✂]% of Channel 4's qualifying spend.

4.44 To assess the potential financial impact of this additional cost on C4C's projected surplus for the next licence period we applied the calculated one-off uplift of c. [✂]% to C4C's forecast total content costs in 2030 onwards to mirror C4C's suggested implementation plan for increased quotas. We then applied the content and economic inflation assumptions in C4C's business plan to the uplifted content costs from 2030 and used all other information and assumptions from C4C's updated business plan, including its TV advertising revenue projections.[52] In this scenario, we estimate cost increases that could result in a deficit, at the end of the next licence period, of up to c. £[✂]m as opposed to C4C's estimated surplus of c. £[✂]m.

4.45 A potential mitigating action to minimise the level of cost increase could be for C4C to commission more low-impact, low tariff programming in the nations. However, we do not consider that this would be in line with C4C's digital strategy or be likely to appeal to a wide range of audiences, both of which are key to ensuring its future sustainability. C4C told us that with fewer productions being commissioned there is greater pressure for each individual programme not just to deliver for audiences, but also to deliver against as many of its different priorities as possible – its remit, its strategic objectives, and its quota requirements.[53] We accept that the shift in C4C's commissioning strategy towards fewer, higher tariff productions means that it is important for each commission to work on a number of levels. We have also taken account of C4C's current financial challenges, which

[51] C4C's July information request response, p. 6.
[52] C4C's April information request response, Annex 1.u. and Annex 1.v.
[53] C4C's July information request response, p. 10.

give it less commercial flexibility to commission shows that may be less likely to deliver against the full range of its priorities.

4.46 We consider that if we were to increase the quotas beyond 12% to 16%, C4C would be more likely to use a combination of the three options (see paragraph 4.32) rather than only increasing its content spending, and so the maximum potential increase in costs that we have modelled is likely to overstate the impact on C4C's financial position. However, given C4C's current financial position and the commercial uncertainties it faces in the next licence period, we consider that increasing the MoE quotas to 16% places a greater risk on C4C's future sustainability and its ability to deliver its licence obligations than an increase to 12%.

4.47 Based on our analysis our view is that, whilst still representing a small risk to C4C's financial sustainability and its ability to deliver its licence obligations, increasing the MoE quotas from 9% to 12% in the next licence period is likely to allow C4C to retain sufficient commercial flexibility and be supported by its projected revenues. However, given the broader market uncertainties and C4C's current financial challenges, we consider that increasing the MoE quotas further, to 16%, and the impact that this could have on C4C's commercial flexibility, would represent a greater risk to C4C's future sustainability and its ability to deliver its remit and licence obligations. This would be to the detriment of UK audiences.

Increasing the quotas may increase the challenges faced by C4C when commissioning in the nations

Stakeholders challenged C4C's view that there are capacity issues in the nations

4.48 Many stakeholders took issue with the argument put forward by C4C prior to the December consultation that production capacity in the nations is not sufficient to meet the demand of higher quota levels. These stakeholders included representatives of the Scottish independent production sector, Pact[54], Northern Ireland Screen,[55] Screen Scotland,[56] representatives of the Scottish, Welsh and Northern Irish governments[57] and the Scottish Trades Union Congress.[58]

4.49 In its response, Pact presented data commissioned from O&O which showed that the number of production companies in the nations has generally increased over time, which Pact suggested indicates that there is a steady supply of companies for C4C to commission from.[59] The data also showed that more companies have had commissions in the nations over time, while the average number of hours per company has decreased. Pact argued that this indicates that there is sufficient capacity for more production.[60] In its response, Screen

[54] Pact response to the December consultation, p. 4, 16, 20-22 and in annexed Channel 4 Nations and Regions quotas report prepared by O&O.
[55] Northern Ireland Screen queried Figure 23 in the December consultation which (using O&O data) indicated that there were ten active producers in Northern Ireland in 2021, suggesting that there are many more. We are happy to clarify that this figure identified the location of individual company and group headquarters, so it did not include local offices of companies headquartered elsewhere or subsidiaries of groups based elsewhere.
[56] Screen Scotland response to the December consultation, p. 6-8.
[57] Letter from representatives of the Scottish, Welsh and Northern Irish governments received 26/4/2024.
[58] Webpage: Creative unions open letter to Ofcom and C4
[59] Pact response to the December consultation, p. 15.
[60] Pact response to the December consultation, p. 4, 16, 20 and in annexed Channel 4 Nations and Regions quotas report prepared by O&O.

Scotland suggested that there is a "chicken and egg" element to C4C's argument and that if its quotas were raised, then producers outside of England would rise to that demand.[61]

4.50 In addition, several stakeholders (Pact,[62] Northern Ireland Screen, Screen Scotland and Creative Wales,[63] and representatives of the Scottish, Welsh and Northern Irish governments)[64] also pointed to the fact that the BBC appears not to have experienced difficulty in meeting its nations quotas and therefore C4C should be able to increase its delivery.

C4C provided evidence of the challenges it considers that it faces

4.51 We asked C4C for additional information to support its view that it faced capacity challenges in commissioning in the nations and that an increase to its quota would exacerbate these challenges.

4.52 In response, C4C highlighted that it remains the case that London is the largest production hub in the country, in terms of both the number and scale of the companies based there. Drawing on data from the Broadcast Indie Survey C4C argued that smaller independent production companies represented a higher proportion of the top companies in the nations and regions than in London.[65] While C4C acknowledged that turnover is only a proxy of production companies' capacity, it suggested that it is at least partially indicative of capacity to produce content in higher-tariff genres which will be crucial to the successful delivery of its digital strategy.[66] C4C noted that its new strategy will mean it commissions fewer mid-range tariff TV productions. It acknowledged that there are numerous independent production companies in the nations making high-tariff content for a range of broadcasters and streamers but said that its commissioning in the nations is skewed towards mid-tariff shows, indicating that a period of adjustment would be necessary to shift the balance of nations commissioning in line with its overall strategy.[67] In 2023, [✂]% of hours commissioned by C4C from outside England were low and mid tariff, while this figure was [✂]% in England.[68]

4.53 C4C asserted that scale and consistency of turnover is relevant because it affects the nature of staff that independent production companies can afford to take on and that development, research and specialist staff are essential for scaled, long-running productions but are expensive to hire on a permanent, FTE[69] basis.[70] C4C drew on evidence from the Broadcast Indie Survey that indicates that, on average, the top indies in the nations and regions are significantly smaller from a personnel perspective. C4C also referenced analysis of DCMS employment sectors which indicates that this difference in scale is not unique in TV

[61] Screen Scotland response to the December consultation, p.6-7
[62] Pact response to the December consultation, p. 16.
[63] Webpage: Joint response from Northern Ireland Screen, Screen Scotland and Creative Wales.
[64] Letter from representatives of the Scottish, Welsh and Northern Irish governments received 26/4/2024.
[65] C4C's April information request response, Annex 2, p. 8.
[66] C4C's April information request response, Annex 2, p. 8.
[67] C4C's May 2024 submission, p. 4.
[68] C4C's July information request response, p. 8.
[69] Full time equivalent.
[70] C4C's April information request response, Annex 2, p. 9-10.

and can be observed in the creative industries more broadly; over 50% of employment in the 'Film, TV and Music' subsector is clustered in London and the Southeast.[71]

4.54 C4C told us that a key issue it faces is ensuring that smaller production companies based in Scotland, Northern Ireland and Wales can access the skills and funding necessary to successfully research, develop and pitch new ideas for potential future commissions, in tandem with producing existing commissions. It said that its commissioners can and do play an important role in supporting production companies during this process, but further strategic interventions, funding and resource are also likely to be required. [72]

4.55 C4C also restated its view that it is more challenging to commission in the nations and regions because scale is more dependent on individual commissions, rather than established production bases, making it difficult to guarantee year-on-year stability and production resource. It noted that this is something that it is actively working to improve; initiatives such as the Indie Growth Fund and Emerging Indie Fund discussed below provide evidence of this.[73]

4.56 In response to the December consultation some stakeholders, for example Pact,[74] questioned C4C's reasoning behind its assertions that it is common for nations' commissions to be delayed, cancelled or fail to be recommissioned due to factors beyond its control. We asked C4C to provide more detail to substantiate these points. In response it explained that there are a range of risks associated with TV production, and that when these occur in relation to productions in the nations and regions specifically, it presents a challenge for C4C because of its relatively small scale.[75] C4C said that disruption to even a small cohort of programmes can mean non-compliance with its MoE quotas, a risk which is amplified when higher cost per hour programmes are affected, as these necessarily make a major contribution to its quota delivery.[76] Furthermore, it noted that the limitations to its content budget due to the current advertising slowdown (see paragraph 4.87 below) means that [✂].[77]

4.57 In the December consultation we used data on previous MoE spend to conduct a hypothetical assessment of the impact that the loss of high-tariff programming might have on C4C's MoE spend for 2022. Based on our modelling, we found that single high-tariff titles like *Screw* or *Derry Girls* were important for C4C's compliance with the MoE quota.[78] C4C also provided a number of confidential case studies to illustrate these challenges, categorised by the following themes: delays and additional costs; losses of key shows; programmes coming to an end or needing to evolve to meet audience needs; and programmes not delivering against its nations and regions quota requirements.

4.58 Having assessed the differing views of nations stakeholders and C4C, we consider that there is a high degree of uncertainty about whether there is sufficient capacity in the nations for C4C to meet the demands of higher MoE quotas as well as its new commissioning strategy.

[71] Webpage: Employment in DCMS sectors and digital sector, July 2022 to June 2023.
[72] C4C's July information request response, p. 12.
[73] C4C's April information request response, Annex 2, p. 9.
[74] Pact response to the December consultation, p. 16.
[75] C4C's April information request response, Annex 2, p. 6.
[76] C4C's May 2024 submission, p. 4.
[77] C4C's July information request response, p. 10.
[78] Ofcom, Channel 4 Licence Renewal: Consultation, 6 December 2023, p. 66.

4.59 We do not consider the BBC experience to be directly relevant as C4C is of a much smaller scale and the BBC can deliver its quotas by way of its own substantial in-house production bases across the UK's nations and regions whilst C4C is currently entirely dependent on the availability of external production companies.

4.60 As to whether the challenges C4C faces when commissioning in the nations could prevent it from meeting higher quotas, we acknowledge that there are risks and uncertainties inherent in TV production (as illustrated by the examples provided by C4C) but these are not unique to commissioning in the nations. Nonetheless, we consider that C4C's content strategy (focusing on high-impact, high-tariff commissions) could magnify the impact of nations commissions being delayed or cancelled on its ability to meet materially higher quotas.

4.61 We also acknowledge that if C4C were to increase the volume of its commissioning outside of England, it may play some role in helping to build up the sector and addressing some of the issues C4C faces in terms of production capacity and scale. However, as set out above, we consider that an increase in the quotas beyond 12% could have a negative impact on C4C's sustainability in the long-term. A financially strong C4C is essential to ensure that it can continue to play its important role in supporting the production sector across the UK. Furthermore, building a stronger and more sustainable production sector outside of England will take time and sustained effort from all the PSBs, not only C4C.

Improved representation and portrayal of audiences in the nations is important but not guaranteed by production quotas

4.62 Some stakeholders (such as Pact,[79] Northern Ireland Screen[80] and representatives of the Northern Irish production sector[81]) argued that quotas of 16% or above would help to improve C4C's representation and portrayal of the diversity of communities in the nations.

4.63 The regional production quota regime supports the TV production sector in the nations and regions. The quotas also play a role in securing a diverse range of programmes that authentically reflect the lives and interests of communities across the UK. A programme being made in a particular nation may mean that it reflects that place, but this is not guaranteed. For example, *Screw,* one of C4C's top performing drama programmes of recent years, was made in Scotland but set in a fictional English prison.[82] To that extent, increasing the quotas could play a role in driving improved representation and portrayal of audiences in the nations but that cannot be guaranteed.

4.64 We do not consider that it would be appropriate for nations' producers to be restricted to making programming set in or about the place that they are based. As we said in the December consultation, there are a number of ways to further the objective of improving representation of audiences across the UK, such as by improving access to commissioners and through initiatives such as C4C's Emerging Indie Fund, which we discuss in more detail below.

4.65 An important way that we hold C4C to account in relation to its duties to reflect and appeal to different communities across the UK is via our annual report in response to C4C's

[79] Pact response to the December consultation, p. 21.
[80] Northern Ireland screen response to the December consultation, p. 4.
[81] NI Independent TV production sector response to the December consultation, p. 2.
[82] Screw, Channel 4 Streaming.

Statement of Media Content Policy ('SMCP Report').[83] In recent SMCP Reports we have pressed C4C to do more to represent the different UK nations in its programmes. We have also reported on other aspects of cultural diversity that C4C should, and does, represent, including disability and ethnicity. We consider that is appropriate to look at the how C4C meets this aspect of its remit in the round.

Channel 4 is in a different position from the BBC

4.66 One of the main arguments made by stakeholders in favour of both 16% quotas and nations-specific quotas was that they would be in line with the BBC's obligations.[84] For example, Screen Scotland argued that "…both publicly owned PSBs, the BBC and C4, must meet their remit and obligations on a fair basis across the UK…".[85]

4.67 Although publicly owned, C4C is entirely commercially funded and it must make all of the revenue that it invests into its content budget, and therefore into production in the nations, itself. Its revenue is primarily from advertising, although it has set a target for 10% to come from non-advertising sources by 2025. C4C is exposed to uncertainties in the advertising market, which is currently in a state of downturn. The BBC's UK Public Services are funded through the licence fee. Given its funding model and under its Royal Charter, the BBC is subject to more obligations than commercial PSBs. Therefore, we do not consider the fact that the BBC has nation-specific quotas which sum to 16% a relevant factor in determining the appropriate conditions for Channel 4.

We cannot assess the impact of the removal of C4C's publisher-broadcaster restriction at this stage

4.68 Ofcom's Advisory Committee for Scotland[86] and Pact[87] suggested that retaining the MoE quotas at their current level would not mitigate the impact on the independent production sector in the nations of C4C's potential move into production, and therefore supported the introduction of 16% quotas.

4.69 As highlighted in section 3, the Media Act enables a significant change to C4C's operating model by removing the 'publisher-broadcaster restriction', thereby allowing C4C to make programmes for broadcast on Channel 4 for the first time. When the Media Bill was introduced to Parliament in November 2023, the Secretary of State announced that in the event C4C moves into production, the level of its independent production quota will be raised from 25% to 35% of qualifying programmes.[88] However, C4C has not yet set out any plans as to whether, when or how it will take advantage of the removal of the restriction on

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[83] Under section 198B of the Act, C4C must publish an annual statement of media content policy setting out its plans for meeting its media content duties in the coming year and reporting on its performance over the past year. C4C must consult Ofcom in preparing the statement and have regard to Ofcom guidance. Under section 266 of the Act, C4C must prepare a similar statement in relation to its delivery of Channel 4's public service remit and licence obligations. In our guidance, we ask C4C to combine the statements in a document which we refer to as C4C's Statement of Media Content Policy (SMCP). Ofcom responds to C4C's SMCPs, and our most recent SMCP Report is at: Letter to Channel 4 Corporation on its Statement of Media Content Policy 2022.

[84] The BBC has requirements to produce 8% of its network hours and spend in Scotland, 5% in Wales and 3% in Northern Ireland. Webpage: Joint response from Northern Ireland Screen, Screen Scotland and Creative Wales; Pact response to the December consultation, p.5.

[85] Screen Scotland response to the December consultation, p.6

[86] Ofcom's Advisory Committee for Scotland response to the December consultation, p. 7.

[87] Pact response to the December consultation, p. 14.

[88] Statement made by Lucy Frazer, Secretary of State for Culture, Media and Sport, 8 November 2023.

production. In C4C's May 2024 submission, it said that while C4C may develop in house production capability during the next licence period, this would only grow gradually, and it does not currently know where it would be located.[89]

4.70 We consider that there is too much uncertainty about this potential change for us to be able to take it into account in considering the appropriate level for the MoE quotas. If C4C moved into production, it would be a significant development in the production ecology, albeit one that would likely only happen gradually. Due to its significance, we would scrutinise the impact on the production sector closely via our SMCP Report. In addition, the Media Act requires us to conduct a review of the impact on the fulfilment of the PSB remit of C4C making programmes with a view to their being broadcast on Channel 4.[90]

Raising the quotas to 12% is now our preferred option for the new licence

4.71 Having considered the factors set out above and having considered all of the evidence and the responses to the December consultation and the further information provided by C4C, raising the quotas to 12% is now our preferred option for the new licence.

Adding nation-specific quotas

Stakeholder responses

4.72 Many stakeholders (including representatives of the Scottish and Northern Irish independent production sectors, Creative Wales, Northern Ireland Screen and Screen Scotland,[91] Directors UK,[92] the Scottish Trade Unions Congress,[93] TAC,[94] representatives of the Scottish, Welsh and Northern Irish governments[95] and Ofcom's Advisory Committee for Northern Ireland[96]) considered that, as well as Channel 4's MoL and MoE quotas, we should introduce individual quotas for production in Scotland, Wales and Northern Ireland. Stakeholders pointed to the fact that the BBC has nation-specific quotas based on population share[97] and questioned why C4C should not have the same.

4.73 A number of stakeholders (such as Dr Phil Ramsey,[98] Ofcom's Advisory Committee for Northern Ireland,[99] Northern Ireland Screen[100] and representatives of the Northern Irish independent production sector[101]) argued that Northern Ireland in particular is underrepresented in terms of C4C's spending and output.

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[89] C4C's May 2024 submission, p. 7.

[90] Under section 31(3) of the Media Act 2024 we are required to do this in our first PSB review covering a period that ends three years after C4C engages in the making of a programme with a view to its being broadcast on Channel 4.

[91] Webpage: Joint response from Northern Ireland Screen, Screen Scotland and Creative Wales.

[92] Webpage: Directors UK letter to Ofcom on Nations and Regions

[93] Webpage: Creative unions open letter to Ofcom and C4

[94] TAC response to the December consultation, p.4

[95] Letter from representatives of the Scottish, Welsh and Northern Irish governments received 26/4/2024.

[96] Ofcom's Advisory Committee for Northern Ireland response to the December consultation, p. 5-6.

[97] Under its Operating Licence, the BBC's quotas are 8% of network production hours and spend in Scotland, 5% in Wales and 3% in Northern Ireland.

[98] Dr Phil Ramsey response to the December consultation, p. 4.

[99] Ofcom's Advisory Committee for Northern Ireland response to the December consultation, p. 2-3, 5-6.

[100] NI Screen response to the December consultation, p. 1-8.

[101] NI Independent TV Production response to the December consultation, p.3-8.

4.74 A lack of access to commissioners in the nations and regions was also noted by some stakeholders, for example Ofcom's Advisory Committee for Northern Ireland pointed out that because there is no full-time commissioner post in Northern Ireland, production companies there have fewer access points to the channel, making it more difficult to pitch for commissions.[102] Other stakeholders told us that access to commissioners in the nations and regions is beneficial for individuals' career development and development of the wider production sector.[103]

Nations-specific quotas would impact on C4C's flexibility in commissioning

4.75 We considered nation-specific quotas in the last relicensing process in 2014. At the time we concluded that, although such quotas could benefit the relevant producers and the production sectors in the nations, they would represent a more substantial constraint than general MoE quotas upon commissioning on merit and diversity of suppliers.[104]

4.76 We acknowledge that, in guaranteeing a minimum level of production in each nation, nation-specific quotas would be likely to positively impact the production sectors in those areas. We accept that production spend and hours in Northern Ireland for the PSBs overall, and by C4C, has historically been significantly lower than in Scotland and Wales, and we note that C4C's delivery in the individual nations has fluctuated considerably over recent years.

4.77 In C4C's May 2024 submission it asserted that the concentration of production resource in London relative to the rest of the country means that basing quotas on population (i.e., 8% for Scotland, 5% for Wales and 3% for Northern Ireland) is not feasible. It noted that, given it is of a smaller scale than the BBC, meeting separate quotas for each of the nations would rely on a comparatively small number of productions. C4C acknowledged that delays and cancellations are a routine part of TV production (as discussed in paragraph 4.56) but said that, when it came to meeting nation-specific quotas, the risk from individual shows being delayed or cancelled would be very high. C4C considered that only one or two productions suffering a delay could have a significant impact on its ability to deliver against quotas in a given nation, without sufficient flexibility to adapt accordingly.[105]

4.78 As noted in paragraphs 4.51-4.61 in relation to higher overall MoE quotas, having assessed the differing views of nations stakeholders and C4C, we consider that there is a considerable degree of uncertainty about whether there is sufficient capacity in each of the nations for C4C to meet the demands of nation-specific quotas at the same time as delivering its new commissioning strategy. However, in the event that there are issues around capacity, we consider that these would be likely to be exacerbated by the introduction of nation-specific quotas as C4C would have a much smaller pool of producers to commission from and would therefore be more exposed to fluctuations in skills and capacity to deliver the type of high-impact, high-tariff programming that it has said that it will focus on in the next licence period. Furthermore, we noted in paragraph 4.60 that C4C's content strategy could magnify the impact of nations commissions being delayed or cancelled on its ability to meet higher MoE quotas. We agree with C4C that this dynamic would be further magnified in the context of nation-specific quotas, which it would meet with a relatively small number of productions.

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[102] Ofcom's Advisory Committee for Northern Ireland response to the December consultation, p. 6.
[103] TAC response to the December consultation, p.3; Webpage: Directors UK letter to Ofcom on Nations and Regions.
[104] Ofcom, Renewal of the Channel 4 Licence: Statement, 11 March 2014, p. 14.
[105] C4C's May 2024 submission, p. 7.

4.79 We do not consider the fact that the BBC has nation-specific quotas is a relevant factor in determining the appropriate conditions for Channel 4. We are specifically required under Schedule 2 to the BBC Agreement to set the BBC quotas for regional productions in the individual nations. There is no such statutory requirement in relation to Channel 4. We consider that introducing nation-specific quotas for Channel 4 could have a considerable impact on C4C's flexibility to deliver its digital transformation. They would diminish C4C's ability to make commissioning decisions on merit in order to meet its strategic and commercial objectives. Ultimately, we consider it would not be in audiences' interests if C4C commissioned shows in order to meet its quota requirements, rather than because they represented the best ideas.

4.80 Whilst we do not consider nations-specific quotas to be appropriate, we do think that C4C should ensure that it distributes its MoE spend in a way that does not disadvantage any individual nation. We propose to retain the requirement that in each calendar year MoE spend must be referable to production centres in Scotland, Wales and Northern Ireland. In addition, we discuss in paragraphs 4.92-4.98 how we are proposing to ask C4C to report on its strategy for commissioning in each individual nation which would allow us to better hold it to account in this area.

Quotas are not the only way that C4C contributes to the production sector in the nations

4.81 A number of stakeholders (including Pact,[106] representatives of the Scottish, Welsh and Northern Irish governments, Screen Scotland, Creative Wales and Northern Ireland Screen[107]) put forward the view that, while C4C's training and skills initiatives can deliver important benefits, the key to developing a sustainable production sector in the nations is commissions; hence, they supported higher MoE quotas for C4C. We asked C4C to provide evidence of the impact of its talent and skills initiatives.[108] We have summarised a selection of these below, focusing in particular on evidence of benefits in the nations and regions.

Emerging Indie Fund (EIF)

The EIF launched in 2020 and is an annual opportunity specifically for independent production companies in the nations and regions to compete for access to funding, support and commissioner contact time. Independent production companies in the nations and regions have so far secured paid developments and commissions totalling over £17m.

Indie Growth Fund (IGF)

The IGF is one of C4C's initiatives aimed at developing skills, talent and expertise in the independent production sector in the nations and regions. By providing investment for independent production companies while they are still small and / or at start-up stage, it gives them the means to grow and achieve sustainability in the long term. C4C says that many IGF companies use C4C investment to fund recruitment, in order to build capacity and allow leaders to grow the company. As

[106] Pact response to the December consultation, p. 20.

[107] Webpage: Joint response from Northern Ireland Screen, Screen Scotland and Creative Wales.

[108] C4C's April information request response, Annex 2, p. 2-7.

at the end of 2023, from inception, C4C had invested a total of £25.5m in 29 companies. 61% of the 18 current IGF independent production companies are based in the nations and regions.

4Skills Business Boost

The 4Skills Business Boost scheme, launched in 2023, is designed to ensure that emerging independent production companies are supported through key stages of growth, including through periods of economic difficulty. C4C is supporting nine independent production companies in the nations and regions as the industry navigates the commissioning slowdown.

4.82 Supporting the development of people with creative talent is an important element of C4C's remit and we consider that C4C has provided evidence of its commitment to driving forward this objective, particularly in relation to the nations and regions. C4C has announced that it will double its investment in these initiatives from £5m to £10m by 2025.[109] In C4C's May 2024 submission, it notes that much of this work has been in partnership with key stakeholders, including screen agencies and other PSBs. It considers that over time, the various schemes that C4C and other organisations support will help to encourage growth in the production sector in the nations, which should in turn make higher MoE quotas more commercially realistic for C4C.[110]

4.83 We note the points raised by stakeholders about access for production companies in the nations to C4C commissioners. Whilst the location of its staff is a matter for C4C, we consider that C4C should give thought to how to strengthen access to commissioners for producers based in the nations. As part of the additional information that we are consulting on requiring C4C to publish on an annual basis about its approach to commissioning in the nations (see paragraphs 4.92-4.98), we are proposing that C4C specifically set out how it has engaged with stakeholders in each nation and how it plans to do so in the next year.

C4C would need time to implement higher quotas

4.84 In C4C's May 2024 submission, it said that the increase it suggested to 12% should not take place before 2030. This would mean that the increased quotas would be in place for the second half of the proposed 10-year licence period. C4C noted that it took several years for it to adjust to the 9% quotas which came into effect in 2020 and argued that, although the previous increase was of a bigger scale, it is operating under greater uncertainty today and, to ensure sustainable delivery, a similar adjustment period is needed.[111] It said that delivering above 9% remains challenging and, although Channel 4 achieved [✂]% spend in 2023, its proportion of nations spend is predicted to be lower in 2024 than its performance in 2023.[112]

4.85 C4C also said that time should be built in to [✂].[113] It told us that in order to support growth in the production sector in the nations and consistently meet higher quotas, it is likely that

[109] Webpage: [Channel 4 targets new wave of investment into overlooked founders](#).
[110] C4C's May 2024 submission, p. 3.
[111] C4C's May 2024 submission, p. 6.
[112] C4C's July information request response, p. 11-12.
[113] C4C's May 2024 submission, p. 6.

C4C would be required to increase investment in its existing talent and skills initiatives (see paragraphs 4.81-4.83) and provide additional commissioning support to producers, screen agencies and devolved administrations in the nations. It said this would require additional resource and investment at time when the advertising market is challenging and when it is focused on implementing its *Fast Forward* strategy.[114]

4.86 Additionally, C4C told us that it would need time to develop its commissioning strategy, which will see investment increasingly focused on fewer, high-impact productions, and in particular a higher proportion of scripted productions. It noted that scripted productions often take longer to deliver and tend to be more subject to delays (thus enhancing the risk of non-compliance with a quota in a given year). Furthermore, it said that having a lower volume of content would reduce the amount of headroom if delays did occur. Therefore, C4C asserted that MoE quotas would remain challenging to deliver for a number of years and that any increase should allow time for C4C and the wider sector to shift its commissioning focus.[115]

4.87 When we decided to increase the MoE quotas in 2014, we allowed C4C a five-year adjustment period: the 9% quotas applied from 2020. If we were to increase the level of the quotas to 12%, whilst the increase would be smaller (3pp as opposed to 6pp), it would be an additional increase to Channel 4's nations requirements and come relatively soon after the 2020 increase. In addition, as explained above (paragraphs 3.11-3.17), C4C's recent revenue performance has been below its expected levels. C4C noted that the slowdown in the advertising market that began in 2023 continues to impact its commissioning. It told us that its most recent forecasts indicate that all years following 2021/2022 up to 2026 will have lower content expenditure than in 2021/2022.[116]

4.88 C4C considers that, in the context of reduced budgets, switching to higher MoE quotas too quickly would make it more challenging to achieve the right balance in its commissioning schedule. It noted that the schedule is structured to ensure that it delivers on C4C's remit while also ensuring it meets its organisational targets to grow digital viewing and revenues. At the same time, the schedule must allow C4C to meet and ideally surpass its other licence obligations and its voluntary 50% MoL spend commitment. C4C's view is that prematurely raising its MoE obligation could force it to prioritise commissioning content in order to meet its quotas, rather than because the content is best placed to deliver on its priorities. It reiterated that sufficient time and flexibility is required to free up budget and scheduling opportunities, and to allow new content to be developed which will meet the needs of its audiences.[117]

4.89 C4C is operating in a financially challenging environment. The decline in linear viewing continues, creating uncertainties around the integrity of linear advertising revenues and underscoring the need for C4C to accelerate its digital transformation. C4C would need to manage an increase to its quotas in parallel with delivering the *Fast Forward* strategy, with commissioners and producers needing to adapt to new priorities.

4.90 Given its financial situation, the broader market uncertainty, and the need for C4C to focus on accelerating its digital transformation while ensuring its content output meets the needs

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[114] C4C's July information request response, p. 12.
[115] C4C's July information request response, p. 10.
[116] C4C's July information request response, p. 10.
[117] C4C's July information request response, p. 10.

of audiences, we consider that a five-year adjustment period for increased MoE quotas is reasonable. We are therefore proposing that the proposed increase of the quotas to 12% should take effect from 2030.

4.91 We expect C4C's investment in programming outside England to increase over the period between 2025 and 2030 in preparation for the higher quotas from 2030 and we will use our annual SMCP Report to assess its progress.

We will update our guidance on how we expect C4C to report on its delivery outside England and increase our monitoring of its performance

4.92 For the reasons set out in paragraphs 4.75-4.80 we do not consider nation-specific quotas to be proportionate and we are not proposing to add these to the licence. However, we consider that C4C should publish more information about its approach to delivery in the nations and the impact that this may have on both producers across the UK and the audiences that it needs to attract to its content.

4.93 C4C is required under section 266 of the Act to publish an annual statement of programme policy setting out its proposals for securing that, during the following year, Channel 4's public service remit and licence obligations will be delivered, including its MoE quotas. It must do this having regard to Ofcom guidance. In our guidance we ask C4C to combine this statement with its annual statement of media content policy under section 198B of the Act and we refer to the combined document as C4C's Statement of Media Content Policy (SMCP).

4.94 We plan to consult on new guidance later this year as part of our implementation of the Media Act (see more information in our Roadmap to Regulation). That guidance will come into force when the PSB licences are varied to implement the Media Act. To respond to stakeholder concerns, in the interim we propose to write to C4C with further guidance on what we expect it to set out in the SMCP on its approach to commissioning in each individual nation.

4.95 We propose to ask C4C to set out:

a) how its approach to commissioning outside of England supports and stimulates the TV production sector in the nations;
b) its strategy for commissioning in each individual nation over the next year and how it delivered its strategy for the previous year; and
c) its plans to engage with stakeholders and audiences in the nations in the next year and how it engaged with them over the previous year.

4.96 As is the case currently, during the period between 2025 and 2030 C4C will report on its progress towards the new proposed quota year-on-year, in terms of the proportion of hours and spend allocated to the nations. We will continue our monitoring of this and scrutinise C4C's progress towards meeting the higher quotas via our annual SMCP Reports.

4.97 We consider that this additional information will provide transparency and enable Ofcom to scrutinise C4C's nations production strategy and performance more effectively through the annual SMCP Report process. We will also continue to monitor C4C's spend in the individual nations closely. We will discuss with C4C whether additional metrics should be added to its new reporting and measurement framework that will provide a more accurate and insightful evaluation of the impact of its involvement in production across the nations. Additional reporting to relevant devolved committees could increase transparency around C4C's commissioning strategies in the nations.

4.98 Transparency, openness and clarity should be the cornerstone of C4C's public engagement with stakeholders in the nations. It will benefit the wider industry and is critical to our ability to hold C4C to account.

Conclusion

4.99 Taking into account the views and evidence put forward by stakeholders in response to our December consultation and the new information provided by C4C, we propose to increase Channel 4's MoE hours and spend quotas to 12% from 2030. As we have set out in our analysis, we consider that this increase would be proportionate, being likely to deliver additional benefits to the production sector in the nations while retaining appropriate commercial and creative flexibility for C4C to deliver its remit for audiences over the next licence period.

4.100 We also consider it important that C4C provides more transparency on its approach to commissioning in each of the nations. We are therefore proposing to provide further guidance on what we expect C4C to set out in its SMCP on its approach to commissioning in each individual nation. This would allow us to enhance our scrutiny of C4C's performance in our SMCP Reports, alongside our ongoing monitoring of Channel 4's spend and hours in each of the nations.

4.101 We welcome stakeholders' views and evidence on our proposals.

4.102 We have not yet reached decisions on any of the proposals made in the December consultation. We will publish a statement concluding on duration and conditions of the renewed Channel 4 licence in the autumn.

Consultation questions 3 and 4:

3. Do you agree with our proposals that:

a) until 31 December 2029, in each calendar year at least 9% of the hours of programmes made in the UK for viewing on the Channel 4 service must be produced outside England, and at least 9% of the expenditure on programmes made in the UK for viewing on the service must be allocated to the production of programmes outside England and referable to programme production at production centres in Scotland, Wales and Northern Ireland?

b) with effect from 1 January 2030, in each calendar year at least 12% of the hours of programmes made in the UK for viewing on the Channel 4 service must be produced outside England, and at least 12% of the expenditure on programmes made in the UK for viewing on the service must be allocated to the production of programmes outside

England and referable to programme production at production centres in Scotland, Wales and Northern Ireland?

4. Do you agree with our proposed guidance for C4C on how it should report on its MoE production in its SMCP?

Please provide reasons for your responses, with supporting evidence.

The overview section in this document is a simplified high-level summary only. The proposals we are consulting on and our reasoning are set out in the full document.

A1. Responding to this consultation

How to respond

A1.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 16 August 2024.

A1.2 You can download a response form from https://www.ofcom.org.uk/tv-radio-and-on-demand/public-service-broadcasting/channel-4-licence-renewal-reconsultation. You can return this by email or post to the address provided in the response form.

A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to Channel4LicenceRenewal@ofcom.org.uk, as an attachment in Microsoft Word format, together with the cover sheet. This email address is for this consultation only and will not be valid after 16 August 2024.

A1.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:

Channel 4 Licence Renewal Team
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

A1.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:

- send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files; or
- upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.

A1.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)

A1.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt of a response submitted to us by email.

A1.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.

A1.9 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 4. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.

A1.10 If you want to discuss the issues and questions raised in this consultation, please contact the Channel 4 Licence Renewal Team.

Confidentiality

A1.11 Consultations are more effective if we publish the responses before the consultation period closes. This can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish responses on the Ofcom website at regular intervals during and after the consultation period.

A1.12 If you think your response should be kept confidential, please specify which part(s) this applies to and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we do not have to edit your response.

A1.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.

A1.14 To fulfil our pre-disclosure duty, we may share a copy of your response with the relevant government department before we publish it on our website.

A1.15 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our Terms of Use.

Next steps

A1.16 Following this consultation period, Ofcom plans to publish a statement in Autumn 2024. This statement will set out Ofcom's decisions on the proposals in the December 2023 consultation and this consultation.

A1.17 If you wish, you can register to receive mail updates alerting you to new Ofcom publications.

Ofcom's consultation processes

A1.18 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 2.

A1.19 If you have any comments or suggestions on how we manage our consultations, please email us at consult@ofcom.org.uk. We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.

A1.20 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary
Ofcom
Riverside House
2a Southwark Bridge Road

London SE1 9HA
Email: corporationsecretary@ofcom.org.uk

A2. Ofcom's consultation principles

Ofcom has seven principles that it follows for every public written consultation:

Before the consultation

A2.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

During the consultation

A2.2 We will be clear about whom we are consulting, why, on what questions and for how long.

A2.3 We will make the consultation document as short and simple as possible, with an overview of no more than two pages. We will try to make it as easy as possible for people to give us a written response.

A2.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.

A2.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.

A2.6 If we are not able to follow any of these seven principles, we will explain why.

After the consultation

A2.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish the responses on our website at regular intervals during and after the consultation period. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

A3. Consultation coversheet

Basic details

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

Confidentiality

Please tick below what part of your response you consider is confidential, giving your reasons why

- Nothing ☐
- Name/contact details/job title ☐
- Whole response ☐
- Organisation ☐
- Part of the response ☐

If you selected 'Part of the response', please specify which parts:

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

Yes ☐ No ☐

Declaration

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom aims to publish responses at regular intervals during and after the consultation period. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name Signed (if hard copy)

A4. Consultation questions

A4.1 We are seeking views on our proposals and reasoning. Please provide reasons for your response with any supporting evidence.

Question 1:

Do you agree with our assessment of the potential impact on specific groups of persons?

Question 2:

Do you agree with our Welsh language impact assessment?

Question 3:

Do you agree with our proposals that:

a) until 31 December 2029, in each calendar year at least 9% of the hours of programmes made in the UK for viewing on the Channel 4 service must be produced outside England, and at least 9% of the expenditure on programmes made in the UK for viewing on the service must be allocated to the production of programmes outside England and referable to programme production at production centres in Scotland, Wales and Northern Ireland?

b) with effect from 1 January 2030, in each calendar year at least 12% of the hours of programmes made in the UK for viewing on the Channel 4 service must be produced outside England, and at least 12% of the expenditure on programmes made in the UK for viewing on the service must be allocated to the production of programmes outside England and referable to programme production at production centres in Scotland, Wales and Northern Ireland?

Question 4:

Do you agree with our proposed guidance for C4C on how it should report on its MoE production in its SMCP?