

Ofcom’s Advisory Committee for Northern Ireland

Channel 4 Licence Renewal Consultation on Channel 4’s Made outside England quotas - August 2024.

The Communications Act 2003 requires Ofcom to establish and maintain Advisory Committees for the different parts of the United Kingdom.

Ofcom’s Advisory Committee for Northern Ireland (ACNI) advises Ofcom on the interests and opinions of citizens and consumers in Northern Ireland in respect of communications matters.

We are independent and our views do not represent the views of Ofcom or its staff.

Please accept this document as the committee’s submission to the Ofcom Call for Responses regarding the re-consultation launched in July 2024 re the re-licensing of Channel 4 relating to raising the made out of England (OoE) quota from 9% to 12%.

Submission

The Advisory Committee for Northern Ireland (ACNI) welcomes this consultation and C4C’s own offer to increase out of England quote to 12%.

We re-iterate, however, our call made in our initial December 2023 Channel 4 consultation submission for the following:

- A quota introduced for independent production in each individual devolved nation.
- An out of England quota set at 16%, which is a fairer reflection of the representation of the UK.
- Representation on the Channel 4 board for the nations and to ensure it is reflective of the UK population and growing the UK wide creative sector (this is especially important as C4 is now allowed to produce its own programming under the 2024 Media Act).
- A structure and strategy within Channel 4 to ensure that each of the devolved nations is fairly served and represented.

We believe that:

(i) Channel 4 has a public service remit and strategy to represent audiences and increase its impact across all of the UK. This cannot be achieved if Northern Ireland is left behind - which is clearly the case based on the previous licence period.

(ii) many of the arguments against Nations’ quotas are open to challenge – and indeed C4C was set up to represent the whole UK and to take risk.

(iii) concern about the quotas can be mitigated rather than losing an essential lever – as Ofcom has very limited levers or “soft power” once the licence conditions are set.

ACNI is open to alternative ways to ensure that Northern Ireland receives its fair share of commissions and portrayal and other public service outcomes, provided these are robust

levers. However, the proposals in the consultation are in no way sufficient to ensure Northern Ireland and the other devolved nations receive the desired outcomes for audiences and the creative economies.

Responses to questions (Please note that all replies below are non-confidential).

Question 1: Do you agree with our assessment of the potential impact on specific groups of persons?

ACNI generally agrees with the assessment of the potential impact of the proposed increase in out of England commissions on specific groups of persons. While it welcomes the increase in the out of England quota from 9% to 12% it would also argue that Ofcom can push this figure, volunteered by Channel 4, to a more representative 16%.

Ofcom in the consultation described the additional commercial challenge for this move as a “small risk”, and as C4C was set up to take risks we believe this is an achievable goal that will challenge the creative thinking of C4C in a positive way.

We remain hugely concerned that the proposed new licence conditions will not benefit Northern Ireland without individual quotas for each UK Nation. We also believe that out of England commissioning quotas should increase before 2030, taking an incremental approach.

Channel 4 has a public service remit to represent audiences and increase its impact across the whole of the UK and this must be reflected in the requirements of its licence. This cannot be achieved if Northern Ireland continues to be left behind.

There is a very serious issue of both under-commissioning and consequently under-representation to be addressed by Channel 4. Northern Ireland has not in any year of the past 10-year licence received commissioning spend equivalent to its population share of the Made out of England quota.

Audience share for Channel 4 in Northern Ireland remains notably lower than other parts of the UKⁱ and the gap in portrayal is glaringⁱⁱ these disappointing outcomes, along with low commissioning hours and spend and must be addressed for parity in the new licence. The last 10 years has shown that the aggregate devolved Nations quota allows a positive assessment of impact across the whole UK even when Northern Ireland loses out on its share of the benefits. So, this arrangement does not work for Northern Ireland and thus, we argue, a more specific Nation commissioning requirements has to be part of the new licence.

Channel 4 localises and sells advertising directly in Northern Ireland – including having staff based in Northern Ireland. This takes advertising revenue from the Northern Ireland economy that could support local production. But Channel 4 will not invest proportionately in production (or commissioning staff) in Northern Ireland.

Question 2: Do you agree with our Welsh language impact assessment?

This advisory committee is not best placed to comment on this but would defer to the Advisory Committee for Wales.

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?

(a) ACNI believes that, if the lower 12% out of London quota is adopted an incremental (annual increase) approach should be used to reach the 12% of programming hours and expenditure by 31 December 2029.

We do however – as previously stated – believe an out of London level of 16% is much closer aligned to the real value of the audience and creative sector in the nation and regions.

This, ACNI believes, would give a sustained growth in commissions across the licence period to achieve industry and audience outcomes.

We are not convinced by assertions that the devolved Nations production sectors are inherently ill-suited to deliver, or develop the capacity to deliver, the commissions which serve C4's strategy. Northern Ireland is the largest audio-visual production centre in the UK outside of greater London. Its productions like Games of Thrones and Derry Girls (Channel 4) are global hits. Its infrastructure, low relative cost, skills and additional funding via Northern Ireland Screen, mean it would be commercially neglectful if Channel 4 did not capitalise on this with at least per capita commissioning from the country. As one of the youngest populations in the UK with proven creative talent and skills Northern Ireland would also be a great commissioning base for realising Channel 4's digital first strategy.

The evidence shows that Channel 4 on average between 2014 and 2023 spent 0.72% of its eligible production budget in Northern Ireland. But if done on an equitable per capita basis the spend would have been five times greater than this based on Northern Ireland's 2.8% population share of the UK. Despite Northern Ireland's proven global success in audio-visual production over the past six years in the same period Channel 4's commission spend in the country halved to 0.48%.

The conditions in the last C4 licence did not deliver for Northern Ireland – in this consultation we ask Ofcom how it intends to insure in the next licence Northern Ireland is far more equitably served.

This contrasts to BBC which has benefitted greatly in portrayal and audience by reaching 3% of its national output coming from Northern Ireland. BBC's recent international hit programmes from Northern Ireland include Line of Duty, Hope Street and Blue Lights.

The catalyst for this success is that the BBC has individual commissioning quotas for each UK nation. But Channel 4 is still proposing only a 9% target (increasing to 12% by 2029) for productions in Scotland, Wales and Northern Ireland but not a specific per capita target for each country.

(b) ACNI welcomes this increase from 9% to 12% in out of England UK programming hours and expenditure but seeks that it is implemented incrementally (see (a) above and reply to question 1). ACNI does, however, believe that to meet Channel 4's legal requirement under the Communications Act 2003 to "appeal to the tastes of a culturally diverse society and have a distinctive character" that a 16% out of England quote would be more appropriate.

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

The proposed transparency measures, whilst welcome, are not sufficient to achieve the desired benefits for audiences and industry in Northern Ireland. It is already evidenced that the combination of out of England quotas, annual reporting, including the SMCP and annual appearance before ACNI, have not been sufficient to leverage a fair and proportionate outcome for Northern Ireland.

There needs to be both internal and external measures to ensure a fairer representation (and spend) in the nations.

ACNI believes there needs to be a director on the Channel 4 main board with a specific remit for ensuring the nations (and UK regions) are being served properly.

ACNI argues that an annually updated strategy specifically for Northern Ireland is vital. It would have to contain measurable outputs such as commissions in the Nation and agreed metrics to try to bring the Northern Ireland public service broadcasting audience share from the decline 4.1% to at least parity with the UK average (5%).

The Channel 4 commissioning structure requires greater interaction, development and focus on the nations and regions to ensure the ideas and commissioning pipeline stretches well beyond the station's physical offices and into the whole of the UK creative economy.

Experience over the past ten years has clearly shown that without mandatory and measurable targets for Northern Ireland, Channel 4 underperforms consistency in its public service responsibility towards the country. We argue that access to commissioners based in the Nation is a barrier and welcome Ofcom's increased focus in this regard. It is vital that any developments in this regard are meaningful and not tokenistic, taking account of the way in which commissioning works across different genres. It is also essential that, over time, the regulator measures the commissioning outcomes across the UK as well as the inputs.

ACNI notes the suggestion that appearance before devolved committees may add to Channel 4's accountability in the Nations. We would welcome this and ask for further steps to be taken to introduce it. However, we note that greater accountability and transparency will not deliver outcomes without the necessary policy levers in the licence, which need to be secured at this point,

Channel 4 has met with ACNI annually and this has increased transparency and the spotlight on performance in Northern Ireland. We propose that this continues with substantially developed reporting specific to Northern Ireland.

ACNI also would ask Ofcom that if C4 does not increase its spend and representation from Northern Ireland what real actions can the regulator take once the licence is set to ensure Channel 4 delivers for the whole of the UK.

Simply reporting via the Channel 4 Annual Report and SMCP does not – as has been proved in the current licence – deliver the outcomes that the audience in Northern Ireland deserves.

References;

(i) Ofcom (2024) *Ofcom Media Nations report Northern Ireland August 2024*. Ofcom, London.

(ii) Ofcom (2022) *Response to Channel 4's Statement of Media Content Policy*. Ofcom, London.

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ⁱ Ofcom Media Nations Northern Ireland 2024

ⁱⁱ Ofcom response to Channel 4's Statement of Media Content Policy 2022