

*Championing  
excellence and diversity  
in broadcasting*

Founded in 1983 by Jocelyn Hay CBE



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**RESPONSE BY THE VOICE OF THE LISTENER & VIEWER**

**TO THE**

**DCMS CONSULTATION INCREASING THE REGIONAL IMPACT OF**

**CHANNEL 4 CORPORATION**

**July 2017**

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Honorary Officers: Dame Colette Bowe President Colin Browne Chairman Toni Charlton Treasurer

**RESPONSE BY THE VOICE OF THE LISTENER & VIEWER  
TO THE DCMS CONSULTATION:  
INCREASING THE REGIONAL IMPACT OF CHANNEL 4 CORPORATION**

**INFORMATION ABOUT THE VLV**

Voice of the Listener & Viewer Limited (VLV) represents the citizen and consumer interests in broadcasting and speaks for listeners and viewers on the full range of broadcasting issues. It uses its independent expertise to champion quality and diversity in public service broadcasting, to respond to consultations, to produce policy briefings and to conduct research. VLV has no political, commercial or sectarian affiliations and is concerned with the issues, structures, institutions and regulations that underpin the British broadcasting system. VLV supports the principles of public service in broadcasting. It is a charitable company limited by guarantee (registered in England No 4407712 - Charity No 1152136).

**EXECUTIVE SUMMARY**

1. VLV has canvassed the views of its members in order to provide this response and this submission reflects the views of VLV members who responded from across the UK.
2. For VLV the main issue at stake in any discussion of the future of Channel 4 is to ensure that audience choice and satisfaction are maintained. VLV is concerned that if Channel 4's ability to deliver its remit is undermined by the disruption of its operating model, this will impact negatively on audiences. VLV therefore welcomed the Government's decision to not privatise C4C.
3. VLV supports the government's ambition to ensure there is representation of the regions and Nations of the UK on the network PSB channels. It also broadly supports the government's industrial strategy in a PSB context, to increase the amount of content and spend in the nations and regions. VLV believes this could be beneficial in the long term for the broadcasting and independent production industries and for audiences.
4. In the short term VLV would oppose any significant change to Channel 4's operating model in case such a change undermines its ability to re-invest financial surpluses in the production of original UK produced content, for example by the costs of moving its headquarters out of London. We are concerned that policy proposals should not put the success of C4C in jeopardy and that funding for the production of content should not be diverted unless it leads to better outcomes for audiences on screen.
5. VLV is concerned that the primary objective of the consultation is to stimulate economic activity in the nations and regions, with audiences being of secondary concern. VLV has always held that audiences should be at the heart of any policy decision about the future of public service broadcasting in the UK. A balance therefore is required between quotas which set targets to ensure valuable public outcomes and the freedom for broadcasters to be creative and innovative.

6. While it is clear that Channel 4 significantly supports the independent production sector in the UK, VLV agrees that it is sensible for the government to consider whether it could do more to ensure that future growth in the independent production sector is more evenly distributed across the UK.
7. VLV supports the ambition of the consultation to improve representation of the UK's nations and regions. There is a suggestion in the consultation document that Channel 4 output appeals to and supports the needs of a *privileged few* who live and work in the South East.<sup>1</sup> VLV refutes this suggestion which runs counter to responses from VLV members and other available research.
8. VLV understands that providing content about or for the regions of England and the nations is not in Channel 4's core remit. If Channel 4's *role is evolved*<sup>2</sup> to include such content, this will necessarily involve the deprioritisation of other elements of the remit in order to ensure the corporation's financial sustainability.
9. VLV considers that the issue of where Channel 4's offices are based is a matter for the Channel 4 board and not a matter for government to decide.
10. VLV believes that the balance of arguments, from an audience perspective, does not support moving the Company's headquarters out of London.
11. Although VLV would not support relocating the company's headquarters, VLV would strongly encourage Channel 4 to have a more visible presence in the regions and to enhance its efforts to ensure the diverse cultures and interests of communities across the UK are properly reflected in its output. Specifically, VLV would welcome a greater presence in Northern Ireland and Wales, to match the presence in Scotland, and a greater presence in the English regions.
12. Any such changes to the way in which Channel 4 operates should be supported by a cost benefit analysis which should include an analysis of the benefit to audiences.
13. VLV does not consider that Channel 4's nations quota should be increased at this time and that the existing nations quotas which were raised in 2014 should be honoured until the expiry of Channel 4's licence in 2024.
14. VLV considers that any decision to increase Channel 4's English regions quotas should be balanced with Channel 4's overall delivery of its remit, its creative freedom and the need to operate its business on a sustainable basis. Therefore, VLV would suggest that Channel 4 should aim to improve representation and the commissioning of production companies outside the M25 as far as possible without undermining its sustainability. VLV suggest that out of London quotas should be increased in line with

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<sup>1</sup> 'Public assets, such as Channel 4, should deliver for the public in every possible way. This is key to building an economy that works for everyone, not just a privileged few.' *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017

<sup>2</sup> *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg 6

recent Channel 4 delivery to ensure this contribution to the regions is maintained going forward. VLV considers that the suggested level of 50% in the consultation for the out of London quota is too high. This would mean that 59% of Channel 4's content and spend would have to be accounted for by content commissioned from outside London which we consider to be too restrictive on Channel 4's creative and operational freedom.

15. VLV would not in principle be opposed to Channel 4 taking larger stakes in production companies in excess of 25% as long as measures are put in place to safeguard commissioning guidelines so that ideas are commissioned on merit for the benefit of audiences and to allay potential concerns about C4C favouring companies in which it owns a stake.
16. VLV agrees with the government that all the UK PSBs play a critical role in providing content for and from the UK nations and their regions. In the context of this consultation, VLV questions the principle of increasing requirements for Channel 4 to commission more content from the nations and regions without the government also increasing requirements on Channel 3 and Channel 5.

## **INTRODUCTION**

17. VLV welcomes the opportunity to respond to the Department for Culture, Media and Sport consultation on the regional impact of Channel 4.
18. VLV has canvassed the views of its members in order to provide this response and this submission reflects the views of VLV members who responded from across the UK.
19. The UK has an internationally-envied, complex broadcasting system with a range of remits, rewards and different funding options for our public service broadcasters. It supports an independent production industry which is thriving; it provides a range of high quality content which is free at the point of reception for audiences; and the system appears to be working well.
20. Channel 4 plays an important role in the delivery of public service broadcasting in the UK, providing plurality of supply in key genres alongside the other PSBs. It makes a significant contribution to the range and diversity of content available on UK free to air channels. That contribution currently includes original drama, documentaries, factual series, current affairs and its weekday hour long news bulletin.
21. For VLV the main issue at stake in any discussion of the future of Channel 4 is to ensure that audience choice and satisfaction are maintained. VLV is concerned that if Channel 4's ability to deliver its remit is undermined by the disruption of its operating model, this will impact negatively on audiences. VLV therefore welcomed the Government's decision to not privatise C4C.

22. VLV holds that broadcasting policy should be determined primarily by the interests of audiences. VLV believes that those who propose change to public service broadcasting policy should be able to demonstrate clearly the advantages for audiences any changes would bring.
23. VLV supports the government's ambition to ensure there is representation of the regions and nations of the UK on the network PSB channels. It also broadly supports the government's industrial strategy in a PSB context, to increase the amount of content and spend in the nations and regions. VLV believes this could be beneficial in the long term for the broadcasting and independent production industries and for audiences.
24. However, in the short term VLV would oppose any significant change to Channel 4's operating model in case such a change undermines its ability to re-invest financial surpluses in the production of original UK produced content, for example by the costs of moving its headquarters out of London. We are concerned that policy proposals should not put the success of C4C in jeopardy and that funding for the production of content should not be diverted unless it leads to better outcomes for audiences on screen.

### **General Comments on the Consultation Document**

25. VLV welcomes the Secretary of State's *ambition to protect and enhance this precious public asset, to ensure its sustainability in the long term and maintain the contribution it makes to society and also to make sure it serves the whole country.*<sup>3</sup>
26. VLV agrees with the Secretary of State that *public assets... should deliver for the public in every possible way*<sup>4</sup>, however VLV would like to highlight that while Channel 4 is a public institution, it is one which is not reliant on public funding which differentiates it from other public institutions in the UK.
27. We note that the key goals of the proposals in this consultation are:
- to stimulate economic activity in the nations and regions
  - to better serve audiences in the nations and regions
28. VLV is concerned that the primary objective of the consultation is to stimulate economic activity in the nations and regions, with audiences being of secondary concern. In the consultation it is stated that DCMS will *commission external analysis to look at the potential regional economic benefits resulting from the options under consideration*<sup>5</sup> but there is no reference to any research being conducted on potential audience benefits. We would welcome the commissioning of research into the audience benefits of the proposed changes.

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<sup>3</sup> *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg. 2

<sup>4</sup> *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg. 2

<sup>5</sup> *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg. 2

29. VLV has always held that audiences should be at the heart of any policy decision about the future of public service broadcasting in the UK. A balance therefore is required between quotas which set targets to ensure valuable public outcomes and the freedom for broadcasters to be creative and innovative.
30. We note that C4 is heavily dependent on advertising.<sup>6</sup> If Channel 4 fails to focus on delivering its remit and content for audiences then audiences will migrate and Channel 4 will become financially unsustainable. VLV is concerned that Channel 4's existing commissioning strategy should not be overly constrained by regulation which is intended to support other government priorities, such as its industrial strategy, because this could undermine Channel 4's sustainability.

### **Regional Economic Growth**

31. The consultation document cites the BBC move to Salford as an example how public service broadcasters can play a *transformative role in helping drive creative hubs beyond the capital*.<sup>7</sup> While VLV agrees with the Government that the BBC move to Salford has brought benefits such as a GVA contribution of £277m in 2014/15<sup>8</sup>, it must be taken into account that the BBC is a producer of programmes and not a publisher-broadcaster. It seems strange to compare Channel 4 and the BBC in this way. They follow completely different operational models. Therefore VLV does not believe this comparison is helpful.

### **Channel 4 commissioning of independent productions**

32. VLV agrees that it should be a goal of Channel 4 to ensure that it supports production companies which come from across the UK and helps to develop new talent.
33. VLV believes that the UK independent production sector is thriving and Channel 4 plays a large part in that. In 2015 £430m of C4C's total £600m budget went to fund original productions by British independent producers<sup>9</sup>. We understand this represents more than the combined spending of ITV and Channel 5. In 2014, C4 worked with 338 production companies across TV, digital and film. This represented 36% of all spending on independent production by the PSBs.
34. While it is clear that Channel 4 significantly supports the independent production sector across the UK, VLV agrees that it is sensible for the government to consider whether it could do more to ensure that future growth in the independent production sector is more evenly distributed across the UK.

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<sup>6</sup> 94% of its income from ad revenues in 2015. *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg. 5

<sup>7</sup> *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg. 16

<sup>8</sup> <https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2017/02/roleofbbcsupportingwebaccess.pdf>

<sup>9</sup> Channel 4 Annual Report

## **Representation of the Nations and English regions on Channel 4**

35. VLV supports the ambition of the consultation to improve representation of the UK's nations and regions.

36. There is a suggestion in the consultation document that Channel 4 output appeals to and supports the needs of a *privileged few* who live and work in the South East.<sup>10</sup> VLV refutes this suggestion which runs counter to responses from VLV members. To quote one member,

*I watch quite a bit of C4 and see no evidence of its output being London-centric.*

37. There is also no indication from BARB research that viewing of C4 portfolio is dominated by viewers in London. This data shows that the average proportion of viewers in the West, West Midlands, East and Ulster are greater than those in London. Among 16-34 year olds, a key audience for Channel 4, London comes 10<sup>th</sup> out of 14 regions in popularity.

38. We note the reference in the consultation document to Ofcom findings that *'The nations and their regions are the areas where there is the largest gap between the public expectation of PSB and the operations of the PSBs.'*<sup>11</sup> However, we also note that in the same Ofcom report it was stated that *'Audience satisfaction with the portrayal of the Nations and regions has grown significantly since 2008 in the UK as a whole, and in Scotland and Northern Ireland specifically'*<sup>12</sup> which would suggest that progress is being made with this issue. This progress is not highlighted in the consultation document and we believe that this is misleading.

39. Contrary to suggestions in the consultation document, VLV believes that Channel 4 makes an important contribution to the representation of life outside London and the South East. To highlight a few examples, documentaries such as *The Jihadis Next door* and serious factual series such as *Benefits Street*, *Making Bradford British* or the *Educating...* series; dramas such as *Hollyoaks* or the new *Ackley Bridge*; and factual entertainment such as *Gogglebox* and *Come Dine with Me* are all set outside the South East.

40. VLV notes the reference in the consultation to Channel 4's responsibility to promote alternative views and new perspectives in relation to its impact in the regions. VLV would like to highlight that Ofcom and Channel 4 research demonstrates that of all the PSB's Channel 4 is by far the most successful at achieving this goal. The main channel is particularly successful in *challenging established views* and *promoting new*

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<sup>10</sup> 'Public assets, such as Channel 4, should deliver for the public in every possible way. This is key to building an economy that works for everyone, not just a privileged few'. *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017

<sup>11</sup> *Public service Broadcasting in the internet age, 2015*, Ofcom.

<sup>12</sup> *Public service Broadcasting in the internet age, 2015*, Ofcom. 3.49

*perspectives*.<sup>13</sup> Viewer appreciation of this aspect of Channel 4 delivery is high: Ofcom research shows that the public believe Channel 4 is more likely to cover ground and tackle issues other broadcasters wouldn't and provide alternative perspectives.<sup>14</sup> It outperforms the PSB average for showing 'programmes with new ideas/different approaches/ideas' (58% vs average of 52%) and programmes whose style is 'different to what I'd expect to see on other channels' (57% vs average of 49%).<sup>15</sup>

41. We note that there were areas of delivery which Ofcom highlighted as of some concern in 2015: content for older children, first run hours of international content on the main channel and a drop in diversity content in peak time.

42. VLV wishes to highlight that providing content about or for the regions of England and the Nations is not in Channel 4's core remit. If Channel 4's *role is evolved*<sup>16</sup> to include such content, this will necessarily involve the deprioritisation of other elements of the remit in order to ensure the corporation's financial sustainability.

**Question 1(i). To what extent do you agree/disagree that Channel 4's regional impact would be enhanced if more of its people and activities were located outside London?**

43. VLV is concerned that the proposal in the consultation to move Channel 4's headquarters to a regional location is based on a confusion between the commissioning and production processes. We agree with Lord Best when he wrote to the Secretary of State in March this year saying *the key issue relates to where C4 invests its resources, rather than where it is headquartered*.<sup>17</sup>

41. Additionally, VLV considers that the issue of where Channel 4's offices are based is a matter for the Channel 4 board and not a matter for government. The proposal to relocate Channel 4 could be viewed as one which undermines C4C's independence as a public service media organisation which would not be welcome.

42. VLV members who responded to our call for input mostly agreed there would be no guarantee that Channel 4's regional impact will be enhanced if it were relocated outside London. Their responses to this question included the following:

*'I would be very wary of telling someone how to run their business.'*

*'My answer would be NO. This would put Channel 4 at a grave disadvantage vis a vis other broadcasters with HQ's in London. Despite all the electronic*

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<sup>13</sup> *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 36

<sup>14</sup> *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 38

<sup>15</sup> *Ofcom PSB Annual Report 2015, PSB Audience Opinion Annex*, (July 2015, Figure 34)

<sup>16</sup> *Increasing the Regional Impact of Channel 4 Consultation*, DCMS, 12 April 2017, pg. 6

<sup>17</sup> <http://www.parliament.uk/business/committees/committees-a-z/lords-select/communications-committee/inquiries/parliament-2015/channel4-sustainability/the-sustainability-of-channel-4-publications/>



*connections available today, nothing beats face to face studio contact and lobby contact with the most important sources of News, namely the Government, Parliament and major companies. To move outside London would make Channel 4 a minor league player.'*

*'If you remember ITV was set up as a dozen regional companies who would serve their regions with their coverage and their spending. After about thirty years the national organisation was allowed to be nudged into becoming one big company. Independent regional programme making was not financially viable. I would not want to saddle Channel 4 with the same obligations that didn't work for ITV.'*

*'My view is let the management of Channel 4 make its own decisions on how and where it spends its money and makes its programmes bearing in mind that it already has obligations imposed by Ofcom to serve the regions and nations in the public interest.'*

*'I'm not too bothered about London-centering though I realise that is a big problem for very many. I'm not sure that actually making programmes outside London would particularly answer that, as long as regional talent is sought and used.'*

43. VLV is concerned that while moving Channel 4 headquarters out of London might suggest greater involvement and investment in the nations of the UK and regions of England, such a move could be tokenistic. It wouldn't guarantee any extra commissioning for independent production companies outside the South East, which seems to be the Government's objective, and it wouldn't guarantee any greater representation of the regions of England and the Nations of the UK on screen.

44. Instead, VLV predicts it could have potential repercussions which could be very damaging for Channel 4 and for audiences. The disruption of being forced to move out of London could compromise Channel 4's ability to deliver its remit and maintain audience share. VLV was concerned by David Abraham's statement to Channel 4 staff warning that proposals to relocate the corporation would be *damaging* and could cause it to *lose focus*.<sup>18</sup>

45. There is also a risk that Channel 4 staff currently based in London will not choose to move with the organization. One VLV member wrote:

*'Channel 4 is a 100% commissioning network, therefore (unlike the BBC which is still an active programme maker) I see no advantage in relocating its HQ; this would be hugely disruptive for staff, who would either need to be offered the market value of their homes and/or other incentives to move, or accept redundancy (not cheap). It is true that selling off its present HQ might provide a one-off windfall even after taking into account the above, since regional*

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<sup>18</sup> Abraham Warns of relocation cost and consequences, Broadcast Magazine, 30 March 2017

*premises would undoubtedly be cheaper, but this would not pay for many programmes. If the Channel 4 headquarters largely remain in London but the organisation is split into different operational bases, this could also lead to disruption. It would result in a fragmentation of staff and fragmentation of the operation as a whole which could undermine the existing operating model.'*

46. Anecdotally VLV understands that it will be more convenient and cost-effective for production companies based in the regions if Channel 4 remains in London because they come to London regularly to meet with other broadcasters' commissioning editors. If C4C were based in Birmingham, for example, they would have to make a special trip to Birmingham to meet commissioning editors.
47. In light of these considerations, VLV would not support the proposal for Channel 4 to move its headquarters out of London.

**Question 1(ii). Following on from Question 1 (i), what location(s), if any, would make a substantial impact and be suitable for an increased regional presence for Channel 4 outside of London?**

48. Although VLV would not support relocating the company's headquarters, VLV would strongly encourage Channel 4 to have a more visible presence in the regions and to enhance its efforts to ensure the diverse cultures and interests of communities across the UK are properly reflected in its output. Specifically, VLV would welcome a greater presence in Northern Ireland and Wales, to match the presence in Scotland, and a greater presence in the English regions.
49. VLV understands that Channel 4 holds regular briefings for independent production companies outside London. It has existing offices in Manchester and Glasgow. VLV would suggest that these should be expanded.
50. If this happens, it has to be recognised that there will be a cost attached to this activity and this might reduce spend on content on screen, potentially impacting on audiences which could be detrimental.
51. Any such changes to the way in which Channel 4 operates is a matter for C4 board to decide and they should be supported by a cost benefit analysis which should include an analysis of the benefit to audiences.

**Question 1(iii). To what extent do you agree/disagree that there are strong arguments for specific parts of the business remaining in London?**

52. As stated above, this is a matter for the Channel 4 board to decide.

**Question 1(iv). Following on from Question 1(iii), please state which specific parts of the business should remain in London, if any, and please set out the reasons why.**

53. As stated above, this is a matter for the Channel 4 board to decide.

**Question 2(i). To what extent do you agree/disagree that increasing Channel 4's nations commissioning quotas would be an appropriate and effective way to enhance Channel 4's impact in the nations?**

54. Channel 4 nations commissioning quotas were last raised in 2013 following an Ofcom consultation on the renewal of Channel 4's licence. At the time VLV supported the raising of Channel 4's nations quota to 9% of spend and volume by 2020. VLV does not consider that this quota should be increased again at this time and that the existing nations quotas should be honoured until the expiry of Channel 4's licence in 2024.

**Question 2(ii). To what extent do you agree/disagree that increasing Channel 4's regions commissioning quotas (in relation to England) would be an appropriate and effective way to enhance Channel 4's regional impact?**

**Question 2(iii). Following Question 2(i) and (ii), what level of increased quotas do you think should be considered (if appropriate)?**

55. VLV considers that any increase in quotas should be balanced with Channel 4's overall delivery of its remit and the need to operate its business on a sustainable basis.

56. VLV understands that there is an existing quota for 35% of spend and hours on new original programming on the main channel to come from outside the M25 which was increased in 2010. We understand that Channel 4 consistently over-delivers on this quota; that in 2015 39% of spend on Channel 4's original programming came from outside the M25 in 2015 and that 53% of hours came from outside the M25;<sup>19</sup> and that C4C spent £169 on TV production in the nations and regions in 2016 which is an increase of £25m on its 2015 spend.

57. VLV shares the Government's concern that there is a dominance of broadcasting and production companies in London and the South East. We agree that it would be preferable for there to be a greater geographical spread of independent producers who are commissioned by UK PSBs and that Channel 4 might be able help contribute to the development of this policy goal.

58. VLV considers that any decision to increase in Channel 4's English regions quotas should be balanced with Channel 4's overall delivery of its remit, its creative freedom

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<sup>19</sup> Channel 4 Annual Report 2015

and the need to operate its business on a sustainable basis. Therefore, VLV would suggest that Channel 4 should aim to increase the level of commissioning from production companies outside the M25 as far as possible without undermining its sustainability.

59. VLV suggests that out of London quotas which apply to first-run originated programming on the main channel should be increased in line with recent delivery of this quota over the past five years to ensure this contribution to the regions is maintained going forward. While we would want this quota to stretch Channel 4, we would not want it to overly restrict Channel 4's creative freedom and for it to be delivered at the expense of other priorities in the corporation's remit.
60. VLV considers that the suggested level of 50% in the consultation for the out of London quota is too high. This would mean that 50% of Channel 4's content and spend would have to be accounted for by content commissioned from outside London which we consider to be too restrictive on Channel 4's creative and operational freedom.
61. VLV would also like Channel 4 to continue to focus its efforts on encouraging the development of smaller, newer producers who have a much harder job than they once had at engaging with broadcasters because of the strong competition from the larger independent production companies which are more established and likely to have existing relationships with commissioning editors.
62. It is important to note that by increasing out of London quotas, there will be no guaranteed benefit for audiences. An increase in out of London quotas will not automatically lead to an increase in programmes which reflect the regions of England and the nations of the UK. It is our view that just because a producer is based in a certain place, this does not necessarily influence the nature the programmes they make. For example, *Gogglebox* and *Come Dine with Me*, both of which are popular Channel 4 series filmed all around the UK, are made by production companies based in London.
63. VLV does not believe that adjusting the quota framework to focus on specific regions would be sensible because this would severely limit C4C creatively and financially and potentially prevent it from commissioning ideas on merit.
64. If the government decides to increase this quota, this should be done in a sustainable way over a period of time. Additionally, under no circumstances should quotas impose the nature of content to be commissioned from different locations because this would limit the creative opportunities of regional producers.

**Question 2(iv). Do you think that Channel 4's regions and/or nations commissioning quotas should change in any other way?**

65. No.

**Question 3. To what extent do you agree/disagree that Channel 4 taking shareholdings in production companies in excess of 25% would be an appropriate and effective way to enhance Channel 4's sustainability and regional impact?**

66. At the heart of this question is the issue of whether C4C should have the freedom to put in place ventures to explore alternative sources of revenue as well as support independent production companies.
67. It is VLV's view that Channel 4's Indie Growth Fund has proved to be a success until now. It has provided an alternative source of income for C4C and support for small and medium-sized independent production companies.
68. VLV agrees with the government and Channel 4 that it would not be appropriate to remove the existing broadcaster-publisher restriction on Channel 4. However, VLV would not in principle be opposed to Channel 4 taking larger stakes in production companies in excess of 25% as long as these were under 49%.
69. It must be noted that some VLV members were concerned that the development of the Channel 4 Indie Growth strategy to include Channel 4 taking larger stakes in production companies might lead to less equitable commissioning:

*'I would be wary of C4 taking a major stake in any independent production companies - would such companies become "preferred bidders"? That would reduce the level playing field.'*

70. In order to ensure that the best ideas are commissioned for the benefit of audiences, VLV would suggest that commissioning guidelines should be established to guard against the favouring of companies in which Channel 4 has a stake.

**Question 4. Do you have any views on whether more could be done, including by the commercial PSBs, to strengthen regional creative clusters and provide for audiences outside London, thereby strengthening the regional impact of the public service broadcasting system as a whole?**

71. VLV agrees with the government that all the UK PSBs play a critical role in providing content for and from the UK nations and their regions.
72. VLV notes the increased commitment in the new BBC Charter to provide content and representation of the *diverse communities of the UK's nations and regions*. In the context of this consultation, VLV questions the principle of increasing requirements for Channel 4 to commission more content from the nations and regions without the government also increasing requirements on Channel 3 and Channel 5. This would put Channel 4 at a commercial disadvantage. VLV notes that there are concerns about the commercial viability of regional programmes. One VLV member wrote,

*'It's important to look at the history of ITV since its inception in 1955. It had under its umbrella some truly outstanding regional programme companies (notably Granada and Yorkshire). That was the Golden Age but since the early 2000s they have become shadows of their former selves. Their "slots" (apart from continuing drama series such as Coronation Street) have been reduced on average - apart from the 10 minute regional news bulletins that follow the National News - to 3 x 30 minute opt-outs per week, and these have broadly become news-based. That is a huge pity but I doubt that Ofcom could order these regional powerhouses to be reinstated... ITV plc is a commercial business that is currently vulnerable to takeover as its advertising revenue declines. Do regional programmes have national appeal in a business where numbers of viewers count?'*

73. There is a persuasive argument that for independent production hubs to flourish in the nations and regions and for these regional hubs to benefit audiences there needs to be a number different broadcasters with a strong local commissioning presence. This would support the view that increased quotas should be applied to Channel 3 and Channel 5, however VLV assumes that this would not be a welcome proposal for commercial companies the value of whose licences is considered to be in decline.
74. In light of these considerations, VLV would suggest that the DCMS could do more to encourage the other commercial PSBs to strengthen the regional impact of public service broadcasting, although we recognise this is likely to be strongly resisted.