

*Championing
excellence and diversity
in broadcasting*



Founded in 1983 by Jocelyn Hay CBE

The Old Rectory Business Centre
Springhead Road, Northfleet
Kent, DA11 8HN
Tel: 01474 338716
email: info@vlv.org.uk
VLV: www.vlv.org.uk

VLV RESPONSE TO THE OFCOM CONSULTATION ON PROPOSALS FOR THE NEW CHANNEL 4 LICENCE

February 2024

INFORMATION ABOUT THE VLV

The Voice of the Listener & Viewer (VLV) is an independent, not for profit membership-based charity, free from political and sectarian affiliations. VLV supports high quality broadcasting which maintains the democratic and cultural traditions of the UK. We support the independence and integrity of the BBC and encourage work which demonstrates commitment to the principles of Public Service Broadcasting (PSB). VLV is a charitable company limited by guarantee (registered in England and Wales No 4407712 - Charity No 1152136).

Executive Summary

1. VLV considers that C4C plays a crucial role in the UK's PSB ecosystem, providing content which is alternative to mainstream PSB, as a publicly owned, not-for-profit body which is able to reinvest surplus income into providing additional content for audiences.
2. In general it is VLV's view that Channel 4 provides a welcome and distinctive addition to the system of public service broadcasting in Britain, especially in respect of its extensive peak time news and current affairs, its coverage of international issues, its provision for younger viewers (though not for younger children), and its extensive digital services.
3. VLV agrees with all the conditions proposed by Ofcom for the new Channel 4 licence, including that it should be renewed for a 10 year period. In an ideal world we would prefer that some of the quotas in the Channel 4 licence were increased to ensure greater value for audiences in regional representation, for example, but we recognise that the economic environment for broadcasting is likely to remain uncertain for the coming 10 years and increased quotas could undermine C4C's sustainability.
4. VLV's first priority is that C4C should be able to continue providing a distinctive alternative universal PSB service which benefits citizens across the UK. In order to ensure this, C4C needs to be afforded the flexibility to respond to evolving audience habits and technology in order to ensure its financial sustainability. VLV believes that the proposed licence should provide the necessary flexibility while holding Channel to account to deliver its distinctive PSB remit.
5. VLV would, however, like C4C to ensure that any content it makes exclusively available on its digital platforms in order to drive their growth should be available on its main DTT channel in a relatively short period of time, no more than one month after it is released on its digital platforms, so that its content remains universally available to all citizens in the UK. We are concerned that C4 audiences using DTT should not be disadvantaged by C4C's digital strategy. This is particularly concerning because 7% of households do not have access to broadband¹.

Introduction

6. VLV welcomes the opportunity to respond to this consultation on the renewal of the Channel 4 licence. While we realise that this consultation is confined to the main channel,

¹ <https://researchbriefings.files.parliament.uk/documents/CDP-2023-0176/CDP-2023-0176.pdf>

we are interested in the range, diversity and quality of C4's overall portfolio and programmes, including online services, websites and digital platforms.

7. In general it is VLV's view that Channel 4 provides a welcome and distinctive addition to the system of public service broadcasting in Britain, especially in respect of its extensive peak time news and current affairs, its coverage of international issues, its provision for younger viewers (though not for younger children), and its extensive digital services.
8. VLV believes Channel 4 is currently delivering its remit in a way which benefits audiences, citizens and the creative economy of the UK. The PSB system is interconnected, comprising competing broadcasters with portfolios of channels, each providing a range of content for different audiences; each has different creative and commercial priorities, a different remit and obligations which combine to provide structure to the whole PSB sector.
9. Channel 4's role within this system is to provide innovative, risk-taking, sometimes controversial and challenging content, which which is especially popular among young adult and more diverse audiences², a sector which feels underserved by PSB. VLV notes that these audiences have been migrating most quickly to global on-demand platforms³ so it is important that C4C is able to continue to work to engage these sectors with high quality UK PSB.
10. We recognise that in order to remain financially sustainable and continue to deliver its remit effectively, C4C must maintain its reach and impact. Within C4C's operating model and remit there is a tension between needing to attract audiences while providing innovative, often challenging, content. We would want to see the main channel, Channel 4, continue to remain the most 'alternative' mainstream PSB channel⁴ in the UK and encourage it to ensure that it continues to take risks and provide content which other PSBs might not consider. It is important that this balance between innovation and maintaining audience share is achieved.

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

11. VLV is concerned that the C4C strategy – including its digital strategy – could have a potential negative impact on those who are more reliant on the main Channel 4 DTT channel. These people tend to be older and are those who cannot afford to pay for or refuse to have broadband access.
12. Having said that, VLV acknowledges C4C's remit to benefit younger audiences and therefore has supported C4C's strategy to engage more people through its online offering. We fully understand that this approach is central to its strategy to remain financially sustainable.

² Channel 4's is the youngest profiling PSB, with double the young audience share of BBC. 80% of UK 16-24 year olds are signed up to All 4. *Channel 4 Annual Report 2020*, 22 June 2020, Pg. 46

³ *Consultation on a potential change of ownership of Channel 4 Television Corporation*, DCMS, 8 July 2021, Pg.10

⁴ Channel 4 refers to itself as the Alternative Mainstream channel in *Channel 4 Taking Risks and Challenging the Mainstream*, 2014

13. We also note that retaining the existing Made Outside England production quotas might not deliver a potential increase in representation in the nations and regions. While production quotas have a part to play in representation, VLV considers that they are only one of the drivers for increased representation and that others, such as the consolidation and maturing of the hubs in Glasgow, Leeds and Bristol, could lead to better representation in due course.

14. To mitigate the impact of the digital strategy on audiences who are wholly reliant on DTT broadcast content, VLV suggests that any high-cost content, such as drama, which is premiered on C4C's online platforms, should be available on its main DTT channel in a relatively short period of time, no more than one month after it is released on its digital platforms, so that its content remains universally available to all citizens in the UK.

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

15. Since Channel 4's licence does not include any Welsh language programming conditions, VLV agrees with Ofcom's assessment that the renewed Channel 4 licence will not have any new impact on opportunities for people to use the Welsh language.

Question 3: Do you agree with our proposed approach to setting the new Channel 4 licence?

16. VLV notes that Ofcom says its 'approach to setting a new licence for the Channel 4 service aims 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 safeguard its investment in distinctive UK content and protect the delivery of the core elements of its linear output'⁵.

17. VLV agrees with Ofcom's assessment of the broadcasting landscape and audience viewing habits which are undergoing significant changes. We agree that it seems likely that audience viewing habits will continue to evolve rapidly, with greater numbers viewing content on digital platforms, and that C4C, along with other broadcasters, will need to respond to these challenges by improving their provision on Broadcasting Video on online and On Demand (BVoD) platforms. Having said that, we question whether anyone is able to accurately predict what will happen during the next decade.

18. VLV welcomes the C4C commitment that changes to its delivery of content will happen gradually over the licence period, which is consistent with its broader strategy for ongoing digital transformation: *"in the period to 2034, we will maintain the holistic strategy that champions the principles of our remit across all our services. The main licensed public service channel will remain core to this, even [...] as linear, long-form viewing takes a less prominent role in consumers' media consumption mix"*⁶.

Question 4: Do you agree with our proposal to retain the condition requiring not less than 208 hours of news programmes in peak viewing time to be

⁵ Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence, Ofcom, 6 December 2023, para 5.5

⁶ Channel 4 Licence Renewal: Submission to Ofcom, May 2023

included in the Channel 4 service in each calendar year of the licensing period?

19. VLV notes that it is the C4C weekday evening programme, *Channel 4 News*, which has the most impact on and provides the most value for audiences. We also note that in recent years C4C has been expanding its online news offering, including via YouTube and TikTok⁷, in an effort to engage younger audiences.
20. We understand that in 2010 C4C replaced its half-hour *News at Noon* programme with short lunchtime bulletins to be “able to concentrate its resources on the main daily programme where it can have maximum impact”⁸. The replacement bulletin is on average three minutes long and delivers only the headlines for the day, rather than the type of in-depth detail in its main 7pm programme which provides significant value for audiences and is distinctive.
21. In VLV’s view it is crucial that *Channel 4 News* at 7pm on weekdays and weekends is retained. This programme provides an in-depth news television programme and complements the delivery of news by other PSBs. We note the Jigsaw research that ‘Audiences felt it provided unbiased, trustworthy news and was willing to challenge establishment thinking. It was also felt to have a younger and more progressive reporting style and format compared to ITV or the BBC. Audiences thought that *Channel 4 News* was prepared to go where the BBC and ITV news would not, for example when interviewing politicians or talking about political issues’⁹.
22. We also note and welcome the increase in Channel 4 News’ viewing share from 3.1% in 2015 to 4% in 2022¹⁰ and Ofcom research which demonstrates that the audience continues to rate it highly for delivering national and international news. *Channel 4 News* plays an important role by attracting a slightly different audience to other PSBs’ news output¹¹, with more viewers from minority ethnic groups and a younger audience than BBC News bulletins.
23. We note and appreciate Channel 4 News’ success in engaging younger citizens on social media platforms and that this is driving younger viewers to the linear bulletin¹². C4C’s efforts to develop means to engage younger audiences on the platforms they prefer to use are notable and welcome.
24. In this context VLV considers that the Ofcom requirement that Channel 4 continue to deliver 208 hours of News on its linear broadcast platform remains an appropriate level of output.

⁷ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, paras 5.23-5.26

⁸ *Channel 4 Licence Renewal: Submission to Ofcom*, May 2023

⁹ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, para 5.19

¹⁰ *Ibid.*, para 5.29

¹¹ *Ibid.*, para 5.20

¹² *Ibid.*, para 5.23

Question 5: Do you agree with our proposal to remove the lunchtime news scheduling requirement?

25. VLV agrees with Ofcom's proposal to remove the lunchtime news scheduling requirement.

26. We understand that in 2010 C4C replaced its half-hour *News at Noon* programme with short lunchtime bulletins so that it could concentrate resources on its evening news programme. The lunchtime bulletin only delivers headlines and in VLV's view does not provide significant value for audiences in comparison with the evening bulletin, which is distinctively different from other PSB news programmes. ITV and the BBC provide lunchtime bulletins and audiences have free to air access to other news channels on DTT. VLV does not consider that removing the C4 lunchtime bulletin will have a significant impact on audiences.

Question 6: Do you agree with our proposal to retain the weekend news scheduling requirement?

27. VLV agrees with Ofcom's proposal to retain the weekend news scheduling requirement.

28. VLV considers that these programmes provide audiences who regularly view Channel 4 News with continuity which is likely to ensure their loyalty to the programme and they have roughly the same share as the weekday bulletins, although their audience skews older than the weekday bulletins¹³. VLV would not support Channel 4's request to drop one of these programmes since regular news is important in fulfilling the PSB objectives.

Question 7: Do you agree with our proposal to require that there are not less than 178 hours in each calendar year of the licensing period of current affairs programmes included in the Channel 4 service which are of high quality and deal with both national and international matters? Do you agree with our proposal to retain the requirement that 80 hours of the 178 hours must be in peak viewing time?

29. VLV notes Ofcom's proposals to reduce the minimum number of hours of current affairs C4C must provide on Channel 4 from 208 hours to 178 hours.

30. We note that currently and in the past Channel 4 has consistently over-delivered on its existing quotas¹⁴.

31. VLV's instinctive reaction to this proposal was to question whether it would reduce the public value provided by Channel 4 to audiences because we are concerned that C4 audiences using DTT should not be disadvantaged by C4C's digital strategy. This is particularly concerning because 7% of households do not have access to broadband¹⁵.

¹³ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, para 5.43

¹⁴ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, para 5.5

¹⁵ <https://researchbriefings.files.parliament.uk/documents/CDP-2023-0176/CDP-2023-0176.pdf>

32. However, we note that C4C's digital strategy has been particularly successful, more so than the other PSBs, and is central to C4C's sustainability. We note that it has increased its investment in digital first current affairs content¹⁶ and would like to continue to invest in digital first content moving forwards but that funding for this content will need to be re-allocated from its core current affairs budget which funds content on its main DTT channel. C4C say this strategy is designed specifically to attract younger audiences to current affairs.
33. In light of C4C's role in providing content, including current affairs, for younger audiences who are more likely to consume digital content, and after consideration of C4C's proposals, VLV agrees with Ofcom's proposed reduction in the quota for current affairs on the Channel 4 linear service, as long as C4C maintains its overall current affairs budget and ensures there is a range of current affairs content on its DTT channel, including international current affairs which has been historically in decline on the channel. We also agree with the proposal that the peak time requirement of 80 hours should be retained on the main C4 DTT channel.

Question 8: Do you agree with our proposal to require that:

- a) at least 45% of the hours of programmes included in Channel 4 in each calendar year are originally produced or commissioned for the service; and**

34. VLV notes that C4C consistently over-delivers on its original production quotas, which we welcome. We understand Channel 4 wishes to have greater flexibility in its daytime schedule so it can focus investment on original productions in peak viewing time.
35. VLV considers that C4C's most distinctive output is that which is broadcast in peak time and therefore it is sensible to focus investment on that content when other PSBs provide a range of original content which is popular in daytime. We note Channel 4's relatively small daytime audience.
36. VLV notes data which suggests that repeats of original productions can lead to audience fatigue more quickly than acquisitions¹⁷ and would prefer C4C focuses more on acquisitions than repeats during daytime.
37. In light of the Jigsaw research, which shows that audiences feel there are too many long-running series on Channel 4 and not enough new content¹⁸, we hope that the proposed change in quotas will allow C4C to focus on commissioning newer, fresh content in peak time.
38. VLV welcomes C4C's commitment during the next licence period to have a 'diversified portfolio of commissioning, combining commercially challenging genres with profitable programming'¹⁹.

¹⁶ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, page 43

¹⁷ 5.86

¹⁸ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, para 5.79

¹⁹ 5.75

39. We do not, however, welcome the suggestion in para 5.84 that C4C should ‘align its streaming offering more closely with the expectations of [the]... audience by providing them with more high-impact and scripted new programming exclusive to Channel 4 Streaming’. We welcome the proposal that the reallocated budget from daytime would contribute to high-impact genres, including scripted content such as comedy and drama, but VLV opposes this being exclusively available online. We accept that it could be premiered online, as ITVX has successfully done with a number of dramas, but should be available on its main DTT channel in a relatively short period of time, no more than one month after it is released on its digital platforms, so that its content remains universally available to all citizens in the UK.

40. In light of the decline in linear audiences and C4C’s strategy to prioritise higher cost content in peak time which drives VoD viewing after the initial DTT broadcast, VLV agrees with the proposal to reduce the existing quota for original productions to 45% from 56%.

b) at least 70% of the hours of programmes in peak viewing time are originally produced or commissioned for Channel 4?

41. VLV agrees that at least 70% of the hours of programmes in peak viewing time should be original because this is the content which has the most reach and impact on Channel 4.

Question 9: Do you agree with our proposals to retain the requirements that, in each calendar year, at least 35% of the hours of programmes made in the UK for viewing on Channel 4 must be produced outside the M25, and at least 35% of expenditure on programmes made in the UK for viewing on Channel 4 must be allocated to the production of programmes produced outside the M25 and must be referable to programme production at a range of production centres?

42. Investment in independent production in the nations and regions of the UK is an important aspect of C4C’s contribution to the creative economy of the UK. VLV notes that C4 consistently over delivers on its Made Outside London quota. We welcomed the C4C ‘All the UK’ strategy announced in 2018 and its voluntary target that by 2023 50% of spend on first-run originated content on Channel 4 which would be commissioned from producers outside London²⁰. We also note the other elements of C4C’s contribution to the nations and regions in the form of its production training scheme, its Emerging Indie Fund and the Indie Growth Fund.

43. We understand that C4C has requested that both the Made Outside London and Made Outside England quotas should be retained at their current levels. We also understand that while C4C intends to meet its voluntary target of 50% of content made outside London, it doesn’t want the quota to reflect this level of delivery in light of current economic uncertainty.

²⁰ *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, para 5.103

44. VLV agrees that in light of threats to the growth of the UK production sector and other economic challenges, it would be unwise to increase C4C's Made Outside London quota. VLV therefore agrees with Ofcom proposals to retain a 35% quota for hours and expenditure of Channel 4 programming produced outside the M25.

Question 10: Do you agree with our proposals to retain the requirements that, in each calendar year, at least 9% of the hours of programmes made in the UK for viewing on Channel 4 are produced outside England, and in each calendar year at least 9% of its expenditure on programmes made in the UK for viewing on Channel 4 is allocated to the production of programmes outside England and referable to programme production at production centres in Scotland, Wales and Northern Ireland?

45. VLV agrees with Ofcom that C4C should do all that it can to improve representation of the nations of the UK. We note Ofcom research which finds that audience perceptions of representation in the nations remains low.

46. VLV notes that C4C only just meets its Made out of England quota, which contrasts with its over-delivery of other quotas, and that it is possibly over-reliant on single high-tariff commissions such as dramas. We also note Ofcom estimates of the total outside England GVA which delivers a marginal positive to the UK.

47. We note Ofcom modelling that if the Outside England quota is increased this could have a negative impact on C4C's sustainability and ability to be flexible in an uncertain economic environment. While on principle VLV would welcome an increase to the Made Outside England quota, we agree that under the current circumstances it would be unwise to implement one because it could undermine C4C's financial sustainability.

Question 11: Do you agree with our proposal to retain the requirement to transmit at least half an hour of schools programmes, excluding presentation material, in each calendar year of the licensing period?

48. VLV understands that removing Channel 4's schools programming quota would require legislative change and that the majority of audiences believe that delivery of education content is more effective online rather than in the linear TV schedule.

49. VLV notes C4C's activity on YouTube and Channel 4.0 and that it invested about £7m in content aimed at older children during 2022. We also note the 4Schools initiative which aims to open the world of the creative industries to 11-14 year olds.

50. VLV agrees that educational content for younger audiences is more effectively provided on the platforms they prefer to use and is more appropriately delivered on digital platforms than on the Channel 4 DTT channel. We therefore agree that, in order to avoid the cumbersome process of legislative change, the quota for C4's schools programming should remain the same for this licensing period.

Question 12: Do you agree with on our proposal to retain the condition that provides that in each calendar year not less than 25% of the total amount of

time allocated to the broadcasting of qualifying programmes on Channel 4 must be allocated to the broadcasting of a range and diversity of independent productions?

51. VLV understands that C4C made no request to change this condition.

52. We support the Government's plan to increase the required quota for independent production from 25% to 35% in the Media Bill so that smaller independent production companies are better supported.

53. We note that during 2014-2018 the number of independent production C4C worked with fell, but that its performance in this area has improved in the past 4 years.

54. We agree that the existing condition should be retained and then updated to 35% if the Media Bill is passed into law.

Question 13: Do you agree with our proposal that the Channel 4 licence should be renewed for a period of ten years?

55. VLV agrees that the Channel 4 licence should be renewed for a period of ten years in order to provide C4C and its suppliers with adequate certainty because this will allow C4C to continue to deliver its existing remit, encourage innovation and provide distinctive output. We consider this will be beneficial for audiences.