



Response to Ofcom Consultation on Channel 4 licence renewal

February 2024

About this response

1. TAC (Teledwyr Annibynnol Cymru) represents the independent television production sector in Wales. Our sector is a substantial component of the creative industries, in Wales and in the UK overall, with Cardiff alone having the third largest film and TV cluster in the UK. Our sector provides economic, social and cultural benefits through supplying creative content. There are around 50 companies in the sector in Wales, ranging from sole traders to some of the leading players in the UK production industry. They produce content for the BBC, ITV, Channel 4, Channel 5 and Sky as well as other commercial broadcasters and platforms. Our member companies produce almost all the original television and online media content for Welsh-language broadcaster S4C, and a variety of radio productions for the BBC.
2. TAC welcomes the opportunity to give views on the proposed new Channel 4 licence. Ofcom will note we have only responded to the questions which are most relevant to our members' interests.

Responses to Call for Evidence Questions

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

3. We have concerns with the impacts of the proposals regarding original productions and the out-of-London quota, which we detail further in our responses to Question 8, Question 9 and Question 11.

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

4. We agree.

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

5. We note Ofcom's analysis regarding the shifting media landscape and its resulting identification of a need to ensure the Channel 4 licence contains the appropriate amount of flexibility to allow Channel 4 to adapt for any challenges over the next ten years. However, we believe some of Ofcom's conclusions lack the ambition we believe a public service media organisation like Channel 4 should be expected to have over the next ten years, especially regarding out-of-London commissioning.

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

6. We agree with this proposal on the basis that removing the requirement for this news content may create new opportunities for further original daytime commissioning, which as Ofcom notes elsewhere in its consultation can have a positive effect on commissioning outside London¹.

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

7. We do not agree with proposal a), which requires that at least 45% of the hours of programmes included in Channel 4 in each calendar year are originally produced or commissioned for the service. This is a reduction from the current requirement for 56% hours of original productions.
8. We recognise the need for Channel 4 to address shifting audience needs and to direct some additional resource to reach younger audiences who are increasingly migrating online. That said, a change which amounts to a near 20% reduction in Channel 4's original production commitment on the linear channel appears to be disproportionate to the scale of the issue.
9. There is a danger of a self-fulfilling prophecy with moving too much content spend to online and digital content. While the direction of travel may indeed to move time-shifted and on-demand viewing, linear viewing has held up more strongly to date than some forecast in the past. Ofcom therefore needs to ensure it is steering the right path between allowing some necessary future-proofing or, through its regulation, going further and shaping the future.
10. We therefore propose that the original production quota remain at 56% but that Ofcom review this in five years' time (as per our response to Q13). If Ofcom were to lower the quota it should certainly not be lowered further than 50%, which would still allow Channel 4 greater flexibility whilst ensuring the core service remains sufficiently populated with original material to retain audiences and balance out its content.

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?

¹ [Consultation on Channel 4 licence renewal. Ofcom, December 2023, p51, para 5.77](#)

11. We strongly disagree with this proposal. Channel 4 has itself committed over the past few years to achieving 50% in terms of hours and spend outside the M25, in line with its ‘4 All the UK’ strategy. It has managed to do this without any noticeable difficulty, and it has allowed production companies based all around the UK, including in Wales, to make a variety of productions some of which reflect local stories, perspectives, ideas and talent.
12. An example is ‘The Great House Giveaway’ made by Chwarel in North Wales. Over three series this show won numerous awards and became a staple of the Channel 4 schedule. This has allowed Chwarel to build a sustainable business. Other recent commissions include productions from Welsh companies Afanti Media, Boom Cymru, Cardiff Productions, Chwarel, Nimble Dragon, Orchard and Yeti Television.
13. ‘4 All the UK’ was developed in the recognition that it was no longer acceptable for the UK’s public service broadcasters to be based purely in one or two metropolitan centres and to commission a large amount of its content from London-based companies. The result has been highly positive, with Channel 4 based more of its commissioning teams outside London. While for the Welsh production sector it was regrettable that there was not a commissioning hub established in the nation, nevertheless the Bristol hub has produced some benefits and overall the level of spend outside London is clearly beneficial to establishing a more evenly-distributed production base around the UK.
14. While we appreciate there needs to be some flexibility going forward, we feel that Channel 4 has shown it can operate very significantly above the current out-of-London quota of 35%. The table provided below shows that over the last five years Channel 4 has commissioned a minimum of 54% of its first run hours on the main channel from outside the M25, and spend has not fallen below 45%. We believe this demonstrates that the current level of the quota at 35% is outdated and unfit for purpose, as it does not reflect Channel 4’s structure in the modern era, in terms of its long-running commitment to nations and regions hubs and out-of-London commissioning.

Table 1: Channel 4 out-of-London commissioning for the main linear channel		
Commissioning Year	% of overall commissioning spend	% of overall hours commissioned
2022	52	66
2021	55	66
2020	47	58
2019	46	54
2018	45	59

(Source: Figures compiled by TAC using Channel 4 Annual Reports)

15. With such a successful and well-established out-of-London commissioning pattern, there is no indication Channel 4 will be diverting from this policy. Channel 4’s aim to continue to meet its own 50% target was re-affirmed in the Government’s statement last November, in which the Secretary of State for Culture, Media & Sport stated:

“Channel 4’s support for producers across the whole of the UK remains a priority for this Government. I therefore welcome Channel 4’s commitment to continue to spend at least 50% of their budget for main channel commissions outside of London (against the 35% requirement in their licence) and that this will not be affected by the removal of their publisher-broadcaster

restriction. The level of Channel 4's regional programme making quotas is set by Ofcom. Ofcom will consider whether any changes are required to these quotas as part of their consultation on the terms of the next Channel 4 licence".²

16. Given the reference in the Secretary of State's statement to this consultation on Channel 4's licence, it would follow that Ofcom should seriously reconsider whether, rather than simply sticking to the status quo, it could be more ambitious and set a requirement closer to Channel 4's own commitments regarding levels of out-of-London production. We would argue that there is a level of inconsistency in Ofcom on the one hand radically altering the target for original commissioning on the core channel, but leaving unchanged the out-of-London quota, despite the latter being set at a level which is clearly not taking into account the new pattern of Channel 4's commissioning practices.
17. TAC recommends that Ofcom raises the quota for Channel 4's out-of-London commissioning to a level of, at the very least, 45%. This would allow for the flexibility which Channel 4 and Ofcom feel is required, whilst recognising and building into the licence the consistently greater levels out-of-London production which represent one of Channel 4's flagship commitments.

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?

18. We do not agree with this proposal.
19. We would cite here the example of the BBC, which has more ambitious spending requirements per nation, for example 5% of its content spend in Wales. We do not see why, as part of its own out-of-London commissioning, Channel 4 could not ensure that a certain proportion of its spending was allocated to each nation.
20. This would ensure that Channel 4 is allocating a sufficient amount of spend in each nation to help grow the creative industries there, albeit we do as Ofcom are aware have concerns around the guidelines concerning Out-of-London production.
21. We would therefore propose to Ofcom that it introduces nation-specific spend requirements for the Channel 4 service, in line with those of the BBC.

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?

22. We are aware that the timing of this licence renewal is happening ahead of the Media Bill becoming law. As Ofcom notes in its consultation, the Media Bill will remove the measure

² [Broadcasting update: Statement by Secretary of State for Culture, Media & Sport. 8 November 2023](#)

which prohibits Channel 4 from making its own content. The Media Bill will also change the calculation of the indie production quota to be one on a fixed volume of hours rather than a percentage. While we do not fully accept the Government's rationale for this move, we nevertheless recognise it as part of the Media Bill and assume Ofcom will again write it into an updated version of the Channel 4 licence.

23. In return for this measure being introduced, the Government's statement of 8 November last year stated that, were it to set up its own in-house production facility, the qualifying independent production quota for Channel 4 would be set at the higher level of 35%.

24. This measure is important and we assume it will be written into the Channel 4 licence.

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

25. Given the fast-changing media landscape, plus the significant changes which are taking place at Channel 4 (organisation changes, the allowing of it to utilise in-house production and its move to increased digital content), we believe there is a case for a five-year licence, in order to more speedily assess the extent to which the licence remains fit-for-purpose over a shorter period of time.

26. This we believe would allow Ofcom to be more ambitious in its setting of the original production quota and also the out-of-London production quota, as it would be able to review them in five years' time.