



Reconsultation: Channel 4 License Renewal - Northern Ireland Screen Submission

Response

Northern Ireland Screen does not support OFCOM's proposal to lift the Nations/Out of England Quota to 12%, and, particularly, does not support the intention to defer the uplift to 2030.

We are also unconvinced that OFCOM's proposal for an annual commissioning strategy for each of the Nations will deliver the intended outcome. Channel 4's engagement with Northern Ireland during the present 10-year license was extremely poor and there is no evidence that this extremely light touch regulation will remedy that experience.

It is Northern Ireland Screen's view that Ofcom/Channel4's continued refusal to operate individual Nations' quotas consigns Northern Ireland alone to another 10 years of exclusion. This is a statistically evidenced view supported by PACT's O&O Report.

We ask is it politically acceptable that Ofcom and Channel 4 corporately exclude Northern Ireland for a further 10 years.

Alternatively Northern Ireland Screen Advocates

- A specific Quota for Northern Ireland based on population size – 3%.
- A Made Outside England Quota/Nations' Quota based on population size of 16%.
- A phased implementation with 12% by 2027, 14% by 2030 & 16% by 2032
- A Made Outside London Quota of 50%
- All Quotas shift from being measured in relation to content produced for Channel 4 to being measured in relation to C4C content generally.

Context

Northern Ireland Screen expressed considerable frustration with the first Channel 4 license consultation, pointing out forcefully that OFCOM's analysis was in many places partial and/or incorrect. We also expressed disappointment that Channel 4's inclusive rhetoric in 4ALLTHEUK was dumped by the broadcaster in its response to the licensing consultation.

Subsequent events have done nothing to dispel that frustration.

The OFCOM endorsed Channel 4/C4C proposal to increase the Nations' Quota to 12% from 2030 is cynical. Deferring any change in the regulatory environment for 6 years does not suggest that either OFCOM or C4C listened to the universal challenge presented by all responders in the first consultation.

If anything, OFCOM's reconsultation is more insulting than the original consultation. This time the thesis is simply that commissioning from the Nations is bad for business, a deadweight on the commercial viability of Channel 4 when the broadcaster's commercial viability is under pressure. This assertion is not analysed or interrogated by OFCOM; it is simply repeatedly asserted as C4C's view.

No-one disputes the commercial challenge facing C4C or the appropriateness of the 'digital first' Fast Forward strategy but we do strongly dispute the assertion that regulation that ensures the inclusion of the Nations within C4C's footprint is inconsistent with meeting that commercial challenge through the Fast Forward strategy.

Northern Ireland Screen is grateful to PACT for commissioning production supply analysis from O&O which offers an opportunity to analyse a number of the key assertions made by OFCOM and C4C. This is a critical contribution as the analysis from C4C is entirely redacted from the consultation paperwork making it impossible to interrogate.

Points of Strong Difference

- **Specific Quota for Northern Ireland:**

From a Northern Ireland perspective, that this regulation is urgently required is starkly illustrated by combining OFCOM's portrayal/ownership evidence and the production spend data presented in Oliver & Ohlbaum's report for PACT. The statistic that 22% of Northern Ireland viewers see themselves on Channel 4 against 51% in London is a call to action ignored in OFCOM's consultation; while the hours and spend presented for Northern Ireland on page 17 of the O&O Report clearly demonstrate the severe market failure that goes unacted in OFCOM's reconsultation.

OFCOM notes at Para 4.76 that production spend and hours in Northern Ireland for C4C have been historically low but fails to act on this evidence. The proposal to place an obligation on C4C to report on its commissioning plan is little different to the toothless and failed protocol that is in place for this C4C 10 year license.

OFCOM and C4C place substantial weight on the notion that individual Nation's Quotas narrows the pool of production companies that C4C can commission in relation to individual Nations Quotas. While the Quota obviously creates some level of constraint, any analysis of the Nations' Quotas for C4C, or the BBC, will demonstrate that the commissioners are not constrained as to the companies they commission – the Regional Production regulation is designed to allow London companies to engage with production in the Nations & Regions and London companies avail of Nations quota constantly.

It is disappointed that OFCOM does not interrogate the make up of quota complying production companies because it is proposing to regulate on the assumption that the quotas

mean only production companies from the Nation need apply while it knows that the regional test is cast much more widely and that the majority of regional production quota is delivered by London companies¹.

In para 4.79, OFCOM asserts that audience's interests would not be served by Nations Quotas. Evidence for this assertion is absent:

- It certainly doesn't take into account the 22% viewer ownership finding for Northern Ireland.
 - Nor does it consider the success of Derry Girls, the only Northern Ireland project of scale on Channel 4 during the license period.
 - And most importantly, it fails to understand that production quotas as presently regulated do not constrain or regulate the commissioning of ideas but instead regulate where those ideas are produced – this misunderstanding undermines much of the analysis presented by OFCOM and C4C.
- **16% QUOTA:** OFCOM and C4C seem to wilfully misunderstand the call from the Nations for a 16% quota. This figure is not a carryover from BBC regulation, it is grounded in a United Kingdom with 3 devolved Nations which have a combined population of 16%. The devolved UK is then aligned with C4C's vision to represent the whole of the UK and its 4ALLTHEUK strategy.

In the context of a devolved UK, it is hard to argue that C4C can represent all the UK without production activity that is broadly commensurate with the population size².

C4C emphasises that it is locked into a high percentage of London commissions that are stable year on year returners, but O&O's analysis suggests that this constraint on C4C has been overstated³. This then leads to a suggestion that a 16% nations quota might have to come at the expense of Out of London regional quota. The data from O&O does not appear to support either of these assertions.

- **Deferral to 2030:** PACT's O&O report highlights that production in the Nations in 2023 represented 10.9% leaving a mere 1.1% increase to hit the 12% proposed. This statistic illustrates that the extremely long deferral is unnecessary. O&O also note that C4C jumped from 7.9% to 9.4% in 2020 to deliver against the quota indicating that the quota was delivered dynamically when the regulation required as opposed to being a steady incremental increase over the long period available.

¹ 2 productions are slated to be produced in Northern Ireland in the coming months, both will comply with the Nations Quota, and both are produced by London production companies.

² OFCOM stresses that not all production from the Nations delivers portrayal – 4.63 pg. 23. This is of course true but seems determinedly negative and contributes to a sense that all of the arguments in the reconsultation document are corralled to point one direction – away from quotas. In this regard, it is perverse that Derry Girls is only mentioned as a risk to the delivery of quotas and not as a glorious example of what quotas could deliver and what C4C was set up to achieve.

³ Page 22 PACT's O&O Report indicates that only 28% of London commissions in 2022 were returners

- **‘High Degree of Uncertainty about sufficient capacity in the Nations’:** Evidence from Northern Ireland Screen does not appear to carry weight in OFCOM’s assessment of production capacity:
 - During the first consultation, OFCOM and C4C asserted that the Fast Forward digital first strategy required high tariff predominantly drama projects and that the Nations couldn’t deliver those type of high tariff projects. We rebutted this with evidence that Netflix, Warners, Universal and the BBC are delivering high end projects in Northern Ireland during 2024⁴ but this is merely acknowledged and the goalposts shift.
 - C4C and OFCOM assert that there are not enough production companies in the Nations, or Northern Ireland more specifically, referencing earlier O&O data for Northern Ireland which indicated 10 Northern Ireland active companies in 2021. We queried the validity of this information noting that we had worked with 121 companies in the last 3 years. Our query is partially acknowledged with OFCOM stating that the figures do not include London headquartered companies. However, there is no acknowledgement of the relevance of the London headquartered companies, that they constantly produce nations and regions quota production and that this undermines the main thrust of C4C/OFCOM’s analysis.
 - We assert that an assessment of capacity should consider facilities including studio facilities⁵, postproduction facilities, depth of crew, development of new entrants, availability of other sources of funding rather than using the false proxy of the headquarters of the commissioned company. Northern Ireland is strong in these areas which make up real production capacity.

- **BBC:** OFCOM repeats the assertion that Nation’s quotas are easier for the BBC because of its inhouse capacity. We note that the BBC has no inhouse production capacity in Northern Ireland and that this assertion does not apply to Northern Ireland.

- **Other C4C contribution to the production sector in the Nations:** OFCOM has detailed various C4C schemes designed to support independent companies including those in the Nations, and OFCOM places weight on C4C’s announcement that it will increase investment in these schemes from £5m to £10m by 2025. The weight placed on these alternative contributions is extremely frustrating. Northern Ireland Screen, supported by other respondents, made it clear in its first submission that these training programmes do not work and are often counterproductive. Schemes only work if they are bolted on to guaranteed production and even then, they can do as much harm as good.

⁴ In 2024 High Tariff tv drama & film projects spent in excess of £10 million on screen industry services – ‘capacity’ in Northern Ireland

⁵ Studio Ulster, the most advanced digitally enabled virtual production studio will open at Belfast Harbour Studios in January 2025