



## Response to Ofcom consultation on Channel 4's Made outside England quotas

1. TAC (Teledwyr Annibynnol Cymru) represents the independent television production sector in Wales. 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.

### **Question 1:**

***Do you agree with our assessment of the potential impact on specific groups of persons?***

2. We would dispute Ofcom's claim in its consultation that:

*"our proposal to increase C4C's MoE quotas may have a positive impact on the creative economy in the nations"<sup>1</sup>*

For the reasons stated in response to Question 3 below, we do not believe that proposal, either in the level of the percentage increase or in terms of the timing, will meaningfully improve upon the commissioning opportunities for producers in any one devolved nation.

### **Question 2:**

***Do you agree with our Welsh language impact assessment?***

3. We would note that, while Ofcom is correct in stating that Channel 4 is not required to provide any Welsh language programming and that it is not as an organisation related to S4C, its level of commissioning in Wales has effects on the overall health of the production sector in the nation, which in turn has implication for the number of suppliers on which S4C can draw for its programming.
4. In addition Channel 4 has in the past collaborated with S4C, for example on *Y Golau/The Light in the Hall* and such collaborations serve to promote further S4C and the Welsh language. We believe that without additional regulatory measures the positive impact for Channel 4's on the sector and portrayal in Wales will not just stay static but be diminished, due to Ofcom proposing to allow Channel 4 to direct fewer resources to its main channel.

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<sup>1</sup> Consultation on Channel 4's Made outside England quotas. Ofcom, July 2024, p6, para 2.18

### 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?*
5. We disagree with this proposal. While a proposed raise in the amount of commissioning by Channel 4 from the UK nations is in principle a positive step, we do not believe that this particular measure goes far enough. Both in terms of Channel 4's distinctive role as a PSB and its contribution to the creative sector, we believe it needs to be required to go further in terms of working with creative production companies in the nations.

### **Channel 4's distinctiveness**

6. It is important that both Ofcom and Channel 4 itself acknowledge that, in a world where quality and distinctiveness of programmes is increasingly important, working more with producers in the nations is part of the solution, rather than a part of the problem.
7. Representing all parts of the UK is vitally important for any PSB which wishes to preserve its USP as a publicly-supported media provider. People in the UK nation have a right to see their lives, communities and interests represented. But representation is not the sole reason alone, producers from different parts of the UK bring with them different perspectives, ideas and talent, all of which can benefit Channel 4's overall offer to the British public and indeed beyond. Through the successful exporting of programmes and formats, in genres such as factual and drama, the sector has shown it can successfully bring its ideas to the world.
8. We note Ofcom's latest Media Nations Wales report, published in July this year, gave some indication that Channel 4 has work to do to sufficiently win over audiences in Wales. For example states that:

*"In 2023, the main five PSB channels accounted for a combined 51.5% share of the total broadcast TV audience in Wales. This was a slight decrease from 52.6% in 2022. BBC One had the highest audience share of any individual PSB channel, at 22.3%, **while Channel 4 had the lowest, at 3.5%, which was also the lowest among the UK nations.**"<sup>2</sup>(our emphasis)*

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<sup>2</sup> [Media Nations: Wales 2024. Ofcom 31 July 2024, p12](#)

The report also states that:

*“viewers in Wales were less likely than the UK total to say that Channel 4 TV channels delivered ‘well’ on ‘regional programmes that keep me informed about my area’ (25% vs 32%).”<sup>3</sup>*

9. In addition Ofcom’s proposed step of raising the MoE quota by just 3% does not in our view represent a sufficient commitment to Channel 4 supporting the creative sector around the UK. This is particularly the case given Ofcom’s proposal, in its main consultation on the new Channel 4 licence, that Channel 4’s hours on its core service be reduced from 56% to 45%. This is to facilitate a shift of Channel 4’s resources online, meaning Channel 4 will be less geared towards TV production and therefore offer fewer opportunities for independent production companies. Therefore, if less of Channel 4’s resource is directed towards TV production, an increase of 3% spread across all three UK nations is unlikely to make any significant difference and may in fact not correct the effect on the nations of Channel 4’s overall reduction in spend on TV production.
10. We therefore believe that to create a meaningful impact Channel 4’s MoE quota should be raised to 16% and that this increase is implemented earlier than 2030. Bringing Channel 4’s requirement up to 16% would mirror the BBC’s nations commitments, which cumulatively stand at 16% (8% Scotland, 5% Wales, 3% Northern Ireland).
11. In terms of the proposed timing of Ofcom’s suggested 3% rise in the MoE quota, the delay in introducing this measure to 2030 is hard to understand, given the small increase proposed. We note that Channel 4’s ‘4 All the UK’ strategy, announced in 2018, committed to 50% of spend on the main channel to be outside the M25 by 2023 – in reality Channel 4 achieved this in 2021, i.e. in just three years or less. While 16% is a greater requirement, if necessary the change could be phased in, for example Channel 4 could be required to meet the proposed 12% requirement by 2026 and then a 16% requirement by 2029. We see no reason why this cannot be practically achieved.

### **Production Capacity in Wales**

12. We note with some disappointment that Ofcom’s consultation states in a number of places that nations production capacity does not include the creative and/or talent capacity to satisfactorily allow Channel 4 to meet higher MoE quota levels for example:

*“C4C also told us that increasing the MoE quotas to 16% would place constraints on its commissioning and force it to commission shows with a view to meeting a quota rather than because those shows represent the best possible ideas.”<sup>4</sup>*

*“we consider that there is a considerable degree of uncertainty about whether there is sufficient capacity in each of the nations for C4C to meet the demands of nation-specific quotas at the same time as delivering its new commissioning strategy. However, in the event that there are issues around capacity, we consider that these would be likely to be*

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<sup>3</sup> [Media Nations: Wales 2024. Ofcom 31 July 2024, p14-15](#)

<sup>4</sup> Consultation on Channel 4’s Made outside England quotas. Ofcom, July 2024, p18, para 4.34

*exacerbated by the introduction of nation-specific quotas as C4C would have a much smaller pool of producers”<sup>5</sup>*

13. TAC strongly refutes the implication in the statements above that there is not the necessary creativity or production capacity in the nations to produce a greater amount of high-quality and innovative programming that holds its own with productions made elsewhere. The reality is that in Wales alone there are around 50 active production companies at any one time, between them making shows for the BBC, ITV, Channel 5 as well as Channel 4 and of course for S4C, as well as international co-productions and selling programmes and formats abroad. 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<sup>6</sup>. Moreover, the fact that almost all companies in Wales work with S4C, which provides a wide range of high-quality public service programmes across all genre, demonstrates that the sector in Wales can meet any demands Channel 4 might have in terms of commissioning for a wide range of audience.
14. Therefore the issue is not one of there not currently being sufficient ideas or production capacity, rather it is one of how, with a greater level of quota commitments, Channel 4 can provide further opportunity for the sector to make a range of programmes for its audience. Where Channel 4 has worked with companies in Wales the effects have been clear, a good example being Chwarel’s multi-award-winning *The Great House Giveaway*, eventually commissioned by Channel 4 for three series and which enabled the company, based in North Wales, to grow and establish itself.

### **Individual Nations Quotas**

15. We also do not believe it is an adequate proposal to raise the MoE quota in isolation; other measures are also needed. In our response to Ofcom’s initial consultation on the Channel 4 licence, TAC made the case for a more extensive shift of Channel 4’s requirements to the nations, in the form of a quota for each nation. We note from its comments in this additional consultation that Ofcom appears not to be in favour of this proposal. This is disappointing, as while it is not funded by public money in the same way as the BBC, Channel 4 is nevertheless publicly owned by all of the people of the UK. It therefore follows that all of the people in the UK nations should proportionately benefit in terms of Channel 4 supporting programmes made in those nations by companies which meet the spirit of the Ofcom criteria on out-of-London productions<sup>7</sup>.
16. Ofcom’s Media Nations Wales report shows that network production in Wales for Channel 4 decreased in 2023, with network hours decreasing to 3.8% and spend decreasing to 3.4%. This is in sharp contrast to the BBC which increased its spending in Wales significantly to 7.9%, well above the 5% it is required to allocate.

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<sup>5</sup> Consultation on Channel 4’s Made outside England quotas. Ofcom, July 2024, p26, para 4.78

<sup>6</sup> <https://www.cardiff.ac.uk/news/view/2510538-cardiff-has-third-largest-film-and-tv-cluster-in-uk,-study-shows>

<sup>7</sup> As Ofcom is aware there is concern that some companies from outside Wales are invited in to make programmes without contributing in a long-term way to the economy and skills base of Wales. TAC is discussing how to reduce this practice of ‘brass-plating directly with Channel 4 and the other UK PSBs

17. Given the audience feedback we quoted above (see para 8) we believe individual nations quotas would help to focus Channel 4’s attention on the needs of individual nations’ audiences, particularly in Wales, to a greater degree.

**Channel 4 Out-of-London Quota**

18. We also put the case for Channel 4’s out-of-London quota, which Ofcom is proposing to leave at 35% of both hours and spend, to be substantially raised in line with Channel 4’s own voluntary target of 50% which, as the figures we supplied showed, Channel 4 has been able to achieve, at least in hours, in the five preceding years, with over 50% spend achieved in the last two.

<b>Table 1: Channel 4 out-of-London commissioning for the main linear channel</b>		
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: reproduced from TAC’s response to Ofcom’s earlier Channel 4 licence consultation, December 2023 - Figures compiled by TAC using Channel 4 Annual Reports)

19. While increasing the general out-of-London quota does not constitute a guarantee of additional content commissioned from Wales, in general it will ensure that Channel 4’s current level of commitment to production centres outside the M25 will be assured, even under new management. This is crucial to enable stable investment in companies around the UK, especially given Channel 4’s new ability to make some of its content in-house, which represents a very real threat to the independent production sector. We note Ofcom states it has not reached a decision on this and we would urge it to make the move to raise Channel 4’s out-of-London requirement to 50% as a result of this licence renewal process.

**Question 4:**

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

20. We very much support greater scrutiny and transparency in respect of Channel 4’s reporting of its out-of-London commitments and we will look at each of the three elements of Ofcom’s proposed new regime in turn.

***a) how its approach to commissioning outside of England supports and stimulates the TV production sector in the nations***

21. We very much support Ofcom asking Channel 4 for detail on this. This is important in the context of the Welsh sector’s concerns regarding the practice of ‘brass-plating’. Currently Ofcom’s out-of-London programme registers contain information that can be two years old or more, in terms of when the commissions listed as meeting the criteria were originally green-lit. This is essentially due to Ofcom being a post-broadcast regulator, however we believe this

new requirement could be a method, if designed correctly, of getting information on out-of-London commissions more speedily in future and with a greater breadth and depth of detail on how those productions met the criteria.

22. Therefore Ofcom's required information needs to include data on Channel 4's commissions in each nation and how they meet the out-of-London criteria in as meaningful way.
23. Furthermore, we would suggest that the Made outside England quota represents an opportunity to raise the bar on what qualifies as a programme made in the developed UK nations. Ofcom could require of Channel 4 that, for a programme to qualify under the MoE quota, all three of Ofcom's criteria for an out-of-London production should be met, as opposed to the two for the general PSB out-of-London quota.

***b) its strategy for commissioning in each individual nation over the next year and how it delivered its strategy for the previous year***

24. Such a strategy would be very welcome, although Ofcom and Channel 4 should guard against a presumption that commissioning in the nations is a distinct activity. Ultimately it is important that any producer, wherever they are in the UK, feels they have an equal chance of pitching an idea to Channel 4 and being commissioned as part of the normal process, as opposed to being commissioned as part of a unique strategy for a particular nation.
25. The provision of this information will nonetheless be a useful guide for production businesses in terms their priorities in researching and developing ideas to pitch to Channel 4. Information about planned activity for commissioning in particular genres, along with budgets and timescale is crucial in allowing producers to plan ahead.

***c) its plans to engage with stakeholders and audiences in the nations in the next year and how it engaged with them over the previous year***

26. It is very important for each PSB to be regularly maintain good ties with production companies in the UK nations and regions, as this allows them build knowledge and trust with production sectors around the UK. Upon the announcement by Channel 4 in 2018 that it intended to create new commissioning hubs around the UK, TAC and others sought to persuade Channel 4 to base one of its new commissioning hubs in the nation. Although there were hubs in Scotland and Northern Ireland, this unfortunately did not come to pass and Channel 4 instead chose to base one of its hubs in Bristol, to cover off the West Country as well as Wales. Therefore it is particularly important that Channel 4 has regular formalised contact with the sector in Wales, as it does not have a base here.
27. Channel 4 has engaged with the independent sector in Wales at various times, for example in the two consecutive years that the Wales Screen Summit took place in 2022 and 2023, Channel 4 came and presented to the sector and talked about future commissioning plans. However there should be a greater plan and structure to its engagement with TAC and its members in the nation.

28. In its plans for the year ahead, Channel 4 should:

- In liaison with TAC, hold at least two in-person commissioning meetings per year, one in each of North and South Wales
- Hold at least one formal liaison meeting per year with TAC, as the representative body for the production sector in Wales, to discuss these plans and any commissioning issues arising over the past 12 months