

Alex Mahon
Channel 4 Corporation
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Melanie Dawes
Chief Executive

29 October 2020

Dear Alex,

Channel 4 Corporation's Statement of Media Content Policy 2019

In what has been an incredibly challenging year, I'd like to thank you and your team for your continued positive engagement as we have undertaken our annual review of Channel 4 Corporation (C4C)'s Statement of Media Content Policy. These reviews enable us to monitor C4C's performance in delivering its remit and media content duties and, in doing so, to help serve the interests of audiences.

The COVID-19 pandemic continues to present unprecedented operational and commercial challenges for the broadcasting industry. On account of the disruption, C4C delayed the publication of the Statement and its Annual Report. Therefore, while our review focuses on 2019 performance, we also briefly comment on the action C4C has taken so far in 2020 in response to new challenges.

Our response to the 2019 Statement is shorter than in previous years in recognition of this year's unique set of circumstances and given Ofcom's other recent work on C4C's delivery of its remit and content duties. This work includes our [five-year review of C4C's performance](#) across all its services, as well as our [review of public service broadcasting](#) over the same period; both were published at the start of 2020. In August, we also published our annual [Media Nations](#) report, which focused on recent developments in response to COVID-19 against the backdrop of longer-term industry trends.

Finally, as you know, we are also conducting a programme of work on the future of public service media entitled *Small Screen: Big Debate*. Our continuing engagement with C4C and other stakeholders on how to strengthen the provision of public service media will help inform our interim report in December, and final recommendations to Government next year.

In summary, in a difficult broadcasting market, C4C's performance in attracting audiences held up well in 2019, with Channel 4's share of viewing remaining resilient and All 4 growing steadily year on year.

We consider that C4C broadly fulfilled its remit and content duties in 2019, noting in particular the increase in the number of new producers you worked with, the steps Channel 4 News continues to take to reach young and diverse audiences where they are viewing content, and the new and ambitious ideas that made their way on screen notably in factual and comedy commissions. Your new bases in Leeds, Bristol and Glasgow opened as planned last autumn and, with a number of senior Commissioners now located outside London, we consider that C4C is well-placed to deliver on its plans to improve how the whole of the UK is represented and portrayed on screen.

However, we note that investment on content that appeals to children and teenagers dropped back in 2019 and this area may be further affected in 2020 due to COVID-related budget cuts and production delays. We know these are not ordinary times, but we would urge C4C to continue to focus on innovative ways to provide content that resonates with these important audiences.

I attach to this letter an annex that provides more detail on these points and I look forward to continued discussion on C4C's performance as well as the broader, strategic questions we are asking as part of *Small Screen, Big Debate*. I am copying this letter to the Secretary of State for Digital, Culture, Media and Sport and the respective Chairs of the Parliamentary Select Committees for Digital, Culture, Media and Sport and Communications.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Melanie Dawes', written in a cursive style.

Melanie Dawes

cc. The Rt Hon Oliver Dowden MP, Secretary of State for Digital, Culture, Media and Sport Julian Knight MP, Chair of the Commons Select Committee for Digital, Culture, Media and Sport Lord Gilbert of Panteg, Chair of the Lords Select Committee for Communications

Annex 1: Channel 4 Corporation's COVID-19 response, and performance in delivering its remit and content duties in 2019.

The impact of COVID-19

Since March, the COVID-19 pandemic, the ensuing lockdown period and government restrictions have resulted in major disruption to the media industry. Owing to a greater reliance on advertising revenue and lower access to liquidity, we realise that C4C is more vulnerable to market volatility than the other commercial public service broadcasters. Our previous reviews have reported on the measures C4C has taken in response to an already difficult advertising market, including building up a healthy cash reserve and putting a £75m commercial credit facility in place.

Despite these steps, the unprecedented impact of the pandemic meant that C4C had to take further action in 2020. You responded swiftly to absorb the shock to revenues through a package of cost-cutting measures, most notably, in terms of the impact on screen, a reduction of £150m in the content budget for 2020. C4C's commissioning teams also quickly adapted their plans, working creatively with producers to put new programmes on screen at pace and to lower budgets.

C4C's response to the crisis has in many ways delivered well against your remit and content duties. C4C's 'lockdown academy' strand offered audiences innovative content such as *Grayson's Art Club*, and *The Steph Show* as well as several COVID-19 documentaries that were turned around quickly to keep people informed of the latest developments. The crisis has also reinforced the importance of the news provision of the public service broadcasters. Along with the BBC and ITV, our research found that Channel 4 News was rated as a trusted source of news and information by [more than eight in ten people at the start of lockdown](#).

As a publisher-broadcaster, C4C has been acutely affected by the challenges facing independent producers this year. We are pleased to note the action C4C has taken to help protect the diversity of its supply base including through ringfencing half of remaining origination and development funds for smaller companies, those in the nations and regions, and companies led by people from a black, Asian or ethnic minority background. We hope that this commitment to diverse and smaller indies based across the UK is maintained in the months ahead.

As the disruption caused by the pandemic is likely to persist into next year, we will not know the full extent of the impact on C4C's operations for some time. We are committed to continuing to work with C4C to ensure your teams have the flexibility they need to support staff, producers and other partners. We also expect all broadcasters we regulate to make every effort to deliver on their commitments and provide the best possible service to their audiences. In this respect, we note that Channel 4 is on track to deliver all its licence quotas for 2020, and your forecast for 2021 is also positive.

C4C's performance in delivering its remit and content duties in 2019

Turning to C4C's performance in delivering its obligations in 2019, in a market which continues to intensify, we consider that C4C performed well with audiences last year. Our five-year review noted that C4C's TV portfolio was vulnerable to the migration of audiences online but the share of viewing

to the main channel, Channel 4, held up well in 2019. First-run originated programmes accounted for 74% of hours on Channel 4 during peak time— a slight increase on 2018 - and we are pleased to note that many of these programmes continued to prove popular among younger, more diverse audiences. It was also another positive year for All 4 which continued to show steady growth in viewing. According to C4C data, over half of those views were from 16-34-year-olds confirming All 4's position as the youngest-skewing PSB video on-demand service, with a profile similar to Netflix and Amazon Prime.

Operationally, 2019 signalled the end of the first phase of C4C's '4 All the UK' programme. New bases in Leeds, Bristol and Glasgow opened as planned last autumn and many staff are now located outside of London including senior Commissioners. The programme represents the biggest organisational change since C4C was established and we welcome the steps you are taking to ensure access to key creative decision-makers is the same wherever potential suppliers might be based. From our regular discussions with producers and other stakeholders around the country, we know there is much goodwill behind C4C's plans and the ambitions to improve representation of the UK on-screen and further support creative hubs and talent development outside London.

We realise that COVID-19 has happened at a sensitive time in C4C's transition to multi-site working and a more decentralised approach to commissioning. We will continue to liaise with you to understand how the pandemic might impact on the 4 All the UK plans including your commitment to increase spend on creative content in the Nations and Regions – from 35% to 50% of main channel UK commissions - by 2023.

Turning to C4C's content duties, we consider that C4C met these well in 2019 in several important areas:

- There was a welcome increase in the number of new producers C4C worked with last year as well as an increase in the overall number of qualifying independent producers.
- The number of new and one-off programmes on Channel 4 also increased. While we recognise the importance of returning series to Channel 4's schedule, it is equally important that C4C continues to take risks with new ideas on screen.
- According to C4C data, the reputation of Channel 4 News remained high among viewers in 2019 while the breakdown of its audiences, and in particular its appeal to younger and more diverse audiences, demonstrate the continued importance of its coverage to the UK news ecology. However, like all broadcasters C4C faces a growing challenge in reaching younger people with its television news provision. In 2019 Channel 4 News sought to further expand its digital footprint, demonstrating a commitment to take its content to younger viewers 'where they are'. C4C data tells us that, in 2019, 1.4 billion minutes of Channel 4 News videos were watched across all social platforms.
- 2019 marked a successful year for current affairs and documentary content on Channel 4, with the Channel 4 News co-produced documentary *For Sama* winning more than 60 awards including the BAFTA for Best Documentary. Channel 4's 2-part documentary *Leaving Neverland: Michael Jackson and Me* also earned an Emmy award, and performed particularly well among 16-34 year olds. *Moon Landing Live* – commissioned to celebrate the 50th anniversary of the

Apollo 11 landings – was an innovative multi-platform event that showed Channel 4’s willingness to take risks with new formats.

- C4C has taken risks with new comedy talent, commissions and formats that will appeal to young, diverse audiences. In 2019, the Digital Creative Unit-led *Sparks* comedy talent strand was commissioned and published with one eye on social media distribution, and programmes such as *The Late-ish Show With Mo Gilligan* and *This Way Up* reflected C4C’s focus on supporting new talent.
- The coverage C4C gave to the UK’s diversity continued to be a strength last year. The volume of originated programmes on Channel 4 whose subject matter covered issues relating to religion, multiculturalism, disability and sexuality was up slightly on 2018. While first-run hours of these programmes fell back following coverage of the Winter Paralympic Games in 2018, at peak time these hours rose significantly. We also welcome C4C’s updated inclusion and diversity strategy, launched in October 2019. The strategy sets out C4C’s ambition to be a leader within the broadcasting industries for what an inclusive, diverse and creative workforce can look like. We note C4C’s new commitments to ensure fair black, Asian and minority ethnic representation in C4C’s supply chain, which we will monitor progress against in future reviews.

C4C’s duty to provide content that appeals to older children and teenagers is an area of provision we monitor closely. In recent years, C4C has increased levels of investment in this area but spend on both content that appeals to 10-14 year olds and educational content for 14-19 year olds dropped back last year. Due to the impact of the pandemic, the launch of C4C’s new content strand for teenagers, to be distributed on YouTube and other social media, has been further delayed until 2021. We appreciate that we are not in ordinary times, but investment by the public service broadcasters in high-quality content for children and young people is crucial as we highlighted in our review of children’s content last year.

Our previous reviews have highlighted that E4’s performance has stalled in recent years. The biggest of C4C’s portfolio channels plays a key role in attracting younger audiences to C4C content and developing creative talent but its share of viewing among 16-34 year olds declined again in 2019. C4C launched a new strategy aimed at boosting E4’s appeal last year, which included allocating additional investment for new commissions and appointing a new executive to focus on E4 delivery online. The new shows were expected to make their way on screen this year but, as a result of decisions taken to mitigate the impact of COVID-19, a number of these commissions have been either postponed or cancelled. In view of the re-prioritisation of content investment, but also more generally in view of younger audiences migrating online, we are keen to understand C4C’s longer-term ambitions for E4 and the role you see its distinctive brand playing in delivering your content duties.

More broadly, our five-year review of C4C noted that the risks to C4C’s delivery of its media content duties were growing given the pace and scale of change in the market and in audience behaviours. Whilst managing the COVID-19 crisis has been the priority this year, it is important that we continue to engage in dialogue regarding how C4C should best deliver its obligations in the medium to long-term.

C4C's Public Service Remit and Media Content Duties

PSB Remit (section 265(3) of the Communications Act 2003) – applies to main channel

The public service remit for Channel 4 is the provision of a broad range of high quality and diverse programming which, in particular—

- a) demonstrates innovation, experiment and creativity in the form and content of programmes;
- b) appeals to the tastes and interests of a culturally diverse society;
- c) makes a significant contribution to meeting the need for the licensed public service channels to include programmes of an educational nature and other programmes of educative value; and
- d) exhibits a distinctive character.

Media Content Duties (section 198A of the Communications Act 2003) – applies to all services

1. C4C must participate in -
 - a) the making of a broad range of relevant media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society,
 - b) the making of high quality films intended to be shown to the general public at the cinema in the United Kingdom, and
 - c) the broadcasting and distribution of such content and films.
2. C4C must, in particular, participate in -
 - a) the making of relevant media content that consists of news and current affairs,
 - b) the making of relevant content that appeals to the tastes and interests of older children and young adults,
 - c) the broadcasting or distribution by means of electronic communications networks of feature films that reflect cultural activity in the United Kingdom (including third party films), and
 - d) the broadcasting or distribution of relevant media content by means of a range of different types of electronic communications networks.
3. In performing their duties under 1) and 2) C4C must:
 - a) promote measures intended to secure that people are well-informed and motivated to participate in society in a variety of ways; and
 - b) contribute towards the fulfilment of the public service objectives (as defined in section 264A of the Communications Act 2003)
4. In performing their duties under 1) to 3) C4C must -
 - a) support the development of people with creative talent, in particular –
 - i) people at the beginning of their careers in relevant media content or films, and

- ii) people involved in the making of innovative content and films
 - b) support and stimulate well-informed debate on a wide range of issues, including by providing access to information and views from around the world and by challenging established views,
 - c) promote alternative views and new perspectives, and
 - d) provide access to material that is intended to inspire people to make changes in their lives.
5. In performing those duties C4C must have regard to the desirability of -
- a) working with cultural organisations,
 - b) encouraging innovation in the means by which relevant media content is broadcast or distributed, and
 - c) promoting access to and awareness of services provided in digital form.