



Department for
Digital, Culture
Media & Sport

Increasing the Regional Impact of Channel 4 Corporation: Summary of Responses

14 September 2017

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1. Overview

This document provides a summary of the responses to the consultation paper *Increasing the Impact of Channel 4 Corporation* published by the Department for Digital, Culture, Media and Sport. It does not set out the government's assessment of these results. The government will consider these responses, Channel 4's proposal in response to the consultation (expected towards the end of the year), and the government's externally-commissioned independent economic analysis before determining the best way forward. Following this, we will set out our conclusions and next steps as promptly as possible.

Background

The consultation launched on 12 April 2017 and ran for twelve weeks, closing on 5 July 2017. The Secretary of State's foreword set out the rationale for the consultation:

"This Government is committed to spreading jobs and prosperity throughout the UK, and we want Channel 4 to be part of that. We would like to see Channel 4 have a major presence outside London, stimulating creative and economic activity right across the country. In doing so it can play a leading role in a public service broadcasting system that reflects our United Kingdom.

Public assets, such as Channel 4, should deliver for the public in every possible way. This is key to building an economy that works for everyone, not just a privileged few.

Channel 4 rightly prides itself in being different, in providing alternative views and new perspectives. This evolution will help to underpin that purpose and make Channel 4 even more distinctive - and give audiences the length and breadth of the UK content that speaks to them and where they come from."

We sought views and evidence on four questions, with sub-questions, in the following areas:

1. Whether Channel 4 should relocate its staff and activities outside London;
2. Whether Channel 4 should increase its nations and regions commissioning quotas;
3. Whether Channel 4 should be allowed to take greater shareholdings in production companies;
4. Whether more could be done to strengthen the regional impact of the public service broadcasting (PSB) system as a whole.

We received 279 responses in total: this comprised 219 responses to the online survey, from 170 individuals and 49 organisations, and 60 responses to the consultation email inbox. We are grateful to all who engaged with this consultation.

If you have any further comments about the consultation process or this response, please write to:

FAO C4 Regional Consultation
Media Team
Department for Digital, Culture, Media and Sport
4th Floor, 100 Parliament Street
London
SW1A 2BQ

Or email: c4consultation@culture.gov.uk

2. Consultation responses

The online survey required respondents to select a multiple choice answer so quantitative analysis of the survey results could be produced. The respondents also had a chance to answer open text questions in the online survey. Survey respondents were required to identify themselves as an individual or an organisation. Not all respondents answered every question, therefore the responses to each question do not add up 219.

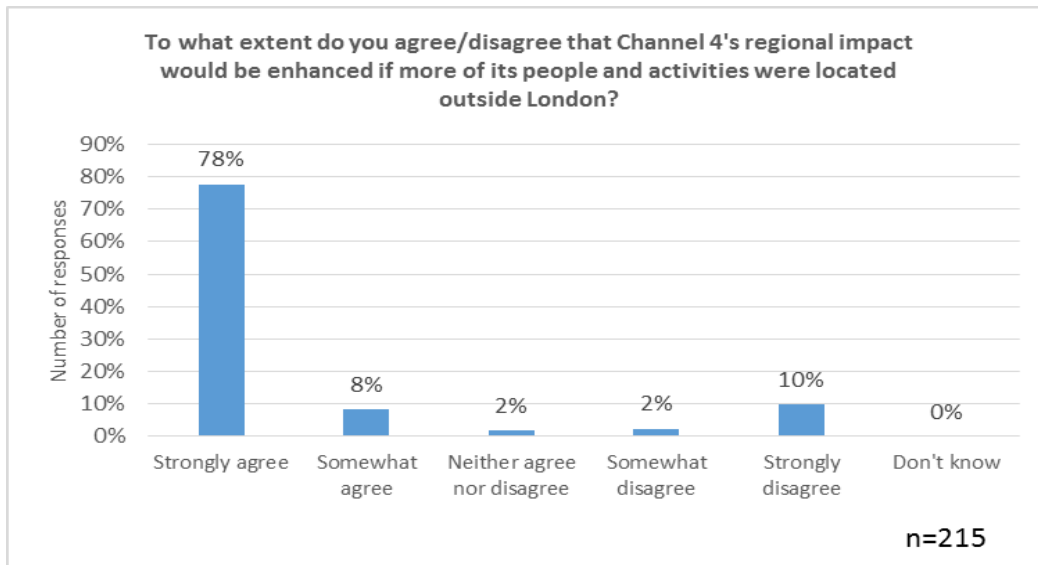
Quantitative analysis has been carried out for the multiple choice responses from the online survey and qualitative analysis has been carried out for the email responses and open text responses from the online survey.

2.1 Staff and activities

Question 1(i). To what extent do you agree/disagree that Channel 4's regional impact would be enhanced if more of its people and activities were located outside London?

Survey responses

Answer	Individuals	Organisations	Total
Strongly agree	136	31	167
Somewhat agree	9	9	18
Neither agree nor disagree	4	0	4
Somewhat disagree	5	0	5
Strongly disagree	14	7	21
Don't know	0	0	0
Total	168	47	215



Email inbox

Around three times as many of the respondents to Q1(i) were in favour of Channel 4 having more people/activities in the regions than those who were against.

Points raised in survey and email responses

Arguments made in favour reflected many of those noted in the consultation document, including strengthening regional economic growth (with several regional responses providing supporting economic analysis) and reducing the financial barriers to more diverse talent joining the broadcasting sector.

A number of respondents contended that relocating Channel 4 decision-makers away from London would increase their awareness of non-metropolitan issues and viewpoints, leading to a more distinctive approach, greater opportunities for out-of-London production, more representative on-screen portrayal and, ultimately, broader appeal for the broadcaster.

Those who did not support Channel 4 having more people/activities in the regions made a range of arguments, including: as commissioner rather than producer Channel 4 would be unable to drive significant regional economic growth; that it would not benefit other regions that Channel 4 did not move people/activities to; that a major move would be disruptive and distracting for Channel 4 at a time of considerable market challenges; and that it could increase travel costs for production companies meeting with Channel 4.

Question 1(ii). Following on from Question 1 (i), what location(s), if any, would make a substantial impact and be suitable for an increased regional presence for Channel 4 outside of London?

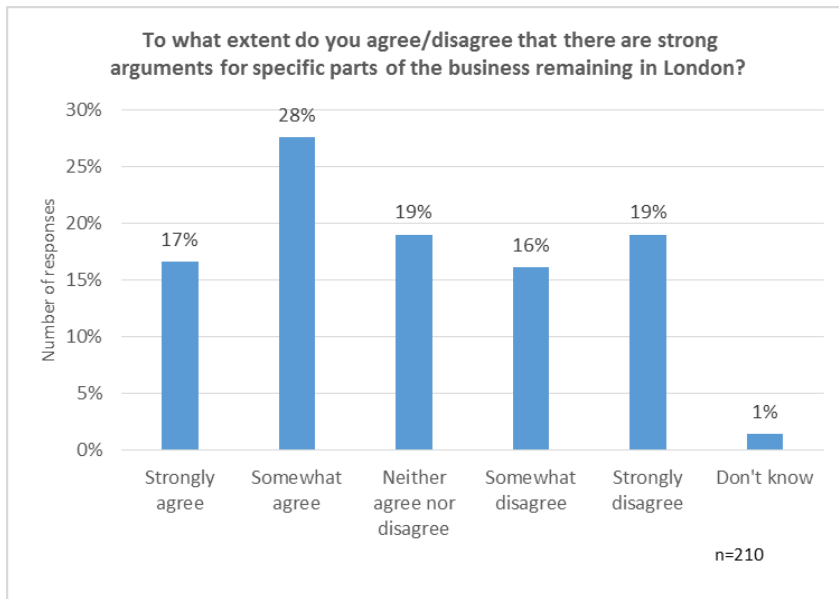
Online survey and email responses suggested a wide range of locations for a greater Channel 4 presence. These came from local authorities (over a dozen of which engaged with the consultation) and other respondents. Specific suggestions included Birmingham (and other cities in the West Midlands), Belfast, Bristol, Cardiff, Glasgow, Hull, Leeds, Liverpool, Greater Manchester, Nottingham, Plymouth, Sheffield, Stafford, Stoke, York, and several others.

Some who responded advocated a wholesale relocation, while others proposed more partial moves. Several respondents proposed that, rather than a relocation to a single location, Channel 4 should establish multiple bases (with commissioners) around the regions and nations.

Question 1(iii). To what extent do you agree/disagree that there are strong arguments for specific parts of the business remaining in London?

Survey responses

Answer	Individuals	Organisations	Total
Strongly agree	23	12	35
Somewhat agree	45	13	58
Neither agree nor disagree	32	8	40
Somewhat disagree	30	4	34
Strongly disagree	33	7	40
Don't know	2	1	3
Total	165	45	210



Email inbox

Fewer than half of the email responses addressed this question. Of those, more than two thirds argued that there was a case to retain some specific parts of the C4 business in London.

Question 1(iv). Following on from Question 1(iii), please state which specific parts of the business should remain in London, if any, and please set out the reasons why.

Where specific suggestions were made, an advertising sales presence was the most frequently identified. These responses generally echoed the point noted in the government's consultation document that the advertising industry is highly concentrated in London, and argued that Channel 4 would benefit from retaining a presence in close proximity to it.

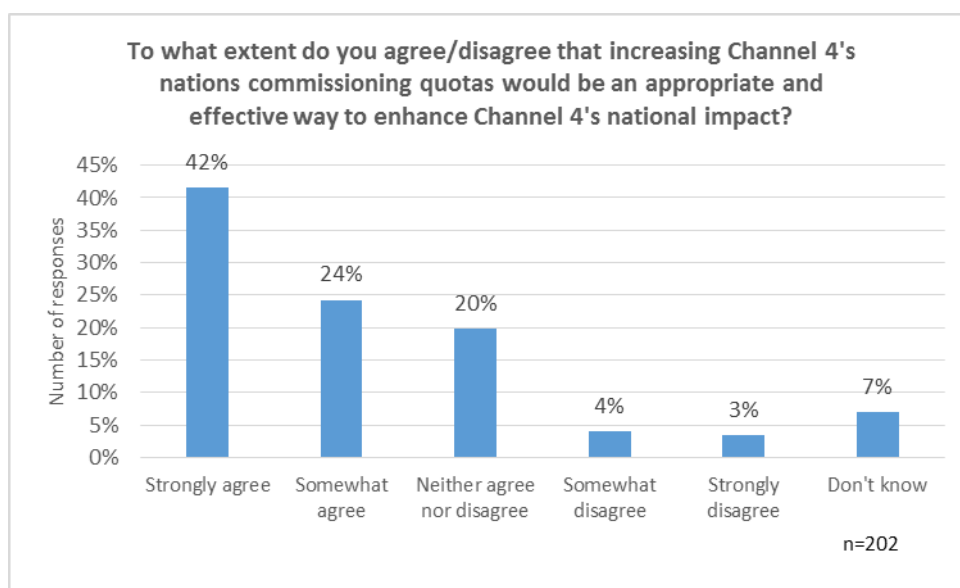
Other suggestions included commissioning staff - either all or just a proportion to serve producers in London and the South-East - and finance, legal and other support functions, with some arguing that these may make the least positive regional impact were they to be relocated.

2.2 Commissioning

Question 2(i). To what extent do you agree/disagree that increasing Channel 4's nations commissioning quotas would be an appropriate and effective way to enhance Channel 4's impact in the nations?

Survey responses

Answer	Individuals	Organisations	Total
Strongly agree	59	25	84
Somewhat agree	42	7	49
Neither agree nor disagree	33	7	40
Somewhat disagree	6	2	8
Strongly disagree	7	0	7
Don't know	12	2	14
Total	159	43	202



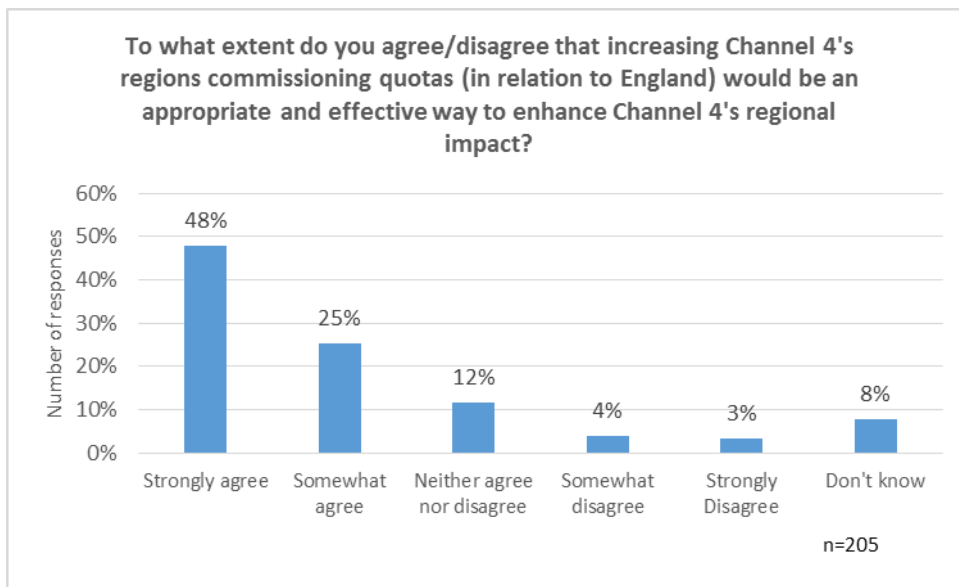
Email inbox

Fewer email responses addressed Q2 than Q1. Around three times as many of the email respondents were in favour of Channel 4 increasing nations commissioning quotas than those who were against.

Question 2(ii). To what extent do you agree/disagree that increasing Channel 4's regions commissioning quotas (in relation to England) would be an appropriate and effective way to enhance Channel 4's regional impact?

Survey responses

Answer	Individuals	Organisations	Total
Strongly agree	68	30	98
Somewhat agree	47	5	52
Neither agree nor disagree	20	4	24
Somewhat disagree	6	2	8
Strongly disagree	7	0	7
Don't know	13	3	16
Total	161	44	205



Email inbox

As with nations quotas, around three times as many of the email respondents were in favour of Channel 4 increasing regions commissioning quotas than those who were against.

Points raised for Q2(i) and Q2(ii)

Some responses addressed only Q2(i) or Q2(ii), often dependent on whether they were a stakeholder from the nations or English regions. For those that responded to both, most gave similar directional answers regarding nations and regions quotas.

Those in favour generally focused on the arguments that increasing quotas would provide greater opportunities for producers in the nations and regions and in doing so have a positive economic impact, and encourage more programming that better reflected the UK as a whole. Some respondents suggested that increasing quotas could be more effective than relocating staff in increasing Channel 4's regional impact.

Those against increased quotas often contended that this would limit Channel 4's flexibility to commission the best content. Others were of the view that increasing quotas would not have as significant an impact as relocating staff (particularly commissioning staff) on the mindset and decisions of the organisation in seeking to strengthen its regional impact. Some of those specifically against increasing nations quotas suggested that as these were already in the process of increasing (from 3% to 9%) it would not be appropriate to increase further.

Question 2(iii). Following Question 2(i) and (ii), what level of increased quotas do you think should be considered (if appropriate)?

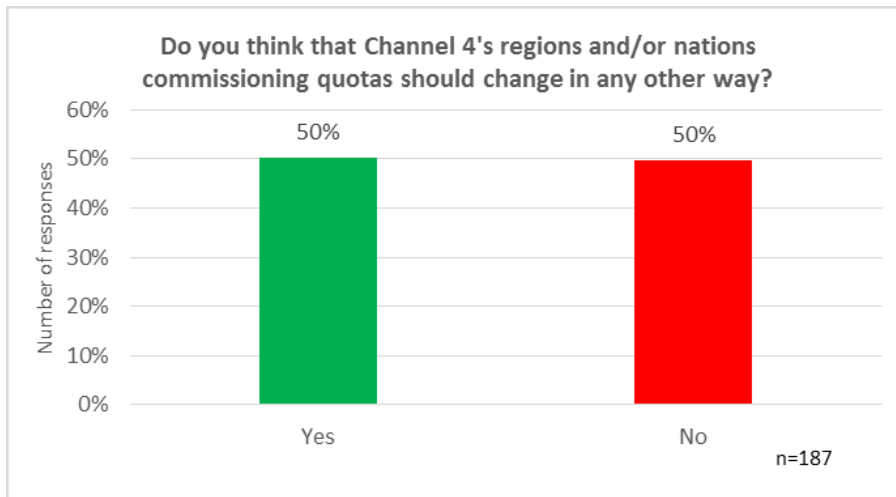
Online and email respondents made suggestions for regional quotas of between 40-65% of first-run originated spend and hours on the main channel, and up to 20% for the nations quota.

The most frequent suggestion was to replicate the BBC's arrangements of 50% of spend outside London and 16% in the nations. Several of these responses suggested that, as with Ofcom's draft operating licence for the BBC, Channel 4 should have individual quotas for each nation to reflect their population (8% in Scotland, 5% in Wales, 3% in Northern Ireland) rather than a single nations quota.

Question 2(iv). Do you think that Channel 4's regions and/or nations commissioning quotas should change in any other way?

Survey responses

Answer	Individuals	Organisations	
Yes	65	29	94
No	81	12	93
Total	146	41	187



Email inbox

Around one in three of the email responses provided an answer to this question with suggestions for potential changes.

Points raised in survey and email responses

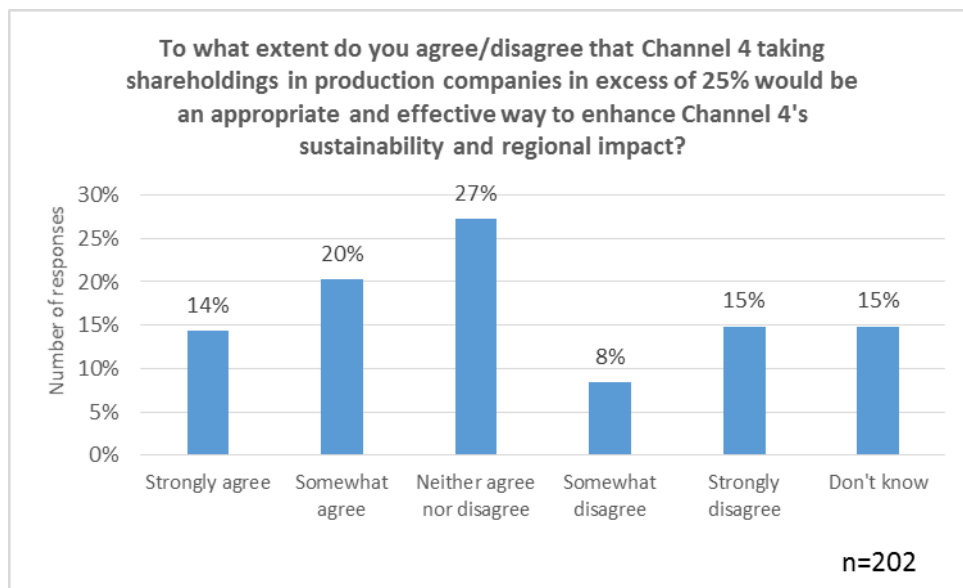
A number of suggestions were made as to other ways in which the quotas could change, including: additional requirements to work with smaller independent producers; quotas to apply across all Channel 4 services not just the main channel; additional requirements to support the development of regional talent; regional quotas applying to each genre; for the quotas to apply to different nations/regions commissioning offices rather than in/out of London; for quotas to also apply to the level of portrayal and representation of the nations and regions; quotas for repeated commissions; and that C4 should develop a 'more thoughtful' set of KPIs to measure engagement in the nations and regions.

2.3 Ownership of production

Question 3. To what extent do you agree/disagree that Channel 4 taking shareholdings in production companies in excess of 25% would be an appropriate and effective way to enhance Channel 4’s sustainability and regional impact?

Survey responses

Answer	Individuals	Organisations	Total
Strongly agree	25	4	29
Somewhat agree	35	6	41
Neither agree nor disagree	46	9	55
Somewhat disagree	12	5	17
Strongly disagree	15	15	30
Don't know	26	4	30
Total	159	43	202



Email inbox

Significantly fewer responses addressed this question in any detail than the first two questions. Of those email respondents who did respond to this question, there was a split, with a slightly greater number of respondents not in favour of allowing Channel 4 to take shareholdings larger than 25% in production companies.

Points raised in survey and email responses

Concerns raised about increasing Channel 4's ability to own production included the potential for market distortion, and that Channel 4 may favour companies in which it has greater ownership stakes. In contrast, some respondents argued that it could help Channel 4 diversify revenues and strengthen its ability to support regional creative industries.

Several respondents noted that very few of the investments made to date by Channel 4's Indie Growth Fund have been in companies based outside London, and argued that any increase in ownership stakes should be restricted to investments in regionally-based companies.

It was also suggested by a small number of respondents that Channel 4 lacked public accountability in its investments. One respondent suggested putting in place more robust procedures around investments, and that Ofcom and PACT should be required to agree to any new arrangements.

Finally, several respondents noted that Channel 4 is already able to wholly own the production of content for broadcast on channels/platforms other than the Channel 4 main channel, but has to date chosen not to do so.

2.4 PSB as a whole

Question 4. Do you have any views on whether more could be done, including by the commercial PSBs, to strengthen regional creative clusters and provide for audiences outside London, thereby strengthening the regional impact of the public service broadcasting system as a whole?

A small proportion of respondents, online and email, responded to this question. Many of those who did respond used it as an opportunity to further discuss Channel 4, repeating or reflecting on points made in response to previous questions.

A sizeable number of responses highlighted Ofcom's upcoming review of regional guidance for PSB channels. Many argued that it was an important opportunity to prevent regional production quotas from being met through 'lift and shift' techniques and instead ensure they led to meaningful regional economic impact in the regions.

Several responses suggested increasing the regional production quotas of the other commercial PSBs, ITV and C5. Other suggestions included a number of ideas for strengthening regional training and development, as well as proposals for regional tax-reliefs and more direct support for production from Local Enterprise Partnerships.