

*Championing  
excellence and diversity  
in broadcasting*



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## **VLV RESPONSE TO THE OFCOM CONSULTATION ON CHANNEL 4'S MADE OUTSIDE ENGLAND QUOTAS**

**August 2024**

## INFORMATION ABOUT THE VLV

The Voice of the Listener & Viewer (VLV) is an independent, not for profit membership-based charity, free from political and sectarian affiliations. VLV supports high quality broadcasting which maintains the democratic and cultural traditions of the UK. We support the independence and integrity of the BBC and encourage work which demonstrates commitment to the principles of Public Service Broadcasting (PSB). VLV is a charitable company limited by guarantee (registered in England and Wales No 4407712 - Charity No 1152136).

### Executive Summary

1. VLV considers that C4C plays a crucial role in the UK's PSB ecosystem, providing content which is alternative to mainstream PSB, as a publicly owned, not-for-profit body which is able to reinvest surplus income into providing additional content for audiences.
2. While VLV's first priority is that C4C should be able to continue providing a distinctive alternative universal PSB service which benefits citizens across the UK, in our submission to the Channel 4 Licence Renewal consultation in February this year we said that VLV would prefer that some quotas in the Channel 4 licence were increased to ensure greater value for audiences in regional representation.
3. VLV therefore welcomes this second consultation which focuses on Channel 4's outside England quotas.
4. VLV considers that C4C's support for a wide a range of independent producers from across the UK, including from all four nations of the UK, is beneficial for citizens. Having a wide range and number of independent producers is beneficial for audiences because it means we have a more plural supply of ideas and voices; this should mean audiences have access to content which more accurately reflects the range of views, cultures and interests held by the UK population. It is also economically beneficial because it ensures that the financial and societal benefits are more evenly spread across the nations of the UK.
5. It appears to VLV that Ofcom's proposals in this current consultation have been influenced by C4C's revised May 2024 submission. We would welcome Ofcom's serious consideration of the opposition to these proposals by those representing the creative industries in Scotland, Northern Ireland and Wales. Clearly a balance needs to be struck between the interests of independent producers in the nations who would welcome a larger share of commissions and the views of C4C regarding its ability to roll out its digital strategy while remaining financially sustainable in a challenging market.
6. VLV would like to see C4C commissioning to better proportionately mirror the population share in the nations (=c.16%).
7. VLV notes that C4C does not appear deliver consistent growth in the nations<sup>1</sup>. In 2022 the percentage of Made outside England hours fell back to the 2015 level and the percentage of spend increased by only 0.2% between 2017 and 2022. This suggests to

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<sup>1</sup> *Channel 4 Licence Renewal: Consultation on Channel 4's Made outside England quotas*, Ofcom, 19 July 2024, paragraph 4.9

VLV that the quotas need to be more stretching if they are to achieve the policy objective.

8. In order to ensure that C4C is properly stretched to deliver the All4theUK strategy and support commissioning more equally in the four nations of the UK, VLV would propose that the initial rise to a 12% quota for Made outside England should be introduced sooner than 2030 and that C4C's new licence should allow for another possible rise in this quota to 16% after 2030, subject to Ofcom's approval, having publicly consulted on this change at that stage.

## **Introduction**

9. VLV understands that the proposal under consideration in this consultation is to increase the Made outside England Channel 4 quota for both volume of and spend on programmes from the current 9% to 12%.
10. While the increase from 9% to 12% for this quota is welcome, VLV has some general comments to make.
11. VLV's primary concern in responding to this consultation is to represent the interests of citizens and viewers, the focus of VLV's work.
12. VLV considers that C4C's support for a wide a range of independent producers from across the UK, including from all four Nations of the UK, is beneficial for citizens. Having a wide range and number of independent producers is beneficial for audiences because it means we have a more plural supply of ideas and voices; this should mean audiences have access to content which more accurately reflects the range of views, cultures and interests held by the UK population. It is also economically beneficial because it ensures that the financial and societal benefits are more evenly spread across the nations of the UK.
13. We welcomed the C4C All4theUK strategy announced in 2018 and its voluntary target that by 2023 50% of spend on first-run originated content on Channel 4 would be commissioned from producers outside London<sup>2</sup>. We also note the other elements of C4C's contribution to the nations and regions in the form of its production training scheme, its Emerging Indie Fund and the Indie Growth Fund.
14. It appears to VLV that Ofcom's proposals in this current consultation have been influenced by C4C's revised May 2024 submission. We would welcome Ofcom's serious consideration of the opposition to these proposals by those representing the creative industries in Scotland, Northern Ireland and Wales. Clearly a balance needs to be struck between the interests of independent producers in the nations who would welcome a larger share of commissions and the views of C4C regarding its ability to roll out its digital strategy while remaining financially sustainable in a challenging market.
15. In response to C4C's concern that raising the quota to 16% would 'force it commission shows with a view to meeting a quota rather than because those shows represent the

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<sup>2</sup> *Channel 4 Licence Renewal, Consultation on the proposals for the new Channel 4 licence*, Ofcom, 6 December 2023, paragraph 5.103

best possible ideas'<sup>3</sup>, VLV would suggest that this is always a risk of any quotas system and, while that risk rises as quotas rise, we would like Ofcom to further explore the possibility of raising the quota above 12% in due course so that it better reflects the population share of the nations. At the current rate, it will be well beyond 2030 before C4C is commissioning proportionately to population share in the nations (=c.16%). — half a century after it went on air. Otherwise Ofcom appears to be strengthening PSB production in England, at the expense of the other three nations of the UK.

16. While VLV recognises the value of a Made outside England quota, we agree with respondents to the first consultation who suggested that there should be nations-specific quotas for each of the nations. They said that without sub quotas for each nation, commissions can be moved around within the nations<sup>4</sup>. This means that even if C4C meets the overall quota, it could still fail to commission enough content from within each nation to satisfy audience needs and promote sustainable growth. We note Ofcom's response to these suggestions, although we do have some sympathy with those who suggest that nation's specific quotas should be considered. We also note Ofcom's conclusion that 'Whilst we do not consider nations-specific quotas to be appropriate, we do think that C4C should ensure that it distributes its MoE spend in a way that does not disadvantage any individual nation. We propose to retain the requirement that in each calendar year MoE spend must be referable to production centres in Scotland, Wales and Northern Ireland'<sup>5</sup>.
17. VLV notes that C4 does not appear to deliver consistent growth in the nations<sup>6</sup>. In 2022 the percentage of Made outside England hours fell back to the 2015 level and the percentage of spend increased by only 0.2% between 2017 and 2022. This suggests to VLV that the quotas need to be stretching if they are to achieve the policy objective.
18. In making the proposals in this consultation VLV has a sense that contributions by stakeholders to the December consultation and its own nations advisory committees have been rather overlooked in favour of following the approach recommended by C4C.
19. In order to ensure that C4C is properly stretched to deliver the All4theUK strategy and support provision in the four nations of the UK, VLV would propose that the initial rise to a 12% quota for Made outside England should be introduced sooner than 2030 and that C4C's new licence should allow for another possible rise in this quota to 16% after 2030, subject to Ofcom's approval, having publicly consulted on this change at that stage.

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

20. VLV does agree with Ofcom's assessment of the potential impact on specific groups of persons.
21. VLV believes that increasing C4C's Made outside England quotas is likely to improve representation of the nations of the UK and increase the volume of content which

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<sup>3</sup> *Channel 4 Licence Renewal: Consultation on Channel 4's Made outside England quotas*, Ofcom, 19 July 2024, paragraph 4.34

<sup>4</sup> *Ibid.*, paragraph 4.72

<sup>5</sup> *Ibid.*, paragraph 4.80

<sup>6</sup> *Ibid.*, paragraph 4.9

portrays and reflects the interests of the different communities of the UK. This will be beneficial for audiences.

22. VLV believes that current quotas favour production of content in England over that of production in the other nations of the UK, so a rise in the Made outside England quotas would improve the level of equality for production companies in the other nations of the UK.

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

23. Since Channel 4's licence does not include any Welsh language programming conditions, VLV agrees with Ofcom's assessment that the renewed Channel 4 licence will not have any new impact on opportunities for people to use the Welsh language.

## **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?**

24. VLV welcomes the rise in the Channel 4 quota for Made outside England content. We note that since the December 2023 consultation closed, C4C has suggested a rise to 12%, having argued against any rise previously.

25. While VLV acknowledges the challenging macroeconomic conditions set out in the consultation document<sup>7</sup> and the fact that C4C's latest financial update for Ofcom shows that 2022 and 2023 revenues were in fact 5% lower than forecast<sup>8</sup>, we note that these proposals have been wholly rejected by a significant number of organisations representing the interests of the creative industry and independent production sector in the nations. They would all prefer that the new C4C licence required a 16% quota for production outside England. Their reasoning is that this would mitigate the impacts of C4's new ability to produce content in-house and also take pressure off the BBC's nations' budget.

26. As stated above, VLV welcomed the C4C All4theUK strategy announced in 2018 which VLV considers could be beneficial for audiences. In order to properly achieve this strategy VLV considers that C4C should be encouraged to stretch itself as far as possible to ensure more content is commissioned from the nations of the UK outside England. VLV therefore has some sympathy with the views expressed by PACT and other organisations which oppose the proposals in this consultation.

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<sup>7</sup> *Channel 4 Licence Renewal: Consultation on Channel 4's Made outside England quotas*, Ofcom, 19 July 2024, paragraph 3.7

<sup>8</sup> *Ibid.*, paragraph 3.11

27. In light of the opposition to this proposal, VLV would encourage Ofcom to reconsider the evidence and ask whether a quota higher than 12% for Made outside England content might be reasonable in due course, possibly after 2030.

**a) 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?**

28. VLV understands that in C4C's May 2024 submission, it set out its view that it could meet quotas of 12% if it had time to adjust to the new quota level<sup>9</sup>.

29. VLV notes opposition to the proposed delay in the implementation of the quota rise by 5 years until 2030.

30. While we fully understand C4C's concerns about the threats to the growth of the UK production sector and other economic challenges, as above, VLV recommends that Ofcom reconsiders the proposed timescale.

31. As stated above, VLV questions whether the rise to 12% could be made sooner than 2030 and, if it seems appropriate at that time, would a further rise in the Made outside England quota be appropriate?

#### **Question 4: Do you agree with our proposed guidance for C4C on how it should report on its MoE production in its SMCP?**

32. VLV understands that the new proposed guidance on reporting on its Made outside England production by C4C in its SMCP aims to partly address the equality of commissioning across Scotland, Northern Ireland and Wales.

33. We support this proposed guidance because VLV considers that all increases in transparency are welcome. We believe that requiring C4C to set out its strategy for commissioning in each individual nation over the next year and how it delivered its strategy for the previous year will be useful because it will help us understand the proportion of programmes being commissioned from each nation.

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<sup>9</sup> *Channel 4 Licence Renewal: Consultation on Channel 4's Made outside England quotas*, Ofcom, 19 July 2024, paragraph 4.34