

4 What's next for Channel 4

4.1 What is Channel 4?

- Channel 4 is committed to remaining an organisation whose primary role is the delivery of its public remit
- Its core values remain as relevant in the digital television age as they did in the analogue world
- New digital channels and platforms offer challenges and opportunities for Channel 4 to fulfil its remit, extend public value and ensure it remains relevant to audiences

4.2 What is Channel 4 for?

- While Channel 4's remit remains the foundation of its public role, we need to think how to give new expression to it in a multi-platform world
- Channel 4 has developed a set of core purposes that drive its ambitions across its on- and off-screen activities

4.3 Who is Channel 4 for?

- Channel 4 will continue to offer something for everyone some of the time, but will further strengthen its long-standing relationship with young and diverse audiences

4.4 What is the scope of Channel 4's activities?

- Channel 4 will continue the transformation to become a public service network
- A new regulatory framework for PSB is needed that is fit for the digital age

4.5 How will Channel 4 deliver against its purposes?

- We will create more space for new ideas and programmes across the entire 4-network
- We will be the leading supporter of new creative talent in the sector
- We will support the widest range of voices of any broadcaster
- We will raise awareness of, and encourage engagement and participation in, social issues facing contemporary Britain, with the potential to encourage positive change
- We will launch a new pilot fund for children's TV
- We will continue to grow our presence across digital platforms, and launch a major digital media pilot fund for content and services with clear public service ambition (4IP: Innovation for the Public)
- We will establish a new, mutually beneficial partnership with the creative community
- We will strengthen our commitment to small and emerging production companies, and to producers based outside London
- We will strengthen our partnership model in all areas, working with other non-profit organisations with shared values
- We will play a leading role in strengthening diversity, both on- and off-screen
- We will forge a new relationship with our audiences

4.1 What is Channel 4?

Channel 4 is committed to remaining an organisation whose primary role is the delivery of its public remit

The strength of positive feeling towards Channel 4 amongst audiences and stakeholders alike emerged strongly in the research presented in Chapter 3. It is clear that Channel 4 still has a very important role to play. Just as they did 25 years ago, new generations of television audiences come to Channel 4 to be entertained, enlightened, surprised, to have their views challenged, and sometimes their sensibilities offended.

Channel 4 delivers public value at three important levels:

- to individuals, by offering a wide range of high-quality programming and other forms of content that entertain and enlighten viewers
- to society as a whole, by providing a platform for the widest possible range of voices within the UK, offering fresh perspectives on the world and by posing new possibilities
- and to the creative economy in the UK, forging new partnerships that give the most creative people a platform for their talents.

If Channel 4 is to fulfil its public service role in the future, we need to address important practical matters; in particular, what sort of organisation should Channel 4 be, and how should it be funded, to deliver this role? It is not a viable option for the organisation to rely purely on commercial income – it will need some kind of replacement for the historic value of its gifted analogue spectrum.

Channel 4 could survive commercially if it chose a future as a private sector organisation, capitalising on its historic strengths, its distinctive character, and the attraction of its brand and audience to advertisers. But its shareholders would expect a commercial return through dividends paid out by the company, imposing cost pressures that would diminish its distinctiveness and reduce the public value that it delivers. It is also likely that Channel 4 would ultimately fall into the hands of a major global media player, which would compromise its editorial independence and integrity.

We are convinced that the only way to sustain Channel 4's public service role is for it to remain a publicly-owned organisation, independent of the direct editorial influence of Government, regulator or commercial shareholders, able to retain any profits and reinvest them in programmes and services, and committed to generating public value through the delivery of its remit. This view was strongly supported in our dialogue with stakeholders, who highlighted the importance they attach to Channel 4's institutional independence, enabling it to provoke debate and take risks that others would not take.

We believe that a prerequisite for the health of the media ecology in the UK is a combination of active competition in the commercial sector and a plurality of publicly-owned institutions. Protecting Channel 4's public status and its commitment to its public role lies at the heart of our vision for Channel 4's future.

Channel 4's core values remain as relevant in the digital television age as they did in the analogue world

When it launched in 1982, as the smallest of four channels, Channel 4 was the alternative to the mainstream. In the new digital world, it is now the third or fourth largest of several hundred channels, and has itself become part of the mainstream.

Yet its distinctiveness remains because of the combination of its scale and its unique perspective. Many digital TV services serve small niche audiences and are never watched by the large majority of the population. It remains the case that only the traditional network broadcasters have the brands, reputations and budgets to commission high-quality original content and thus the potential to achieve significant impact. And of these broadcasters, only Channel 4 has an editorial perspective focused on presenting audiences with the widest range of voices and offering perspectives that are genuinely new or different. As our

audience research highlighted, this perspective continues to be as valuable to audiences as it has ever been.

While retaining a strong core channel, Channel 4 has successfully extended its impact by developing a portfolio of distinctive digital TV channels. It launched the first of these, the premium subscription service FilmFour, ten years ago, to coincide with the launch of digital television in the UK. It has continued to evolve its portfolio, and now offers E4, More4 and Film4 on all digital platforms, including Freeview, as well as time-shifted “+1” and high-definition variants of these channels on some platforms.

New digital platforms offer challenges and opportunities for Channel 4 to fulfil its remit, extend public value and ensure it remains relevant to audiences

Most people now recognise the strategic imperative for any terrestrial broadcaster to extend its presence into digital media in order to retain scale and relevance. However, there remains a debate about the level of ambition that public service broadcasters should have in extending their activities into the online world. There are those who believe that traditional broadcasting remains the core medium to deliver public value, and that there is no imperative for broadcasters to develop new media services beyond ancillary web support. Conversely, others argue that young people who have grown up using the internet have fundamentally different expectations about how they find, consume and interact with content. For them, linear television is a declining part of the overall media mix, and plays a less important role than it does to previous generations. If broadcasters do not adapt, they will become marginalised and achieve less impact.

The reality is that broadcasters will need a strong integrated presence across both traditional broadcasting and digital media, offering strong originated programming on linear TV channels and new forms of content and services using interactive media. Channel 4, like all broadcasters, needs to achieve the right balance between the two.

Particularly given its strong connection with young audiences, Channel 4 must embrace the potential of new digital media platforms with greater urgency. Its online presence currently includes a range of commercially-focused and public service offerings, including video-on-demand service 4oD. But the scale of Channel 4’s activities in new media to date is modest in comparison with the radical changes that it will need to make in the future.

Transforming Channel 4 into a genuine cross-platform media organisation is essential to its long-term survival. We need to meet our audiences’ increased expectations about participation and interactivity. As they gravitate towards organisations that offer the most authentic experiences, and which are most accountable and transparent, we will need to manage our interactions and relationships with them accordingly.

This transformation must permeate all our activities: how we produce and distribute content; the ways in which we work with our suppliers and creative talent; our commercial strategy and relationship with advertisers; our approach to rights and rights management; and almost every other aspect of our operational model. Unlike other industries that were slow to adapt, such as music, we must recognise the need for profound change in everything we do.

In summary, Channel 4 needs to deliver its distinctive and valuable public role across all digital platforms, in television and new media, and to achieve impact by reaching and engaging audiences wherever they are and however they wish to interact and engage with its output.

4.2 What is Channel 4 for?

While Channel 4’s remit remains the foundation of its public role, we need to think how to give new expression to it in a multi-platform world

Channel 4’s remit was first set out in legislation in the 1980 Broadcasting Act, which stipulated that “*the programmes contain a suitable proportion of matter calculated to appeal to the tastes and interests not generally catered for by ITV*”, and that “*a suitable proportion of the programmes are of an educational nature*”. It further required the channel to

“encourage innovation and experiment in the form and content of programmes” and to have “a distinctive character of its own”.

The remit remains the foundations of Channel 4’s public service role, but in the far more competitive and complex world of 2008, with justifiably higher expectations of public organisations, it is not enough merely to be innovative or distinctive. Positive as these values are, they are nonetheless the means to an end. Channel 4 needs to articulate to what end it should “innovate”, and how it should differentiate itself in today’s far richer and more complex media environment.

The need to articulate a clear set of public purposes for Channel 4 lies at the centre of our vision. By so doing, we hope to clarify what Channel 4’s role is, and why the organisation remains important as a public service broadcaster. The purposes will lie at the heart of Channel 4’s activities, setting out clearly – for ourselves, our stakeholders, our creative partners and the public – our ambitions for the future.

Channel 4 has developed a set of core purposes that drive its ambitions across its on- and off-screen activities

Our articulation of Channel 4’s purposes follows an iterative process involving extensive consultation. These purposes are clearly understood and recognised as being distinctive to Channel 4 by all the major constituencies with which we engaged, including audiences, our suppliers and partners, stakeholders, industry specialists, opinion-formers and our own staff. They capture the components of our remit as set out in legislation, and can be mapped on to Ofcom’s purposes of public service broadcasting.

Channel 4 provides public value through its on-screen programming, content and services (where the “screen” has traditionally been a television set, but in the future will increasingly also be a personal computer, mobile device, etc.), and also through its off-screen activities to develop and commission content whilst nurturing talent and supporting the creative economy.

Across these activities, we believe that Channel 4’s public role is captured by four distinct core purposes, which give practical expression to the end benefits that result from Channel 4 delivering its remit.

More than any other broadcaster, Channel 4 aims to:

- 1. Nurture new talent and original ideas**
- 2. Champion alternative voices and fresh perspectives**
- 3. Challenge people to see the world differently**
- 4. Inspire change in people’s lives.**

Nurture new talent and original ideas

Channel 4 encourages risk-taking, innovation and experiment in everything that it does – the form and content of programmes, their promotion and marketing, and new ways to make content and services easy to find and use.

It supports talent throughout their careers, from dedicated slots in the schedule that connect emerging talents with mainstream audiences, through to ambitious landmark commissions from veteran collaborators.

Channel 4 supports the creative economy, promoting plurality by commissioning from the greatest number and range of sources, and supporting activity across the nations and regions, and in creative sectors beyond television, in particular the film industry

Champion alternative voices and fresh perspectives

Channel 4 celebrates Britishness by exploring the rich diversity of cultures and lifestyles in Britain today. We encourage people to look at themselves and others in a fresh light, and we seek non-judgemental ways of illuminating parts of society that are rarely seen in mainstream media.

We aim to present unvarnished accounts of real lives and real concerns, of different ethnic or racial groups, or people with different cultures or lifestyles. We are not afraid to shine a light on uncomfortable areas, examining social tensions that arise from the diversity of different beliefs or value systems.

Challenge people to see the world differently

By questioning assumptions and interrogating orthodoxies, Channel 4 helps individuals make sense of the world and encourages them to see things in new and surprising ways. We are comfortable with new ideas and ideologies. We like to open up debate, not close it down. We relish moral ambiguity and willingly take on the most difficult – and sometimes uncomfortable – questions, without patronising viewers by pretending to know the answers.

Globalisation and other issues with an international dimension have profound implications for the health of democracies and the growth of multicultural communities. The mass migration of people around the globe, freedom of thought and expression and the power of global business are emerging as the defining issues of the century, and Channel 4 has a vital role to play in providing a window on them and on the wider world.

Inspire change in people's lives

Channel 4 encourages personal development in ways that are both accessible and distinct from traditional public service approaches. We use popular lifestyle formats to open people's horizons. This can be as simple as giving people new ideas for parenting or healthy eating, or it could be sparking new interests, such as in architecture, opera or dance.

We encourage people to re-evaluate their lives – their homes, health and looks, or relationships with friends and family. And we illustrate personal or social dilemmas to help people to deal with new experiences and issues in their lives

We avoid telling viewers what to do or what not to do; rather, we show the effects of different courses of action and let people make up their own minds. By doing these things, we empower people to make choices, and inspire changes in their behaviour that impact directly on their quality of life.

4.3 Who is Channel 4 for?

Channel 4 will continue to offer something for everyone some of the time, but will further strengthen its long-standing relationship with young and diverse audiences

Channel 4 remains one of just five free-to-air network channels available to everyone across the UK. With this privileged position, we believe that it should continue to offer something for everyone, some of the time. Channel 4 reaches 75% of the population every week, and its appeal to a wide audience ensures impact in the delivery of its public purposes. Channel 4 has also made its digital channel portfolio more accessible over the last few years, launching More4 as a free-to-air service and taking E4 and Film4 onto Freeview, enabling the organisation to achieve greater impact across all of its channels. And many of our programmes are also available for free through 4oD to anyone with a computer and broadband connection.

Channel 4 is in a different position to the BBC, whose Charter, and reliance for all of its funding on the licence fee, obliges it to serve the entire audience equally. Channel 4's remit has always made it more attractive to certain audiences, and its connection to these audiences is one of the organisation's distinctive strengths.

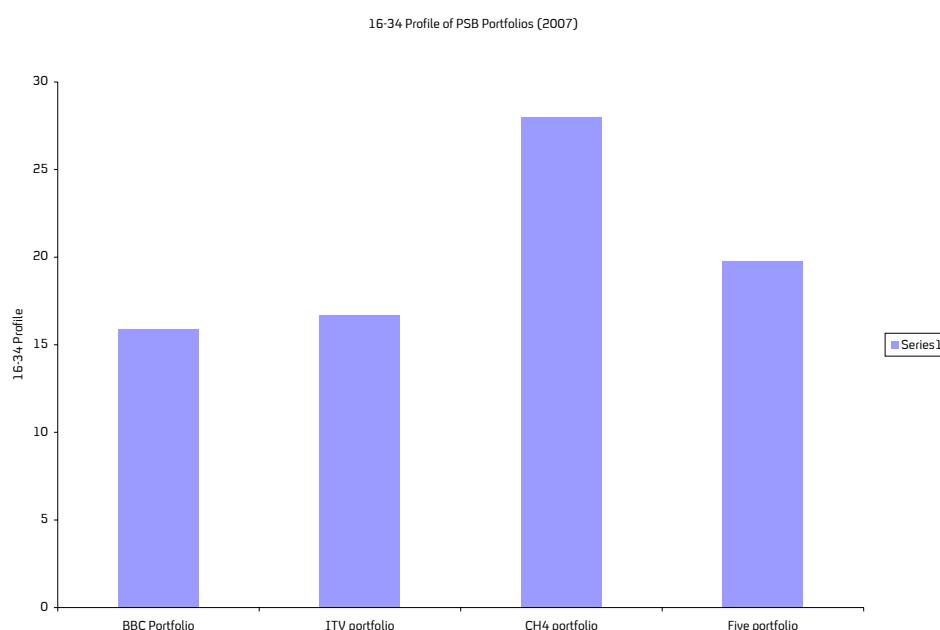
When the channel launched, it was intended to cater to those people not served by the other broadcasters. It appealed in particular to young people. The first Chairman, Edmund Dell, noted in Channel 4's first Annual Report in 1983 that: "it is not escaping the attention of our advertisers that even now the Channel Four audience has attractive characteristics. If one compares it with the ITV audience (and indeed with the audience on the two BBC channels), it is younger".

Channel 4's output was also attractive from the outset to minority groups, in particular gays and lesbians and people from ethnic minorities, who enjoyed programmes specifically made

for and by their communities on network television. As Britain has become more diverse over time, it has been more important than ever to reflect all aspects of the diverse nature of our society – in terms of religion and ethnicity, nationality and regionality, age and class, gender and sexuality, and disability.

Channel 4’s success in engaging younger and more diverse audiences has been an enduring strength in the past, and should remain so in the future. Ofcom research demonstrates that other public service broadcasters are failing to meet the needs of younger viewers and viewers from ethnic minorities. Channel 4 is the only one of the major public service broadcasters to have grown its appeal amongst younger audiences in the last five years, and we have consistently maintained the highest 16-34 profile of any of the PSB channel portfolios, well over a third higher than our nearest competitor in 2007 (see Figure 4.1).

Figure 4.1. 16-34 year olds’ viewing as a proportion of total viewing to public service broadcasters’ digital channel portfolios in 2007



Source: BARB/Infosys 2007

The same story holds true when we look at 10- 15 year olds – the age group Ofcom identified as being most underserved by public service output (Figure 4.2). Amongst this audience, our viewing share has increased by 35% since 2002 against losses of 17% and 19% for ITV and the BBC respectively.

Figure 4.2. 2007 share of viewing by younger demographic groups to the public service broadcasters’ digital channel portfolios

% Share	16-24s 2007	% change 07 on 02	25-34s 2007	% change 07 on 02	10 - 15s 2007	% change 07 on 02
CH4 portfolio	18.1	20%	15.2	17%	13.4	35%
ITV portfolio	18.8	-15%	19.2	-16%	17.9	-17%
BBC portfolio	24.8	-20%	27.8	-16%	27.0	-19%

Source: BARB/Infosys 2002 – 2007

4.4 What is the scope of Channel 4’s activities?

Channel 4 will continue the transformation to become a public service network

Channel 4 has to adapt fully to a world in which much of its core audience will be consuming content on-demand. Many viewers will no longer look to a linear schedule to make their programming decisions, and their choices may be driven as much by recommendations, personalisation and participation in social media as by conventional marketing and scheduling. As they consume content across multiple outlets, platforms and devices, they will have high expectations about interactivity and participation in the content and services with which they engage.

Channel 4 already delivers public value beyond the core channel, through its digital channels, online services and 4oD. But we need to accelerate this process to respond to the speed of change in the market. Channel 4 needs to transform itself from a “public service broadcaster” into a truly “public service network”, with an integrated approach across all platforms, through its core channel, digital TV portfolio and new content and services on other digital media platforms. Its presence must be strong on each platform, and it should explore new ways to deliver its purposes across the 4-network.

In order to continue the transition to a public service network, we will:

- Continue to invest in a strong core channel as the heart of our public service contribution, delivering the greatest impact
- Strengthen our portfolio of digital channels, offering opportunities to see programming from the core channel and newly originated programming
- Expand new services that make our programmes available on demand, such as 4oD
- Build our brand presence on new digital platforms such as online, mobile and radio (e.g. Channel 4.com and E4 Radio)
- Significantly increase our commitment to new forms of digital content, exploiting to the full their functionality in terms of interactivity, community and participation.

We will exploit Channel 4’s distinctive and highly valued brand, and its skills and resources in marketing and promotion, to establish new services which can achieve scale and impact in an increasingly crowded market. These competitive advantages are vital to our ambitions to engage people – particularly younger audiences – with public service content.

While Channel 4’s activities across all platforms will contribute to the delivery of our public purposes, not everything we do need be public service in nature. There has always been room for more commercial activities, whether programmes on Channel 4 that are purely populist, entertaining or commercial, or new commercial ventures that drive new income streams for the organisation. This balance between public service and commercial ambitions is a fundamental part of Channel 4’s operating model. But as a discipline on the organisation, any programme or service should be intended either to deliver against the public purposes or to contribute to strengthening Channel 4’s financial position. Moreover, nothing we do should act against the delivery of the public purposes or be inconsistent with our brand values.

A new regulatory framework for PSB is needed that is fit for the digital age

The current legislative framework, as set out in the Communications Act 2003, defines the public service output of commercially-funded public service broadcasters purely in terms of their core terrestrial channels (ie ITV1, Channel 4 and Five). When this legislation was drafted in the early-2000s, policymakers did not anticipate the speed of the migration to a digital world that would follow: the take-up of digital television, the growth of on-demand technologies and the major advances of the internet.

Broadcasters’ creative ambitions increasingly extend across all their services. Now, audiences can watch and engage with content that is clearly public service in nature in a variety of ways, whether watching a documentary on digital channel More4, catching up on a Channel 4 programme on 4oD, or seeking in-depth analysis on Channel 4’s news website. In some instances, individual projects can stand out more, and have greater impact, if they are premiered on digital channels targeted at specific audiences rather than on core public

service channels. But the public value delivered in these ways is not recognised in the current legislative framework for PSB.

The current framework also neglects the important elements of public value generated by broadcasters' off-screen initiatives to support the creative economy. Equally, it does not fully capture the value of broadcasters' initiatives in adjacent creative sectors, in particular film production. The importance of the creative industries to the UK economy was highlighted in the Government's recent strategy document, Creative Britain: New Talents for the New Economy.

We believe it is imperative that future legislation recognises all dimensions of public value, and that any new framework must be capable of assessing the full scope of broadcasters' public service activities. In particular, the next Communications Act should set out how organisations deliver public value across digital platforms, defining "public service" (and any corresponding obligations) in a way that reflects the multiple ways in which public service content will be commissioned and delivered in the digital age.

The Government and Ofcom have already begun to consider how future legislation can redefine PSB in a way that reflects the on-screen delivery of public purposes in a cross-platform converged world, and the off-screen contribution to the creative economy, in television and adjacent sectors. Ofcom's Terms of Reference for the second PSB Review set out that *"The Review will examine future options for achieving the goals of public service broadcasting, including options for funding PSB. It will explore at a high level what changes to legislation might be required to safeguard the delivery of public service broadcasting"*. This discussion will play out in the months and years ahead, and we welcome a dialogue with Ofcom and Government on the specific implications for Channel 4 of changes to the overall regulatory framework for PSB.

In the meantime, Channel 4 will seek to deliver public service content across all platforms with immediate effect, and its new public value framework will capture the breadth of the organisation's contribution across all media, whilst ensuring we continue to fulfil our current legislative and licence requirements.

4.5 How will Channel 4 deliver against its purposes?

Before any new funding settlement to sustain the organisation's activities is agreed, Channel 4 faces a difficult balancing act: refocusing the organisation to deliver greater public value in an ever more competitive market while maintaining strict financial disciplines.

The scale of our long-term ambition is dependent on the realisation of a sustainable funding model to replace the historic value of gifted spectrum. In the meantime, in order to deliver our purposes and continue the journey to transform Channel 4 into a public service network, we have developed a series of specific initiatives that we will begin implementing immediately. In the short-term, these can be funded within our existing operating model through prioritisation and rebalancing of our activities, and do not materially affect our base case financial projections. But our public service delivery in these areas cannot be sustained in the medium-term without some replacement form of public support.

We will create more space for new ideas and programmes across the entire 4-network

All broadcasters face mounting pressure to rely on familiar trusted programmes and performers as the risks associated with launching new shows continue to grow. Whilst this is to some extent inevitable in a more competitive landscape, Channel 4's ambition is to counter this trend with a renewed focus on new programmes, new voices and new talent. Not only will our core channel continue to show more new titles than any other of the main public service channels, we will also increase the number of slots for new programmes and formats across the entire network.

US acquisitions have always represented an important part of Channel 4's schedule, and we pride ourselves on bringing the best American programmes to British screens. However, these programmes are increasingly the key selling points for many digital channels, and the market has become more crowded and competitive. As a result, our role in US programming is no longer as distinctive as it once was. Channel 4 will therefore reduce its spend on

acquisitions by 20% over the next five years, allowing us to focus our expenditure on UK originated programming, in line with our commitment to create more room for new programmes.

We will be the leading supporter of new creative talent in the sector

Channel 4 aims to be the most welcoming place for new creative talent, helping newcomers to the industry get their first break, whether on- or off-screen. We plan to grow the number of slots for new talent across all platforms. Through 4Talent, we will commit £10 million a year across a range of initiatives supported by our commissioning, HR and training teams.

As well as showcasing young creative talent, 4Talent will create spaces for young people to meet others, providing opportunities to network and improve their knowledge and skills. Later this year we plan to launch The Heights, an online community overseen by a panel of inspirational young people, where a select group of “tenants” will be able to share their creative ideas with each other, and interact with Channel 4 commissioners. We also plan to partner with youth-focused cultural and industry festivals to showcase their creative work.

Our combined investment in programmes and strands that exclusively showcase entirely new talent onscreen will be over £5 million in 2008 alone, including *First Cuts*, *Coming Up*, *Comedy Labs*, *3 Minute Wonders* and the *Nightly Show* – our new late night comedy strand. As a statement of our commitment to the new, we will hold a “New Talent Month” this August, bringing together and promoting these strands, and showcasing new talent across the schedule, from *Channel 4 News* through *Hollyoaks* to *Cutting Edge*.

We will support the widest range of voices of any broadcaster

We will continue to make room for, and promote, a diversity of perspectives from across the whole of the UK across all our output. We will have more news than ever before on the core channel, More4 and other platforms such as online, mobile and radio. We will explore new ways of presenting contemporary issues to engage those audiences who have become disenchanted with conventional current affairs programmes. Across Channel 4 and More4, we will show 260 documentary films a year, an average of one documentary on every weekday, cementing our reputation as the home of British documentaries.

We will continue to support the British film industry, by investing £10 million a year in British film development, commissioning and production, and through the broad range of British and international films on the Film4 channel (and associated on-demand services).

We will also extend our support, through to 2010, for the Channel 4 British Documentary Film Foundation, which has pioneered public support for documentary-making in the digital age, by looking beyond television to develop, fund and distribute the works of the next generation of UK filmmakers.

We will raise awareness of, and encourage engagement and participation in, social issues facing contemporary Britain, with the potential to encourage positive change

At its best, Channel 4 acts as a catalyst for change. Its public purposes capture the impact we aspire to deliver through programmes that touch on important issues facing British society, ranging from consumer matters such as diet, health and education, through to political topics at home and on the international stage. Channel 4 has a unique ability to cover issues in ways that encourage interest, debate and participation.

Jamie’s School Dinners in 2005 may be the most high profile example in which Channel 4 has achieved significant success, and helped to make a tangible difference, by raising awareness of an important social issue. Other recent seasons that have had an impact include *The Big Food Fight*, which looked at intensive farming of chickens, and *Lost For Words*, which focused on child literacy (these are described in case studies in this document).

We will continue to raise awareness of key social issues in programmes and seasons such as these, such as forthcoming seasons on gun and knife crime and on Iraq. These will span the entire 4-network to offer the most opportunities for viewers to participate. We will also

work closely with partner organisations, encouraging active engagement with the issues raised online and in the “real world”, and helping to sustain the debates well beyond the original programmes’ transmission.

We will launch a new pilot fund for children’s TV

We have highlighted Channel 4’s particular connection with younger audiences, and our desire to make more of this in the future. We also recognise the gap in the market identified by Ofcom for originated television aimed at older children.

We believe there is a greater role for Channel 4 to play in reaching this audience. We have recently announced a pioneering approach to our investment in schools output, focusing our resources on innovative digital content for 14-19 year olds that embraces the potential of digital media, including television and the internet.

We will strengthen public service plurality in children’s programming by establishing a new pilot fund of £10 million over the next two years dedicated to programming for older children that will appear across the 4-network, with commissioning beginning in 2008. While we expect some projects to have a strong presence on the core channel, the fund will also embrace interactive media, including cross-media projects that span E4, online and mobile platforms. We will work closely with other organisations to maximise our collective impact as we develop and commission new children’s projects.

This pilot fund is intended to strengthen Channel 4’s relationship with younger audiences, and to demonstrate its capability to commission engaging content that connects with them. For the period of the pilot only, it is being financed by Channel 4 within its base case business plan. It will illustrate what more Channel 4 could do in this area with further resources. We hope it will help make the case for the provision of sustained public support that would enable Channel 4 to include children’s TV as a core part of its PSB role.

We will continue to grow our presence across digital platforms

Channel 4 has already pioneered new ways of distributing content, and we will continue to build our presence in new digital platforms:

- Making our content available in an on-demand world (e.g. 4oD)
- Enhancing our programmes through web support (e.g. Channel4.com)
- Building new digital platforms and services (e.g. Project Kangaroo, our proposed VOD venture with ITV and BBC Worldwide).

These services will allow Channel 4 to extend its presence in digital media. They are planned to be profitable, and contribute positive returns to our financial position, just as our digital channels do today. But they will also be consistent with Channel 4’s brand and purposes.

As we continue Channel 4’s transformation to become a public service network, we are prioritising the following areas:

Channel4.com

We will redevelop Channel4.com to provide more engaging content for every programme we transmit and ensure that it remains available forever. We will also ensure, where appropriate, that this content is findable, and usable, across the internet, and not just on our own sites. And we aspire to become a leader in deploying social media tools and services to enable our talent, commissioners and executives to engage with our audience in new ways.

We will continue to aggregate areas of content in ways that are meaningful to audiences and advertisers. For example, the Channel 4 Food site has enjoyed a successful launch, becoming the most popular food site in the UK in January 2008, bringing together a range of content from across our services.

Radio

The launch of our new national radio stations gives us the opportunity to innovate in multiplatform services. We are now implementing the plans laid out in our winning digital

radio bid to Ofcom. We want to seize the opportunities presented by new platforms to transform the experience and expectations of our audience. Our initial focus will be E4 Radio, which we plan to launch later this year. Channel 4's entry into radio will provide a vital boost to the take-up of digital radio and to increasing the penetration of DAB devices in the market.

Multi-platform commissions

We will implement cross-platform commissioning later this year – across TV, radio and online – in key genres, starting with education, comedy, news and music. We will shortly green-light the first round of commissions resulting from our new initiative to migrate our education commissioning budget from television to the web. This has proved an exciting and successful pilot for us, and we are planning similar changes across our output in other areas. We will extend this approach to other genres across the organisation over the next two years.

Distribution and Syndication

We are committed to ensuring our content is available wherever our audience wants it to be. We will continue to ensure our programmes are available for viewing, whether on Channel4.com, via Project Kangaroo, and via syndication partners across the web. We will also continue to innovate with new partners, such as Bebo and MySpace, to pilot new ways of promoting – and monetising – our content.

We will launch a major digital media pilot fund for content and services with clear public service ambition (4IP: Innovation for the Public)

Channel 4 has already experimented with a number of educational, factual and documentary-based initiatives. Only economic constraints have prevented us from going further faster. We believe it is time to make the next major step. Rather than simply setting out worthy aspirations for our public service role in digital media, we are keen to learn by doing.

We therefore plan to establish a new ring-fenced pilot fund, which we have called 4IP, to invest in new content and services across digital platforms, with a partnership model at its core. This fund will allow us to deliver on our public purposes in entirely new ways, working with a new generation of creative talent in digital media, and providing new ways for audiences to engage with their personal interests and with wider social issues.

We have already secured commitments of £40 million over the next two years. Of this, up to £20 million will come from Channel 4. Provisional agreement for at least the same level of funding comes from a number of partners, including Advantage West Midlands, Scottish Enterprise, Screen Northern Ireland, and Screen Yorkshire. NESTA will also be a partner in the fund, providing strategic focus and support to encourage the development of the sector. It will help the fund to explore new business models, evaluate success and ensure knowledge from the pilot is shared across the creative economy.

This is one of the biggest and most exciting calls-to-action to new and emergent digital media companies in the UK. For Channel 4, it represents a significant step towards our transformation into a truly cross-platform network.

4IP will create new services for UK audiences by investing in a range of projects across digital media, including such areas as news, sport, talent, games, education and navigation. We will explore ways of working with partners to aggregate existing content that we can help promote to new audiences. We will announce details of these, and other individual initiatives, in due course.

4IP will identify and support new talent across the UK, with dedicated staff based outside London working in collaboration with our funding partners, to help build a network of talent and ideas. We will run events across the country to help stimulate collaboration between different parts of the creative community and relevant players in the public and social sectors, drawing on processes that have been pioneered by social entrepreneurs and the venture capital community. We aspire to be a catalyst for change in public service content on the web and will hold major events that bring together organisations, institutions, creative

talent and social entrepreneurs who are grappling with the new challenges and opportunities of public service media.

4IP will allow Channel 4 to innovate in the ways we operate. We will challenge many of the broadcaster-centric approaches to commissioning and distributing content that exist within the industry. We will explore different funding and business models. And we will have further opportunities to place the needs, expectations and feedback of audiences at the heart of the projects we invest in, which in turn will create insights that will be relevant for the whole of our output. Although its primary purpose is not commercial, we will seek to generate revenues where we can. Indeed, the pilot will help to establish the commercial potential for content of this kind.

This pilot fund will demonstrate Channel 4's commitment to finding new ways of fulfilling its purposes and ensuring that it can remain relevant in a rapidly changing world. Our initial conversations with stakeholders and potential partners have been positive, and we actively encourage others to participate. We will be consulting widely over the next few months as we finalise the details of this exciting initiative. We are also talking to other potential partners, and have already opened negotiations with the Welsh Assembly and with our partners at S4C to explore further opportunities.

In summary, we are convinced that there is an urgent need to innovate in the provision of public service content to meet the needs of an audience spending increasing amounts of time online. While we do not presume to know the answers, we believe that Channel 4 can play a significant role. 4IP is a major initiative to learn by doing, and to demonstrate to ourselves and to others the public value that Channel 4 can bring.

We will establish a new, mutually beneficial partnership with the creative community

Channel 4's model of commissioning original programmes entirely from external production companies has been part of its unique contribution to public service broadcasting. This production model has brought many advantages for Channel 4, but a real danger exists that Channel 4 will become uniquely disadvantaged in its ability to respond to the changes in consumption of content across digital media.

As the distinction between different platforms becomes increasingly blurred, the ability for broadcasters to exploit content swiftly and flexibly across multiple platforms will be a prerequisite of creative and commercial success. Those with an in-house production base have an inbuilt advantage in being able to respond rapidly to changes in consumer demand without the need to secure revised Terms of Trade.

In the context of consolidation within the independent production sector, and the growing importance of controlling rights that can be distributed across new digital platforms, Channel 4 has considered the implications of changing its status as a publisher-broadcaster. Whilst it could never hope to reach the scale of vertical integration of the BBC and ITV, in-house production could provide the organisation with some level of security over a proportion of the schedule and could provide other longer-term strategic benefits. The Terms of Reference of Ofcom's Second Review of PSB explicitly open the door to this possibility.

Establishing an in-house production base at Channel 4 would represent a radical change to its long-standing publisher-broadcaster status (requiring approval by Ofcom under current legislation). Such a move would undoubtedly change the nature of Channel 4's relationship with the independent production sector, even if it continued to work with a wide range of external companies for a significant proportion of our output.

Having given careful consideration to the options, our desire is to reject this option and retain Channel 4's current publisher-broadcaster model. We believe the economic and strategic benefits that in-house production would provide to Channel 4 would be outweighed by the costs to Channel 4's public service ambitions and to the creative economy.

But if this is to be a viable outcome, we need to establish a sustainable, future-facing rights settlement that allows us the scope and flexibility to deliver our vision as a public service network. We aim to work with PACT over the coming months to discuss how we can best

achieve our commercial and creative objectives in partnership with our independent suppliers.

We will also commit to a range of activities and interventions, each designed to make a contribution towards stimulating the general health of the independent production sector, and promoting diversity and plurality in the supplier base that Channel 4 works with.

We will strengthen our commitment to small and emerging production companies, and to producers based outside London

Channel 4 will continue to play a key role in supporting the overall health and diversity of independent production. We will continue to work with more independent production companies than any of our competitors. While consolidation has undoubtedly strengthened the sector overall, the growing dominance of the largest companies will make it harder for small and emerging companies to break out. Channel 4 therefore commits that 20% of the independent production companies it works with will have an annual turnover of less than £2 million.

Whilst Channel 4's track record for commissioning in the English regions is very strong, production in the Nations faces particular difficulties achieving critical mass in a London-centric industry, partly because the existing out-of-London quotas have disproportionately favoured the English regions. The story of commissioning in the Nations is relatively weak across the entire broadcasting sector. We want to work with other broadcasters to help strengthen the supply base in Scotland, Northern Ireland and Wales.

There is more that Channel 4 can do by itself to support production in the Nations. We will increase the proportion of our television production expenditure in the Nations by more than 50% by 2012, and will establish a Nation's Pilot Fund of £1 million from 2009 onwards to address the lack of critical mass in the production sector in the smaller Nations. The focus of this spend will be on returning series in genres such as drama, comedy and factual entertainment. Our partners in the nations agree that these are areas where significant value can be added.

The establishment of 4IP will also have a significant impact on the emerging digital production sector in the Nations, with the first regional hubs planned for Glasgow, Leeds, Birmingham and Belfast, bringing a significant influx of new money and resources to drive production in these areas. We hope to extend our network of editorial hubs further and believe that this offers significant potential to transform the level of production activity within the digital media sector.

To help address the particular and deep-seated weaknesses of the independent sector in Northern Ireland, Channel 4 also commits to taking specific and discrete measures, beyond our digital media fund, and in addition to our new targets for the Nations. We will publish specific intentions in this respect later in 2008. However, the challenges in Northern Ireland demand a broader response and we look to our partners at the Development Agency, Invest Northern Ireland and Northern Ireland Screen to assist us.

We will strengthen our partnership model in all areas, working with other non-profit organisations with shared values

Everything that Channel 4 does is based on the principle of partnership. Almost every aspect of Channel 4's operational model, from the commissioning process through to our advertising sales team, involves a close working relationship with external companies and individuals. We are absolutely committed to retaining this partnership approach and there are a number of areas where we want to strengthen and extend Channel 4's partnership model to achieve greater impact.

Channel 4 is at its best when its programmes stimulate interest and engagement in important personal or social issues, inspiring people to take further action or to make changes in their lives. But there are limits in our skills and resources as a broadcaster when it comes to helping people inspired by our programmes to achieve positive change, for themselves or for society. We therefore aim to work with a range of partners who can help strengthen the impact of these programmes. We also seek to strengthen our partnerships

with other public bodies with whom we have shared objectives in certain areas of our programming, such as the arts.

We have established new relationships with a number of bodies, set out below:

- The **National Endowment for Science, Technology and the Arts (NESTA)** is the leading agent for stimulating and supporting innovation in the UK. Its mission is to transform the UK's capacity for innovation and enterprise, by creating an environment in which the dynamics of successful innovation are understood, supported and applied as widely as possible. Channel 4 and NESTA will work together on projects in broadcast, digital media and enabling technologies that will promote innovation in the UK's creative economy.
- The **Arts Council of England (ACE)** is the national development agency for the arts in England, getting great art to more people. Channel 4 and the Arts Council have agreed an ambitious new three-year partnership, beginning in April 2008, building on their successful past collaborations on individual projects. The new joint framework will promote and strengthen the production of innovative arts media across platforms, create new joint community-based arts initiatives designed to leave a legacy beyond broadcast, support new regional and diverse talent, and promote greater links between Channel 4 and the arts sector. These initiatives will create public value by encouraging public engagement across the arts. Channel 4 also aims to develop partnerships with other arts councils and agencies across the UK.
- The **Royal Society for the encouragement of Arts, Manufactures & Commerce (RSA)** works to remove the barriers to social progress. They do this through informed and exciting public discourse, innovative and ambitious research and development projects and through the civic engagement of their 28,000 international Fellowships. Channel 4 and the RSA already work in partnership on RSA Screens, building a strong strand of public events previewing the best international feature documentaries (including films from More4's cutting-edge *True Stories* series) and featuring audience discussions with the film-makers themselves. Channel 4 and the RSA will work together to jointly develop and explore additional ways in which even greater public value, beyond the screen, can be delivered especially via the use of new digital technologies.

In addition to these new strategic alliances, we are also in discussion with a number of other partners in areas that are core to Channel 4's public role and that will allow us to further strengthen our public impact. We will be announcing further details of these later in the year.

We will play a leading role in strengthening diversity, both on- and off-screen

The importance of diversity in the arts and culture was articulated eloquently by Sir Brian McMaster in a recent report, *Supporting Excellence in the Arts*:

"Within these concepts of excellence, innovation and risk-taking...must be a commitment to diversity. The diverse nature of 21st Century Britain is the perfect catalyst for ever greater innovation in culture and I would like to see diversity put at the heart of everything cultural [...] It should be clear that diversity does not simply mean work or people from an Asian or African-Caribbean background. It is vital that we move into an understanding of diversity that is as broad as possible."

Issues pertaining to diversity are as relevant to Channel 4 as to any other organisation in the creative economy, if not more so. We have highlighted in this report television's unique ability to reflect and portray the diversity of modern Britain, the role diversity plays as a driver of innovation and of course the centrality of diversity in Channel 4's remit. Channel 4 has a consistently strong story in its on-screen portrayal of diversity in many respects. For example, a survey of 18,000 gays and lesbians showed that 73% believed that Channel 4

has been the bravest channel in covering gay and lesbian issues over the last ten years.¹ But despite the progress made, minority groups mostly continue to feel under-represented and poorly portrayed by television overall. We are committed to strengthening further our on-screen commitments to diversity.

Off-screen, Channel 4 works with a larger talent pool than any other broadcaster in the UK, and we support a range of talent schemes specifically targeted at emerging talent from minority groups. But we must not be complacent. Across the broadcasting industry, the workforce remains stubbornly white and middle-class and, particularly at the most senior levels, male. People with disabilities are under-represented at all levels. This applies to Channel 4 as much as to other broadcasters.

Channel 4's ambition is to be at the forefront of change in the television industry. We are clear that this requires not just rhetoric, but also firm commitments in terms of resources and management time. We are also clear that Channel 4's strategy needs to embrace all forms of diversity, including ethnicity, disability, nationality, regionality, age, gender and beyond.

We are absolutely committed to ensuring that Channel 4's operations and output truly reflect the diversity of contemporary Britain today. We believe this is vital to our ability to fulfil our public role. We will implement a coordinated strategy for strengthening our commitment to diversity across all our activities, both on- and off screen, with a number of measures to be introduced this year:

- Establishing a new Head of Diversity at senior executive level to lead Channel 4's diversity strategy across all the organisation's activities
- Creating a ring-fenced £2 million fund to commission multicultural programmes for 9 pm and 10 pm on the core channel
- Giving a commissioning editor specific responsibilities for commissioning multicultural factual programmes in the heart of peak-time
- Rolling out the existing Commissioning diversity placement scheme to other departments across Channel 4 and doubling the number of diversity placements in the commissioning team (from 3 to 6)
- Working with key suppliers to ensure that they have diverse teams on Channel 4 projects and meaningful diversity policies
- Building Channel 4's commitment to diversity and disability training through our new Diversity Production Trainee Scheme – which funds 18 placements at independent production companies for researchers from various minority groups

We are planning to publish the findings of a major research project and analysis of multicultural Britain in the spring. Its brief included the role of broadcasting in helping different ethnic groups learn about other communities, and potential areas for improvement in the quality and quantity of representation of diversity across the television industry. We will work with Trevor Philips, chair of the Equalities and Human Rights Commission, to discuss the implications of this research for the entire industry.

The issues highlighted above are complex. Realistically, the most meaningful changes will take years to achieve. The plans set out above mark a first step, not the full scale, of our ambition, and we recognise there is more that Channel 4 needs to do, not least in terms of diversity within the organisation's workforce. But we are clear that there must be a step-change in Channel 4's commitment to diversity, and we hope the rest of the sector will follow us.

¹ Source: Outright 2006, supported by Channel 4, Gaydar Radio and OMD Insight

We will forge a new relationship with our audiences

Channel 4's audience research shows that it is thought to be closer to its audiences than any other broadcaster. As digital technologies change the relationship between broadcaster and viewer, we will use new technologies to evolve and deepen our connection with audiences in ways that reinforce Channel 4's delivery against its purposes.

The events of 2007 regarding viewer trust further highlighted the need for all broadcasters to re-evaluate their relationships with audiences. For Channel 4 in particular, whose output is often the most challenging, provocative and, at times, potentially offensive to some viewers, we recognise that open dialogue about the issues raised through our programming and content is essential. The appointment of a Viewers' Editor is a central part of ensuring that viewers' opinions are heard.

We will strengthen our dialogue with audiences, and increase our responsiveness to their views, by:

- Providing more ways to give viewers access to programmes, and more supplementary content around core TV programmes
- Experimenting with ways to increase the involvement of audiences in our programmes, whether by sharing the production process with audiences online, or making them part of the creative process, providing tools to play with our content
- Inviting audience contribution to the creation of new programme brands from their earliest conception
- Maintaining our commitment to audience research across all our programming, channels and services to ensure that we have a clear understanding of audience behaviour, tastes and attitude over time
- Responding to matters that audiences tell us mean most to them and affect their lives directly, for example with seasons of programmes that can inspire social change
- Give audiences the ability to talk directly to Channel 4 using blogging and social networking sites.

Through these initiatives we will invite, listen and respond to comment on anything we do, in public and with all the passion and enthusiasm we put into making our programmes in the first place – treating our audiences with respect and trust and working hard to earn respect and trust from them.

Conclusions

- We have painted what we believe to be an exciting role for Channel 4, building on its traditional strengths, to become a public service network delivering public value across broadcasting and new digital media, offering something for everyone some of the time, but connecting with young and diverse audiences in particular
- By extending our innovative approach beyond television to other forms of digital media, we will ensure that Channel 4 plays as valuable and distinctive a public service role in the years ahead as it has done over the last 25 years
- Our new purposes build on the values enshrined in our remit – innovation, diversity, distinctiveness and educational programming – to set out more clearly how we will deliver and measure public value across different forms of media, both on- and off-screen
- The plans that we have set out indicate how we intend to deliver against these purposes over the next few years. They reflect a strengthened commitment to the unique role of Channel 4 – covering originated UK content, new voices and talent, social engagement, enhanced supplier and partnership models, and diversity. The children’s TV and digital media pilots show how we can deliver public value in new areas
- These commitments represent an important first step as we refocus Channel 4’s activities. But for us to be able to fulfil our ambitions – and in particular, for the new 4IP and children’s content initiatives to be able to continue beyond the period of their pilots – a new funding solution will be needed as a matter of some urgency