

Channel 4 Code of Practice for Commissioning Programmes from Independent Producers

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1. Introduction

Supporting the diversity and vibrancy of the UK's Independent Production sector has been a core aspect of Channel 4's Public Service remit since its launch in 1982. Given the mutually dependent relationship between Channel 4 and the UK Production sector, Channel 4 welcomed the ITC's Review of the Programme Supply Market in 2002 and has endorsed the Review's recommendations to promote the ongoing creative and commercial growth of the UK Independent production sector.

Channel 4 is the UK's only Public Service Broadcaster required to operate solely as a publisher broadcaster, without any in-house or affiliated production interests and with the majority of its programming commissioned from Independent Producers. The spirit of the Channel's Code reflects this unique structure and the close relationship with the UK production sector that has developed as a result.

Channel 4's Code of Practice is based on the following key principles, all of which were advocated by the ITC Review and are designed to support the creative and commercial aspirations of Channel 4's supply base:

- Clarity over the different categories of rights that Channel 4 is seeking to secure in programmes it commissions from independent producers
- Clarity over the duration for which Channel 4 seeks to secure these different categories of rights
- Clarity over the prices that Channel 4 is willing to pay for these different categories of rights
- A clear commissioning process with a reasonable timetable for negotiations
- Provisions for monitoring the application of this Code and resolving any disputes

Channel 4 hopes that Producers will welcome these principles and expects the following benefits to flow to Producers:

- Producers able to build valuable rights catalogues / archives
- Producers able to choose the deal structure that best supports their creative and commercial aspirations for a given project
- Producers participating more fully in the value of their secondary rights
- Producers finding Channel 4 professional and timely to do business with

2. The Scope of Channel 4's Code of Practice

This Code of Practice aims to provide a clear, high-level framework for Channel 4 Television Corporation's ("the Corporation") dealings with Independent Producers as required by the Communications Act (2003)¹. It is not, however, a comprehensive set of Terms of Trade, which Channel 4 will publish separately in consultation with PACT.

The policies set out in this Code will apply to all commissioned programmes from Qualifying Independent Production Companies ("Producers") by the Corporation's core public service channel ("Channel 4"), with the exception of programmes commissioned by 4 Learning in fulfilment of Channel 4's licence obligations in this area. Whilst 4 Learning undertakes to apply many of the overarching principles of the Code to its commissioning activities, the specific nature of Channel 4's obligations in this area require a slightly different approach.

- 4 Learning is required to develop a wide range of programme support services for Schools across both traditional and new media and therefore requires a broader definition of rights than the core Channel 4 service.
- 4 Learning's programmes have greater longevity than other Channel 4 genres and it will continue to require its Core Rights in perpetuity.

However, 4 Learning will adopt many of the other key principles of Channel 4's Code, including the transparency of commissioning process with clear commissioning points, and procedures for internal review, accountability and dispute resolution.

The introduction of Codes of Practice is a requirement specifically on licensed Public Service channels and therefore commissions by Channel 4's digital channels, including those which are subsequently transferred to Channel 4, are not subject to this Code.

Given the radically different nature of the commissioning, financing and production process, Channel 4's feature film commissioning activity will not be subject to the detail of this Code of Practice, although Channel 4 will attempt to observe its spirit of fair trading and transparency wherever possible.

Finally, on the occasions where Channel 4 or 4 Ventures develops a programme format or treatment internally before briefing a Producer, Channel 4 reserves the right to depart from the position established in this Code regarding the rights position and level of net revenue participation that Channel 4 will expect from the project, in recognition of Channel 4's role in leading the creation of the underlying intellectual property in the programme.

¹ Clause 285

3. Rights Secured in Channel 4's Commissioned Programmes

Channel 4 has always sought in both its standard and tailored terms of trade to offer choice and flexibility to its Producers, by offering a simple template for some producers and bespoke deals for other suppliers and by promoting the principle of creative and commercial partnership.

The ITC's Programme Supply Review requires Public Service Broadcasters to establish minimum terms of trade that are based on the principle that the rights to a programme belong to the Producer unless explicitly sold to the Broadcaster. In particular, the ITC called for a more explicit definition of the *minimum* package of rights that Broadcasters require for the delivery of their core UK service (the "Core Rights"), with the remaining rights being grouped into a separate package of rights (the "Secondary Rights").

The ITC also called for Public Service Broadcasters to offer separate prices for Core and Secondary Rights and to enter into separate, transparent negotiations to acquire different categories of rights.

As the following section will demonstrate, Channel 4 has responded to these recommendations in the following ways:

- Clear definitions of Core and Secondary Rights
- A choice of deal structures for the acquisition of Core Rights by Channel 4
- A shift from acquiring rights in perpetuity to licensing rights for a limited duration
- A published tariff of indicative prices for Core Rights
- A framework for separate, transparent negotiations where a Producer wishes to sell Secondary Rights to the Corporation via 4 Rights²

Channel 4 emphasises that the principles outlined in this Code are minimum terms to be offered to all Producers. There will, however, be times when, by mutual agreement, Channel 4 and a Producer will agree commercial terms for a commissioned programme which vary from the minimum terms established in this Code.

Channel 4 defines the exclusive Core Rights it requires from any programme commissioned from a Producer as:

- Rights to transmit the programme on the core Channel 4 service in the UK & Republic of Ireland, however distributed, including Channel 4 catch-up services.
- Rights for contemporaneous programme support services targeted at the UK and Republic of Ireland, including but not limited to promotional extract and synopsis rights, premium telephony rights, Teletext rights, secondary on-line and interactive TV rights and mobile technology rights (those new media rights not required to support the programme by Channel 4 will be returned to the Producer).
- Rights for exploitation of the programme format in the UK and Republic of Ireland.
- The ability to exercise a holdback on the rights to exploit the programme on any platform targeted at the secondary transmission market in the UK and Republic of Ireland, including but not limited to multi-channel television, video-on-demand, near video-on-demand, pay-per-view, primary on-line and broadband internet rights.

All rights not currently falling within the Core Rights definition will be seen as being part of the Secondary Rights definition, which will therefore include, but not be limited to:

² 4 Rights is the Corporation's distribution business and part of 4 Ventures.

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- International distribution rights via any media platform.
- Any Consumer Products rights (e.g. video, publishing, merchandising etc) in the UK and internationally.

Channel 4 will publish a more detailed legal definition of its Core Rights and Secondary Rights, which will be made available to all of its Producers.

Channel 4 reserves the right to review these rights definitions from time to time to take account of any significant market developments and in particular to establish the appropriate rights categorisation for any new distribution technologies not currently included in Channel 4's full list of rights.

Channel 4 plans to move to a system whereby Channel 4 licenses Core Rights from Producers for a defined duration on an exclusive basis ("the licence period") and returns the rights to the Producers at the end of the licence period.

- The licence period for the Core Rights will last for as long as Channel 4 is commissioning the programme (i.e. for programmes with multiples episodes / series) and for a 5-year period thereafter.
- Channel 4 will also require an automatic option to extend this licence for Core Rights for an additional two years on the payment to the Producer of an advance that is equivalent to 2 off-peak repeats payments³.
- On the occasions where Channel 4 wishes to extend its licence period beyond this two-year extension, this should be achieved through commercial negotiation between Channel 4 and the Producer.

The duration and other terms of licences for any Secondary Rights acquired by Channel 4 Rights will be negotiated separately and on a case-by-case basis. Secondary Rights outside of the United Kingdom will be available for immediate exploitation. Secondary Rights inside the United Kingdom will be available for exploitation following the first transmission of the programme (or entire series of programmes) on Channel 4, unless mutually agreed otherwise by the Producer and Channel 4.

In outlining deal structures available to Producers, Channel 4 has looked to fulfil two important objectives:

- To meet the requirements set out in the Communications Act and the ITC Guidelines whereby Producers' will retain control of all rights in a programme other than those specifically acquired by Channel 4.
- To offer deal structures that reflect the varying requirements of all Producers – both established and emerging.

Channel 4 is committed to offering a choice of deal structures to its Producers to reflect the diversity of their creative and commercial aspirations. The details of individual deals between Channel 4 and its Producers will be determined by commercial negotiations and are subject to contract. However, Channel 4 anticipates that the majority of its commissioned programmes will conform to one of two basic deal structures based on the Core Rights model.

Option 1: Channel 4 Licence-only model

³ Repeat fees are discussed in greater detail in a subsequent section of this document

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The acquisition of Core Rights by Channel 4 with holdback on further exploitation in the UK secondary TV market during the licence period.

- Channel 4 will acquire control of the Core Rights for the licence period, enabling Channel 4 to broadcast the programme on its Core Service.
- Channel 4 will retain exclusivity in the UK television market and no sales will be made to any third party channels in the secondary market in the UK or Republic of Ireland for the duration of the licence.
- The Producer will retain control of the Secondary rights, although it can choose to discuss commercial terms for the exploitation of Secondary Rights with 4 Rights. Revenues from Secondary Rights exploitation will be subject to revenue share principles outlined below.

Option 2: Channel 4 Licence plus exploitation in secondary UK TV market

The acquisition of Core Rights by Channel 4, with exploitation in the UK secondary TV market during the licence period by 4 Rights through Channel 4's agreement to waive the holdback.

- Channel 4 will acquire control of the Core Rights for the licence period, enabling Channel 4 to broadcast the programme on its Core Service.
- Channel 4 will waive its holdback on the UK secondary TV market and the Producer will agree to allow the Corporation to distribute the programme via 4 Rights to any channels in which it has an ownership interest or third party channels in the UK multi-channel market, with revenues generated being shared between the Producer and Channel 4 subject to principles outlined below.
- The Producer will retain control of the Secondary rights, although it can choose to discuss commercial terms for the exploitation of Secondary Rights with 4 Rights. Revenues from Secondary Rights exploitation will be subject to revenue share principles outlined below.

To provide early visibility as to the sales prospects for the programme in the secondary transmission market under option 2 outlined above, Channel 4 will ensure that any channel operated by the Corporation will indicate within a specified window whether it wishes to acquire the programme or not.

The price paid by Channel 4 for Core Rights will, in many cases, be sufficient to fund the production costs of the programme. However, in those circumstances where deficit finance is required to fund the full costs of production, it will be the responsibility of the Producer to secure this funding. In these circumstances, the Producer can seek to access the required funding through a commercial relationship with 4 Rights regarding the exploitation of Secondary Rights.

Alternative deal structures

Channel 4 believes that the majority of Producers will seek to pursue one of the two basic deal structures outlined above. However, Channel 4 is willing to discuss a range of alternative deal structures that the Producer may see as preferable. For example, certain Producers may wish to continue to operate under Channel 4's previous terms of trade where Channel 4 will exploit Core and Secondary rights in a programme on behalf of the Producer.

Channel 4 envisages that continuing to offer a range of alternative deal structures is an important element of its ongoing remit to develop the diversity of the UK Independent Production base and the development of new talent. However, the choice of alternative deal structures is entirely at the discretion of the Producer.

Producers who have licenced Core Rights in a programme to Channel 4 will have complete freedom as to how they wish to exploit the Secondary Rights, and will be put under no obligation by Channel 4 to discuss or accept a commercial relationship with the Corporation

for the exploitation of these rights. Producers will have the freedom to discuss commercial terms regarding Secondary Rights with any distributor at any point in the development of the programme, including before approaching Channel 4 about Core Rights.

However, the Corporation is committed to continuing to operate 4 Rights as a distributor of Secondary Rights in the UK and international markets, as we believe that this is in the mutual interests of the independent production sector and Channel 4. 4 Rights is one of the leading distributors in the UK and has been able to deliver significant value to the independent production community through its exploitation of Secondary Rights in programmes commissioned by Channel 4. We believe that many Producers will wish to maintain their relationships with 4 Rights given the successful relationships that have been developed in the past. 4 Rights will, therefore, continue to look to secure and exploit Secondary Rights in programmes commissioned by Channel 4, and other channels, where possible.

However, Producers will be under no obligation to discuss commercial terms regarding the Secondary Rights in a programme with 4 Rights. In the circumstances where a Producer does wish to discuss commercial terms with 4 Rights for the exploitation of Secondary Rights, the negotiation for the acquisition of these rights will be conducted at arm's length from Channel 4's negotiations regarding the acquisition of Core Rights to the programme in question. The terms offered by 4 Rights for Secondary Rights will therefore be through separate discussions with the Producer, and 4 Rights will expect to be treated no more, or less, favourably by the Producer than any other distributor.

The Corporation will ensure that no offer for Core Rights by Channel 4 will ever be conditional on 4 Rights securing Secondary Rights, and it will not seek to improve the position of Channel 4 or 4 Rights by adjusting the relative prices offered for either package of rights.

However, in order to avoid increasing Channel 4's overall cost base and to retain operational efficiencies across a number of areas (e.g. clearances) and avoid unnecessary bureaucracy, the Corporation will use a single contract to encompass all rights issues relating to a given programme commissioned by Channel 4.

UK format rights have been included within the Core Rights package to ensure that Channel 4 can protect itself against the potential risk of similar programmes based on the same format appearing on competitive channels in the UK.

However, Channel 4 will not have the right to warehouse the UK format right if a programme has not been re-commissioned. For all such programmes, Channel 4 will return format rights to the Producer following a 'dark' period of 12 months at which point the Producer will be able to exploit these rights as they wish.

To enable Producers to assess the relative value of the Core Rights to Channel 4 in any potential programme commission, Channel 4 undertakes to regularly publish an indicative tariff of the prices it expects to pay for Core Rights. The tariff will establish a range of indicative prices for the cost of Core Rights for Channel 4 programmes, reflecting cost variations by:

- Genre
- Day-part (primarily Peak vs. Off-Peak)

The tariff is intended as an initial indication of the likely level of funding available from Channel 4 for the Core Rights for a commissioned programme. The final price agreed between Channel 4 and the Producer for the Core Rights will be determined via a more detailed discussion of the programme's editorial specification and, in some cases, a review of the budget.

The value of Core Rights to Channel 4 will be influenced by a range of factors, which include but are not limited to:

- Level of editorial ambition (number of days of filming, location of filming etc)
- Use of archive material
- Use of on- and off-screen talent
- Use of Computer Generated Imaging technology
- Detailed schedule requirements
- Number of episodes in a series
- Whether the programme is a new or returning series
- Whether it is a UK or overseas production

Although we have made a provision for these factors within the published tariffs, variations in any of these within an individual programme can significantly affect the tariff price. In these circumstances, Channel 4 reserves the right to negotiate commercial terms that vary from the indicative tariff.

Channel 4 is keen, in principle, to move away from a detailed line-by-line negotiation of programme budgets. We expect that there will be many circumstances where a price for Core Rights will be quickly agreed with a Producer, especially for returning programmes and long-running strands. However, given the diverse range of Channel 4's programming output, a detailed discussion of the budget will be required on certain programmes in order to achieve the programme ambitions of both the channel and the producer.

Once Channel 4 has agreed a price for Core Rights with a Producer, it is expected that this price will not change before or during production. The most likely circumstances where a change may occur is where Producer and Commissioning Editor agree to changes in the editorial specification, and such changes can be demonstrated to have increased costs and cannot be accommodated in the contracted price.

Channel 4's indicative tariff can be found in section 6.2 of this Code and provides the range of prices within which Channel 4 expects the large majority of its commissioned programmes to fall. The upper price of the range is to be regarded as the maximum price Channel 4 is likely to pay in a given genre other than for projects of exceptional editorial ambition and scale. Equally, whilst Channel 4 expects the majority of projects to fall within this range, lower prices may occasionally be offered for specified projects. Therefore the tariff is to be regarded as an indicative and initial guide to help Producers develop programme proposals and budgets, rather than as a restrictive or binding list of definitive prices.

As part of the overall Core Rights package (outlined in section 3.2) Channel 4's specific transmission rights will include 2 fully cleared transmissions on the core Channel 4 service, which includes use on Channel 4 catch-up services and on S4C in Wales. Channel 4 will pay additional sums for any transmissions beyond the 2nd transmission, with the payment structure based on a flat fee linked to the scheduled day-part of the repeat transmission, which is in most cases the key driver of the value of a repeat transmission and reflects current practice.⁴

In instances where Channel 4 is funding a significantly lower proportion of the budget, which entails ceding some editorial control to another funding broadcaster partner (e.g. co-productions), the prices in the tariff will not apply and a price for Channel 4's Rights will be negotiated on a case by case basis.

⁴ Repeat fees will be based on 3 day-parts, which have been defined in consultation with talent unions: night (23.30 – 09.25), off-peak (09.25 – 18.00 and 22.30 – 23.30) and prime peak (18.00 – 22.30)

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Channel 4 will review the prices in its tariff from time to time and adjust them to take account of inflation, additional efficiencies in production processes (e.g. via new technologies), changes in market practice, shifts in Channel 4's editorial strategy and other market developments.

Channel 4 has always put the principle of creative and commercial partnership at the heart of its Terms of Trade, in recognition of the collaborative nature of its commissioning process and the value that both the Producer and Channel 4 bring to a programme through their joint involvement.

To reflect this principle, under this new Code Channel 4 plans to continue with the current practice of both the Corporation and the Producer participating in the revenues generated from the exploitation of the following rights:

- Distribution to any channel wholly owned by the Corporation
- Distribution to any 3rd party UK secondary channel (where the holdback has been waived)
- Distribution to other 3rd party UK content distributors e.g. VoD operators, broadband ISPs etc (where the holdback has been waived)
- Exploitation of rights to operate contemporaneous UK programme support services

The Corporation will also expect to participate in revenues generated through the exploitation of Secondary Rights where Channel 4 has contributed to the value of the programme in terms of editorial input, promotion and marketing of the programme, advice on business affairs or in any other way that has added to the value of the programme, regardless of whether the rights exploitation is led by the Producer or the Corporation. The actual level of the Corporation's revenue share will be determined through the Terms of Trade and commercial negotiation.

However, it is not the intention that the relative position of a Producer should be worse than that of the Corporation. Further, we recognise that whoever has provided deficit finance to a Production where required, should be able to recoup these costs in first position from revenue generated through Secondary Rights exploitation.

Where the Corporation is a participant in the revenues from the exploitation of its commissioned programmes, it reserves the right to audit the rights exploitation activities undertaken by its Producers and their representatives, in accordance with normal commercial practice, to ensure that revenues are maximised and distribution costs are not in excess of market rates.

4. Channel 4's Commissioning Process

Channel 4 aims to maintain best-in-class standards in all its dealings with its Producers.

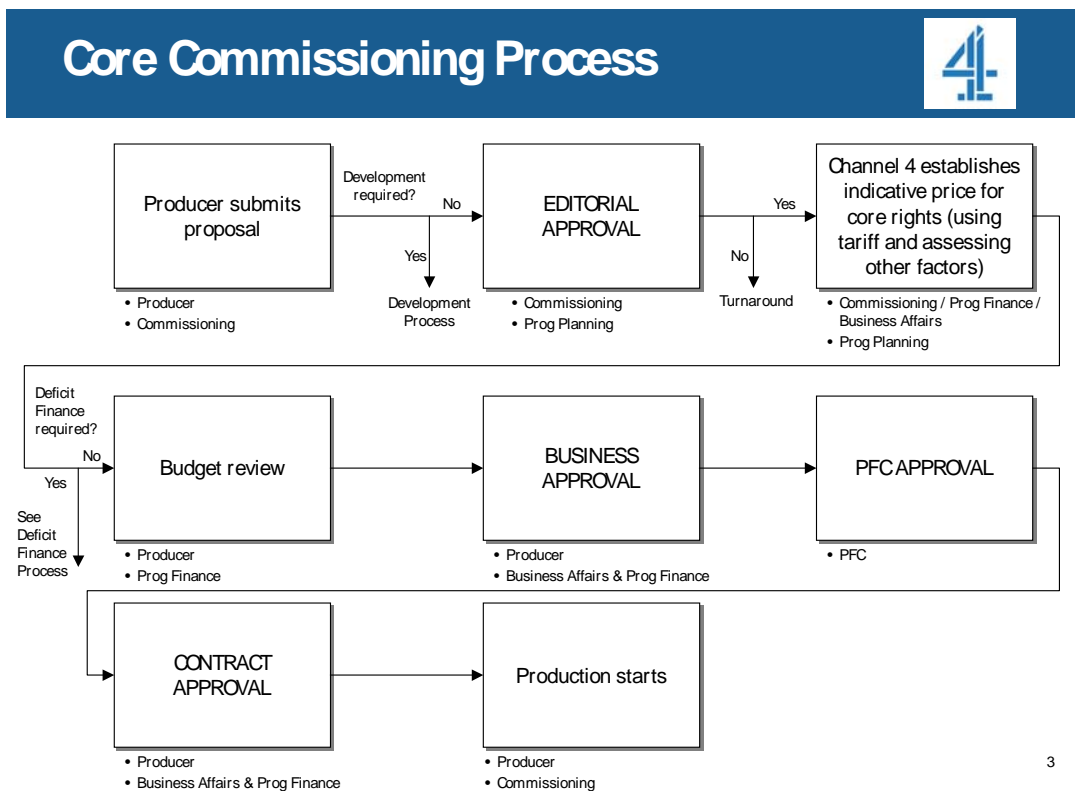
Channel 4 will operate a clear commissioning process based on 4 key stages:

- Editorial Approval
- Business Approval
- Programme Finance Committee ("PFC") Approval
- Contract Approval

Given the diversity of material commissioned by Channel 4 and the wide-ranging creative and commercial aspirations of its Producers, additional stages within this core process will frequently be required for:

- Development funding
- Deficit finance
- Detailed budget reviews

The core commissioning process is described below:



- Channel 4 will give a clear indication of departmental and schedule needs via the online Producers guide, through PACT and in regular briefings.
- Channel 4 will ensure that regularly updated information is made available to Producers, clearly indicating initial points of contact for the submission of programme proposals.

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- Proposals can currently be submitted by post or e-mail, and Channel 4 plans to introduce a new Electronic Proposal System within 12 months.
- Channel 4 will endeavour to respond to all proposals within four weeks, although unsolicited scripts and tapes for Drama and Entertainment will take longer.
- Commissioning Editors and Business Affairs Executives will be clear about what rights Channel 4 is seeking.
- Channel 4's editorial expectations and other requirements will be made clear in the Editorial Specification Form.

The Communications Act requires Channel 4's Code of Practice to ensure that "a reasonable timetable is applied to negotiations for the commissioning of an independent production and for the conclusion of a binding agreement."⁵ Owing to the diversity of programmes commissioned by the Channel, the timetable from submission of an initial proposal to signature of contract can range from weeks (e.g. for fast-turnaround events) to several years (e.g. for major dramas and documentaries involving co-production financing).

Channel 4 therefore aims in its Code to establish not a rigid timetable for all its commissioned programmes, but an indicative timescale of the minimum time required by Channel 4 to hold proper editorial and commercial discussions and reach signed contracts before the start of production.

Channel 4 therefore proposes the following minimum timetable:

- Commissioning Editors should raise Project Forms⁶ as early as they can, but this should be at least six weeks before production starts⁷ (or two weeks in advance for developments of less than £10k). Exceptions will be made for fast turnaround projects, for projects that follow on from a paid development, and where production schedules are determined by on and off screen talent availability. Assistants will inform Producers that the Project Form has been raised; this does not signal that the project has been commissioned but is the start of budgetary and contractual discussions.
- The Editorial Specification Form should be submitted by the Producer at the same time as their budget outlining the editorial content, key talent, production and viewings schedule. It should be signed off by the Commissioning Editor within two weeks, but can be amended by mutual agreement during the project. For fixed price deals that do not require a detailed budget, the Editorial Specification Form should be submitted within two weeks of the Project Form being raised.
- The Business Affairs and Programme Finance team will start negotiations as soon as the Project Form is raised. The Business Affairs Executive will discuss rights, co-production, talent and any other contractual issues. The Programme Finance Manager will discuss all budget issues.
- Producers should submit budgets for their projects as early as possible, but in any case at least six weeks prior to production or within a week of the Project Form being raised and communicated to the Producer. The Programme Finance Manager will advise on which fixed price deals do not require budgets. Channel 4's Programme Finance Managers will endeavour to review the budget and submit an initial response to Producers within ten working days.
- Once contractual issues and budget are agreed the project will go to PFC for approval, which signals that the project is commissioned, but no contractual commitment will exist or funds will be released until the contract has been signed by both Channel 4 and the Producer.

⁵ Clause 285

⁶ Channel 4's standard template for tracking the editorial and business aspects of a project's progress prior to commissioning (previously known as a "Commissioning Form")

⁷ i.e. any activity beyond the development stage requiring significant financial commitment

- Wherever possible, Business Affairs will issue a draft contract within two weeks from the date that the project receives PFC approval. Production should not start, and Channel 4 will accept no financial liability, until the Producer has signed and returned the contract.

We believe that this minimum timetable sets out a clear process which will be to the mutual benefit of Channel 4 and Producers. It is not Channel 4's intention to use this timetable as a means to pressure Producers to agree commercial terms in order to meet production deadlines. Where necessary, Channel 4 will have the ability to give project approval outside of the formal PFC meeting, where such flexibility is required.

- Channel 4 recognises that many programme proposals submitted by Producers require further development before a full programme can be commissioned.
- Producers are welcome to fund the development process, but Channel 4 will offer a reasonable level of development funding if the Producer does not wish or is unable to do so. If Channel 4 funds the development of a given proposal, it will not attach any unreasonable conditions to the provision of that funding, especially regarding the rights position of the Corporation in the programme.
- The only differences between Producer-funded development and Channel 4-funded development will be:
 - If Channel 4 funds development, Channel 4 will have an exclusive 9-month option to commission the programme once development is completed.
 - The costs of development will be included within the overall price that Channel 4 is willing to pay for the commission.
- Channel 4 will cashflow the production of its commissioned programmes at the Producer's request and will not attach any unreasonable conditions to the provision of cashflow.
- Where Producers are supplying deficit finance against Secondary Rights, Channel 4 will provide cashflow commensurate with its budget contribution and will require sufficient safeguards to ensure the security of the deficit finance provision.
- Exceptionally, Channel 4 is aware that Producers may need cashflow prior to finalisation of the contract. In such cases, Channel 4 will consider issuing a Trust Letter, which, when signed by the Producer, will allow Channel 4 to release a certain amount of the agreed cashflow. The Trust Letter will refer to a draft contract, the principal terms of which must be agreed by the Producer.

Channel 4 expects a number of reciprocal standards from its Producers:

- Producers should submit budgets as soon as a Project Form is raised and communicated, and in any case not less than six weeks before production starts. Some fixed price deals may not require budgets as advised by the Programme Finance Manager. On fast turnaround projects the timetable for submitting and agreeing the budget must be agreed with the Programme Finance Manager.
- Producers must submit drafts of underlying rights holders agreements (i.e. agreements with third party format owners and key on-screen talent) in a timely fashion to facilitate the drafting of the production agreement by the relevant Business Affairs Executive.
- Editorial Specification Forms should be submitted at the same time as the programme budget for sign off by the Commissioning Editor. Editorial specifications can be changed during production but only in consultation and with the agreement of the Commissioning Editor.

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- Producers should give timely responses to Programme Finance and Business Affairs during negotiations, to enable the meeting of Channel 4's overall timetable for commissioning.
- Programme Finance Committee approval signals that the programme is commissioned, but no contractual commitment will exist, funds will not be released and production should not start until the contract is signed and returned.
- Producers should be aware of Channel 4's requirements in terms of regionality, diversity and disability.
- The Executive Producer is expected to have seen the programme and implemented his/her improvements before the Commissioning Editor's first viewing. He/she is expected to ensure the programme is of broadcastable quality before the second viewing.
- Producers should ensure their production teams have read the ITC Programme Code (and the Ofcom equivalent from 2004). Companies are responsible for ensuring programmes comply with Channel 4's legal and compliance requirements.
- Programmes should be delivered to the agreed price, on the agreed delivery date, and fulfilling the editorial standards outlined in the Editorial Specification Forms. Even if the transmission date for a programme is postponed, the Producer should deliver the programme by the contracted delivery date.
- Producers should read and ensure compliance with the technical guidelines published on the Channel 4 website, and ensure the programme Producer/Director has read them. Channel 4 expects programmes to be delivered to Programme Management at Channel 4 in finished and transmittable form. Particular strands (e.g. Dispatches) have their own specific guidelines that must be read and complied with.
- Producers should fulfil Channel 4's press, marketing and programme support requirements.
- Producers should complete Programme Portrayal and Production Team Monitoring Forms and send copies to the relevant commissioning department and the Editorial Manager Cultural Diversity to assist Channel 4's monitoring of on- and off-screen diversity.

5. Monitoring the Application of Channel 4's Code of Practice

Channel 4 will undertake an annual internal review assessing its overall performance against its Code of Practice, addressing major points of concern arising during the year and proposing amendments to the Code. As part of this review, Channel 4 will gather the following information:

- The number and value of programme commissions from Producers and a break down by different types of rights deal (e.g. licence fee, fully funded etc.).
- The average length of the licence period for Core Rights-only deals and the number of transmissions covered in these deals.
- The number of occasions on which the tariff for a Core Rights-only deal has been outside the indicative price tariff.
- The number of times Core Rights licences have been extended.
- The number and nature of any disputes of the Code, and details of how these have been resolved.

The review will be submitted to the Channel 4 Board for approval and a summary of the review will be submitted to Ofcom.

Disputes in this context refer only to exceptional circumstances where a Producer can demonstrate that, in the course of negotiation regarding a specific commission, Channel 4 has clearly breached the principles established in its Code of Practice. This dispute resolution process does not encompass disputes arising in the normal process of commercial negotiation.

The Commissioning Management Department will handle complaints from producers, working to the Managing Editor of Commissioning, who will investigate and resolve disputes. Unresolved disputes will be referred to the Director of Television and Chief Executive. Should this process not have resulted in a resolution of the dispute, the Producer will have the right to present its case as to how it believes Channel 4 has been in breach of the Code to a Non-Executive Director of the Corporation, nominated by Channel 4. This will be the final appeal forum, and Channel 4 and the Producer will both agree to be bound by the decision of this process.

Channel 4 has identified several key benefits to this proposal:

- The process is simple and disputes can be processed quickly.
- The process is inexpensive, giving smaller production companies easy access to arbitration.
- Channel 4's Non-Executive Directors are appointed by ITC / Ofcom with the consent of the DCMS and can therefore be relied upon to arbitrate independently and with absolute integrity.

6. Tariff of Prices for Channel 4 Commissioned Programmes

- Channel 4 has reviewed cost data for all its commissioned programmes for 2002 and 2003 to establish the prices in its tariff.
- Programmes have been grouped into genres, based on the editorial specification of the programmes and the day-part for which they were commissioned.
- Exceptional programmes (e.g. major projects that have been subsequently discontinued) and specialist genres (e.g. News and Sport) have been excluded from the analysis and from the tariff. Channel 4 will include separate price guidelines in tender documents for future commissions of such programmes.
- Channel 4 has analysed the total budgeted cost and the contribution to the total budget from the Channel 4 programme budget⁸ for each programme to reach an average historic hourly cost for the Core Rights in each programme genre. These prices, therefore, reflect the payments that Channel 4 is currently making for Core Rights.
- Channel 4 has also assessed the implications of future editorial strategy on average prices within different programmes genres.
- Based on this analysis, Channel 4 has established a range of prices for Core Rights within which the large majority of its projects are expected to fall.
- The prices on the following page represent the indicative range of prices that Channel 4 will consider paying to secure the Core Rights to commissioned programmes from Producers for an agreed licence period, as outlined previously in this document.
- Prices have been based on the assumption that first transmission of the programme globally will be on Channel 4. Channel 4 reserves the right to reduce the price offered for Core Rights should the Producer wish for the programme to be exploited in an overseas market before Channel 4.

⁸ On a per hour basis

Channel 4 Hourly Cost for Core Rights (2003)

Genre	Minimum Cost £'000	Maximum Cost £'000
Drama series (Peak)	350	600
Drama serials/events (Peak)*	300	900
Drama Documentary (Peak)*	250	400
Drama (Off Peak)	50	120
Entertainment Archive (Peak)	100	190
Entertainment Formatted Entertainment (Peak)	90	320
Entertainment Narrative Comedy (Peak)	350	560
Entertainment Broken/Scripted Comedy (Peak)	150	450
Entertainment including quizzes (Off Peak)	15	80
Factual (includes)		
Current Affairs (Peak)*		
Documentaries (Peak)*	low: 70	low: 110
Factual Arts/Culture (Peak)*	mid: 110	mid: 150
Factual History (Peak)*	high: 150	high: 180
Factual Religion (Peak)*		
Factual Science and Medical (Peak)*		
Features/Lifestyle (Peak)	50	150
Other Factual (Off Peak)	15	60
Music Performance*	70	350

Excludes all programmes under 30 minutes duration, Animation, Long-Running reality Breakfast, Long-Running Drama, News, 4 Learning and Sport

Peak is defined as 17:30 to 24:00

The tariffs represent Channel 4's contribution for Core Rights. Those categories marked with an asterisk are those most likely to require deficit finance