

Channel Four Television Corporation

Code of Practice for Commissioning
Programmes from Independent Producers

JULY 2010

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1. Introduction

This is the second edition of the Code of Practice adopted by Channel 4 Television Corporation ("Channel 4") regarding the commissioning of programmes from independent producers. It replaces the first edition of the Code of Practice published in 2003.

This second edition of the Code of Practice is published to reflect the changes to Channel 4's Terms of Trade with independent producers made in 2005 and 2006 and in response to the issue by OFCOM on 21st June 2007 of Guidance for Public Service Broadcasters in drawing up Codes of Practice for commissioning from independent producers (the "Guidelines").

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.

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 of Practice 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 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
- Clarity over Channel 4's participation in other programme income
- A clear commissioning process and structure for conclusion of negotiations
- Provisions for monitoring the application of this Code and resolving any disputes

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's 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 publishes separately from time to time in consultation with PACT. Channel 4's current minimum

¹ Clause 285

²As defined in Statutory Instrument "The Broadcasting (Independent Productions) Order 1991" (as amended)

terms commissioning agreement (the “Commissioning Agreement”) which forms part of the Terms of Trade can be found at <http://www.channel4.com/corporate/4producers>.

The policies set out in this Code of Practice will apply to all commissioned programmes from Qualifying Independent Production Companies² (“Producers”) by Channel 4’s core public service channel (the “Channel 4 Service”) and for commissions on its digital side channel More 4 (the “More 4 Service”), with the exception of programmes commissioned by Education (in fulfilment of Channel 4’s licence obligations in this area) and other specified genre exceptions.

The introduction of Codes of Practice is a requirement specifically on licensed Public Service channels and therefore commissions by Channel 4’s other digital channels (such as the television services known as E4, Film4 and 4Music) (the “Further Digital Television Services”) (including those which are subsequently transferred to the Channel 4 Service), are not subject to this Code of Practice. Commissions for other platforms are also not subject to this Code of Practice.

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 the Channel 4 Service or the More 4 Service 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 of Practice 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.

3. Rights Secured in Channel 4’s Commissioned Programmes

3.1 Introduction

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 Guidelines require 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. The Guidelines call for Public Service Broadcasters to maintain a distinction between the *minimum* package of rights that Broadcasters require for the delivery of their core service (the “Core Rights”), with the remaining rights being grouped into a separate package of rights (the “Secondary Rights”).

In this Code of Practice, Channel 4 seeks to offer:

- Clear definitions of Core Rights and Secondary Rights

- Clear descriptions of the principal deal structures for the acquisition of Core Rights by Channel 4
- A published tariff of indicative prices for Core Rights (updated from time to time)
- A framework for separate, transparent negotiations where a Producer wishes to sell Secondary Rights to Channel 4 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.

3.2 Definitions of Core Rights and Secondary Rights

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

- Rights to exploit the programme on the Channel 4 Service and the More 4 Service in the UK & Republic of Ireland (the "Territory"), however distributed, including scheduled catch-up services
- Rights to exploit on demand catch up and archive services ("VOD Rights"). VOD Rights are subject to windowing arrangements to complement the linear transmission of the programme and to maximise access to content.
- Rights for programme support services (such as clips/extracts and supporting websites) targeted at the Territory together with accompanying format rights, as set forth in the Commissioning Agreement.

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:

- International distribution rights via any media platform.
- Any consumer products rights (e.g. DVD, DTO (following the expiry of the relevant holdback), publishing, merchandising etc) in the Territory and internationally.
- Secondary television sale rights in the Territory

Secondary Rights are generally available for exploitation (with some specified exceptions) following the first transmission of the programme (although Channel 4 can hold back exploitation of the secondary programme sale rights in the Territory in accordance with its holdback policy included in the Commissioning Agreement).

More detailed legal definitions of Core Rights and Secondary Rights are set out in the Commissioning Agreement.

² 4 Rights is Channel 4's distribution division and part of 4 Ventures.

Channel 4 reserves the right to review these rights' definitions from time to time (subject to Ofcom's approval) 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.

3.3 The Channel 4 Licence Periods for Core Rights

The Channel 4 Licence Period for Core Rights is 3 years but continues in respect of returning series until the transmission of the next but one series after the first series provided that Channel 4 pays the Producer a specified percentage of the Licence Fee if such period extends beyond the initial 3 year Licence Period of the relevant series.

Channel 4's exclusive format licence in respect of returning series continues until Channel 4 stops commissioning programmes based on such format.

3.4 Proposed Deal

In outlining the principal deal available to Producers, Channel 4 has looked to meet the requirements set out in the Communications Act and OFCOM Guidelines whereby Producers will retain control of all rights in a programme other than those specifically acquired by Channel 4.

Channel 4 anticipates that the majority of its commissioned programmes from Producers will for one off programmes and one off series of programmes conform to the following model, which sets out the mechanisms by which Channel 4 will vary its holdback in respect of secondary television sales rights in the Territory.

- (a) Channel 4 Service and More 4 Service rights (together with programme support rights, catch up television rights and format rights) are licensed to Channel 4 for the licence period;
- (b) VOD Rights are licensed exclusively to Channel 4 until 30 days from the first transmission of the programme (or the last episode if a series) followed by a 20 week holdback and then both parties can exploit the rights non-exclusively until the end of the licence period;
- (c) The Producer retains control of the Secondary Rights (with revenue share in accordance with the Commissioning Agreement);
- (d) With respect to the holdback on the secondary television sale rights in the Territory if:-
 - (i) the programme is not premiered on the More 4 Service or transmitted on the More 4 Service within 6 months of the premier on the Channel 4 Service, and/or
 - (ii) one of the Further Digital Television Services has not made a good faith offer in line with market rates paid by such Further Digital Television Service within 6 months of the premier on the Channel 4 Service,

then Channel 4's holdback on the exploitation of the secondary television sale rights in the Territory will be lifted with respect to sales to non public service broadcasters (and

subject to the other restrictions in Appendix 2 of the Commissioning Agreement) 6 months from first transmission of the last of the programmes; and

(e) With respect to the holdback on the secondary television sale rights in the Territory if:-

(i) the programme is premiered on the More 4 Service or transmitted on the More 4 Service within 6 months of the premiere on the Channel 4 Service, or

(ii) one of the Further Digital Television Services has made a good faith offer in line with market rates paid by such Further Digital Television Service within 6 months of the premier on the Channel 4 Service,

then Channel 4's holdback on the exploitation of the secondary television sale rights in the Territory will be lifted with respect to sales to non public service broadcasters (and subject to the other restrictions in Appendix 2 of the Commissioning Agreement) 24 months from the first secondary transmission of the programmes.

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 or a third party regarding the exploitation of Secondary Rights.

Alternative deal structures

Channel 4 believes that the majority of Producers will seek to pursue the basic deal structure outlined above. However, Channel 4 is willing to discuss a range of alternative deal structures that the Producer may see as preferable. For example, the Producer and Channel 4 may wish to set up a programme or series of programmes as a co-production involving another United Kingdom broadcaster whereby each of Channel 4 and the other broadcaster make comparable funding contributions, and in such cases the broadcasters' respective rights positions and revenue participations may be negotiated on a case by case basis. Furthermore, the Producer may cash flow productions in the circumstances referred to in section 4.5 of this Code.

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.

3.5 Control and Exploitation of Secondary Rights

Producers who have licensed Core Rights in a programme to Channel 4 will have complete freedom (subject to the specified holdbacks) 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 Channel 4 for the exploitation of these rights.

However, Channel 4 is committed to continuing to operate 4 Rights as a distributor of Secondary Rights in the mutual interests of the independent production sector and Channel 4. 4 Rights has been able to deliver significant value to the independent production community through its exploitation of Secondary Rights in programmes commissioned by Channel 4. 4 Rights will, therefore, continue to look to secure and exploit Secondary Rights in the Territory in programmes commissioned by Channel 4

where possible. These rights will include (but not be limited to) DVD, DTO and secondary television sale rights in the Territory.

However, Producers will be under no obligation to discuss commercial terms regarding any 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.

Channel 4 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.

3.6 UK Format Rights

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 in the Territory and to protect its exclusive right to commission further programmes.

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, as more fully set out in the Commissioning Agreement, if Channel 4 does not wish to commission further 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.

3.7 Pricing

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

Channel 4 expects that prices for Core Rights will fall within the published tariffs. However prices outside the range indicated within the tariff may be agreed in the case of co-productions with other United Kingdom broadcasters or where other exceptional circumstances pertain.

Channel 4's first Code of Practice established the ambition to move away from a detailed line-by-line negotiation of programme budgets. In many instances, for example on returning series, a price for Core Rights is quickly agreed with a Producer. However, given the diverse range of Channel 4's programming output and because Channel 4 wishes to understand the issues presented by Producers seeking to achieve editorial ambitions, a detailed discussion of the budget will be required on certain programmes .

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, unless, the Producer and Commissioning Editor agree in writing 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 Channel 4 Service or 8 Play days (each play day being up to 2 transmissions on the More4 service within a continuous 24 hour period) on the More 4 Service, (including use on catch-up services and on S4C in Wales) together with VOD Rights for the first 30 day window . Channel 4 will pay additional sums for repeats 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, and as more fully set out in the Terms of Trade.³

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.

3.8 Revenue Participation

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.

Channel 4 plans to continue with the current practice of both Channel 4 and the Producer participating in revenues generated from the exploitation of the following rights:

- Distribution to any channel wholly owned by Channel 4
- 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 (subject to the specified windowing arrangements)
- Exploitation of rights to operate programme support services in the Territory

Channel 4 will also expect to participate in revenues generated through the exploitation of Secondary Rights regardless of whether the rights' exploitation is led by the Producer or Channel 4. The actual level of the Channel 4'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 Channel 4. Furthermore, the Commissioning Agreement makes provision for the recoupment from revenue generated through Secondary Rights exploitation, of any approved deficit financing advanced by a deficit funder, whether this is 4 Rights or a third party funder.

Where Channel 4 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.

³ Repeat fees will be based on 3 day-parts, which have been defined in consultation with talent unions

3.9 Transfer of Programmes from a Further Digital Television Service to the Channel 4 Service

On occasion, Channel 4 may wish to transmit on the Channel 4 Service programmes originally commissioned for one of the Further Digital Television Services and the following provisions will then apply.

Where such transmissions on the Channel 4 Service take place after a 2 month period from the first transmission of the first of the programme(s) on the Further Digital Television Service then the Producer will receive a repeat fee in accordance with a scale to be published from time to time.

Where such transmissions on the Channel 4 Service take place within a 2 month period from the first transmission of the first of the programme(s) on the Further Digital Television Service then Channel 4 agrees that the agreement with the Producer for transmission of the programme(s) on the Further Digital Television Service will be converted into a Commissioning Agreement pursuant to which the programme shall be deemed to have been commissioned under the Terms of Trade and the transmissions on the Further Digital Television Service will be deemed to be a sale of the programme(s) pursuant thereto.

4. Channel 4's Commissioning Process

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

4.1 Transparency of Process

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

- Editorial Approval
- Business Approval
- Business Approval Board ("BAB") or
- Local Programme Finance Committee ("LPFC") Approval
- Contract Approval

LPFC comprises representatives from the relevant commissioning and commercial affairs departments. LPFC meetings are scheduled weekly or as required.

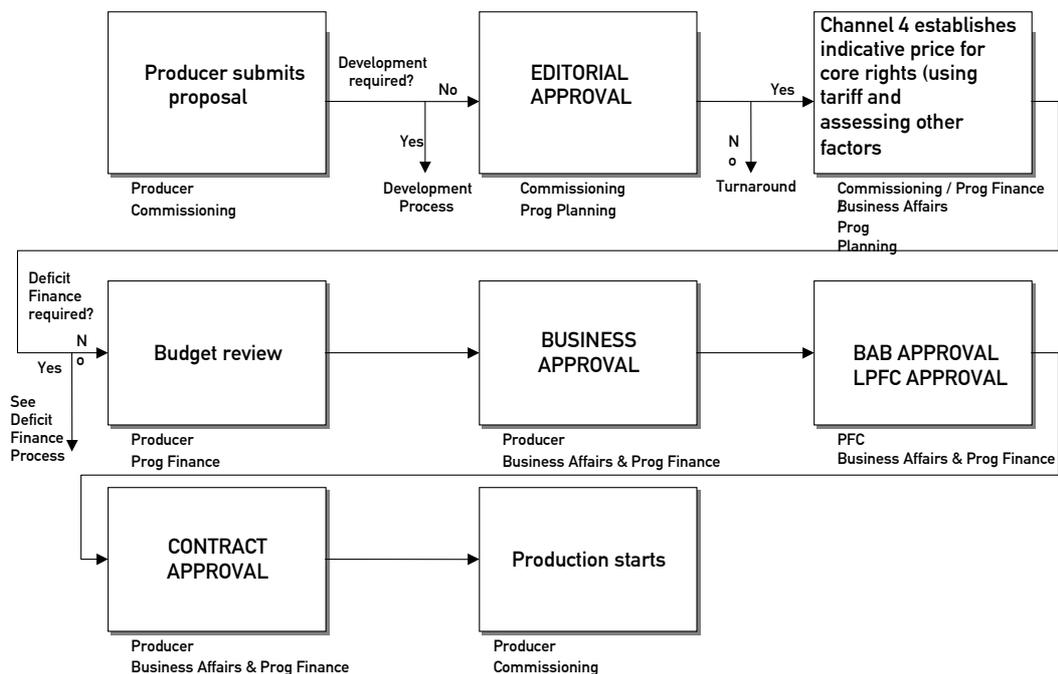
BAB involves senior staff from commercial affairs, commissioning and scheduling. BAB meetings are scheduled fortnightly.

Submissions to BAB or LPFC will depend on the level of price paid for the programmes.

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:



4.2 Communication with Producers

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.

Proposals must be submitted to Channel 4 via its Electronic Proposal System.

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 Commercial Affairs Managers will be clear about what rights Channel 4 is seeking.

Channel 4's editorial expectations and other requirements will be made clear in the Electronic Editorial Specification which can be accessed at <http://www.channel4.com/corporate/4producers>.

4.3 Timeliness of Negotiations

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."⁴ Owing to the diversity of programmes commissioned by Channel 4, 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 a structured process designed to promote timely and proper editorial and commercial discussions necessary so that all relevant contracts can be signed before the start of production, as set forth below:

- The first stage for any project (whether development or full commissioning) is the creation of a Project Form. This is raised by Commissioning Editors and their Assistant. 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 should be submitted by the Producer at the same time as their proposal for price (including where appropriate the suggested budget and any necessary deficit financing) outlining the editorial content, key talent, production and viewings schedule.
- The Commercial Affairs team will start negotiations as soon as the Project Form is raised, however their ability to enter into substantive negotiations will depend on whether the Producer has completed the Editorial Specification and submitted the necessary financial and budgetary information as set forth above. The Legal and Business Affairs Manager will discuss rights, co-production, talent and any other contractual issues. The Production Finance Manager will discuss all pricing and budget issues, including whether the deal is a fixed price deal which does not entail scrutiny of 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, budget and Editorial Specification are agreed the project will go to BAB or LPFC (as appropriate) 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.
- Channel 4 will endeavour to issue a draft contract within 10 working days after the date on which the project receives BAB or LPFC approval. Production should not start, and Channel 4 will accept no financial liability, until the Producer has signed and returned the contract.

⁴ Clause 285

We believe that the foregoing process will be to the mutual benefit of Channel 4 and Producers. It is not Channel 4's intention 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 BAB or LPFC meeting, where such flexibility is required.

4.4 Development Funding

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 Channel 4 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.

4.5 Cashflow

Channel 4 will usually cashflow the production of its commissioned programmes and will not attach any unreasonable conditions to the provision of cashflow. However on occasion, Channel 4 may invite a Producer to cash flow productions through third party financiers, being either a bank with which Channel 4 has negotiated pre-agreed terms in respect of their funding of programme costs on behalf of Producers, or another financier introduced by the Producer. Such arrangements will be subject to Channel 4's approval.

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.

4.6 Producers' Reciprocal Commitments

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

- Producers should submit proposals for price (including where appropriate budgets and proposals for any necessary deficit financing) as soon as a Project Form is

raised and communicated. Some fixed price deals may not require budgets as advised by the Production 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 Legal and Business Affairs Manager.
- Editorial Specifications should be submitted electronically as soon as possible (and not later than the proposal for the price) for review and sign off by the Commissioning Editor. Revised Editorial Specifications can be agreed during production but only in consultation and with the agreement of the Commissioning Editor.
- Producers should give timely responses to Commercial Affairs during negotiations.
- Business Approval Board or Local 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 remit requirements in terms of nations and regions, 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 OFCOM Broadcasting Code (located at <http://www.ofcom.org.uk/tv/ifi/codes/bcode/>), the Independent Producer Handbook (including the Viewer Trust Guidelines) produced by Channel 4 and Channel 5 (located at <http://www.independentproducerhandbook.co.uk/>) and any other relevant Code or guidance (for example the Phone Pay Plus Code for PRTS services, located at <http://www.phonepayplus.org.uk/output/Code-and-Help.aspx>). Producers are responsible for ensuring that 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. 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. Current Affairs) 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 follow the instructions for Programme Management (located at <http://www.channel4.com/corporate/4producers/resources/aboutprogrammemanagement.html>), including completing the PAC Form (located at <http://www.channel4.com/corporate/4producers/resources/resources->

[forms.html](#)) in the required format and using the Silvermouse system for post production paperwork and music cue sheets (located at www.silvermouse.com).

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

5.1 Internal Review and Accountability

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. pre-purchases, fully funded etc.) by genre.
- 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 and nature of any disputes of the Code, and details of how these have been resolved.
- The number of occasions on which early release of programmes has taken place.
- A review of compliance with commissioning timetable.
- A review of disputes and how they have been dealt with.

The review will be submitted to the Channel 4 Board for approval and a summary of the review will be submitted to Ofcom by the end of the first quarter in each year.

5.2 Arbitration of Disputes

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 Content and the 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 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

6.1 Methodology

In accordance with the previous Code, Channel 4 has reviewed and issued updated tariff price bands from time to time. The tariffs effective at the date of publication of this version of the Code are attached.

In devising the original tariffs and in the subsequent reviews, Channel 4 has adopted the following methodology:

- Programmes are grouped into genres, based on the editorial specification of the programmes and the day-part for which they are commissioned.
- Exceptional programmes (e.g. major projects that have been subsequently discontinued) and specialist genres (e.g. News and Sport) are excluded from the analysis and from the tariff. Channel 4 will include separate price guidelines in tender documents for future commissions of such programmes.
- The review of indicative tariff prices may take into account factors such as the movement on RPI, changes in production technologies which impact on the price of production of the programmes, and the value attributed to the particular slot and genre type in line with the editorial strategy.
- Channel 4 also assesses the implications of future editorial strategy on average prices within different programmes genres.
- Based on this analysis, a range of prices is derived 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.

6.2 Proposed Tariff

Channel 4 Hourly Cost for Core Rights (2009)

Genre	Minimum Cost Per Hour	Maximum Cost Per Hour
	£000s	£000s
Drama series (Peak)	350	650
Drama serials/events (Peak)	300	1000
Drama Documentary (Peak)	250	400
Drama (Off Peak)	50	160
Entertainment Archive (Peak)	100	350
Entertainment Formatted Entertainment (Peak)	90	400
Entertainment Narrative Comedy (Peak)	350	600
Entertainment Broken/Scripted Comedy (Peak)	150	450
Entertainment including quizzes (Off Peak)	15	120
Current Affairs (Peak)		
Documentaries (Peak)	Low: 70	Low: 110
Factual Arts/Culture (Peak)	Mid: 110	Mid: 150
Factual Religion (Peak)	High: 150	High: 180
Factual Science and Medical (Peak)		
Factual History (Peak)	Low: 70	Low: 110
	Mid: 110	Mid: 150
	High: 150	High: 200
Features/Lifestyle (Peak)	50	170
Other Factual (Off Peak)	15	60
Music Performance	70	400
T4 Factual & Entertainment	80	140
Excludes all programmes under 30 minutes (slot) duration; Animation; Long-running reality;		
Breakfast; Long-running drama; News; 4Learning; and Sport		
Peak is defined as 17:30 to 24:00		