

5 December 2008

Yiannis Thoedorou
Ofcom
Riverside House
2A Southwark Bridge Road
London
SE1 9HA

Dear Yiannis

We are writing in response to the invitation to comment on Ofcom's Second Public Service Broadcasting Review – Phase 2. We are not responding to each of the questions that have been posed, rather we wanted to respond on:-

- a) the overall context of the alarming funding gap looming on the immediate horizon for British original content as a whole and for PSB content in particular
- b) the issues of plurality
- c) the range of PSB providers and their importance in the delivery of PSB to new platforms
- d) Channel 4's role and the place of contestable funding in PSB and
- e) contestable funding

The Funding Gap

Ofcom will have done its own independent research but research we have commissioned is indicating that the restrictions on the last BBC Charter Renewal funding settlement and the deepening downturn in advertising revenue suggests that the funding gap for UK originated content is rapidly approaching up to £500m per annum. It is likely to have reached that level by 2013.

Already most UK PSB broadcasters are reducing drama commissioning significantly even where series are consistently successful in their schedules. This will have a deleterious effect on the ability of British broadcasters to bring regional and national story telling to the UK audience. It is in the premium areas of quality content that these constrictions are first felt. As the recession deepens broadcasters will leave increasing areas of the schedule to less expensive programmes, acquisitions or an increased number of repeats. It is important to see this in an overall context and to assess the likely decline of original UK content as a whole as well as analysing the narrower area of PSB programming although it too has and will undoubtedly be affected, for example reductions in Childrens and Young Teen programming have already reduced UK culture available to younger viewers.

We are very concerned that the UK TV content map is changing rapidly and requires immediate action.

Plurality

We support Ofcom's view that plurality of PSB provision by the existing terrestrial channels is important. Competition for the BBC in this supply will keep the standard high, channels offering different voices and tones will provide a richer service for a broader audience, and more creative commissioning points will engage a much broader creative community both for television and cross-platform content.

The Range of PSB providers

We believe that for PSB content to be delivered most effectively to the widest possible audience it is important that it is delivered as part of the mix of the broader entertainment services that audiences currently enjoy and therefore would urge Ofcom to encourage ITV and Channel 5 to continue to maintain PSB commitments. To confine PSB only to the BBC, Channel 4 and new platforms would limit its effectiveness.

Channel 4 in particular has a very important role in PSB going forward as the principle alternative to the BBC. It has a demonstrable track record in innovation, creativity and championing alternative voices. It reaches viewers that other channels find more difficult to reach, in particular the so-called "ELVES" – elusive young viewers. It's no co-incidence that Hollyoaks plays such an important role on Channel 4 with which it has tackled important issues such as mental health, teen pregnancy, abortion, binge drinking, drug abuse, suicide and date rape. Government departments have worked with the programme on many of these issues and it recently won the Mental Health Award for its portrayal of a character battling with anorexia.

The Importance of PSB providers in the delivery of PSB to new platforms

In our view it is a mistake in the PSB debate to think that television as we know it and the new cross-platform world are separate discrete mediums with the former in decline and therefore "yesterday" and the latter being the future and therefore where the focus should be.

The PSB broadcaster has a very important role in the commissioning and funding of digital content for the new cross-platform services and a crucial role in migrating (through promotional airtime, brand extension and programme cross promotion) the vast television audience to those platforms where they can receive greater depth of content which can be used interactively and on-demand. Extending and enhancing the viewing experience through the use of digital content around strong television brands will be key in bringing the so-called "late adopters" to the new platforms.

It goes without saying the BBC's investment in digital platforms has played a pivotal role in bringing quality content to new platforms. Their success can be demonstrated in the rapid growth in usage of the iPlayer since its launch and establishing bbc.co.uk as one of the UK's most visited websites (18mill unique visitors: Comscore September 08).

Channel 4 has also demonstrated the important role that it has played in investing in and promoting the use of PSB content on the new platforms. It has:

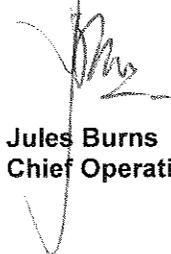
- successfully transferred its commissioning/partnership TV model into digital without building a significant in-house team to manage it;

- used new platforms to build on the PSB impact of programmes such as Embarrassing Teenage Bodies (Nov 2008) which was used to drive the audience online to find further information. In one week of transmission, there were 430,000 visits to the relevant section on channel4.com which led to 99,000 STI Risk Checks. Had this content been anywhere else without C4's cross promotion, its usage and impact would have been significantly less;
- become one of the largest commissioners of digital content. While other platforms and social networks may have delivered larger audiences, this has been through utility services such as email, search, instant messenger and repurposing existing content. Most of these platforms have not invested in commissioning original digital content. Bebo has probably been the largest commissioner of content in the UK spending an estimated £3m. by contrast, we estimate Channel 4's commission budget for original digital content to be in the region of £25m in 2009.
- established 4oD as the first broadcaster owned and aggregated on-demand service in the UK – opening an opportunity for viewers to catch up on TV programmes online.
- launched 4Docs as its online user generated documentary service as early as June 2005.
- launched the first broadcaster mobile portal.

Funding

In principle we believe that contestable funding for those areas of PSB that are endangered and/or under-represented across all platforms is the best approach because it opens that funding up to producers of both TV and cross-platform content. However we think that it is critical that Channel 4 is adequately funded and has the certainty in the short term of knowing that its funding is secure, allowing it to continue to fulfil its remit and to have the confidence to risk invest in the longer term.

Yours sincerely



Jules Burns
Chief Operating Officer