



## Culture, Media and Sport Committee

### Oral evidence: Channel 4 Annual Report, HC 497 Tuesday 1 July 2014

Ordered by the House of Commons to be published on 1 July 2014.

[Watch the meeting](#)

Members present: Mr John Whittingdale (Chair); Mr Ben Bradshaw; Angie Bray; Conor Burns; Tracey Crouch; Philip Davies; Mr John Leech; Steve Rotheram; Jim Sheridan; Mr Gerry Sutcliffe

#### Questions [1-93]

Witnesses: **Lord Burns GCB**, Chairman, Channel 4, and **David Abraham**, Chief Executive, Channel 4, gave evidence.

**Q1 Chair:** Good morning. This is the Committee's annual session during which we look at Channel 4's annual report. I would like to welcome the Chairman of Channel 4, Lord Burns, and the Chief Executive, David Abraham.

**Lord Burns:** Good morning.

**David Abraham:** Good morning.

**Q2 Chair:** Could I start by asking you to give a quick overview of where you think Channel 4 is performing well and where you think it should be performing better?

**David Abraham:** Certainly. Good morning. Last night, the Prime Minister held an event for the creative industries at which he talked about the importance to the British economy and to growth in jobs. We would set out that Channel 4 is and remains an important engine, pretty much at the centre of the broadcasting part of the creative economy for the UK as a publisher-broadcaster that spends over £400 million on UK-originated content, supporting thousands of jobs in the UK across the nation and the regions and in a variety of different genres.

Over the last few years, we have been engaged in a process of diversifying our schedules following the dominance of one very large

show, "Big Brother", several years ago. A few months ago, we received across many of the prestigious creative awards—the RTS, BAFTA, and even at the Oscars—recognition for the creative impact of the work that we do; more creative awards won than in over a decade. We have managed to maintain our revenues above £900 million for a fourth successive year, and are producing returning series like "Educating Yorkshire", "Gogglebox" and "Benefits Street", which have had big public impact, created a debate as we are expected to do.

Of course, the environment that we work in is very competitive, not just within the television space but also in terms of international competition and the technical changes that are occurring. What we have been trying to do is to migrate our proposition into a much more digital world. We obviously have a portfolio of channels, not just a single channel. We have an increasingly deep relationship with our viewers, which we have achieved through a platform of inviting them to register directly with us. Over 11 million people have now done that in the UK, half of all 16 to 24 year-olds, and that is helping to drive healthy growth in our online revenues, which in the report you can see have now hit £60 million per year.

In terms of the more specific schedule dynamics, in primetime in the key demographics that we sell, there is relative stability both on Channel 4 and across the portfolio. You can see in the report that there was some pressure in our overall share, but that was quite restricted to our daytime performance where there was a lot of commercial competition and competition from the BBC. They changed their schedule, took off their kids' programming, and presented a much more commercial and competitive approach. Now, what we would argue is that where it matters, both in the commercial proposition and in the public service proposition, which is delivered primarily in primetime, we remain stable. Obviously, we are working hard to address that daytime performance. The reach of the portfolio is still 80% of the UK, practically level with the previous year, and our share with 16 to 34s—critical—is at 16.7%, which means that we remain very competitive for that audience.

Overall, we are pleased with our progress and the public are telling us that Channel 4 is doing what they expect us to do. In our SMCP measures, which are in the report, which look at those attributes of the remit as they are delivered and received by the public, we have more strengthening of those measures than we have seen for some years. It is a purer Channel 4, doing what the public expect us to do and achieving real cut-through in terms of the creative innovation that we are expected to deliver.

**Q3 Chair:** All of that sounds very good, but the share of Channel 4's main channel has fallen for the fourth year in succession. It appears to be in a steady downward spiral. Do you think that matters? Are you concerned about that?

**David Abraham:** What matters is the delivery of our share overall. In actual fact, the portfolio of channels as we have achieved digital switchover and we have strengthened our proposition in the multi-channel space with E4 and Film4 and More4 and 4seven is that we are able to offer advertisers a range of audiences, which aggregate to 11%, which is pretty much where we were 20 years ago when we were one channel. In fact, it is slightly higher. What you are seeing with Channel 4 is a more deeply digital proposition than our competitors. It is worth also mentioning that all of the terrestrial channels over the last decade and a half, because of digital switchover, have eroded, but we have succeeded in making up that share with our other propositions.

**Q4 Chair:** Therefore, would you expect the decline to continue?

**David Abraham:** Obviously, stability in the key part of the schedule that matters, which is in primetime among the demographics that we sell, is important. That is what we are delivering. There are big structural changes in daytime, which have hit us, but this year and last year, when you look at the key primetime performance, there is actual stability there. That is really what matters to advertisers. I would say it is what matters to the delivery of our remit. Shows like "Educating Yorkshire" and "24 Hours in A&E" and "Benefits Street" are achieving the impact and the scale that Channel 4 would have achieved five or 10 years ago. It is just being delivered in a different way. We are not complacent about the daytime performance. We are working on it and we would like to address a more stable daytime share. If we were experiencing the same level of erosion in primetime as we are in daytime, I think it would be of greater concern.

**Q5 Chair:** You say you are delivering the remit. Obviously, you can point at some great successes—as you say, a number of shows being very controversial, won awards—but are those not just the odd nugget in otherwise what is a fairly bland offering? Can you tell me outside the news which programmes you are broadcasting today meet the public service remit?

**David Abraham:** I can tell you that in the last week and in the next few days we have shows like "My Last Summer", which is a series that deals very sensitively with how people deal with the end of their lives when they have terminal diseases. It is a real breakthrough piece of work, incredibly powerful, sensitive programme. "Youngers" finishes this week. It is a drama targeted at 10 to 14 year-olds dealing with

their transition issues as they go through school and also with a very specific focus on diversity. "Meet the Mormons", a programme about religion; "Dispatches" last night had a programme on the effects of cheap alcohol on the National Health Service.

**Q6 Chair:** It may just be that today, therefore, is a very bad day because today, literally outside the news, I cannot see anything that looks to me like public service broadcasting. You have tonight in primetime "The Simpsons", "Hollyoaks", "Location, Location, Location", "The Auction House", "Ramsay's Kitchen Nightmares".

**David Abraham:** It is a balance, isn't it? The whole way of running Channel 4—

**Chair:** It is not much of a balance; there is nothing.

**David Abraham:** Channel 4 News in the heart of primetime, I would not underestimate that. One can pick any day of the week and see that balance in play. There are particular nights where you will see—I remember I came here last time and I read the previous night's schedule and practically everything on it for one night was defined as public service. I think we can all play that kind of bingo. The fact is that, overall, we would say that we take our remit more seriously in primetime than any public service broadcaster with smaller resources. We believe in what we are doing. We believe that creativity can be used to draw attention to important subjects, but in fresh and interesting ways. We would not agree at all that the schedule is bland. We cannot have it both ways. If we are going to be commercially competitive, we have to have the more popular shows that work in a slightly more mainstream way to balance off the revenue and the commercial proposition. That balancing act is central to how Channel 4 works. I would draw your attention to the fact that this year we are on track to break even as a channel, having been investing heavily in that diversification in the schedule. We feel that we have that balance right.

**Q7 Chair:** I think the concern is—and it may be that it is a consequence of the decline in audience share on your finances—that you are having to broadcast more and more programming that is commercially designed to attract audiences.

**David Abraham:** I would fundamentally disagree because our top-rating programmes, this year and last year, we would say the majority of those have high levels of public impact. If you go back five to 10 years, the top-rating shows were "Big Brother", which you could argue was public service innovation in its early days but the general view is that it ceased being that towards the end, and in actual fact we rely less on American programmes than we did 10 years ago. We are

spending more on UK-originated content and the tracking studies that we have in this report absolutely bear out that the public feel that the innovation and creativity coming out of Channel 4 is stronger now than it was five years ago. Certainly, the creative awards would bear that out.

**Q8 Chair:** You will be aware there has been quite a lot of public criticism of your chief creative officer in the media. Is that something you completely reject?

**David Abraham:** Yes, I do. It is a challenging job to channel the ambition of an entire creative sector. We would point to our success in terms of the awards to the fact that we have a great focus on innovation and very high standards of quality. We feel that the team is doing a very, very good job. There are always debates about the nature of the relationship between a commissioner and production companies, but we seek to get the best out of each other. In our own studies into this, what is borne out is the fact that the best production companies want to be pushed. They want to do work of very high quality. It has to be done in a respectful way and it is being done in a respectful way and it is delivering great results.

**Lord Burns:** As I sat through some of these award ceremonies over the past few weeks, whether they were the RTS on current affairs, whether they are the BAFTAs or the general awards, there were categories particularly on things like current affairs where Channel 4 programmes made up an entire list of nominations. It did not at all feel to me that there was any problem on the creative side. Far from it; what it seemed to me was that there was a demand for very high standards, for doing things that were new, that were different, for taking risks. Indeed, I noticed some comment in a BBC Trust document that pointed out the extent to which the Channel 4 offer in this area had outperformed their own.

It is easy to simply take programmes from people without comment and put them on air. To go back and push back and to get them into the standard and the level that you want them, so that they are of the very best, inevitably it creates some tensions between you and the people who are offering you the programmes. I regard that as being the whole process of challenge, the same way that you are engaging with us this morning. If there was not some tension in terms of those kinds of relationships, I would think that people were not doing their job. Every time you set yourself in place to deliver very high standards, you are going to find that you get pushed back. I regard that as a necessary part of having this type of commissioning system.

**David Abraham:** There have been much more specific discussions around the practicalities of how we reach out to companies around the country. Three or four years ago, I was pushed by you and others to make sure that we were travelling and meeting companies around the nations and regions. All the evidence suggests that Jay and her team are absolutely doing that, and doing that in spades, unlike many other broadcasters. We work with over 300 production companies. There are a lot of relationships to manage, but again, going back to the remit, we follow it very seriously and we do understand that this creative tension achieved in a respectful way is at the heart of how we can do what we are expected to do.

**Lord Burns:** Could I also add, which I think David referred to earlier, we do make a distinct effort that what we regard as those programmes that are there to deliver our remit are, indeed, played out in peak time. We do not move our remit programmes into minority channels and hide them away at obscure times of the day. They are there between—including the news, of course, and “Hollyoaks”—7 o’clock right through until 11 o’clock. It is an important part of what I think Channel 4 offers. Of course, it is also an important part of why we suffer pressure during that period. You look at our schedule; what is the BBC doing tonight? Of course, they have football on most of the evening. That is pretty severe competition and we all have to live with that. From one night to another it is going to vary, but the bulk of our money is spent in peak time. It is there that we believe that we are doing those things that are in line and in tune with the remit that we have been given as set out by Parliament.

**Q9 Mr Leech:** How much does the removal of “Big Brother” contribute towards the decline in your audience share on Channel 4?

**David Abraham:** It is a good question and it is quite a hypothetical thing to answer, because there is the absolute share that “Big Brother” contributed and then there is the effect that that share had more widely across the schedule. Certainly, there is a combination of factors that lead to the erosion and obviously the daytime pressure that we face is nothing to do with “Big Brother” at all. In the first year that “Big Brother” came off, you could probably say that a bit more than half of the share we lost that year was due to “Big Brother”. Since then, there have been other factors come into play. What happens when you have big hits—and we find this—is they create lead-ins for the following shows to help you launch new shows. Shows like “Benefits Street” that got 6.5 million benefited those shows that came after it that evening. Everyone, when they are scheduling, is always looking to find good ways to create a slipstream for the new ideas that are coming in. We

certainly look at a range of factors when we look at where the pressure is coming from.

**Lord Burns:** The other big difference that coming out of “Big Brother”, of course, has created is that again unlike, say, the BBC1 schedule or the ITV1 schedule, there are many more newer programmes on Channel 4 and they are shorter runs. We do not have, in a sense, the same backbone of things that are on year after year. Therefore, there is much more experimentation that has to take place and some of those work, some of them do not work. Someone once described it as the R&D centre of public service television and sometimes that feels quite a burden as one is trying to bring new programmes forward all the time.

**David Abraham:** There is a balance between a show that is on for several hundred hours and a series that might be on for six or eight weeks that has quality. The thing is if “Big Brother” was still on, people would be saying, “Hang on, we are not spending money on cooking programmes or religion programmes or regional programmes”. A big show soaks up a lot of money and the remit asks us to spend our money in a diverse way. We would say, therefore, do not focus just on this share, focus on the overall—

**Q10 Mr Leech:** Are you suggesting that “Big Brother” made Channel 4 no money then?

**David Abraham:** Of course, when it was doing well and—in brackets—when it was priced reasonably, it created surpluses that we could spend elsewhere, but that was not the case for the whole 10 years. The reason why it was taken off is that it became uneconomic because the ratings went down and the price remained very high. The ratings for “Big Brother” on Channel 5 are now at a level that we would never have contemplated on Channel 4, so sub-2 million.

**Q11 Mr Leech:** On that basis, you would not say with hindsight it was a mistake?

**David Abraham:** Absolutely not.

**Q12 Jim Sheridan:** I would accept that Channel 4 do make a lot of good public sector broadcasting programmes.

**David Abraham:** Thank you.

**Jim Sheridan:** I think you said in response to the Chair that “Big Brother” falls into the category of public sector broadcasting. I have limited knowledge, obviously, of “Big Brother”. How would that fall into public sector? What is the criterion?

**David Abraham:** I think what I said was that at its start it effectively introduced a new technique for entertainment programmes that used members of the public, that had participants and winners that came from diverse backgrounds, that there were a number of years where there was a consensus that it was an original, fresh and new way to show British society on television. It was genuinely innovative, but like all things in the creative world things move on. They do not remain as fresh and they are copied.

Everything goes in a cycle and I think that is always one of the challenges of television. Do you cling on to the things that have been successful for longer than you should do? Our general observation is British television, outside Channel 4, tends to hold on to things for longer and there is a staleness in that and there is a homogeneity in that. What Channel 4 is doing, what you are asking us to do, is to push ourselves always to innovate. That means we have to accept failure and we should not be frightened of that. There are occasions where we try things that do not do very well, then we try to learn from that, and then we find a hit as a result of that. "Gogglebox" is a fantastic new programme for Channel 4. It shows the British public in a fresh and interesting way, a great way to reflect current affairs and entertainment, what people are talking about this week. It rates very well for us. That was the result of several creative experiments that we undertook, some of which at the time felt like failures. Now, where in British television is that work going on? Where do independent producers have the chance to do that kind of experimentation, which ends up creating the value that then feeds back into the creative economy? We should focus much more in this conversation on the strength of that model, its importance to the creative economy, and the fact that we have maintained our revenue above £900 million for the fourth successive year. The contention that this model is broken, that it is under pressure because of some of this data, is absolutely and categorically wrong.

**Q13 Mr Sutcliffe:** I want to move on to what was supposed to be a flagship, Channel 4 horse racing, and unfortunately the drop in the viewing figures. How worried are you about that and are there any remedies to deal with that?

**David Abraham:** First of all, that is somewhat of a generalisation because there we can point to many parts of our horse-racing coverage that have done extremely well. The most important race in the country every year is the Grand National. The numbers that we are getting—

**Mr Sutcliffe:** I thought it was the Derby, actually. I thought it was the Derby was the most important.

**David Abraham:** In terms of popularity. We are achieving on Channel 4 numbers that are very, very comparable to the numbers that BBC1 got, which I think was a great surprise to people when that happened. We have done that for two successive years.

Inevitably, when events move from BBC1 to BBC2 you see a drop in numbers. When we look over a two or three-year period, what we see is that the coverage for the events that occurred on the horse racing that we previously covered are broadly flat. The events that were on BBC1 that we can compare are clearly down, but that has, in our view, more to do with channel position than it does necessarily the quality of the coverage. We have had some challenges with the viewing to our morning programme, "The Morning Line"—which we are addressing and which we acknowledge—but this was a big commitment for Channel 4. The racing industry came together, wanted the coverage in one place. We made a big financial and editorial commitment to do this over a number of years. We remain committed to it, and the fact that there are groups within the racing community that were not happy with that has led to a certain flow of comment, but we stand by the quality of our work.

**Q14 Mr Sutcliffe:** Looking at the figures, David, and I hear what you said about the Grand National, but Royal Ascot was down, the Friday figure was pretty bad. I am not saying it is all Channel 4's fault or problem, because I think the racing sector need to do something about it, but as now the only prime opportunity to view racing as a flagship programme—

**David Abraham:** Yes. The reach of our racing coverage has increased. We are reaching a larger proportion of the UK population. Our coverage is slightly younger and more female, as you would expect it to be moving to Channel 4. All of that is supported by the racing industry. The racing industry has fed back to us that they think our coverage is fresh and different. I do not know if you saw the Ascot coverage. We were very proud of it. Gok Wan did the fashion coverage. It went down really well. Frankie Dettori has now joined the team. The debate has been about whether or not we have professionalised the coverage, and there has been a discussion about whether some of the so-called characters are as prominent as they were. This was a discussion we had at the very outset, about the point at which coverage of the horse racing loses an audience because it is not being taken seriously. We think we have the balance right. It has to be involving and entertaining but it also has to be professional, and we stand by that.

**Lord Burns:** There is one interesting thing that I was looking at yesterday, which is that I think it was in 2010, the last time the World Cup was on, Ascot was on BBC2—it was previously BBC1—and they

experienced a very similar decline in viewing between 2009 and 2010 as we have done this year. If you want audiences, there is no doubt at all that BBC1 is the place to be. Every time that I have been able to compare, whether it has been Wimbledon or whatever, as a programme moves from BBC1 to BBC2 the audience changes very markedly. We cannot hope to compete with the figures that BBC1 produces, although with the Grand National, as David says, we got very close to it. I think that is an issue for the racing industry. We do not believe that that is an issue to do with our coverage.

**Q15 Philip Davies:** You are in denial here, aren't you? I have never heard so much codswallop in all my entire life of sitting on this Committee, to be perfectly honest. It is absolutely unbelievable, this is. You are talking about the viewing figures have gone down because it has gone from the BBC to Channel 4. I am looking at figures where it has been on Channel 4 all the time and they are going through the floor. "The Morning Line" is going through the floor. The Derby, which has been on Channel 4 for years and years and years now, had its lowest ever audience this century. Let us stop being in denial. Why are your audiences going through the floor?

**David Abraham:** You are using 12-month data there. If you look at on an average going back over several years, it does go up and down. Sporting events fluctuate significantly. Coverage viewing to the Formula 1, viewing to football, to individual matches, can go up very significantly. If you take short bits of data, you can get those comparisons, but if you go back over a five-year period it is broadly flat.

**Lord Burns:** That is the programmes that were on—

**David Abraham:** With the exception of "The Morning Line".

**Q16 Philip Davies:** Broadly flat means down. You call it broadly flat; we call it down. All of this PC claptrap really does not work.

**David Abraham:** With the greatest of respect, I did clarify my comment saying that the audiences to "The Morning Line" have not kept up as we would have liked. That happens and we—

**Q17 Philip Davies:** What are you doing about it? You said you were addressing that, so what are you doing about the fact that "The Morning Line" audiences have gone through the floor?

**David Abraham:** There are a number of editorial adjustments that we make in terms of the guests that come on, how the set looks, and the pace of the programme. Television is a process of constantly

experimenting with different ways of doing things, so it is not something that we just sit there and remain complacent about.

**Q18 Philip Davies:** What level do the audience figures have to get to before you accept that axing characters like John McCririck was a mistake? What point do the audience figures have to go down to before you will accept that?

**David Abraham:** I do not think it is an appropriate environment to go into individual editorial decisions, particularly when there was a legal case that contested that decision, which we won. Having said that, we go by the responses of the audience and the audience definitely were encouraging us to go in a particular direction with the casting of the team, which we have done. Again, we get very positive reaction to the quality of the work that we do. This is not an issue of editorial quality; categorically it is not. There are many changes going on. There are narratives within the sports arena where there are characters that come through to do with riders and trainers and events that can spike the audience figures. Those events come and go and we have seen good performance in some areas of the schedule. The fact is that Channel 4, week in, week out, is travelling across the country delivering high quality coverage of these events and we remain very committed to doing that.

**Q19 Philip Davies:** In your court case, your lawyer under instruction said that he wanted to point out the type of person who supports John McCririck. What is the type of person that supports John McCririck? What did your lawyer mean by that?

**David Abraham:** I cannot comment on that.

**Q20 Philip Davies:** What do you think the type of person is that John McCririck—

**David Abraham:** I do not know. I am not a mind reader.

**Q21 Philip Davies:** Can I give you a tip on this? You see, the thing is what you have tried to do with your coverage, it seems to me, is you have tried to recreate a half-time football panel sat round a table discussing the niceties of the game and all the intricacies and all of this kind of stuff. It is pretty boring, really. The difference with football is that there is 90 minutes of action and then about 10 minutes of speaking in the middle of it, so people will put up with the 10 minutes of speaking because they are quite excited by the 90 minutes of action. In horse racing, there is a very limited amount of action and an awful lot of time when there is no action. That is why the no action time has to be

entertaining. To give you an example, "Test Match Special" on the radio, you have to ask yourself: why was "Test Match Special" so popular with its listeners? It is because cricket is a fairly slow kind of sport. There is not much time where action is taking place. It was not the quality of the analysis that made "Test Match Special" so popular with its listeners. It was because it was so entertaining in between the actual action. Have you not realised that horse racing is very similar? There is very little action to keep people entertained and, therefore, the non-action time has to be entertaining. Have you ever considered that concept?

**David Abraham:** It seems that obviously—

**Philip Davies:** It seems like you have not.

**David Abraham:** As well as being an MP, you are obviously also an expert sports producer and perhaps we should bear that in mind in the future.

**Q22 Philip Davies:** Which part of that do you disagree with?

**David Abraham:** I think this is an entirely subjective area. You are painting—

**Q23 Philip Davies:** I am asking for your opinion, though. Which bit do you disagree with?

**David Abraham:** I agree with everything that you have said because you are making it out as if we do not understand that there should be engagement between the events, which we do.

**Philip Davies:** It is the viewers who think that, it is not me.

**David Abraham:** Are you actually watching the coverage? Probably not. You are reading the "Racing Post".

**Philip Davies:** Nobody is watching the coverage; that is the problem.

**David Abraham:** That is not the case. We have 40%-50% of the population watching the coverage over the period of a year. It touches the whole nation and there are always ways of introducing engagement in entertainment between the events. At the same time, our own view is it should not undermine the credibility of the sport.

**Q24 Philip Davies:** Just finally on this, you have a deal with your advertisers. They paid a fixed price. I cannot say that they are going to very happy with paying a fixed price to advertise during the racing coverage, which lasts until the end of this year as I understand it. There

will be a new auction in September, I think, this year for next year's racing coverage, the advertising in next year's racing coverage. Do you accept that there is going to be less interest in that auction and that you are going to realise a much lower price than you did?

**David Abraham:** No, I do not because I understand how advertising is traded and I am not sure that you do. I am very confident that the value that we offer to the racing industry is very, very high. The level of targeting that we are offering is very, very high and the alternatives are not as strong.

**Q25 Philip Davies:** Have you spoken to your advertisers?

**David Abraham:** We are very, very confident that we will—

**Q26 Philip Davies:** Have you spoken to your advertisers?

**David Abraham:** We speak to our advertisers all the time.

**Q27 Philip Davies:** When did you last speak to your advertisers on racing?

**David Abraham:** My team speaks to—

**Q28 Philip Davies:** When did you speak to your advertisers? You know all about this. When did you last speak to them?

**David Abraham:** My team speaks to—

**Q29 Philip Davies:** No, when did you speak to them?

**David Abraham:** I spent 17 years in the advertising industry and—

**Q30 Philip Davies:** When did you speak to your advertisers on the racing coverage?

**David Abraham:** I speak to my head of sales every day.

**Q31 Philip Davies:** I do not want to be Jeremy Paxman but can you answer the question? When did you last speak to your advertisers who advertise on your racing programme?

**David Abraham:** Our organisation speaks to our advertisers every day.

**Q32 Philip Davies:** You have not, have you?

**David Abraham:** Every day.

**Q33 Philip Davies:** You have not. Given that you know so much more about this than I do, shall we have a £100 wager about whether or not you realise the same amount from your advertising revenue, those sealed bids, whether they will be as high next time as they were last time?

**David Abraham:** There are many factors that will lead to where the bid—

**Q34 Philip Davies:** Do you want to take on the bet or not?

**David Abraham:** No, I am not going to—

**Chair:** I am not sure it is in order for members of the Committee to have bets with a witness.

**Lord Burns:** No. I will not allow him to take up your bet.

**Q35 Philip Davies:** I am telling you you are in denial and you need to wake up and smell the coffee. Your coverage is going through the floor and what suffers at the end of the day is horse racing. I am not really bothered about Channel 4 but I am bothered about horse racing. Unless you get to grips and start putting some entertaining people on there, it is going to keep going in that same direction. Ring up Mark Winstanley.

**David Abraham:** You seem to be suggesting—

**Philip Davies:** Ring up Mark Winstanley and try to get him on your programme because you need somebody like that.

**David Abraham:** No, look, we all have views about who should be on the coverage, but to suggest that the entire horse-racing industry operates entirely through the funnel of the way that we cover it is also to be in denial, in my view. There is a lot of denial going on about how we can modernise the industry, present it in a joined-up way, do it in a way that is engaging to a wider audience. The battle that is going on here, as you well know, is between a faction within the racing industry that does not want to change and another group that engaged Channel 4 with the horse-racing industry and the locations around the country and said they wanted to do this in a different way. The people who are in denial—I beg to draw your attention to—are the people who did not want that change to happen.

**Chair:** I think on that we will move on.

**Mr Sheridan:** I think your figures would go up if you found a way of interviewing the horses. Philip could do that.

**Q36 Tracey Crouch:** One aspect of your remit is to provide content for 10 to 14 year-olds. Do you think that you have been particularly successful at doing this?

**David Abraham:** I think we have done some very interesting things in this area in the last year. The Committee will remember that we spent some time experimenting with an entirely online approach some years ago, which created some good results but perhaps the reach was not what we wanted it to be. We focused our attention on projects that worked both in television and online. In the last year, having appointed a specific commissioner in this area, Beck Milligan, we produced "Youngers". That is a fantastic show, an award-winning show, that features young people. It is shot in Peckham, a very diverse cast, dealing with that whole period of young people's lives when they are going into secondary school and approaching their GCSEs and from that opening up a whole range of life skills issues that can be discussed online.

**Q37 Tracey Crouch:** That is one programme.

**David Abraham:** It is.

**Tracey Crouch:** It is one programme that features very heavily in your annual report.

**David Abraham:** But there are others. There are others: obviously, "Hollyoaks", which is now going from strength to strength. It is a programme among all the soaps that was recently voted Soap of the Year, which we are very proud of.

**Q38 Tracey Crouch:** What age group is "Hollyoaks" directed at?

**David Abraham:** People could start to watch it around 10, certainly 10 to 14 it covers, but it goes up older as well. "My Mad Fat Diary", also for the slightly older group, has been a success. In the main part of our schedule, it is always worth remembering shows like "Educating Yorkshire" very much appeal to that wide teenage group and have a lot of impact.

**Q39 Tracey Crouch:** "Educating Yorkshire" was very good but it was on at a time that I would not expect a 10 year-old to be up. Therefore, your remit of reaching to the younger teen audience is really just focused around one programme as far as I can tell and one programme that presumably only ran for eight to 10 weeks.

**David Abraham:** If I could expand a little bit more, I would say that what we are also doing now is building effectively a strategy that deals

with all of the life skills issues that that younger group are facing. We are going to be announcing shortly a platform, which we are calling "Am I Normal?" which deals with all sorts of issues around body image, health, obviously issues around alcohol and sex education, which will all be brought together online under that umbrella. We are continuing to learn and develop from that basis, but obviously you have to bear in mind that Channel 4 has limited resources to deal with this part of our remit at absolute scale. We spend—I think you will see in there—around £7 million or £8 million overall. We try to focus it on projects that have real impact. We know the projects are having an impact. "Youngers" was a great success for us, so I would not agree that it is just one project.

**Q40 Tracey Crouch:** The director of the Children's Media Foundation told us that Channel 4 has not come up to its promises on providing for 10s-plus as an alternative to the BBC. Would you agree with that?

**David Abraham:** I would agree with the fact the BBC has a lot more money to do this than we do, but I would not agree that what we do with our money does not have impact and real value. There are other programmes that we have done I can refer to, such as "Don't Blame Facebook". That deals with this whole issue of how children and young people can think about their online personas and how they can be aware of the mistakes that can happen. We know that these programmes, while they are not on in primetime, do circulate through the 4oD service and are watched by younger people. This whole issue of online protection and online behaviour is one that we have also made a contribution to in the last 12 months.

**Q41 Tracey Crouch:** Do you think that older children are moving away from watching linear television? If so, do you think that Channel 4 should still be investing in programmes for the older children on its main channel?

**David Abraham:** There certainly are quite large changes in behaviour going on, although versus our PSB competitors, of course, Channel 4 and its channels like E4 do profile much younger and are able to capture with public service content a younger audience than the other channels. I think we have a strong role in this area and the use of 4oD and the way in which 4oD now works in a registered way, particularly—half of all the 16 to 24 year-olds in the UK are registered with us through 4oD. There are new ways of engaging this younger audience that we feel we have a strong set of brands to achieve. Absolutely, this is a challenging part of the remit and we do not have unlimited resources to address it.

**Q42 Tracey Crouch:** I recognise from the annual report and all you have said that there is a younger audience, the 16 to 24 or 16 to 34, that Channel 4 may well cater for particularly well, but the younger children, it seems that you are only just meeting the requirement, the remit, that is given to you on delivering content to that much younger audience.

**David Abraham:** We are delivering that part of the remit as best we can but it is a challenging part of the remit.

**Q43 Tracey Crouch:** To a minimum standard or to the minimum level?

**David Abraham:** I think we are delivering very well given the resources that we have because projects like "Youngers" and what we do on "Hollyoaks" are very valuable and very high quality and do genuinely achieve something that I think a lot of the rest of the market is not achieving.

**Q44 Tracey Crouch:** How long did "Youngers" run for?

**David Abraham:** We have just finished season 2.

**Q45 Tracey Crouch:** How long is each season?

**David Abraham:** It is six episodes.

**Q46 Tracey Crouch:** So for the rest of the year there is nothing on Channel 4 for—

**David Abraham:** No, because, as I say, "Hollyoaks" is on every night and that appeals to all age groups and teenagers. I would say that there are all sorts of different programmes on the main part of our schedule. When we look at our numbers they do skew very young. I know it is a slightly older part of the demographic, but on Thursday we have a programme called "The Secret Life of Students". Now, if you are 14 years old and your brother or your sister is about to go to university, you probably will end up watching bits of that programme. What is very interesting about it is it is showing the level to which young people are living their entire social lives online through text messaging, through mobile applications. It is a real groundbreaking programme that shows a whole new world opening up. Creatively, we are very engaged with what it is that is the experience of being a young person and how that is changing and posing questions about the challenges that people face. I do not know who saw "Dispatches" last night, but we had a group of young people who were talking about their alcohol consumption and how the pricing of alcohol fundamentally

affects the amount of units that they consume. We are constantly addressing issues that we believe are important to the age group, admittedly more strongly with the slightly older ones, but we would say that there is a continuum and young people do respond very strongly to our brand and listen to what we are saying.

**Q47 Tracey Crouch:** Do you see the decision by the BBC with regard to BBC3 as a threat or an opportunity for Channel 4?

**David Abraham:** Presumably, less competition is always a good thing, although it is a very fragmented marketplace and there is a lot of competition. I would not say that overnight things will get a heck of a lot easier. We also note that BBC3 commissioning will move online, or a significant amount of it will, and I think that is an interesting innovation and one that the whole industry is looking closely at in terms of how to premiere programmes in an online environment and build the windowing in the linear environment in a joined-up way.

**Q48 Tracey Crouch:** It is something that you are considering?

**David Abraham:** It is something that we are already doing because there are many opportunities for fans of programmes to look at specific episodes ahead of time if they are registered with us, to look at clips and extras. There is a lot of innovation going on in this space. To your point about broadcasters remaining in close contact with this demographic, I think there is a lot that we are doing and there is a lot that we can do to continue to deepen our relationship. At the end of the day, despite all of the revolutions that are occurring, it is about great content and it is about engagement with great stories. As long as we keep doing that, we feel our relationship with this demographic can remain strong.

**Q49 Mr Bradshaw:** You are the best of the broadcasters when it comes to the relative proportion of BAME viewers, but you lost 3% in the last year. What are you doing to address that?

**David Abraham:** This is obviously a very current topic. I look at this in a number of different ways. I think that we have done a good job with a series like "Run" that won an RTS award. It was written by young people from London, who were first-time writers and spoke about the community that they are in, and it cut through and rated at nearly 2 million. Those kinds of projects are really important and no one else is doing them.

Equally importantly for us is showing all aspects of diversity that are at the heart of our remit. BAME is critically important, but equally importantly is LGBT and disability. As Channel 4 we make strong efforts

to be strong in all of those areas because that is what the remit asks us to do. There was a very successful show we put on just a few weeks ago called "The Island". We basically dumped 20 guys from around the UK on an island and got them to fend for themselves with Bear Grylls looking in over them, making sure they basically did not die. What was very interesting during the core part of the programme was that they had to vote for a leader. The person who emerged in that was a young man called Sackie who galvanised the group and helped to get them through successfully to the conclusion of the project. That for me is equally important that we have a positive, aspirational, modern approach to representation, which is really at the heart of the discussion that is going on about the comparisons between the UK and America where it is not just about the condition of people in minority groups but it is also about what can be achieved. We would agree with that and we are proud that we made "Homeland" into a hit in the UK. We are going to continue to focus on how we can work with the industry in a joined-up way to achieve what is expected here. I personally am on the board of Creative Skillset and have been for five years. Lots of the data that is used to track how we are doing is coming via Creative Skillset through the investments that are made there. I also am leading a major bid for skills and training in this area through Creative Skillset, and in the next few days the Creative Industries Council will be having some major announcements around that. We are participants as Channel 4, not the biggest channel but a channel that is pushing on this agenda. We are participants in a number of industry initiatives to make sure that we are joined up. If you are interested, I can talk perhaps on doing it from an internal and from a staffing point of view as well.

**Q50 Mr Bradshaw:** I was going to ask you about that. On screen and audience wise you are okay, but what about your production? What mechanisms do you have in place to monitor it?

**David Abraham:** Yes. Monitoring is absolutely key. I am also part of the Creative Diversity Network, currently being led by Adam Crozier. We are all very committed to implementing a new system called Silver Mouse, which will effectively automate all of the data on all of the productions so that we know who we are employing and we can track people's development in different departments and make sure that representation is as it should be; mindful, of course—because I know there will be other members on the Committee that will want to raise this—that we are always very clear about the difference between positive discrimination and positive action. We must comply very specifically with the law, and we are doing that.

**Q51 Mr Bradshaw:** You do support and you are pushing forward an industry-wide monitoring system?

**David Abraham:** Yes, because as a publisher-broadcaster we obviously do not have in-house production, but we have 800 staff and we have good representation across—

**Q52 Mr Bradshaw:** What is the timescale on that?

**David Abraham:** The pilots are already active now and the system is being implemented. I believe it should be completely up and running towards the end of the year.

**Q53 Mr Bradshaw:** Will it include commissioners?

**David Abraham:** On the commissioning front, obviously there is a separate discussion as to how to give access into commissioning departments and then make sure people are also properly trained and have an opportunity. One of the things that the CDN believes is that we must have a pan-industry approach on commissioning, because what we have seen in previous schemes is that people can fall between the cracks a little bit. They can drop out of the industry. What is going to be important is to make sure the commissioning teams at ITV and Channel 4 and the BBC to some degree are talking to each other and encouraging lifelong training programmes, which will support the critical issue that has been raised by the recent discussions around the Henry plans, which are the leadership topic. From my personal point of view, we have to look at this over a decade-long basis. As cohorts come in, we are all doing schemes of giving good work experience, apprenticeships, first jobs, but getting through the first five years, the first 10 years, and getting people working across departments and across companies so that they can become leaders with that level of experience. To that end, part of this Creative Skillset plan is to introduce—already they have a creative MA where more senior people can move between companies and get exposure, but we are also thinking about a creative MBA where very senior business and technical skills can be added to people. We want to make sure, obviously, from a BAME perspective that there are really good options to join those kinds of programmes. That will be jointly funded between industry and the Government funding that we are currently applying for. I believe that could make a real difference.

**Q54 Mr Bradshaw:** What do you think of the Henry plan?

**David Abraham:** In spirit, no one can disagree with the fact that we have not done as well, as we say, as an industry, although again we at Channel 4 are a relatively small employer and we have seen our BAME stats improve over the last five to 10 years. Our remit is as much about

diversity in all its aspects and we would point to the very strong record we have in disability.

**Chair:** Is that the alarm?

**Mr Bradshaw:** Someone's phone is vibrating near a microphone, I think. That is what it is.

**Chair:** I think we will continue. It seems to have stopped.

**David Abraham:** We have a very strong record in disability and a very strong record in LGBT as well. We have a very significant drama series written by Russell T Davies that comes out early next year, which deals in an entirely new way with where society is on LGBT today across the generations. It is going to be a series that will run on Channel 4 and also on E4 and also on Online. It is important for us to maintain a focus across the diversity piece and we feel, therefore, that we have to work as part of an industry initiative rather than try to solve this on our own.

**Q55 Mr Bradshaw:** Lord Burns, I hope you do not mind me throwing this one in, but as you are here a number of industry commentators have suggested you would make an admirable successor to Lord Patten at the BBC. Are you interested in the job?

**Lord Burns:** I did not think I was coming for a job interview. No.

**Mr Bradshaw:** That is a shame.

**Lord Burns:** No, I am committed to Channel 4 until the end of 2015 and I do not propose to apply for any other jobs in the media industry until I have completed my term.

**Q56 Mr Bradshaw:** Would you say no if asked?

**Lord Burns:** I would say no if I was asked because, first of all, it could not happen. Nowadays, as you well know, you have to apply for jobs if you want to get them. You can no longer just sit and wait for somebody to tap you on the shoulder and say, "Please come and work for us". But no, unless something goes very badly wrong, I am at Channel 4 until the end of 2015 and I do not wish—

**David Abraham:** We have chained him to the desk.

**Mr Bradshaw:** I know you have, but there may be a greater need.

**Angie Bray:** I think you will find there is quite a lot of shoulder tapping at the BBC still, as we discovered when we were asking questions about accountability.

**David Abraham:** He is having too much fun at Channel 4.

**Lord Burns:** I do not deny it is a very important job, but if you recall I was in front of this Committee only a few weeks ago on this whole subject and we discussed aspects of it. The only general comment I would make in this area is that I think it is very difficult, in fact, to invite people to apply for a job on a five-year basis for a job that is probably going to change in its nature not very far into that period. I think there are a number of things that have got out of sync here and it is not going to make that particular part of your Committee's interests easy to resolve.

**Chair:** We thought had you given a different answer we might be seeing you three times this year. Sadly not.

**Q57 Mr Leech:** The first thing I want to say is that I think Channel 4 should be congratulated that the viewing figures among BAME communities are so similar to among the white community, despite a small decrease in the last 12 months compared with the BBC, ITV and Channel 5, which all seem to only hold about two-thirds of the audience within the BAME communities. I was interested in what Mr Abraham said. I think your words were you make a lot of effort to be strong in these areas, but I did not really get a clear sense of why you were more successful than the others. Is there something that they are doing wrong from your perspective or what is it that you are doing right? I am not sure from what you said before that you have an answer to why you are doing things right, what it is that you are getting right that others are getting wrong.

**David Abraham:** I am not sure I want to get into a discussion about what they are doing wrong, but I can elaborate a bit more about what we are doing. Effectively, the most diverse section of British society today is 16 to 34s and it is not just BAME in what is the current debate, but it is immigration from Somalia, Eastern Europe. There is a very rich mix of immigration that has occurred and second generation families that are very diverse. The mixed race segment of British society is expanding very, very rapidly and it overlaps very strongly with 16 to 34s. E4 and Channel 4 are strong brands with that group. I think we have a more informal and more diverse presentation within the casting of our programmes and within the talent line-ups and I think that informality and that openness of our brand makes us more appealing. We have specific creative projects where we represent that diversity in very positive ways. We are always looking for new talent. We recently have developed a fantastic magician entertainer called Troy who is of mixed race background. He is a really engaging character. He has launched his show on E4. It is doing really well. What we do is we stick

with that talent and know that it will take two, three, four years for the talent to develop and to become known.

The other obviously very prominent example of that kind of talent development would be Steve McQueen, the filmmaker, who when he first came into Channel 4 had just won the Turner Prize in video art. He wanted to make a movie. Film4 worked with him on his first film, "Hunger", and then on his second film, "Shame". Then his third film was a much bigger co-production with American studios, "12 Years A Slave", which obviously has won the Oscar. It is sticking with talent from its early beginnings when perhaps people do not have all of the rounded skills yet, but we see the potential and we work with them over a number of years. That, again, is part of the remit of Channel 4. It is part of what we are asked to do and it takes time.

**Q58 Mr Leech:** The fact that you do not do any in-house production, does that help or hinder getting a bigger BAME audience?

**David Abraham:** I am not sure I can specifically theorise about that one way or the other, but clearly because we are working with a very broad and diverse range of organisations, that adds to the diversity of our schedule. Although what I would say is that we do feel that within the production sector we would like to see stronger companies from BAME backgrounds being led by leaders from those communities. We have recently launched something called the Growth Fund, which adds to something we have been doing for some time, an Alpha Fund where we specifically put money into projects and companies from very diverse backgrounds. This is as much a business issue of: do we have enough diversity in the supply chain of companies? We hope to be directing some of those investments specifically into that area. There is lots of on-screen talent potential, great crew and production talent, but some of the challenges are about seeing producers and entrepreneurs who can take their businesses on and be strong in the sector. We probably do not have enough BAME companies out there and I hope Channel 4 can over time contribute to that.

**Q59 Mr Leech:** How many BAME staff do you have in your senior management posts?

**David Abraham:** In senior management it is around 10%. Across the board, it is around 14%, which obviously is around the national average. We fluctuate up and down a little bit, but we are also strong on gender diversity. Channel 4 is a very balanced organisation both at a leadership level, a board level and an employment level from a gender point of view.

**Q60 Mr Leech:** We heard last week that numbers of BAME employees at the BBC had gone down. There had been a number of additional BAME employees, but a larger number had left. Do you have an upward trend or a downward trend at the moment?

**David Abraham:** Over a five-year period we have an upward trend. It has fluctuated a little bit, 14.5%. It went up to nearly 16% I think about a year ago. It is about 14.5% at the moment.

**Q61 Mr Leech:** You have seen a dip as well like the BBC?

**David Abraham:** We have seen small fluctuations but I do not think that is a downward trend. I think it is just literally where you cut the numbers. This year I would have expected to see it go up again. The key thing for me is obviously we are appealing to people from different backgrounds who come into the professional side of what we do, so finance, legal, the technical side, the audience technology and data analytics side. We are trying to appeal to groups who might come from a more professional background but also who would want to consider applying their professional skills into Channel 4 and into the broadcasting industry in general, as well as those people who probably say, "No, I want to be in TV and I want to be a creative person in the medium". We are doing both.

**Q62 Mr Leech:** BME staff who are leaving, where are they going? Are they going to other TV companies? The stats that we have been given about other broadcasters, their proportion of the BAME audience is as much as 47.7%, whereas their white audience is 25.6%. Are staff that are leaving you going to these other broadcasters that do better?

**David Abraham:** I will need to follow up and give you specific data, but I would imagine in the creative areas they are going to other segments within broadcasting. Remember, if we have a finance person or a legal person, they could be going to work in another industry. There is some movement going on between industries and we also have compared notes with the legal profession where they have had a lot of momentum. We also know that it is as much to do with social mobility, this point around giving access to people from a wide variety of educational backgrounds, as well as specifically on the BAME agenda.

**Q63 Angie Bray:** The quality of Channel 4 News has been widely acclaimed. Despite that, the audience share seems to have declined by quite a sharp 13% on the last year. Why do you think that decline has happened and why so sharp?

**David Abraham:** The first thing I would say is that the news performance this year is much more stable, which is good.

**Q64 Angie Bray:** Hang on, sorry, a 13% drop in the last year?

**David Abraham:** No, I am talking about this year, in 2014.

**Angie Bray:** Subsequently?

**David Abraham:** You are looking at 2013 data.

**Angie Bray:** I am doing a comparison, yes.

**David Abraham:** Yes. By comparison, there is more stability in the performance this year. We know that it is challenging to put a one-hour news analysis piece on at 7 o'clock against the soaps. It definitely is, but in terms of our contribution to news plurality, what we are doing, we think, is critically important. The figures for Channel 4 news are still significantly above those of "Newsnight" and the reach on a monthly basis approaches 9 million. We do not expect people to watch the whole programme every night, but millions of people are watching some of the programme some of the time. Of course, the programme is divided between a news update and deep analysis into the day's events. People do dip into it. Pleasingly, what we also find is when there is a very big news story breaking the numbers can easily peak at around a million. It has its relevance. It has its resonance with its audience.

We do know that people's news consumption habits are changing, particularly that they come home with all the news headlines in their heads from their mobile devices so they know effectively what has happened. That is where the critical importance of our voices, our reporters, our anchors, our analysts are important. What is very interesting about Channel 4 news is that the key voices on the programme are followed by the audience. We have very high levels of following in social media and blogs for all of the key characters on the programme.

**Q65 Angie Bray:** Does that suggest a particular age group that is following the news?

**David Abraham:** No, it is fairly broad. Jon Snow has one of the biggest Twitter followings in the country. We are seeing that social media engagement with the programme increase and grow. We are also seeing consumption of short-form content that comes out of the programme grow, as we begin to syndicate that and make it available across the internet. There are several strategies we are pursuing, which we believe can help to evolve the proposition and we are hoping that we can build on the stability that we are seeing this year.

**Q66 Angie Bray:** I think it is a little unfair to compare with “Newsnight” and I know you always traditionally do, but “Newsnight” is taking place at half past 10 at night where I think it is going to have a smaller audience. From the figures that you talk about, it would also seem that people who dip in and dip out, but audience reach appears to be measured by somebody watching at least 15 consecutive minutes, so not the full hour, the 15 consecutive minutes, and that has also declined. It is not just about the challenge of a one-hour news programme, is it? It is about even holding people for 15 minutes.

**David Abraham:** Yes, but then we would also say it is about a national conversation. If Channel 4 News is breaking investigative stories, breaking analytical pieces, which ripple out from the programme into the newspapers the following day and are followed by other broadcasters, then we are operating in a different way. I think the reason why we would point specifically to being RTS news programme of the year, and having so many of our key presenters getting that recognition, is that when there are important stories breaking, whether it is Plebgate or the “Palace of Westminster”, which we did, and various other stories that have rippled out, that programme works in a different way to the 10 o’clock news programme or the 6 o’clock news programme on the BBC, which is simply just reciting the news. Are we creating a news agenda or are we simply packaging a news agenda? I would say that we have a great record in creating a news agenda and that is why people keep coming back to us.

**Lord Burns:** We have had this conversation with Ofcom, of course, as well. It is a challenge. I sense no criticism about the content of the programme or the fact of its relevance or the fact—

**Q67 Angie Bray:** But your audience is leaving you so that is the criticism. They are voting with their feet.

**Lord Burns:** What is happening, I suspect, and my own personal view is that in the modern world, as David says, with social media, the fact that people know so much more about what is going on all through the day, it is becoming more difficult to engage people in an hour-long news and current affairs programme. People dip in, they dip out. Some of the excerpts are already available before the programme airs in terms of some of the interviews. The question for us really is: is this form still sufficiently strong and is it sufficiently important that we should continue to try to make a success of it? Our view is that we should. We think this is a very important part of what it is that we do. We bring something that is different. It is a different style of spending the hour but, in a sense, until someone comes up with the sort of observations that Philip was making about the racing coverage that would suggest that there is something that is not being done well

there, I think we have to look at some much wider issues about how people's habits are changing and the way that they are getting both their news stories and their comment as well and the debate.

**David Abraham:** I think that things have—

**Q68 Angie Bray:** Sorry, but, therefore, what you have been saying, that in many ways you decided you do not want to do a news bulletin per se and you are trying to do something different. But clearly what people want and I would have thought part of your public service broadcasting requirement is that you provide a news bulletin of half an hour, or whatever, or you extend it to an hour and turn it into something slightly different. Isn't that something you should be doing? Isn't that what people want? They want to be able to turn on and get their news perhaps from Channel 4 and they are not getting that, as you yourself say, so they are going elsewhere.

**David Abraham:** No, I think that is a slight revision of what we are trying to say.

**Lord Burns:** It is that plus.

**David Abraham:** As you know, when you watch the beginning of Channel 4 News you do get the headlines. The headlines are there. It is not that we are not telling people what has happened. It is just that we are spending more time getting behind the headlines, and that is what people appreciate about the programme.

**Q69 Angie Bray:** It is why they are leaving, perhaps, you might ask?

**Lord Burns:** Well, it is a hypothesis.

**David Abraham:** No, I would say that there are other factors at play in terms of broad media consumption that are playing into this, but the critical thing, one must not only fixate on these numbers because do you, as our legislators, want to see plurality in broadcast news? If you do, then you have that in the remit that you give us and we would say that remains a very important aspect.

**Q70 Angie Bray:** The remit says that you should provide a news bulletin, and you are providing a news bulletin that you yourself say, "We do not really want to do a news bulletin. We want to do something other than that" and you are losing your audience.

**David Abraham:** I did not say that. I said that you can watch the programme and know what happens in the news, clearly, but we are doing it in a different way with more discussion and analysis and behind

the scenes. We are also doing more investigations. I would ask you to pay attention to that point because where are investigations occurring in the news if everyone else is just packaging up headlines? Where are people spending the time doing those long-run investigations that lead to, for example, the Rennard story? These take time, these take money, and they are all linked also to our "Dispatches" programme that has significant impact on the national conversation. Not every time; sometimes we get around a million for it, but sometimes we get 2 million. Now, there are very few "Dispatches" that do not create headlines in the national newspapers on the day. That cannot be said of other broadcasters' news coverage.

**Q71 Angie Bray:** We are not talking about "Dispatches". We are talking about your news bulletin.

**David Abraham:** We are talking about news and current affairs, which is at the heart of our remit, and the two things join together. They do sometimes join together literally in terms of the way one programme flows to the other and they trail, just as "Panorama" is inextricably linked to BBC News.

**Q72 Angie Bray:** It could be argued that that is just erring on the side of being a bit too worthy, worthy but dull, would that be—

**David Abraham:** No. Do you think the programme last night about alcohol consumption was worthy? It featured young people. It was about an issue that affects the whole nation. What is worthy about that? If we do do a programme about Syria—for which we have won many awards—some people might say that was worthy but it is also part of our remit. I make no apology for that whatsoever.

**Lord Burns:** One of the issues that we do wrestle with all of the time is the question of how you judge the quality of programmes, whether there are the variety of ways of looking at it and how far the emphasis should be upon the size of the audience. I think this is an issue that almost all arts and media struggle with a lot of the time, because what we would love to do is to produce programmes that we think are great and which large numbers of people watch. Of course, sometimes you are dealing with minorities. Sometimes you are doing things that are specially tailored towards individual groups. You think you have produced a great programme, but it does not necessarily capture a huge audience. All I am saying is that one has to look more widely at this than simply the question of size of the audience. Although up against the soaps it is always going to be a challenge, but there probably are ways of increasing the audience size but which may well be at the expense of what we believe to be some good quality and some of the depth of what it is that we are doing on individual items.

**David Abraham:** Let me give you a very good example of Lord Burns is describing. We did a programme called “The Cruel Cut” about FGM. The programme was a very tough programme so it could not be shown very early in the evening. I think it was shown at either 10 or 11 o’clock. I think it got a live audience of probably around half a million but maybe on catch-up closer to a million. It was not a huge programme. Was that programme an important programme? Was it a programme that in this institution was discussed and led to you, as legislators, wanting to address that issue? Yes, it was, so I agree with the contention that sometimes you can do something that starts quite small, but which ripples and has a significant effect on the national conversation. Again, I think it is surprising to me that this Committee fixates on one metric and does not pay attention to the very significant level of evidence in this report that the British public understand that, the British public understand what impact is. Channel 4 was not designed to be for all of the people all of the time. It was designed to be for all of the people some of the time—

**Q73 Angie Bray:** That goes for your Channel 4 News every evening at 7.00 pm?

**David Abraham:** Yes, 80% of the country, 80% reach, so it has a huge amount of influence over people. I make no apology for the fact that if 500,000 people became aware of FGM and then that rippled out, that that is more significant. Also, do you believe—

**Q74 Angie Bray:** Let us stick with the Channel 4 News bulletin, which is what has lost the 13%. We are not widening this out into all the other excellent programmes you make. It is your Channel 4 News bulletin that has lost 13% and I would have thought anybody running a news bulletin would find that of concern. I wonder if you want to talk about how you are going to try—

**Lord Burns:** We do think about it a lot. For two years now we have had conversations with Ofcom about this and whether there are things, and indeed, a number of initiatives have been put in place. It is not something we take lightly. As I referred to, we would like more people to watch, but we do not want to simply the change the programme in order to maximise the audience. We have to find—

**Q75 Angie Bray:** What sort of strategies do you have for perhaps broadening the reach of the news bulletin? How many people are looking at Channel 4 News on demand?

**David Abraham:** There are three approaches. One is we have to reach out into the social and digital space more, which we are doing. Clips, social media, all of those things are showing very sharp growth, so the programme lives beyond the bulletin a lot more than it did. People are

following presenters more on their blogs; they are more followed than any other news programme, more than Sky, more than the BBC, more than ITV. We have personalities and voices on our programme that people want to follow.

Then thirdly and critically, we think about how the whole schedule can speak to the news and current affairs agenda. The fact is that the “Benefits Street” programme—which you will note Ofcom commented on yesterday and rejected all of the complaints—created a news agenda, it created an agenda that was discussed on the Channel 4 news and on practically every other news programme in the country. If we can use the platform of Channel 4 to raise issues of national importance in a national conversation, then all of that works together. We do not think it is appropriate to only look at these things in isolation, important though that data is. Let us look at the impact of the whole. The impact of the whole remains incredibly important.

**Q76 Angie Bray:** How many people view Channel 4 News on 4 on demand?

**David Abraham:** Not that many up until now, but we are addressing that in terms of the design of the 4oD service and we are beginning to see consumption in clips grow. That will be quite an important part of the evolution of 4oD that you are going to be seeing in the months ahead.

**Q77 Angie Bray:** So this is something you want to build?

**Lord Burns:** Yes.

**David Abraham:** Yes.

**Lord Burns:** It has been a bit of a minority activity so far.

**David Abraham:** Yes.

**Q78 Angie Bray:** How many choose to view news stories and clips online, do you know?

**David Abraham:** Again, it started from a relatively small base, but it is growing very quickly, and so we will be returning to that in our annual report next year, but this is all to do with syndication and that is something that is now being developed.

**Q79 Angie Bray:** A final question then: are you determined to get that 13% drop back?

**David Abraham:** Again, this speaks to how our audience is measured in the new world. There is something inadequate about the old rating

system, which does not include the online, the on demand, and the social impact media and so on, and its ripple effect that I am talking about. I am not sure that we can row back in time to a world where there were only three or four channels and everyone tuned into a news bulletin. Those days have gone. What we now have to do is to come up with a way of demonstrating the impact in the new world. There is work being done on measurement systems that add together other forms of catch-up to the traditional ratings, which will affect the way the whole industry works. They are being worked on and they are being introduced, so when we look at other genres, we increasingly look at what we call consolidated ratings, where you add together all the various ways in which the programme could be seen over a seven-day period. You are going to see that starting to come in, and in the case of the news, I think some of those measurement approaches will be relevant.

**Lord Burns:** Could I simply confirm this is something that we think about a lot, this is something we care about a great deal. Channel 4 News is very important to us. We think it is a very important part of the definition of the channel and we want it to succeed and we want to make as big an impact with it as we can, but by doing high-quality work, which is inevitably diverse, which is looking in-depth at issues, and not all of those chunks will appeal to everyone. I think we have to recognise that today, when there are so many things on offer. But this is not something we are complacent about or believe that we have cracked. The best way of dealing with news and current affairs in the modern social media world I think is an enormous challenge for broadcasters and we are devoting a good deal of attention to this.

**Angie Bray:** Thank you.

**Q80 Jim Sheridan:** Can I ask about your investments or your activities in the three nations of the UK outside of England? Certainly the figures I have here from your brief are quite frightening. Northern Ireland, for instance, 0.7%; Wales 1.4%; Scotland 3.8%. Do you think there are other activities you could be doing? Ofcom have set a challenge of 9%, almost doubling this. Again, it is somewhat limited, I would suggest, but what are your investment activities and what measures are in place to make sure that you are going to reach it?

**David Abraham:** I think the first thing I would say is that in this report you will see that we spent more money outside London than we have on record, over 50% for the first time, so we have made very good progress there. The 9% you are referring to is a 2020 goal. I think the figure we are working to is around 5%, 5.5% currently and we do exceed that. We have spent £21 million in the nations and regions in 2013 and that was the equivalent of 130 hours of television

that we produced in Scotland, smaller amounts in Wales and Northern Ireland, but some important shows that were in prime time coming out Wales and Ireland, like a programme about Edward VIII did very well, and a documentary called "Countdown to Free Town" from Northern Ireland and several other shows. So it was 5.9% network spend, which was up from 5.4% in 2012, so we are certainly meeting our remit requirements and exceeding them and now we have to set about a programme to get to the 9%, which is going to be challenging. Why is it challenging? Because we cannot dictate where the market is, where resources and capacity are, but we can encourage and we stimulate and we do. We have an office in Glasgow, our team is actively moving around the country all of the time, nations and regions too, to develop talent and to give opportunities of seed money and then create programmes that can move into prime time.

But we feel, given the resources we have and the size of our organisation, that we are making an important contribution. We are going to have to improve that measurement by around a percentage every year over the next five years to get to these targets. As part of our 10-year licence renewal with Ofcom, we have agreed that we will do that, so we have to work with production companies as they evolve to make sure the capacity is there across genres to achieve those goals.

**Q81 Jim Sheridan:** The trade union, Equity, through its broadcasting and issues campaign, certainly encourages producers to move outside London in particular. They have pointed out that there are some increased skills and talents and so on that encourage people from different backgrounds, from different parts of the country. What would you say to Equity in your comments on this issue?

**David Abraham:** We obviously agree in general that the channel has to represent voices from across the nations and regions. If you watch our programmes, let us say if you watch "Gobblebox", for example, we make strong efforts to make sure that the programme exists in different parts of the country, has different voices and different accents and different generations speaking at a national level. We do not disagree that it is good for us as a broadcaster to be doing that but it does become a practical issue of if, for example, we are making a show with a production company, are we moving the manpower to a nation and a region to fulfil a quota or are we creating jobs and creating opportunities in that region because the talent is there? It is always a tension between those two things and I think the last thing that anyone would want is just people getting on trains and planes to fulfil a remit. We have to have capacity.

**Q82 Jim Sheridan:** But people get on trains and planes from the nations to come to London, for instance.

**David Abraham:** They do.

**Jim Sheridan:** So why can that not be reversed then?

**David Abraham:** I suppose partly because it is a free world. If there are more people who want to move down than stay up where they are there is little we can do to stop that. We can positively intervene in order to fulfil these requirements, but it is about knowing that we have the capacity there and not importing it in. I think the point is if there is a strong production sector in Scotland, Ireland and Wales, then people will be less encouraged to move to London, so we completely understand that and we make huge efforts. I can tell you categorically that our creative people spend more time in the nations and regions than other broadcasters and that is definitely the feedback that we get.

We have a great team, led by Stuart Cosgrove, who spends a lot of time in Glasgow and has a home in Scotland, stimulating and encouraging those conversations. We feel that we are taking this seriously and we are delivering to it, but let us not underestimate the challenges either.

**Q83 Jim Sheridan:** Can I perhaps ask the obligatory question: if Scotland decides to leave the UK and you have your 9% target, will you still be attempting to reach that 9% target or will the break-up of the UK impact on your business in any way?

**David Abraham:** I am not sure I am in a position to answer the question, given the need for us to maintain our neutrality during the period when the referendum is occurring, I am afraid.

**Lord Burns:** I think we have to wait and see, first, if it happens and, second, what is the nature of the negotiation that takes place.

**Q84 Jim Sheridan:** No, you see, I think is somewhat disingenuous. Some of the major employers, this is their line, "We are neutral, we do not interfere" but the day after a referendum, if you go for a break-up of the United Kingdom, it will impact on people's lives and people's jobs, so while I would expect your neutrality, what are the potential consequences of the break-up of the UK on Channel 4? I think that is a reasonable question.

**Lord Burns:** No, but I am afraid the reality is Channel 4 is owned by the Government and, therefore, it will have to be one of those items that becomes part of whatever the negotiation that takes place if the referendum was to be yes. As we know, there will then be a period between the referendum and the legislation that comes into play.

During that period, in a sense, we become in play as to what it is that happens to us. We will then have to adjust our strategy depending upon our owners and what our remit is, because the remit will have to be looked at in the circumstances that you say.

Our job, as I have said many times to this Committee, is to deliver the remit that Parliament has set us. If there was to a break-up of the United Kingdom, it seems to me inescapable that that remit will have to be redefined, and that can only be redefined in the context of the negotiation that will take place.

**Q85 Jim Sheridan:** Lord Burns, are you seriously telling me that there is no plan B, there is no potential consequences for this to happen? Your viewers have a right to know what would happen to Channel 4 in a break-up of the UK.

**Lord Burns:** I cannot answer that, because the arrangements are that the two Governments put in place for a post-referendum world has to be the thing that governs what it is that we do. Obviously immediately after the referendum, I suspect life will just go on as it is. Until the negotiations are complete, we will continue to deliver that which it is that we have been asked to deliver.

**David Abraham:** I think the facts are that unlike the BBC, we do not have regional services, so all I would observe is that—

**Lord Burns:** We make programmes and they will be watched.

**David Abraham:** —we are a national broadcaster with a national structure and national advertisers and we will seek to, unless we are told otherwise, continue to fulfil those obligations.

**Lord Burns:** I am puzzled to understand what else it is you think that we can do. In the period following life will go on. We will continue to make programmes. We will continue to commission them from where we are. We will continue to broadcast them and they will continue to be watched. At some point there will have to be a decision made as to what happens to the ownership of Channel 4. That can only take place in terms of the post-referendum negotiation. There will then have to be some legislation if changes need to be made, unless it is going to continue to be a shared ownership, which is one option, I suppose, and then we will have to respond to that.

**Q86 Jim Sheridan:** Therefore, the answer must be, regardless of the outcome of the referendum, Channel 4 will not be affected in any way before the referendum.

**Lord Burns:** Immediately it will not be affected, but I cannot speak for what it is that will be then decided post-referendum as to what happens to the ownership and the remit that Channel 4 has.

**Q87 Jim Sheridan:** Therefore, the day after the referendum you will not come out and say, "By the way, because of the vote, we are going to have to lay off or make people redundant in Scotland"?

**Lord Burns:** No.

**Q88 Jim Sheridan:** You would not do that then?

**Lord Burns:** No.

**David Abraham:** We have a very small office in Glasgow that is focused on delivering to the quotas that are required of us and stimulating creative conversations and I would imagine that—

**Lord Burns:** I cannot possibly speak for what happens after the negotiations, but the day after, I do not expect anything to happen. In fact, many of the programmes that we will be showing will already have been planned and will be underway.

**David Abraham:** We are covering it as an important event. It has been featured on the Channel 4 News a lot. Jon Snow has been up in Scotland talking to people about their opinions, so it is something we have an obligation currently to cover as an important event and we are doing that.

**Q89 Chair:** Can I finally just ask you a couple of questions about your finances? You have seen a pretty significant decline in revenues over the last couple of years and recorded a loss for a second year running. I understand from what you have said earlier that you are forecasting breaking even this year. Is that the case?

**David Abraham:** Yes, and I want to clarify what you have just said. We have not experienced a significant reduction in our core revenues. Our core revenues in 2013 are utterly stable at £846 million in terms—

**Chair:** I am talking total revenue.

**David Abraham:** —of advertising. Where there has been some change—and again, I do think there has been a narrative in this Committee that I categorically want to make sure you do appreciate—is this linear connection between some of the viewing pressure we have experienced and the stability of the revenue model. We have achieved £846 million of advertising revenue; we spent £434 million of that on UK-originated content. Okay, that is a stable story. Where we have experienced some pressure happens to be because of some

comparisons with prior years, where we have had other revenue, such as DVD revenues, where the DVD market—everyone knows—has been in continual decline. If they are talking about decline, that is where there has been decline. We had a very big hit with the *Inbetweeners* two years ago. It created a lot of DVD revenue that on a comparative basis shows a reduction in the other column of our numbers. You will be pleased to know that we made another “*Inbetweeners*” movie. It will be released this summer. I am hoping that it will do quite well. For that and other reasons, we are going to see strength in our advertising revenues and strength in our DVD revenues, although we cannot obviously rely on that every year.

The good news is that we ended 2013 still with £234 million, £238 million, I think, of reserves. That was well above the £200 million threshold that we had set ourselves and agreed with the board, and we drew down less of the surplus than we did in the prior year, about half of what we did in the prior year. The three-year plan is to get to this year with our revenues growing, which we are on track to do. That is partly because we have been helped by the ad market, it is also growing and we are growing in line with that as a sales house. This year we will break even. Who knows, we may even do slightly better than that. In this market, the model remains very robust and the return on investment—that is why this says, “Return on innovation”—remains a model that is working. Further out we do not know whether further structural change will take place, what will be the migration of online revenues to traditional revenues and at what speed, but we would draw your attention to the fact that we had double-digit growth in our online revenues in 2013 and that is continuing in 2014.

It is not correct to say that, because we chose to invest some of our surpluses on developing the business because we cannot go to the city and borrow money, we cannot go into debt. So, in order to develop our model, we have to harbour reserves—rather like a squirrel—and bring out those acorns when we need them on things that are important, which we have been doing. That is not a loss-making organisation that never planned and blundered into a situation where it accidentally made a loss, and it is incorrect and misleading to suggest that that is the case. We planned this over a three-year period. We are over-delivering on that plan and this year the numbers are looking very robust.

**Q90 Chair:** Michael Grade, who has been associated with Channel 4 during quite a large part of his career, has forecast a long, slow decline in advertising share and revenue, leading him to suggest that Channel 4 may at some future date require support possibly from the licence fee. You do not agree with that analysis?

**David Abraham:** I have two ways of answering it. Are we maintaining our advertising revenue because we are delivering in prime time to the demographics? We are, so he is wrong to say that that is in decline. Are there pressures within our overall economics that we can see that are industry issues that could be addressed collectively, such as the cost of distribution, the cost of spectrum, the cost of migrating audiences into the online world? The underlying economic transactions that occurred between the PSBs and the new platforms and gatekeepers, are those creating pressures for us in the future? Absolutely. We are spending £120 million a year on effectively getting the signal into the viewer's home. Would we rather be spending that on programmes? Yes, we would. I do not agree with the direction of his prognosis, but I do agree that all broadcasters are facing new pressures with regard to costs around how to effectively maintain their relationship with viewers in an environment that is no longer going to be singularly a linear transmission system. I think that raises all sorts of broad issues about the shape of PSBs in the future.

**Lord Burns:** I am not at all complacent about this, because every day we have to win our audiences. We are up against immense competition from other channels and from other channels who put on very good programmes. We have two objectives. One is to deliver our remit, to put on some very good programmes; the second is to be able to generate the money commercially that will enable us to finance that. So far we have been able to do that, because we have been very innovative in various aspects of the corporation—as David has pointed out—in terms of the move into digital, the investment we have put into understanding the data, trying to make our advertising more valuable to advertisers by better targeting of the people who are watching. It is a constant competition year by year, but so far we have managed to achieve this. I believe that we have managed to put on a good slate of programmes, which as we have pointed out, have won many awards and have created an immense amount of discussions, and we have held our revenues. What matters is that we should have sufficient revenue to be able to make those programmes and to be able to attract people to watch them.

The world is changing and there is competition that is entering here all the time and we do not underestimate that. That is part of the reason that we wanted to invest some of the surplus that we had accrued between 2010 and 2012, in order to put us into a strong position to meet some of that competition, and we have put a lot of investment into the distribution channels and into the data to enhance the value of our advertising. The notion that there is an inevitable secular decline here I do not accept at all. I think that it is very important that we continue all of the time to look at the Channel 4 model and say, "To what extent are

there requirements that are placed upon us that were put in place at various points in history, because it was felt that the broadcasters were in a dominant position relative to other people that may no longer be relevant for the future in a more competitive world?" I do not rule out that we will want to come forward from time to time with suggestions of how we now feel that the playing field has become biased in other ways.

**Q91 Chair:** Can I ask you a specific on the way in which the playing field may have become biased in other ways compared to the origin? You talked about the fact you had had a windfall because you happened to invest in a movie. Is it not rather galling for you that you can make a lot of money if you invest in a hit movie, but if you invest in a hit TV show, you do not make any money because of the rights? I wonder whether you think that perhaps now that the indie sector looks very different to how it was when the terms of trade were first set, whether you think the time has come to re-examine the terms of trade.

**David Abraham:** It is something that we discuss with the board regularly. Up until this point, we have not felt that we were not able to negotiate within these as they increasingly become non-qualifying on a level playing field, because of course so many of our indies are now bought by larger companies and, therefore, we are not restricted in the way that we negotiate with them as we would, rightly, if they were true indies. But there are some things that we think we can do that sit outside regulation currently, and we took the view a year ago that we could invest directly in equity stakes in some of the smaller companies that we work with, because we felt that there was an opportunity to help them grow. So many of these companies have consolidated, so many of them have merged and many of them are now owned by American studios. What could we do to stimulate the next generation of younger companies? We have set up a growth fund and we have agreed that there is an allocation within our reserves of £20 million that we could put into those companies. We had a lot of interest from small companies. A lot of them have come forward and we are processing their applications. Later in the summer, we are reasonably confident that we can announce that Channel 4 will take minority positions in a small portfolio of growing companies. When we talked to PACT, the industry body, we know that there is a challenge to get from a turnover of £2 million or £3 million to get to £10 million. It is a long road and there is lots of stops and starts, so if Channel 4's investments can help companies go from one-man bands into being more sustainable, then we will have made an important contribution to the industry. Also, to your point, we have applied some of our reserves in such a way that in the future, if some of those companies do really well, we can share in a modest and fair way in those outcomes.

**Q92 Chair:** That is a way in that you are seeking to get a return within the existing system. My question to you was: do you think the time has come to re-examine the system itself?

**Lord Burns:** I think this is one of the issues, with a number of others, when it comes to the broadcasting reviews, because it is very important that we are all conscious of where there are regulations in place and the requirements that are placed upon us or places where we have some special favours that have been granted to us, in the sense that these continue to be looked at as the whole broadcasting world evolves. We do not at this stage want to come to a view about the issue of the terms of trade, because we have managed to work our way around this as it has changed, but if you were taking a five-year, a 10-year view, I think it is one of those things that would have to be looked at. Issues with transmission fees is another type of issue that comes up, the cost that we have in terms of our spectrum and the costs that we have, is there some way of sharing these among some of the public service broadcasters? It seems to me there are quite a lot of agenda items that would come into that that need to be looked at as a whole if we want to keep a vibrant not-for-profit sector operating in the UK in parallel with the very strong commercial sector that we have.

I think it is important that we do keep an open mind about some of these things and not think that, because things were put in place many years ago when the world was very different and where the broadcasters were very strong, everybody else felt that they were beholden to the broadcasters. Things have changed significantly. A lot of these things one should keep an open mind about if we are going to keep companies like Channel 4 playing the role that we think it really still has.

**Q93 Chair:** You are not campaigning yet?

**Lord Burns:** We are not, no, but we would rather look at this in the sort of broader context.

**David Abraham:** The Ofcom review, I think we are seeing Ofcom this week. The public service review will give an opportunity to have a wide-ranging debate and one that is interconnected, because I think a lot of these things do interconnect. At the end of the day, I have the greatest respect for Lord Grade. He did a wonderful job to help build Channel 4 into what it is, but I also know that he worked for some time at ITV. The marketplace sees the £846 million that we earned from the commercial marketplace and obviously they see that as an opportunity, but I would also note that we spend more as a proportion of our revenue on programmes than any other broadcaster in this country because we are not returning money to shareholders. We spend 67% of our revenue on programmes. It is much higher than any other

broadcaster, I believe including the BBC. We are a very lean machine that stimulates a lot of economic activity and we did that originally with some privileges in terms of EPG prominence, with some privileges in terms of spectrum, all of which obviously have eroded over time, so we agree with the general underlying spirit of the question, which is if you were inventing this model today with the structure and competition that exists today, what could you do to support it in the future, not in a protectionist way, not in a way that was anti-business in any way whatsoever—

**Lord Burns:** Or programme subsidies.

**David Abraham:** —or a subsidy, and we have always philosophically believed that we want to pay for our own programmes. We think that is an important part of our DNA. We are clearly not going broke. We believe in the model. I worked my entire life in the commercial sector and I see hundreds of millions of pounds of value being created through the commissioning that we do. The major company that made “Benefit Street” for us, which has a significant proportion of its turnover with Channel 4, this week it is said is being bought by Sky. Good for them. They have built a great business that has value, where there is international distribution that can come in concert with selling, but the value, the risk capital that came into that company came before we are a not-for-profit taking creative risk.

There is a brilliant ecosystem at play here that we as a nation should think carefully about safeguarding for the future, because at the end of the day, the golden goose—to go back to the Prime Minister last night—of the British creative economy is based on intelligent intervention. It has been designed brilliantly so the ecosystem has balance. We have all these players competing with each other with different models. Within that, what Channel 4 is doing—not the biggest, but definitely, in my view, the bravest broadcaster—is taking those creative risks that create that economic value down the line, because production companies do not make a name for themselves by copying what everyone else is doing, they build their businesses by doing things that are new. They have to have a broadcaster like Channel 4 that is prepared to do that. That does create tensions and it creates loads of creative debate, but it is incredibly valuable and we do think we should all think carefully about how to sustain that in the future.

**Chair:** That is all we have. Thank you very much.

