

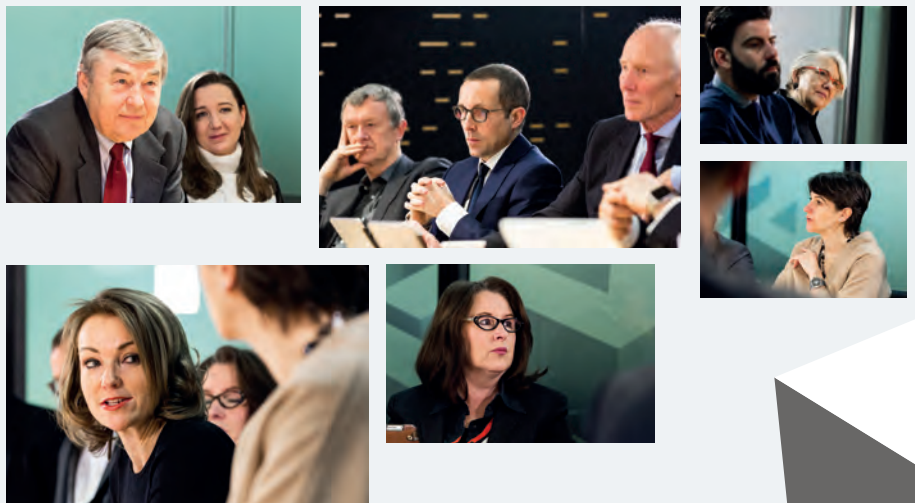
# Chair's Statement

**Charles Gurassa**  
Chair

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My first few months as Chair of Channel 4 have underlined to me the unique role Channel 4 performs as a public service broadcaster. At its heart is its commitment to innovation, to creating new programmes, to reaching out to important and diverse audiences underserved by others, to stimulate debate and present alternative views and to be a platform for new talent from around the nation.



Its publisher/broadcaster model delivers hundreds of millions of pounds of investment into the independent creative sector in the UK, enabling the nations' independent producers to grow and prosper in a highly competitive global market.

Most importantly it delivers this public service at no cost to the public, its success in the advertising market enables it to self-fund all its programming as well as invest prudently for the future. The year just concluded has been one of good all round performance at the Channel, audience share for the main channel is up, there has been strong delivery of the remit and the financial performance has resulted in a surplus of £26 million, with £20 million of this allocated to the content reserve. Channel 4's healthy financial position will enable there to be more investment in both television and film content in the year ahead as well as further development of the All 4 digital on-demand platform. The Board will continue to review and consider carefully the appropriate balance of investing to enhance future delivery of the remit and commercial performance whilst ensuring prudent levels of reserves.

The environment in which the business operates continues to evolve at a rapid pace, with changing viewing habits and the increasing importance of digital markets. Channel 4 is responding to these challenges well. The launch of All 4 has delivered growth in digital viewing audiences and growing engagement with young audiences with over half of all 16–34-year-olds now registered with All 4. Digital revenues are growing rapidly demonstrating that the capability to use more sophisticated data is working well for Channel 4's clients as well as its viewers. Channel 4 will continue to invest in its digital and data strategy and in support of All 4 to drive further growth in viewers, attract younger audiences and offer attractive and intelligent platforms for advertisers.

As is publicly known, the Government has stated it is reviewing options for the organisation's future ownership and as I write we await further news from that process. In the meantime it is my responsibility as Chair to ensure the Board retains full focus on the fulfilment of Channel 4's statutory functions.

This report demonstrates that Channel 4 is performing strongly on both its public service remit and on its financial parameters. Channel 4 has met or exceeded all its specific licence obligations; levels of news and current affairs output, access services – including the introduction of subtitling on iOS devices – and production targets for originated, independent and regional production. In addition the Channel measures and independently audits its performance across a number of quantitative and qualitative measures to assess its creative output and the impact it makes. The results underline the distinctive role Channel 4 plays in British broadcasting. From its in-depth news and current affairs and peak-time documentaries to contemporary drama, award winning films and risk taking comedy the Channel continues to be an innovative, contemporary and alternative voice.

In reviewing performance, the Board has also been mindful of the input from Ofcom and has consulted with Ofcom during the course of the preparation of this report. We have further strengthened the process of engagement with Ofcom this year, with detailed discussions between senior Executives of Channel 4 and Ofcom earlier in the process.

We note the endorsement given by Ofcom in its five-yearly review of Channel 4's public service duties last year. On the specific points raised in response to last year's report, and in particular regarding older children, international and diversity output and the reporting of the Channel's activity in the Nations, the Board is satisfied with the progress that has been made and will continue to monitor these areas carefully.

Commercially, Channel 4 ended the year on a very sound footing with record revenues and particularly marked growth in digital related income. This positions the business well for the future, a view endorsed in two recent external reports from EY and Enders Analysis<sup>1</sup> consistent with the report and findings of Ofcom when they renewed Channel 4's licence for a further ten years in 2014. These two external reports looked at the organisation's long-term financial sustainability against the background of a fast changing increasingly digital environment and both independently concluded Channel 4 was well positioned to meet the challenges ahead.

On arrival I have found Channel 4 in good heart and good shape. Since arriving here the Channel has won Channel of the Year, Media Sales Team of the Year, Advertiser of the Year, numerous Royal Television Society awards, three Oscars and received 22 BAFTA nominations, reflecting the creative and vibrant culture of the organisation today. I would like to thank Lord Burns, our former Chair, for his excellent stewardship over the last six years. I would also like to thank Mark Price our former Deputy Chair who stood down from the Board in April 2016 to take up a new role as a government minister. My thanks to all my new colleagues on the Board at Channel 4 for their contribution and support over the last year and most importantly to all the team at Channel 4 whose hard work, dedication and creative inspiration has made Channel 4 what it is today.

I am very much looking forward to working with all my new colleagues and our partners in building on that success.

<sup>1</sup> These reports are available online via the Channel 4 press centre.