

# Opening everything up for everyone

Chief Executive's Statement



2021 saw Channel 4 enthral audiences, deliver on its remit and successfully continue its transformation into a digital, young PSB. It was a strong year creatively and Channel 4 has never been more representative of the entirety of the UK.

creating change

levelling in

Alex  
Mahon

creating change

levelling in

# Chief Executive's Statement continued



It's A Sin

Big moments included the 2021 Tokyo 2020 Paralympic Games (in which we covered more disabled sport than ever and featured a team of 70% disabled presenters) and the Black to Front Project (a world first in which we dedicated an entire day of programming featuring only Black talent, stories and contributors in order to make a step change in the industry), alongside distinctive programmes that only Channel 4 would make, such as *It's A Sin*, *We Are Lady Parts*, *Help* and *Davina McCall: Sex, Myths and the Menopause*.

Representing and reflecting our audiences is key within our content – but also in the make-up of our staff. Channel 4 made strong progress on equitable representation in 2021. With 18% of our staff being ethnically diverse, we are on track to reach our 20% target by next year. Crucially, we have also seen strong progress in our Top 100 leaders, nearly doubling the proportion of ethnically diverse leaders from 9% in 2017 to 17% in 2022. It is important that the externally-appointed Channel 4 Board equally reflects the diversity of the UK, and we hope to see this improve in due course, to ensure it is more closely aligned with our ambitions.

Channel 4 is an anti-racist organisation, and we pride ourselves on a culture that is both inclusive and diverse. We know that we can – and must – go further and we are determined to remain at the forefront of driving lasting, positive change across the creative industries and throughout the UK. It's at the heart of what we do and why Channel 4 exists.

## Innovation and creativity

Through innovative partnerships and deals, in 2021 we created several key moments of shared national joy, bringing major sporting events to a free-to-air audience. These included the momentous US Open Tennis final featuring Emma Raducanu's historic win, Test Cricket on free-to-air for the first time in 16 years, the nail-biting Formula 1 finale between Lewis Hamilton and Max Verstappen, Paralympic sport and more. I'm delighted that we were named Sports Network of the Year 2021 at the British Sports Journalism Awards.

We also supported British creativity by experimenting with new shows, such as *Murder Island*, *I Literally Just Told You* and *Moneybags*. We worked hard to keep our best-loved brands, including *Gogglebox*, *The Great British Bake Off* and *Taskmaster*, feeling fresh. And we successfully grew our new returning brands, such as *The Dog House* or *Grayson's Art Club*. Off the back of this standout year, although our share of commercial impacts ('SOC') among 16-34-year-olds declined slightly, we recorded a second consecutive year of growth across our portfolio viewing.

Despite the ongoing pandemic, our film business Film4 Productions, had its busiest year in some time. In 2021, Film4 released 13 new films – including global hits such as *Everybody's Talking About Jamie*, *Last Night in Soho*, *Passing* and the Palme d'Or winning *Titane* – reaching audiences in cinemas and streaming platforms. We also shot 12 films during the year, including exciting new projects from established directors as well as an exciting and diverse slate of debuts and films from newer names, such as Soudade Kaadan, Mark Jenkin and Babak Anvari.

2021 has been a year of British creativity and digital excellence for Channel 4, ensuring that we are able to continue our ambitions to support the creative industries and level up the UK.



Passing



Murder Island



## Digital acceleration

Digital acceleration remained a key priority throughout the year, as we continued to excel as Britain's biggest free streaming service. We grew streaming views by 21% in 2021, continuing the strong growth we experienced in 2020 (26%). This demonstrates that our strategy has been successful and we ended the year in a position of digital success and strength, ahead of our broadcast peers in the UK and other territories.

We exceeded 1.5 billion views on All 4 for the first time ever (+21% year-on-year), reflecting the success of our digital-first approach. We are well on our way to achieving our Future4 target of 2 billion views by 2025, a central goal of our strategy, to ensure that Channel 4 remains relevant in an increasingly digital viewing landscape.

As a proportion of total Channel 4 viewing, streaming accounted for 13.1% of viewing, against 9.2% in 2020 – a significant increase that demonstrates Channel 4's commitment to digital acceleration, and is above the market average: for example, streaming accounted for around 4% of ITV's viewing in 2021. We also accelerated our approach to reaching audiences on social media in 2021, achieving over 11.3 billion views of social media content from our Leeds-based 4Studio business. 4Studio also became the biggest social media portfolio on YouTube and Facebook for UK 18-34-year-olds, reaching more of this group than any other global brand.

## Record financial performance

Despite the continued effects of the Covid-19 pandemic, 2021 was a record year for Channel 4 financially, with the organisation exceeding £1 billion of revenue for the first time ever, to £1.2 billion (+25% year-on-year).

Of this, 19% stemmed from digital advertising revenue (against 17% in 2020), ensuring that we are on track to reach our target of 30% of revenue from digital advertising by 2025. Switching our revenues to digital rather than linear advertising is critical for our future growth.

As a result of our strong financial performance, we achieved a record result for the second year running, recognising a pre-tax surplus of £101 million. This record surplus will allow us to invest even further in content in 2022, even against a backdrop of economic uncertainty. From the outset 2021 was a year of significant reinvestment following reductions in content spend in 2020 due to the pandemic. In 2021, we invested £671 million in content, which was above pre-pandemic levels. Of this, £492 million was invested in originated content.

Supporting the UK's creative industries – and in particular the independent production sector – is why Channel 4 was created. We're able to support the production of British IP and help to grow innovative SMEs across the country.

## Levelling up the UK

Only two years into our programme of work, Channel 4 is firmly embedded in the UK's Nations and Regions. Our 2023 targets when we announced our locations in 2019 were to voluntarily increase our Nations and Regions production spend from a quota of 35% to 50%; to establish our National HQ in Leeds and open two Creative Hubs in Bristol and Glasgow, which would be the home of up to 300 Channel 4 jobs; and to co-anchor the news from the Nations and Regions.

I'm very proud that we have achieved all of these ambitions two years ahead of schedule, a demonstration of our commitment to levelling up the country.

In 2021, 55% of our originated content spend was sourced from suppliers in the Nations and Regions, the highest level ever. We opened our National HQ in the Majestic building in the heart of Leeds in 2021, in addition to our offices in Bristol and Glasgow; and these are now the home of over 300 Channel 4 roles. And in 2021, we also started to co-anchor the news from across the Nations and Regions.

Across the UK, our teams work and collaborate with SMEs on a daily basis, helping to tell their stories and supporting their economic growth.

## Investing in the next generation

In order to find, nurture and develop talent, and to open up opportunities in broadcasting, we turbocharged our Leeds-based training and development initiative 4Skills. This is a key part of our 4 All the UK strategy, helping to address skills gaps and remove barriers in order to ensure that off-screen talent can have a long, productive career in television without needing to be in London.

In 2021, we announced that we were expanding the 4Skills programme so that our initiatives would help 15,000 young people every year. This is an investment worth £5 million annually and includes: a new digital academy with placements for young people from lower socioeconomic backgrounds, a new pan-UK schools engagement programme (4Schools), and a new on and off-screen training programme for people with disabilities.

This year marks 40 years since Margaret Thatcher created Channel 4 and we are proud to continue enhancing our public contribution, spreading more opportunity across the country – on and off screen and through our supply chain.

In April 2022, the Government published a White Paper setting out its decision to proceed with a change of ownership for Channel 4. In our engagement with Government, we proposed a vision for the next 40 years of Channel 4, which we were confident would allow us to build on the successes of the first 40. That vision was rooted in continued public ownership, and was built upon the huge amount of public value our model has delivered to date – and the opportunity to deliver so much more in the future.

But ultimately, the ownership of Channel 4 is for Government to propose and Parliament to decide. The decision to privatise will inevitably have an impact on the organisation; existing risks may be amplified or new risks may emerge, all of which must be managed as we continue to deliver on our remit.

Our job is to deliver what Parliament tasks us to do, and if or when that changes, I am confident that this incredible organisation will respond with the relentless energy it has always displayed in pursuit of its goals and the remit – making incredible shows for our audiences, creating opportunities for young people and supporting the creative industries across the UK.

Thank you to all of my colleagues across the business, the Channel 4 Board and our creative and commercial partners for your ongoing support.