



**Response to the DCMS consultation on Channel 4:
'Increasing the Regional Impact of
Channel 4 Corporation'**

June 2017

INTRODUCTION

1. Teledwyr Annibynol Cymru (TAC) is the trade association representing independent TV production companies in Wales. There are around 50 Welsh companies producing a wide range of Television and other content in genres that include children's, drama, comedy, factual, documentary, animation, entertainment, music and sport.
2. TAC members make content for UK network broadcasters, including Channel 4, in many genres. Their programmes and formats are sold to territories around the world and they are also involved in many international co-productions. Members also make content for the Wales-based broadcasters such as BBC Wales and S4C.
3. The independent TV production sector plays a critical part in the development of talent and skills, which must be maintained to meet the growing demand for UK content. TAC's comprehensive new training initiative plans to roll out up to 54 courses over the next 12 months. These will include: technical skills; statutory requirements; all aspects of running a production; high-level workshops on rights exploitation; continuing professional development for mid-career workers; a parallel upskilling programme for freelancers; post-graduate work placements; and masterclasses and feature lectures. Many of these ventures will be run by partnerships formed with several sectors, including the Welsh Government, academic institutions and other bodies within the independent sector.
4. TAC members support Channel 4 as an important part of the UK's 'eco-system' of PSB and commercial broadcasters. Together they provide a wide range of content, and constitute a vibrant market within which independent producers can pitch a broad scope of ideas, depending on any given channel's remit and focus.
5. TAC strongly put the case to Government for Channel 4 to remain in public ownership, and welcomes the Government's recent commitment to this.
6. Following on from this, it is important to ensure Channel 4 is adequately serving the whole of the UK, and independent producers based in Wales therefore greatly welcome this latest consultation. We are pleased that its scope encompasses Channel 4's impact on the UK's nations, as well as the 'regional impact' indicated in the title.
7. C4 engages with the independent sector in the Nations more than the other network broadcasters, however more can be done and steps should be taken to increase in a sustainable way C4's interaction with producers in all the nations, not least Wales.

Answers to Consultation Questions

QUESTION 1

Question 1(i). To what extent do you agree/disagree that Channel 4's regional impact would be enhanced if more of its people and activities were located outside London?

Question 1(ii). Following on from Question 1 (i), what location(s), if any, would make a substantial impact and be suitable for an increased regional presence for Channel 4 outside of London?

Question 1(iii). To what extent do you agree/disagree that there are strong arguments for specific parts of the business remaining in London?

Question 1(iv). Following on from Question 1(iii), please state which specific parts of the business should remain in London, if any, and please set out the reasons why.

8. Channel 4's relationship with the UK is based on its producer relationships. As a publisher broadcaster, it does not make any of its own programmes. Whilst many production companies are based in London and its environs, equally there is a healthy range of production companies around the rest of the UK, and not least in Wales, whose sector seeks to engage with all the UK broadcasters, both PSBs and commercial. However there is a general feeling amongst companies in Wales that there remains a tendency amongst many commissioners to prefer the perceived convenience of having a producer based nearby, and there is not enough work done by PSB broadcasters to reach out to production centres around the country.
9. One answer could be to move Channel 4's headquarters. There is an argument that says that relocating from London could potentially increase Channel 4's recognition of talent outside London, and outside urban centres. And as the consultation paper states, it is not reasonable to expect producers always to travel to London. But to use Wales as just one example, moving Channel 4's headquarters does not necessarily make access easier to many producers. TAC's producers are based all around Wales and therefore proximity to C4 would either increase or decrease depending on its new location. Equally, having Channel 4 based in the capital city, which is a global media hub with many major UK and international broadcasters present, means that one visit by a producer to London can allow them to meet several different commissioners, including those at Channel 4.
10. Furthermore, a wholesale move would cause a great deal of cost and disruption to a broadcaster that has far fewer resources than the BBC, which itself found its move to Salford, though undoubtedly beneficial to that local economy, a costly exercise. In addition, and despite their closer proximity to Media City, some TAC members in North Wales have found that BBC commissions have not necessarily been easier to come by as a result of the move.
11. Therefore the answer perhaps lies more with the overall strategic approach to commissioning, rather than where the headquarters is based. Channel 4 is in a good position to adjust its commissioning strategy, as it commissions all of its content from external companies, rather than maintaining in-house production facilities which are tied to a particular geographical area. With independent production companies being based all around the UK, Channel 4 can therefore relatively easily increase its targets for out-of-London spend, and specifically in the nations.
12. The consultation refers to an 'increased regional presence' for Channel 4, but Channel 4 needs also to enhance its engagement with producers in the nations, and not least Wales, where unlike Scotland there is no established Channel 4 presence. The ad hoc engagement process that exists at present is not always well publicised and leaves many producers in Wales feeling as though Channel 4 is not interested in hearing their ideas, or being able to put them into local context through visiting the producer, rather than the other way round. What is therefore needed in

Wales is a formal system of more regular meetings, where commissioners come to meet a range of producers.

13. TAC would therefore like to see a requirement for Channel 4 to publish annually a timetable of regular commissioning meetings in the nations, including both North and South Wales, with each location visited at least twice per year by a range of genre commissioners.
14. Whilst we do not argue for a wholesale move, Channel 4 should, as per its base in Scotland, have some form of established permanent presence in Wales. At the very least there needs to be a Channel 4 indie executive/commissioner for Wales, who could work from shared premises to reduce costs, to increase engagement with local producers and provide an easier access point for the local production sector.

QUESTION 2

Question 2(i). To what extent do you agree/disagree that increasing Channel 4's nations commissioning quotas would be an appropriate and effective way to enhance Channel 4's impact in the nations?

15. As Channel 4 searches for ways to enhance its distinctive offering in the light of falling viewing figures, having a greater input from producers in Wales - using unique locations, stories and perspectives - can only enable Channel 4 to better reflect Welsh audiences.
16. Clearly a greater nations quota would encourage further engagement with the production sectors in the nations and a growth in commissions, and therefore impact, both on audiences in the nations and around the wider UK. And having this as a firm requirement, rather than being voluntary, will give producers around the UK reassurance that Channel 4 will have continuing commitments to the nations. While this would not in itself guarantee any specific producers more commissions, the greater access in itself can give business greater confidence and encourage production talent to remain located in Wales, and the other nations rather than gravitating to London as is currently the case.

Question 2(ii). To what extent do you agree/disagree that increasing Channel 4's regions commissioning quotas (in relation to England) would be an appropriate and effective way to enhance Channel 4's regional impact?

17. As our members are based solely in Wales we do not offer a view on this matter.

Question 2(iii). Following Question 2(i) and (ii), what level of increased quotas do you think should be considered (if appropriate)?

18. TAC would like to see a development of Channel 4's commitment to the nations. Currently Channel 4 is set to reach a target of 9% spend in the nations by 2020. We would like to see further phases added to this process to bring nations commission up to the appropriate level. An overall quota could be based on the proportion of the UK population (19% based on 2015 census) living in the nations. This is a perfectly attainable target if phased in over time. Lessons from Channel 4's creation, which saw a large rise in the number of independent TV production companies when the publisher-broadcaster was first created, through to increased commissioning opportunities from the BBC and others, have consistently shown that supply increases to meet greater demand, at no cost to quality. In the case of specific production sectors within the nations, this growth can lead to an increase in the diversity of voice, ideas, visual representation and culture.
19. A two-stage approach to attaining further rises in Channel 4's nations quota – the first being a rise to 15%, to be reached by 2025, the second a rise to 19% in 2030.

TAC proposal for future required Channel 4 minimum spend on production in the nations		
Phased requirement	Year target must be reached	Channel 4 required minimum commissioning spend in the nations
Phase 1 (current requirement)	2020	9%
Phase 2 (proposed)	2025	15%
Phase 3 (proposed)	2030	19%

20. Within that overall 19% we suggest for the nations, it is important to note that the resources needed to provide enough programming to properly represent a nation does not directly correlate to the population of that nation. In fact there is an argument that says the level of spend and hours needs to be roughly equivalent in order to present each nation on an equal basis. Dividing the nations quota formally between each nation could amount to being overly bureaucratic but a greater overall level of nations commissioning, plus an increased Channel 4 presence in Wales, would create the ideal situation for more commissions and a more varied offering from Channel 4, which better meets nations' audiences expectations and projects Wales better.
21. Whilst we understand the drawbacks of having specific spend requirements for each nation individually, there would need to be a requirement for Ofcom to monitor the spread of Channel 4's nations spend to ensure it shows a wide range of indies from all of the UK nations was being commissioned, even if the amount from each nation from varied year to year. The current situation is a case in hand. According to Channel 4's most recent annual report, the proportion of spend in Scotland 6.2%, compared with 2.6% in Wales¹. We would argue that spend should be more equitable.

Question 2(iv). Do you think that Channel 4's regions and/or nations commissioning quotas should change in any other way?

22. Whilst producers in Wales demonstrate regularly that they can make programmes that have a generic nature, equally they have shown they can bring the specific natural and cultural characteristics of the nation to the fore. This makes for a more varied viewing experience as the audience see people's lives and stories from different parts of Britain. There could be a requirement for not just more programmes coming from the UK nations, but that a 'suitable proportion' of them should represent that nation's people, culture, perspectives and stories.
23. While TAC would not wish for an overly-prescriptive approach, we believe a requirement added to Channel 4's remit which Ofcom would measure according to some agreed metrics around whether stories are overtly set in that nation and feature issues or aspects which pertain to that area specifically – Wales examples could be programmes on the annual Eisteddfod festival, Welsh music concerts, plus Channel 4 could be commissioning more content that reflects Wales's comparably rural environment. For example the internationally-acclaimed *Y Gwyll/Hinterland*, made by the Wales indie Fiction Factory, has mainstream appeal whilst showcasing the unique Welsh landscape and way of life in Mid Wales, plus other cultural touchstones help create its unique and captivating atmosphere.

¹ Annual Report 2015. Channel 4, 2016, p23

24. In addition Channel 4 could look to develop its current development funding. Some indies in Wales have taken advantage of the Alpha Fund, but the scope of this fund is limited. TAC would therefore like to see a development fund specific to the Nations to be set up, not just a fund supporting new and emerging indies.
25. Channel 4 is currently fairly prescriptive when it comes to choosing key talent, insisting on indies hiring people with a significant track record. It needs to recognise that if a relatively new talent works with an experienced company on a production it is a good way for them to develop their skills and experience.
26. We note that the Government's plan to pilot a public service contestable fund, with nations and regions programming as one of its priorities, means that there could be some additional funding available for Channel 4 to commission nation-specific programmes from indigenous production companies.

QUESTION 3.

To what extent do you agree/disagree that Channel 4 taking shareholdings in production companies in excess of 25% would be an appropriate and effective way to enhance Channel 4's sustainability and regional impact?

27. We would again state that the UK's eco-system of PSB and commercial broadcasters, with their contrasting revenue models and remits, works extremely well. Supported by the protection of its intellectual property in the 2003 Communications Act, the independent production sector has been able to exploit its content and build businesses of equally varied size and scope based all around the UK.
28. Channel 4 more than any other broadcaster was created to provide a boost to the independent sector as a whole, growing diversity and creative competition in production. In its own reporting it rightly highlights the fact that in any given year it works with a greater range of production companies than any other public broadcaster, and helps to develop new companies and emerging talent.
29. TAC's concern therefore is that allowing Channel 4 to increase its stake in specific companies could run counter to this important aspect of its remit, potentially causing it to more narrowly focus its efforts on certain companies in whom it had a significant financial interest, in order to obtain a greater return on investment.
30. In addition, Channel 4's recent strategy has been to invest the maximum 25% in an independent production company, with a view to achieving growth and then a sale from which Channel 4 takes a profit. However this is not a universally applicable model, as some companies do not want to sell, and this is more likely to be a greater factor in the nations where companies are potentially more attuned to ideas of belonging and wanting to retain their cultural identity. TAC would therefore recommend that the Government encourages Channel 4 to look at an alternative model of investment that is not linked to market sale.

QUESTION 4.

Do you have any views on whether more could be done, including by the commercial PSBs, to strengthen regional creative clusters and provide for audiences outside London, thereby strengthening the regional impact of the public service broadcasting system as a whole?

31. TAC welcomed the maintaining of BBC quotas for the nations as a result of BBC Charter. Since then the BBC has made announcements regarding additional spending in Wales and Scotland, although in Wales many were disappointed that the provision of additional services, and a much

greater level of spend, in Scotland, for example and additional radio station, showed a greater focus on the latter nation².

32. There was also concern amongst TAC members at the announcement by the BBC last year that it was appointing a children's commissioner for Scotland and Northern Ireland, but not Wales. TAC is currently raising with the BBC the question of why this decision was made or whether there are corresponding plans to have such a post for Wales. This is of particular concern as Wales-based production companies have a strong track record in children's TV, including providing the children's service *Cyw* for S4C and other programmes such as *Paw Patrol* for a range of broadcasters.
33. Away from the BBC, we would welcome any steps that could be taken to increase the level of investment in the nations by the other PSBs such as **ITV** and **Channel 5**. As with Channel 4, there is rarely any real willingness shown by these broadcasters to visit different areas of the UK, to discuss ideas with producers in the area in which they are set to fully understand the context and possibilities.
34. **S4C**, which like Channel 4 is a publisher-broadcaster, is a crucial investor in production companies all around Wales, in a wide range of genres. It also works with independent producers in the nation to championing Welsh production via co-productions such as *Y Gwyll/Hinterland* and *Philip Jones Griffiths: Ffotograffydd Rhyfel Fietnam*.
35. Prior to the election, the Government planned to review S4C, with a view to establishing a more stable funding model and refreshing its governance and remit. We expect this review still to take place. It is vital for the culture and creative economy of Wales that the outcome of this review is an increase in S4C's funding for the production of original content, linked to inflation. Allied to this is the need for a continued commitment to be a publisher-broadcaster, working with a wide range of indigenous production companies to produce content across many platforms.
36. S4C's iPlayer figures show it has appeal above and beyond the borders of Wales. TAC has been recommending that the Government increase S4C's funding to allow it the estimated £6m it will require to be fully present across online platforms. In addition the Government should increase the total public funding element (i.e. DCMS funding plus TV Licence Fee element) by 10% to allow S4C to bring down its 57% rate of repeats and continue to invest in high-quality content in a range of genres for people in Wales and beyond to enjoy.
37. The Government must also link all public funding to inflation, which is an ever-more pressing issue as we see inflation rates beginning to rise. As S4C's recent report 'Pushing the Boundaries' states: 'stability of funding should be linked to a transparent process by which the level of funding is set for a specific and substantial period, such as five or ten years. This is the time-honoured convention with regard to the BBC, and as the only Welsh language TV content provider, S4C should be subject to similar levels of security and stability of sufficient funding'³.

² BBC Scotland channel prompts 'insult' to Wales claim. BBC news website, 22 February 2017. <http://www.bbc.co.uk/news/uk-wales-politics-39052154>. Accessed 20 June 2017

³ Pushing the Boundaries. S4C, April 2017, p49