

Channel 4's contribution to the UK

EY report for Channel 4

April 2021

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1. Executive summary

1.1 Channel 4 commissioned EY to assess its economic, social and cultural contribution to the UK and its Nations and Regions

As a public service broadcaster (PSB), Channel 4 has a remit to be distinctive, innovative, risk-taking, to offer a platform for alternative views, to nurture talent, and to support diversity. Channel 4 was deliberately established as a publisher-broadcaster, meaning that it commissions all of its programming from the external TV production sector, rather than through in-house production operations, to support the development of the external production sector. Additionally, Channel 4 is subject to a quota requiring it to commission at least 35% of its first-run original content¹, in terms of both hours and spend, from the Nations and Regions of the UK². Channel 4 also makes a wider contribution to the UK broadcasting ecosystem by supporting emerging talent, investing in the external production sector, and driving diversity.

In October 2018, Channel 4 announced a major structural shift in its presence in the Nations and Regions as part of a new strategy called '4 All the UK'. This strategy included a voluntary commitment to increase Channel 4's spend on first-run original content in the Nations and Regions from 35%, per its quota, to 50% by 2023. Channel 4 is making progress on this commitment: spend for its main channel on commissions from the Nations and Regions was 47% in 2020. The strategy also includes a commitment to establish a new national headquarters in Leeds, and to establish new Creative Hubs in Bristol and Glasgow, marking Channel 4's biggest operational change since its inception. The new national headquarters and Creative Hubs will be home to 300 Channel 4 jobs when fully established³.

In light of this change in Channel 4's strategy, Channel 4 has commissioned EY to assess its economic, social and cultural contribution to the UK and its Nations and Regions. To conduct this assessment, we have carried out:

- ▶ **Quantitative economic analysis** of Channel 4's economic contribution to the UK and its Nations and Regions in terms of its contribution to the economy (measured as gross value added or GVA), and jobs; and
- ▶ **Case study analysis** of Channel 4's social, cultural and economic contribution to the UK and its Nations and Regions.

Our analysis is based on a mixture of data and information provided by Channel 4, publicly available data and information, and interviews with relevant experts. Our findings are summarised in Sections 1.2 and 1.3, and are set out in detail in the remainder of the report.

1.2 Channel 4 contributed £992m to the UK economy in 2019, including £274m to the regional economy

We assessed Channel 4's economic contribution to the UK and its Nations and Regions in terms of its contribution to the economy (gross value added or GVA) and jobs. Our analysis considers three types of economic impacts:

- ▶ **Direct impacts:** We analyse the economic impacts driven directly by Channel 4, such as Channel 4's GVA (or contribution to the economy) and the number of employees hired by Channel 4. The direct impact consists mainly of the income received by Channel 4's employees (including wages, benefits, employment taxes, national insurance and pensions) and profits made by Channel 4.

¹ In line with Ofcom's definition, first-run original UK content means programmes produced or commissioned by a broadcaster with a view to their first showing on television in the UK in that year.

² Defined in the Communications Act 2003 as outside the M25.

³ Channel 4, (2019). *4 All the UK*. <https://www.channel4.com/corporate/about-4/4-all-uk>

- ▶ **Indirect impacts:** Channel 4 purchases goods and services from other companies in its supply chain, which in turn have their own suppliers. We estimate the indirect economic impacts of Channel 4's activities across its whole supply chain.
- ▶ **Induced impacts:** Each entity involved in Channel 4's supply chain pays compensation to its employees. Those employees spend part of their salaries on goods and services, driving additional economic impacts. These impacts are referred to as induced impacts.

Our analysis suggests that Channel 4 generated a total GVA contribution of £992m in 2019, considering both Channel 4's direct contribution as well as the total economic impact along Channel 4's supply chain (indirect and induced effects). Of this, £274m related to GVA generated by Channel 4 in the Nations and Regions across its supply chain. Figure 1.1 illustrates our analysis of the GVA generated by Channel 4 by region in 2019.

Figure 1.1 Indirect and induced GVA generated by Channel 4 by region and UK-wide direct GVA, 2019

	Scotland	Northern Ireland	Wales	London	North of England	Midlands	South of England	UK-wide direct GVA	Total
GVA (£m)	36	8	20	650	105	16	88	68	992
GVA (%)	4%	1%	2%	66%	11%	2%	9%	7%	100%

Source: EY analysis of financial data provided by Channel 4. Totals may not sum precisely due to rounding.

In terms of jobs, Channel 4 supported around 10,600 jobs across the UK in 2019, of which nearly 3,000 related to jobs supported by Channel 4 in the Nations and Regions. Our analysis of the jobs supported by Channel 4 by region is summarised in Figure 1.2.

Figure 1.2 Jobs supported by Channel 4 by region (including direct, indirect and induced effects), 2019

	Scotland	Northern Ireland	Wales	London	North of England	Midlands	South of England	Total
Jobs (#)	374	81	200	7,739	1,132	161	929	10,616
Jobs (%)	4%	1%	2%	73%	11%	2%	9%	100%

Source: EY analysis of financial data provided by Channel 4. Totals may not sum precisely due to rounding.

The economic impact delivered by Channel 4 to the Nations and Regions is expected to increase further over time, driven by Channel 4's 4 All the UK strategy. In particular, Channel 4's commitment to increase its spending on first-run original content with producers based in the Nations and Regions to 50% by 2023 will increase Channel 4's expenditure across the Nations and Regions, which will have indirect and induced economic impacts across its supply chain.

1.3 Our case study analysis highlights a wide range of benefits stemming from Channel 4’s activities

Alongside our economic analysis, we analysed five case studies to assess Channel 4’s economic, social and cultural contribution to the UK and its Nations and Regions. Figure 1.3 summarises the key activities Channel 4 undertakes in each of our case studies. Our findings from each case study are set out in more detail in Sections 1.3.1 to 1.3.5 below.

Figure 1.3 Summary of case study findings



1.3.1 Establishing a new national headquarters in Leeds

- ▶ Channel 4’s establishment of its new national headquarters in Leeds provides an example of a significant shift in its presence in the Nations and Regions, representing the largest structural change in Channel 4’s history.
- ▶ Channel 4’s Leeds headquarters will be home to over 200 Channel 4 jobs when fully established. Channel 4 has taken steps to reach a more diverse pool of potential talent in Leeds, including engaging with local bodies and improving its recruitment process to remove barriers for candidates. The proportion of Channel 4 applicants from working-class

backgrounds increased to 27% in 2019 from 25% in 2018. Local industry experts see Channel 4's presence in Leeds as sending a message to young people in the area that they can enter a career in the television industry in Yorkshire, without having to move to London.

- ▶ The establishment of Channel 4 key creative decision makers in Leeds provides increased opportunities for local external producers to build close relationships with commissioners without needing to travel to London. In the early stages of its 4 All the UK strategy, Channel 4 has focused on building relationships between commissioners and producers in the North of England, for example through briefing sessions. These relationships are expected to help the sector develop to the point where local producers can win more commissions with Channel 4 over time. Channel 4's increased presence in the Nations and Regions is part of its commitment to increase its spending on first-run original content from producers based in the Nations and Regions to 50% by 2023.
- ▶ The beginnings of a clustering effect in the local TV, film and creative sector have been observed since Channel 4 opened its Leeds headquarters, with a range of production companies and industry bodies opening offices in Leeds following Channel 4's announcement of its new national headquarters. These organisations included new production companies, like The Garden, and established production companies opening news offices in Leeds, like Workerbee and Sky Studios, as well as the National Film and Television School, which opened a new hub in Leeds in January 2020.
- ▶ Channel 4 also invested in Candour in 2019 through its Indie Growth Fund, a commercial venture that invests a minority stake in external producers and supports their growth and development before an eventual sale. Candour represents Channel 4's second investment in a Yorkshire-based production company, the first being True North in 2014.

1.3.2 Supporting a production ecosystem in Glasgow

- ▶ Channel 4's activities in Glasgow provide an example of where Channel 4 has invested in a region over several years to play a role in supporting and maintaining a viable production ecosystem, and where Channel 4 has recently consolidated its investment through its 4 All the UK strategy.
- ▶ Channel 4 has spent £179.1m on Scottish productions for its main channel since 2007. Some of these commissions, such as *Location, Location, Location*, are long term returning series, providing a stable revenue stream for producers. These commissioning activities deliver economic benefits to Glasgow in terms of jobs and GVA, and also represent and portray Scotland to audiences across the UK.
- ▶ Channel 4 invested £97,000 in Scottish production companies in 2019 through its Alpha Fund, which invests in ideas and talent at an early stage to support their development (now replaced by the Creative Diversity Fund and the Emerging Indies Fund). It has also invested in two production companies in Scotland through its Indie Growth Fund, which has been refocused as part of the 4 All the UK strategy to prioritise external production companies in the Nations and Regions, as well as digital and diverse businesses across the whole of the UK.
- ▶ The 4 All the UK strategy represents an increase in Channel 4's presence in Glasgow, as Glasgow has been selected to be one of Channel 4's new Creative Hubs. The new Creative Hub in Glasgow will support a number of roles across a range of functions, including key creative decision makers, playing a part in shifting more creative decision making from London to the Nations and Regions.

1.3.3 Supporting Black, Asian and minority ethnic talent

- ▶ Channel 4 published Anti-Racism Commitments in June 2020, when it committed to ensuring that the lives and experiences of minority ethnic audiences are reflected in programming across all genres. Channel 4 has recently commissioned a number of programmes that seek to improve on-screen representation of Black people, including

dedicating a day of output to showcasing Black talent on- and off-screen, which will launch two new shows led by Black talent.

- ▶ Channel 4 has also worked with the Sir Lenny Henry Centre for Media Diversity to design commitments to support off-screen minority ethnic talent. Channel 4's target is for 20% of Channel 4 staff, and 20% of the top 100 paid staff, to be from Black, Asian and minority ethnic (BAME) backgrounds by 2023. Currently, 17% of Channel 4's staff and 14% of its top 100 paid staff are from BAME backgrounds.
- ▶ Channel 4 has a range of initiatives to support the careers of people from minority ethnic backgrounds. For example, 4Skills is a new training initiative, launched in October 2020, to develop talent, focusing on people from BAME backgrounds, as well as people in the Nations and Regions. In 2020, Channel 4 also launched the Indie Accelerator to match external production companies led by people from BAME backgrounds with Channel 4 commissioning heads of department for unscripted genres to work together towards a commission.
- ▶ In terms of its commissioning activities, Channel 4 commissioned eight external production companies led by people from BAME backgrounds in 2019 for its main channel, with a further 12 in paid development, representing 11% of suppliers in total⁴. Channel 4 has committed to doubling the number of external producers led by people from minority ethnic backgrounds that it commissions from by 2023.

1.3.4 Supporting training initiatives

- ▶ Part of Channel 4's remit requires it to support talent throughout the UK, and Channel 4 carries out a wide range of training and development initiatives. One of the main talent development activities carried out by Channel 4 is the Production Training Scheme, which offers paid places at external production companies. The trainee's placement is jointly funded by Channel 4 and by the production company where the trainee is placed.
- ▶ While anyone can apply to the Production Training Scheme, the scheme is targeted at people with disabilities, people from BAME communities, and people from disadvantaged backgrounds to help improve the representation of these groups in the television industry. In 2021, the Production Training Scheme will comprise entirely of trainees based in the Nations and Regions. Many trainees on the Production Training Scheme establish longer term careers in the industry⁵.
- ▶ In years when the Paralympics is broadcast on Channel 4, Channel 4's Production Training Scheme intake focuses on disabled talent and supports them to apply for roles in the Paralympics production team. In 2020, Channel 4 placed 14 disabled trainees with production companies across the UK as part of its Tokyo Production Training Scheme. There have been disruptions to the scheme due to Covid-19, but in response to the pandemic Channel 4 has continued to provide remote support to the trainees, has offered contract extensions for all trainees and has sought opportunities for some trainees to work on Channel 4's 2021 Tokyo Paralympic coverage.
- ▶ Beyond the Production Training Scheme, Channel 4 supports a wide range of training initiatives including work experience, apprenticeships, writer development schemes, mentoring for external mentees from underrepresented groups, and skills development programmes for the external production sector.

⁴ Channel 4, (June 2020). Anti-Racism Commitments. <https://www.channel4.com/corporate/anti-racism-commitments>

⁵ Of the 23 trainees on the 2015/16 Rio Paralympics Production Training Scheme, 18 trainees went on to work behind the cameras or on the production team at the Rio Paralympics, and 13 are still working in the industry. Of the 13 trainees on the 2016/17 scheme, seven are still engaged in the wider media industry and five remain working in television. All 16 trainees on the 2017/18 scheme, and 15 of the 16 trainees on the 2018/19 cohort, remain in the industry today. Five of the six trainees from the six-month 2015 Nations and Regions scheme remain in the industry today.

1.3.5 Showcasing UK culture and values to the world

- ▶ International exports of UK film and television contribute to the UK economy. UK film industry exports were worth £2.6bn in 2017, an increase of 53% year-on-year and an increase of 95% since 2008⁶. UK TV international exports in 2018/19 were £1.4bn, representing 7% year-on-year growth⁷. Exports of UK film and television also contribute to the UK's reputation and influence abroad by telling unique UK stories and representing different parts of the UK on-screen.
- ▶ Film4, Channel 4's feature film division, plays a role in representing the diversity of the UK's Nations and Regions to the rest of the world and also contributes to the local economy. Film4 has invested a total of £160m in film since 2011, of which £40.3m related to films shot predominantly in the Nations and Regions, comprising 25% of the full production budget for these films. By showing different parts of the UK, these films can also have a positive impact on tourism. Visit Scotland⁸, a tourism body, promotes different locations featured in *Trainspotting* and *T2 Trainspotting* (films supported by Film4) on its website.
- ▶ In keeping with Channel 4's remit, films supported by Film4 also showcase the diversity of contemporary life in the UK and represent different aspects of UK culture to the rest of the world. For example, Film4 has supported an adaptation of the theatre musical *Everybody's Talking About Jamie*, which tells the story of a young drag queen who lives on a council estate on Sheffield. Film4 also supported the debut film of debbie tucker green, *Second Coming*, centred on a Black British family, making debbie tucker green only the fourth Black British woman to have a film distributed in the UK.
- ▶ Similarly in television, Channel 4 is first commissioner for some of the UK's biggest television exports: for example, Channel 4 was the original commissioner for three of the top 25 best-selling unscripted formats around the world⁹. Channel 4 has a particular role in showing a younger, more countercultural view of contemporary life in the UK through exports of programmes like *Skins* and *No Offence*.
- ▶ Talent supported by Film4, who have gone on to have globally-recognised careers, can also be recognised as UK exports, representing the UK to the rest of the world as a diverse creative hub. Some examples of globally-recognised UK talent directly supported by Film4 and Channel 4 throughout their careers include Steve McQueen, Andrea Arnold, Martin McDonagh and Daniel Kaluuya.

1.4 In conclusion, Channel 4 makes a broad economic, social and cultural contribution to the UK and its Nations and Regions

Channel 4 makes a broad contribution to the Nations and Regions, not only in terms of the material GVA it generates and jobs it supports in the Nations and Regions, but also in terms of its support of creative production clusters in the Nations and Regions and in providing opportunities for people from different backgrounds to make a career in the media industry. Its role as a publisher-broadcaster gives it an incentive to support diversity and talent development in the external production sector to ensure it can commission the best new ideas and voices in future. Finally, Channel 4 contributes to the UK's reputation and influence abroad through the film it supports, the emerging talent it develops, and the television it commissions, which finds an international audience.

⁶ BFI, (January 2019). *The UK Film Economy*. <https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-uk-film-economy-2019-01-30.pdf>

⁷ Pact, (October 2019). *UK TV Exports Report:2018-19*. <https://www.pact.co.uk/static/uploaded/a986fac0-cd83-44be-beb1659a8f398d41.pdf>

⁸ Visit Scotland. *Trainspotting 2: What have Renton and his pals been up to for the last 20 years?* <https://www.visitscotland.com/blog/films/trainspotting-2/>

⁹ K7 Media (2020). *Tracking the Giants: The Top 100 Travelling Unscripted Formats*.

2. Introduction and context

2.1 EY has assessed the social, cultural and economic contribution of Channel 4 to the UK and its Nations and Regions

Channel 4 has commissioned EY to assess its social, cultural and economic contribution to the UK and its Nations and Regions. Our assessment considers Channel 4's specific contribution to the Nations and Regions in terms of its activities in the Nations and Regions, as well as more broadly assessing Channel 4's contribution in terms of driving diversity, providing training for the industry, and contributing to the UK's reputation and influence overseas.

Our work has two main aspects. We have carried out:

- ▶ **Quantitative economic analysis** of Channel 4's economic contribution to the UK and its Nations and Regions in terms of contribution to GDP, or gross value added (GVA), and jobs (Section 3); and
- ▶ **Case study analysis** of Channel 4's social, cultural and economic contribution to the UK and its Nations and Regions (Section 4).

Our analysis is based on a mixture of information provided by Channel 4, publicly available data and information, and interviews with relevant experts.

In the remainder of this section, we summarise Channel 4's remit, its performance against its Nations and Regions production quota, its 4 All the UK strategy, and its wider contribution to the broadcasting sector to provide context for our analysis.

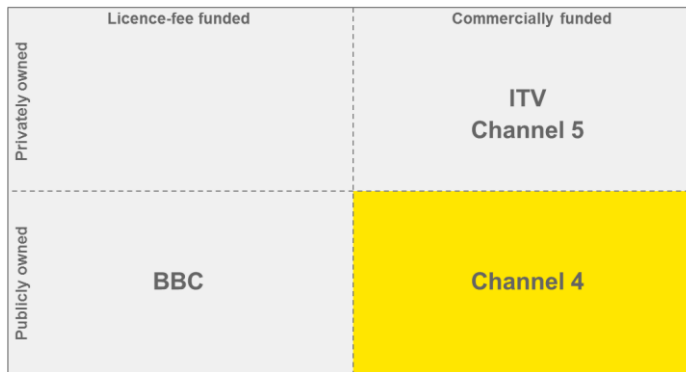
2.2 Channel 4 plays a unique role in the UK's public service broadcasting ecosystem

A number of the UK's free-to-air broadcasters – specifically the BBC, ITV, Channel 4, Channel 5, S4C and local TV broadcasters – are public service broadcasters (PSBs). As PSBs, these broadcasters have obligations to deliver certain programming and to meet broader regulatory obligations to reflect their public service roles. For example, PSBs are subject to obligations to deliver news and current affairs programming, to broadcast a certain proportion and range of first-run, original UK programmes¹⁰, to commission content from the external production sector, and to ensure that a certain proportion of their content is commissioned from the Nations and Regions.

Channel 4 occupies a unique position in the UK media landscape as a PSB that is publicly owned (like the BBC) but is purely commercially funded (like ITV and Channel 5), as illustrated in Figure 2.1. Channel 4 is also unique in that it has deliberately been established as a 'publisher-broadcaster', meaning that Channel 4 commissions all of its programming from the external TV production sector, rather than through in-house production operations. This publisher-broadcaster model is intended to support the growth and sustainability of the external production sector.

¹⁰ In line with Ofcom's definition, first-run original UK content means programmes produced or commissioned by a broadcaster with a view to their first showing on television in the UK in that year.

Figure 2.1 Channel 4's unique position among the UK PSBs

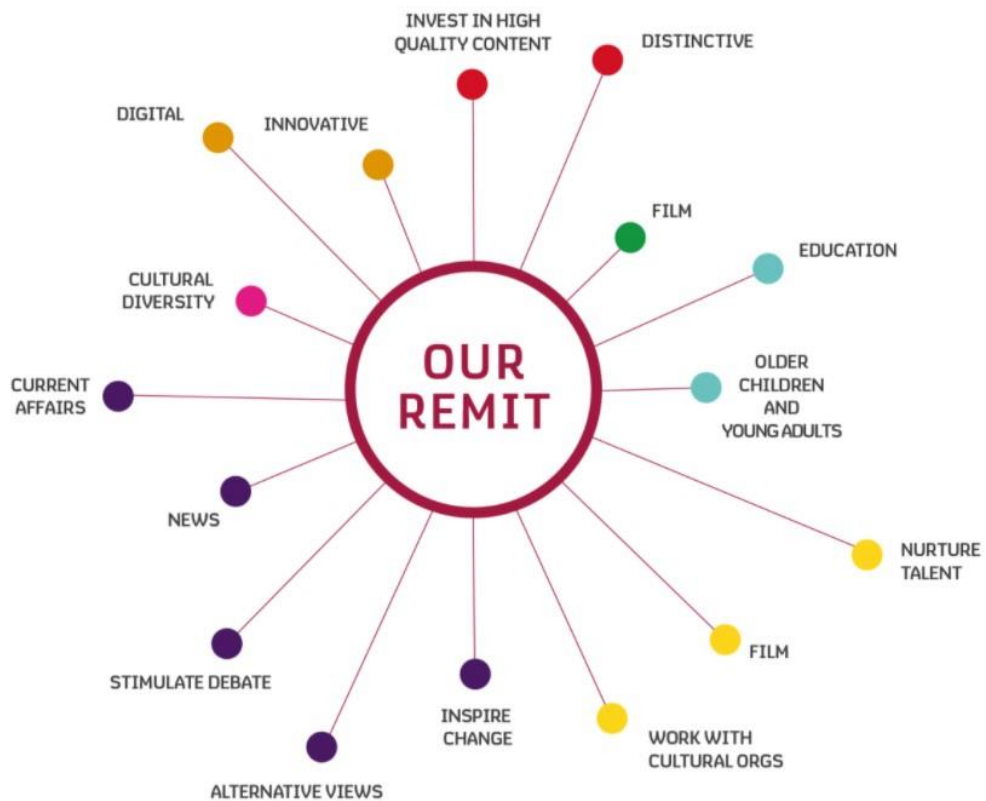


Channel 4 is subject to a regulatory remit, enshrined in legislation, that makes it distinctive from both the other PSBs and from purely commercial broadcasters. Channel 4's remit requires it to be innovative, risk-taking, distinctive, to offer a platform for alternative views, to work with cultural organisations, to nurture talent, and to drive diversity. Channel 4 splits its public service remit into four aspects:

- ▶ To champion unheard voices;
- ▶ To innovate and take bold creative risks;
- ▶ To inspire change in the way we lead our lives; and
- ▶ To stand up for diversity across the UK¹¹.

Channel 4's remit is summarised in more detail in Figure 2.2.

¹¹ Channel 4. *What we do: Channel 4's remit*. <https://www.channel4.com/corporate/about-4/what-we-do/channel-4s-remit>

Figure 2.2 Channel 4's remit

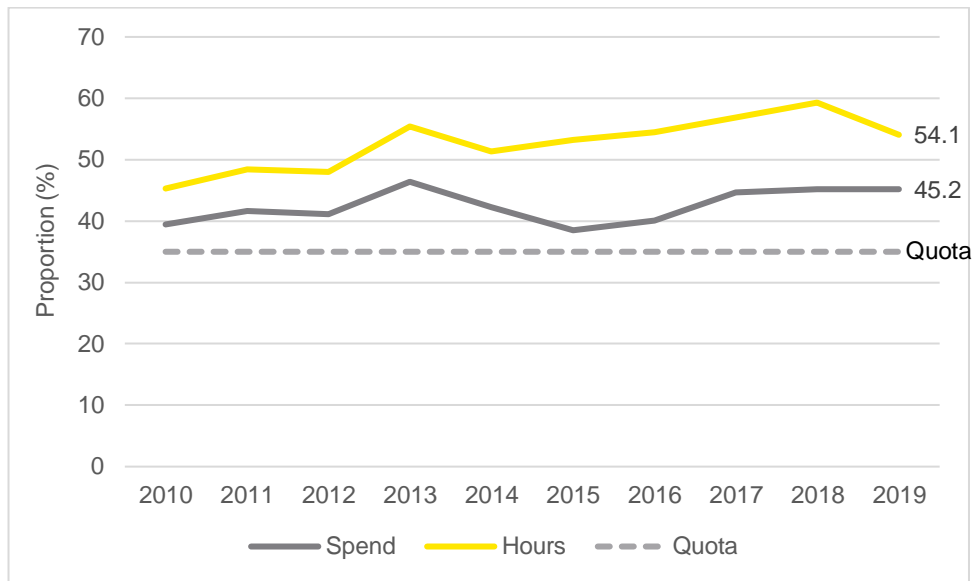
Source: Channel 4.

2.3 Channel 4 has consistently exceeded its programming quotas for content from the Nations and Regions

In relation to obligations for programming made in the Nations and Regions, Ofcom specifies quotas for regional productions for each PSB in their licences. Channel 4 is subject to a quota for 35% of first-run commissioned content (except news) on the main channel to be produced in the Nations and Regions of the UK¹². This quota applies to both spend and number of hours of programming on Channel 4. Nine per cent of programming hours and spend must be produced in the devolved Nations (Wales, Scotland and Northern Ireland).

Channel 4 has consistently exceeded its quota for both spend and number of hours of programming commissioned from production companies based in the Nations and Regions. Due to Channel 4's unique publisher-broadcaster model, all of its content spend in the Nations and Regions is with the external production sector. Channel 4's performance against its Nations and Regions quotas is illustrated in Figure 2.3.

¹² Defined in the Communications Act 2003 as outside the M25.

Figure 2.3 Performance against Nations and Regions production quotas

Source: Ofcom, *Annual PSB Compliance Report 2019*.

2.4 Channel 4's 4 All the UK strategy represents a significant structural shift to the Nations and Regions

Beyond its programming activity, Channel 4 has a Nations and Regions team based in Glasgow, an advertising sales team based in Manchester, and a base (but not a physical office) for a Channel 4 sales team in Belfast.

However, Channel 4's presence in the Nations and Regions has significantly shifted in recent years. In October 2018, Channel 4 announced its 4 All the UK strategy, representing the largest structural change in Channel 4's history. As part of the strategy, Channel 4 confirmed it would open a new national headquarters in Leeds, and that it would establish two new Creative Hubs in Bristol and Glasgow.

Channel 4 has since been relocating and recruiting staff for its new office locations, with 300 Channel 4 jobs to be located in the national headquarters and Creative Hubs when these offices are fully established¹³. Functions located outside of London include key creative decision makers and commissioners, with the aim of shifting more creative decision making to the Nations and Regions, and developing closer relationships with external production companies in the Nations and Regions. Channel 4 is also establishing a new Channel 4 News bureau co-anchoring from Leeds, and has established a new digital creative unit, 4Studio, based in Leeds and designed to develop Channel 4's in-house digital and creative capabilities.

As part of the 4 All the UK strategy, Channel 4 made a voluntary commitment to increase its spend on first-run original content in the Nations and Regions from 35%, as per its quota, to 50% by 2023. Prior to the strategy, in 2018, Channel 4 spent c.£440m on first run UK original programmes on its main channel, of which £199m (45%) related to commissions from the Nations and Regions. An increase in Channel 4's spend on first-run original content in the Nations and Regions to 50% would represent an additional £21m per year for production companies in the Nations and Regions compared to 2018, an annual increase of 11%. Compared to Channel 4's quota of 35%, its new voluntary commitment will deliver an additional £66m per year for production companies in the Nations and Regions, exceeding the minimum quota each year by 43%. Channel 4 is making progress on this commitment: spend for its main channel on commissions from the Nations and Regions was 47% in 2020.

¹³ Channel 4, (2019). *4 All the UK*. <https://www.channel4.com/corporate/about-4/4-all-uk>

Part of Channel 4's strategy is to ensure that production in the Nations and Regions is sustainable so that the 50% target can be met from 2023 onwards. This involves investing in talent development in the Nations and Regions to build a strong pipeline of skills for the future, and investing in the external production sector in the Nations and Regions, supporting its growth and development. The 4 All the UK strategy is intended to rebalance the creative economy across the Nations and Regions.

2.5 Channel 4 makes a wider contribution to the broadcasting sector

Beyond its specific contribution to the Nations and Regions, Channel 4 makes a wider contribution to the UK broadcasting ecosystem by supporting emerging talent and diversity through a number of training initiatives and investments. These activities support opportunities for people and business across the UK's Nations and Regions, but are also focused on supporting diversity more widely including people with disabilities, from Black, Asian and minority ethnic (BAME) communities and from different socioeconomic backgrounds.

We consider some of these initiatives in more detail as case studies in Section 4 of this report, but some of Channel 4's main relevant activities include:

- ▶ **4Skills:** 4Skills is a new training initiative, launched in October 2020, that brings together all Channel 4's training and development schemes, as well as introducing new initiatives, focusing on people in the Nations and Regions, and people from BAME backgrounds. 4Skills focuses on partnerships with external producers, cities, skills providers and other broadcasters to deliver targeted interventions to support talent in underrepresented groups. It includes an outreach programme to introduce school children and college students to careers in the broadcast industry, as well as apprenticeships for people from diverse backgrounds.
- ▶ **Production Training Scheme:** A 12-month salaried training programme where trainees are placed at external production companies across the UK. Although the scheme is open to anyone, it is particularly targeted at people with disabilities, from BAME communities, or from disadvantaged backgrounds. Channel 4 also runs a production apprenticeship for applicants with no prior experience or qualifications.
- ▶ **Emerging Indie Fund:** The Emerging Indie Fund provides bespoke support for external production companies based in the Nations and Regions by providing financial assistance for slate development underpinned by a commitment from Channel 4 commissioners to help enable small, new, emerging external producers across the UK to grow. This scheme replaces Channel 4's previous Alpha Fund, which provided funding to support ideas, talent and emerging companies across the UK.
- ▶ **Creative Diversity Fund:** Also previously part of the Alpha Fund, the Creative Diversity Fund is a development and production fund to support and accelerate diverse ideas, talent and external production companies, with the backing of a Channel 4 Head of Department. Part of the fund relates to training to develop and progress the careers of off-screen talent.
- ▶ **Indie Growth Fund:** Established in 2014, the Indie Growth Fund is a commercial venture set up by Channel 4 that invests in early stage external production companies and supports their development. As part of the 4 All the UK strategy, the Indie Growth Fund has been refocused to prioritise investment in companies based in the Nations and Regions, companies led by people from BAME backgrounds, and digital companies.
- ▶ **Indie Accelerator:** In July 2020, Channel 4 launched its BAME-led Indie Accelerator, which supports production companies where the main shareholders, the leading decision makers or the creative leaders comprise those from a BAME background. The Accelerator will allow these production companies to work closely with Channel 4 heads of department for unscripted genres to help them develop and progress to winning more commissions for Channel 4. The programme supports external producers of different sizes, from across the UK, and builds on their different levels of experience. The Indie Accelerator is a two

year commitment, which aims to double the number of BAME-led external producers that Channel 4 commissions from by 2023.

- ▶ **Film4:** Film4 is Channel 4's feature film division, responsible for developing and co-financing films. Film4 invests in both UK and international films, but plays a distinctive role in the market by supporting and investing in new and emerging UK talent.
- ▶ **Outreach events:** Skills workshops held around the UK each year, aimed at reaching young people across the UK and connecting them with a potential career in the media industry.
- ▶ **Industry training schemes:** Channel 4 develops partnerships with the wider sector to deliver industry training and development initiatives. For example, Channel 4 and the National Film and Television School co-developed a four-week package of online training for producers in response to the Covid-19 outbreak, and Channel 4 (along with the BBC and Channel 5) supports ScreenSkills, an programme managed by the Indie Training Fund that invests in training for freelancers.

3. Measuring Channel 4's economic contribution

In this section, we focus specifically on an assessment of the economic value generated by Channel 4's activities in terms of its contribution to the economy (GVA) and jobs. Our analysis considers Channel 4's contribution both to the UK as a whole and to the Nations and Regions. It is not within the defined statutory objectives of the UK's PSBs to stimulate economic growth, but Channel 4 drives economic activity across the UK, in particular through its commissioning activities in the Nations and Regions. Our analysis relates to Channel 4's activities in 2019 and is based on data provided by Channel 4 to be consistent with its 2019 annual report.

In Section 4, we carry out supporting case study analysis to describe and assess the broad scope of Channel 4's economic, social and cultural contribution to the UK from a range of different perspectives.

3.1 Our analysis considers direct, indirect and induced impacts

Our analysis of Channel 4's economic contribution to the UK and its Nations and Regions considers three types of impacts:

- ▶ **Direct impacts:** We analyse the economic impacts driven directly by Channel 4, such as Channel 4's GVA (or contribution to the economy) and the number of employees hired by Channel 4. The direct impact consists mainly of the income received by Channel 4's employees (including wages, benefits, employment taxes, national insurance and pensions) and profits made by Channel 4.
- ▶ **Indirect impacts:** Channel 4 purchases goods and services from other companies in its supply chain, which in turn have their own suppliers. We estimate the indirect economic impacts of Channel 4's activities across its whole supply chain.
- ▶ **Induced impacts:** Each entity involved in Channel 4's supply chain pays compensation to its employees. Those employees spend part of their salaries on goods and services, driving additional economic impacts. These impacts are referred to as induced impacts.

To assess Channel 4's direct economic impact, we have reviewed its financial information to understand its activities across the UK, considering both Channel 4's programming and non-programming activities.

Any increase in Channel 4's demand for goods and services will trigger yet more demand for other goods and services throughout the supply chain, known as the multiplier effect. We have derived appropriate regional multipliers to estimate the indirect and induced impacts of Channel 4's activities, based on data from the Office of National Statistics (ONS). The combined GVA impact of the direct value added and the indirect and induced effects can be estimated by applying these multipliers to expenditure. For example, a multiplier of 1.5 for a particular sector in the economy would imply that a £5 million of activity by an entity in that sector results in total economic activity of £7.5 million. The size of a multiplier applied to an entity's activities depends on the strength of linkages between the entity and its supply chain. The stronger these linkages between the entity and the firms in its supply chain, the larger the multiplier will be. Induced impacts take into account employees' propensity to consume. To calculate induced impacts, we take Channel 4's total wages and salaries and apply a weighted Keynesian consumption multiplier¹⁴ to each Nation and Region.

Our analysis relates to Channel 4's activities within the UK solely, as spend with overseas suppliers contributes to economic activity in the countries where those overseas suppliers are based, rather than in the UK. We therefore only consider Channel 4's UK expenditure in our analysis. However, for international content acquisitions, we have assumed that the UK presence of these suppliers means that a portion of Channel 4's expenditure with them (assumed to be 20% of relevant Channel 4 expenditure) can be considered to support the UK

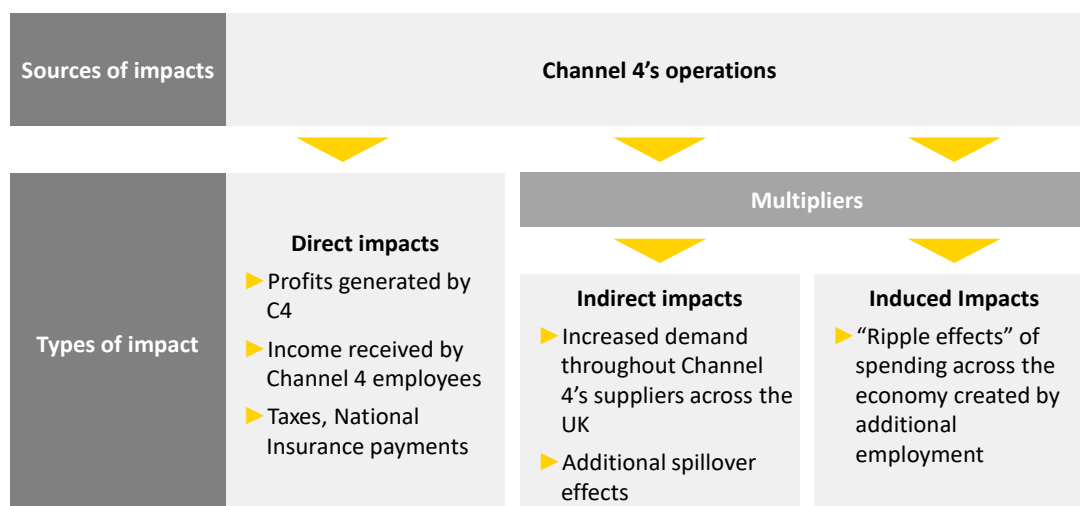
¹⁴ The Keynesian consumption multiplier takes into account the impact of spending by people directly employed by Channel 4.

activity of their operations. We have therefore assumed that 20% of Channel 4's expenditure on international acquisitions relate to UK suppliers, and have allocated this expenditure by region in line with Channel 4's UK content expenditure by region¹⁵.

In line with Ofcom requirements, Channel 4 categorises some of its spend on content as 'multi region' when a production cannot be allocated to a single region. We have reallocated spend attributed to 'multi region' in proportion to directly-attributed content spend in each region.

Figure 3.1 summarises our approach to assessing Channel 4's economic impact.

Figure 3.1 Overview of economic framework



We use different breakdowns of Channel 4's 2019 expenditure to estimate its economic contribution. Figure 3.2 summarises these breakdowns for clarity.

Figure 3.2 Breakdowns of Channel 4's expenditure, 2019

Expenditure	Description	Relevance to our analysis
£967m	Channel 4's total expenditure for 2019 as per its annual report, including spend with both UK and international suppliers.	Our analysis focuses on Channel 4's UK expenditure only, but we refer to Channel 4's total expenditure for reconciliation purposes.
£492m	Channel 4's expenditure on first-run original content with both UK and international producers, as per its annual report.	Used for reconciliation purposes. Our analysis focuses on Channel 4's UK expenditure only and includes both first-run original content and content acquisitions.
£496m	Channel 4's expenditure on first-run original content and content acquisitions with UK external producers.	Used in our analysis to calculate indirect and induced economic impact.
£529m	Channel 4's expenditure on first-run original content and content acquisitions with UK external producers, plus 20% of expenditure on international acquisitions as per our assumption outlined above.	Used in our analysis to calculate indirect and induced economic impact.

¹⁵ This assumption is informed by discussions we held with Channel 4's Acquisitions team. Channel 4 informed us that its supply chain for international acquisitions is becoming increasingly diversified, with more European suppliers with UK bases, which will increase the proportion of spend on international acquisitions that is allocated to the UK in future.

£862m	Channel 4's total UK expenditure only.	Used in our analysis to calculate induced economic impact; labour costs also used to calculate direct GVA.
£777m	Channel 4's total UK expenditure only, excluding labour costs.	Used in our analysis to calculate indirect economic impact.

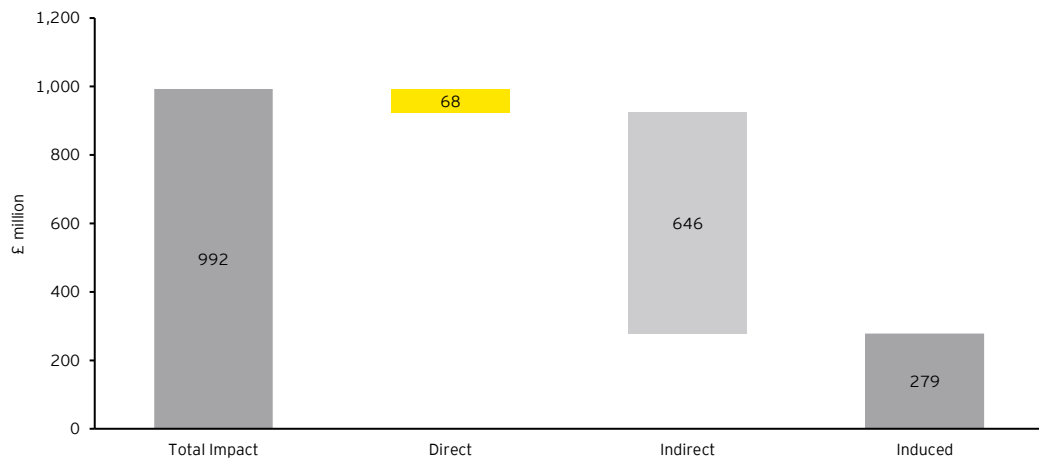
3.2 We have assessed Channel 4's economic contribution to the UK as a whole

3.2.1 Channel 4 generated a total GVA contribution of £992m for the UK in 2019

Channel 4 reported £967m of expenditure for 2019 across the following categories: content; content overheads; transmitter and regulatory costs; cost of sales; and cost of marketing. This expenditure includes £496m spent with UK external production companies across film and television on first-run original content and content acquisitions, of which 39% related to content commissioned from the Nations and Regions¹⁶. Channel 4's expenditure of £496m with UK external producers on original content and content acquisitions compared to its spend of £492m on first-run original content only with producers in the UK and internationally, as per Channel 4's annual report¹⁷.

We estimate that Channel 4 generated a total UK-wide GVA contribution of £992m in 2019. This contribution included £68m of direct GVA contribution, representing 7% of Channel 4's total impact. A further £646m (65%) was generated indirectly through its supply chain in the UK and the induced impact was £279m (28%). These impacts are shown in Figure 3.3.

Figure 3.3 Total GVA generated by Channel 4 in the UK, 2019



Source: EY analysis of financial data provided by Channel 4.

A breakdown of Channel 4's expenditure by sector and the industry multipliers used to perform the calculation in Figure 4.2 is shown in Figures 3.4 and 3.5 below.

¹⁶ Including content allocated to 'multi region'.

¹⁷ Channel 4, *Annual Report 2019*. <https://annualreport.channel4.com/>

Figure 3.4 Channel 4's indirect GVA, 2019

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure	Total
<i>Total UK expenditure (£m)</i>	645	82	30	21	777
<i>Indirect GVA multiplier</i>	0.83	0.78	0.92	0.86	-
<i>Indirect GVA</i>	537	63	27	18	646

Source: EY analysis, data from ONS.

Figure 3.5 Channel 4's induced GVA, 2019

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure	Employee costs	Total
<i>Total UK expenditure (£m)</i>	645	82	30	21	85	862
<i>Induced GVA multiplier</i>	0.34	0.27	0.42	0.46	-	-
<i>Consumption multiplier</i>	-	-	-	-	0.39	-
<i>GVA / output ratio</i>	-	-	-	-	0.52	-
<i>Induced GVA</i>	217	22	12	10	17	279

Source: EY analysis, data from ONS¹⁸.

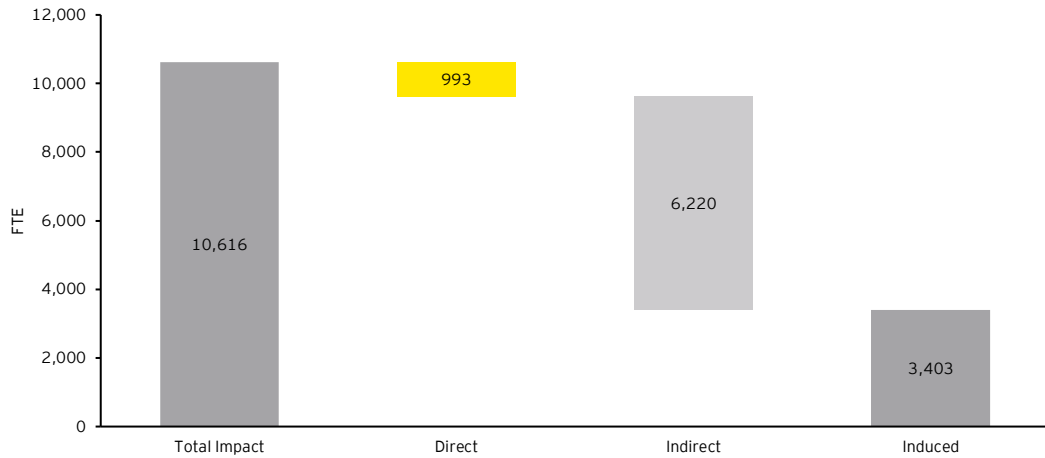
3.2.2 Channel 4 supported c.10,600 jobs in the UK economy in 2019

Channel 4's activities supported around 10,600 jobs in the UK economy in 2019. Of these jobs, 993¹⁹ (9%) were people directly employed by Channel 4. A further 6,220 (59%) were supported indirectly through Channel 4's supply chain. For example, this indirect employment includes jobs in the production sector, as well as agency staff that Channel 4 outsources certain functions to. The increased consumer spending as a result of Channel 4's activities supported a further 3,403 (32%) jobs as induced effects.

¹⁸ Consumption multiplier is only used for the calculation of induced GVA arising from employment expenditure. Employment costs include the salaries of permanent staff, fixed contractors and freelancer costs. In addition, the GVA / Output ratio is applied to the calculation of induced GVA arising from employment expenditure.

¹⁹ Including permanent staff, fixed contractors and an assumption of 10% uplift to reflect freelancers.

Figure 3.6 Total employment generated by Channel 4 in the UK, 2019



Source: EY analysis of financial data provided by Channel 4.

A breakdown of Channel 4's expenditure by industry category and the individual UK industry multiplier used to perform the calculation in Figure 3.6 is shown in Figures 3.7 and 3.8 below.

Figure 3.7 Channel 4's indirect employment impact, 2019

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure	Total
Total UK expenditure (£m)	645	82	30	21	777
Indirect employment multiplier	7.78	7.00	9.43	16.99	-
Indirect employment	5,014	572	279	355	6,220

Source: EY analysis, data from ONS.

Figure 3.8 Channel 4's induced employment impact, 2019

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure	Employee costs	Total
Total UK expenditure (£m)	645	82	30	21	85	862
Induced employment multiplier	4.06	3.30	5.05	5.54	-	-
Consumption multiplier	-	-	-	-	0.39	-
Employment / output ratio	-	-	-	-	0.0	-
Induced employment	2,618	270	149	116	250	3,403

Source: EY analysis, data from ONS²⁰.

3.3 We have also assessed Channel 4's economic contribution to the Nations and Regions

We estimate that Channel 4's impact on the Nations and Regions excludes any leakages that occur as some of the supply chain expenditure is spent with firms in other parts of the UK. For this reason, calculated regional totals for indirect and induced impacts will sum to less than the UK-wide total. The difference between these figures constitutes the 'leakages' from one area to other parts of the UK. To avoid understating Channel 4's regional impact, we have allocated the 'leakages' across the Nations and Regions in proportion to each area's share of the calculated economic impact.

A breakdown of Channel 4's expenditure by region is shown in Figure 3.9 below.

Figure 3.9 Channel 4's expenditure by region, 2019 (£m)

	Content	Content overheads	Transmitter and regulatory	Cost of sales	Cost of marketing	Other operating expenditure
<i>Scotland</i>	24	-	6	0.3	0.6	0.1
<i>Northern Ireland</i>	5	-	6	-	0.1	-
<i>Wales</i>	11	-	6	0.1	0.5	-
<i>London</i>	334	45	43	68	27	20
<i>North of England</i>	80	-	6	1.7	0.7	0.6
<i>Midlands & East</i>	8	-	6	0.2	0.5	-
<i>South of England</i>	67	-	6	0.2	0.5	0.1
Total	529	45	82	70	30	21

Source: EY analysis of financial data provided by Channel 4. Totals may not sum due to rounding.

A breakdown of the regional multipliers used in our analysis can be found in Figures 3.10, 3.11, 3.12 and 3.13 below.

²⁰ Consumption multiplier is only used for the calculation of induced employment arising from employment expenditure. Employee costs include the salaries of permanent staff, fixed contractors and freelancers. In addition, the employment / output ratio is applied to the calculation of induced employment arising from employment expenditure.

Figure 3.10 Indirect GVA regional multipliers

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure
<i>Scotland</i>	0.72	0.73	0.85	0.79
<i>Northern Ireland</i>	0.67	0.42	0.82	0.76
<i>Wales</i>	0.74	0.66	0.82	0.76
<i>London</i>	0.78	0.42	0.89	0.80
<i>North of England</i>	0.72	0.66	0.88	0.82
<i>Midlands & East</i>	0.65	0.67	0.85	0.79
<i>South of England</i>	0.73	0.70	0.90	0.82

Figure 3.11 Induced GVA regional multipliers

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure	Employee costs (Keynesian multiplier)
<i>Scotland</i>	0.23	0.20	0.30	0.34	0.32
<i>Northern Ireland</i>	0.16	0.08	0.22	0.25	0.28
<i>Wales</i>	0.22	0.17	0.28	0.31	0.32
<i>London</i>	0.21	0.09	0.27	0.28	0.33
<i>North of England</i>	0.23	0.19	0.32	0.36	0.32
<i>Midlands & East</i>	0.18	0.16	0.27	0.30	0.28
<i>South of England</i>	0.23	0.19	0.33	0.35	0.32
<i>GVA / output ratio</i>	-	-	-	-	0.52

Figure 3.12 Indirect employment regional multipliers

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure
<i>Scotland</i>	6.35	6.11	8.05	15.74
<i>Northern Ireland</i>	5.62	3.20	7.84	15.42
<i>Wales</i>	6.39	5.49	7.74	15.29
<i>London</i>	7.10	3.19	8.99	16.02
<i>North of England</i>	6.45	5.69	8.68	16.26
<i>Midlands & East</i>	5.70	5.82	8.49	15.90
<i>South of England</i>	6.63	6.20	9.08	16.30

Figure 3.13 Induced employment regional multipliers

	Content, content overheads and cost of sales	Transmitter and regulatory	Cost of marketing	Other operating expenditure	Employee costs (Keynesian multiplier)
<i>Scotland</i>	2.67	2.32	3.51	3.95	0.30
<i>Northern Ireland</i>	2.01	1.03	2.80	3.14	0.25
<i>Wales</i>	2.60	1.98	3.23	3.63	0.30
<i>London</i>	2.27	0.97	2.93	3.11	0.31
<i>North of England</i>	2.77	2.20	3.81	4.22	0.30
<i>Midlands & East</i>	2.30	2.05	3.44	3.80	0.26
<i>South of England</i>	2.89	2.40	4.02	4.33	0.31
<i>Employment / output ratio</i>	-	-	-	-	0.0

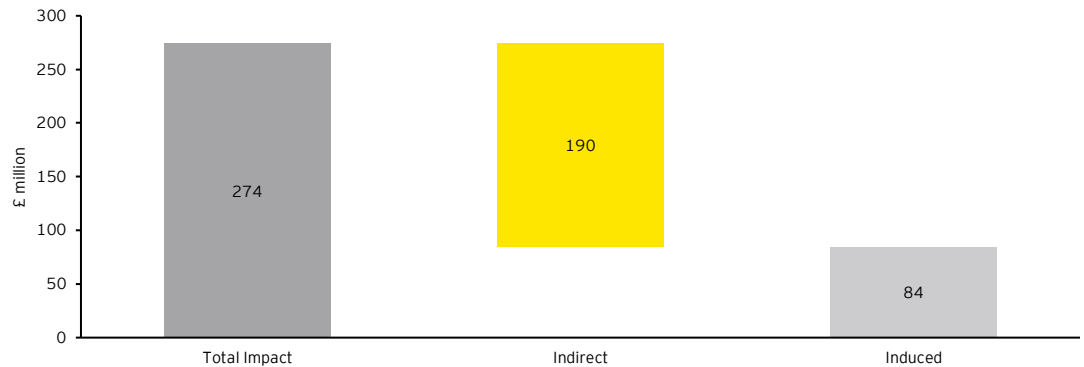
Source: EY analysis, data from the ONS.

3.3.1 Channel 4 contributed £274m to the Nations and Regions in terms of GVA in 2019

When considering the GVA generated by Channel 4 in the Nations and Regions, we have estimated the impact in Channel 4's supply chain (indirect and induced effects). Direct GVA is deemed to be a UK-wide impact, and is not allocated to Nations and Regions.

We estimate that Channel 4 generated a GVA contribution of £274m in the Nations and Regions in 2019 (indirect and induced), representing 30% of Channel 4's indirect and induced GVA contribution to the UK. Channel 4 generated £65m of GVA in the devolved Nations (Scotland, Wales and Northern Ireland), representing 24% of the indirect and induced GVA it generated in the Nations and Regions. Figure 3.14 shows how this contribution for GVA was split across Channel 4's supply chain.

Figure 3.14 Total GVA generated by Channel 4 in the Nations and Regions, 2019



Source: EY analysis of financial data provided by Channel 4. Totals may not sum precisely due to rounding.

3.3.2 Channel 4 supported nearly 3,000 jobs in the Nations and Regions in 2019

In 2019, Channel 4 supported nearly 3,000 jobs in the Nations and Regions, representing 27% of the total jobs supported by Channel 4 in the UK. Channel 4 supported 655 jobs in the devolved Nations in 2019, representing 23% of the jobs supported by Channel 4 in the Nations and Regions.

Of the jobs supported by Channel 4 in the Nations and Regions, 2% related to people directly employed by Channel 4 in the Nations and Regions (permanent staff, fixed contractors and freelancers), 61% related to jobs indirectly supported by Channel 4 in its supply chain and 37% related to induced effects.

Figure 3.15 shows the total employment generated by Channel 4 in the Nations and Regions, split across the direct, indirect and induced effects.

Figure 3.15 Total employment generated by Channel 4 in the Nations and Regions, 2019



Source: EY analysis of financial data provided by Channel 4.

3.3.3 Channel 4 makes a material economic contribution to the Nations and Regions, and its impact is expected to grow over time

Despite the PSBs' increased activities in the Nations and Regions in recent years, the production sector remains concentrated in London. As such, the majority (66%) of Channel 4's economic contribution in terms of GVA relates to London. However, Channel 4 still makes a material economic contribution to the Nations and Regions in terms of both GVA and jobs.

The economic impact delivered by Channel 4 to the Nations and Regions is expected to increase further over time, driven by Channel 4's 4 All the UK strategy. In particular, Channel 4's commitment to increase its spending on first-run original content with producers based in the Nations and Regions to 50% by 2023 will increase Channel 4's expenditure across the Nations and Regions, which will have indirect and induced economic impacts across its supply chain.

A summary of Channel 4's total economic contribution in terms of GVA and jobs is shown in Figures 3.16 and 3.17.

Figure 3.16 Indirect and induced GVA generated by Channel 4 by region and UK-wide direct GVA, 2019

	Scotland	Northern Ireland	Wales	London	North of England	Midlands	South of England	UK- wide direct GVA	Total
<i>GVA (£m)</i>	36	8	20	650	105	16	88	68	992
<i>GVA (%)</i>	4%	1%	2%	66%	11%	2%	9%	7%	100%

Figure 3.17 Jobs supported by Channel 4 by region (including direct, indirect and induced effects), 2019

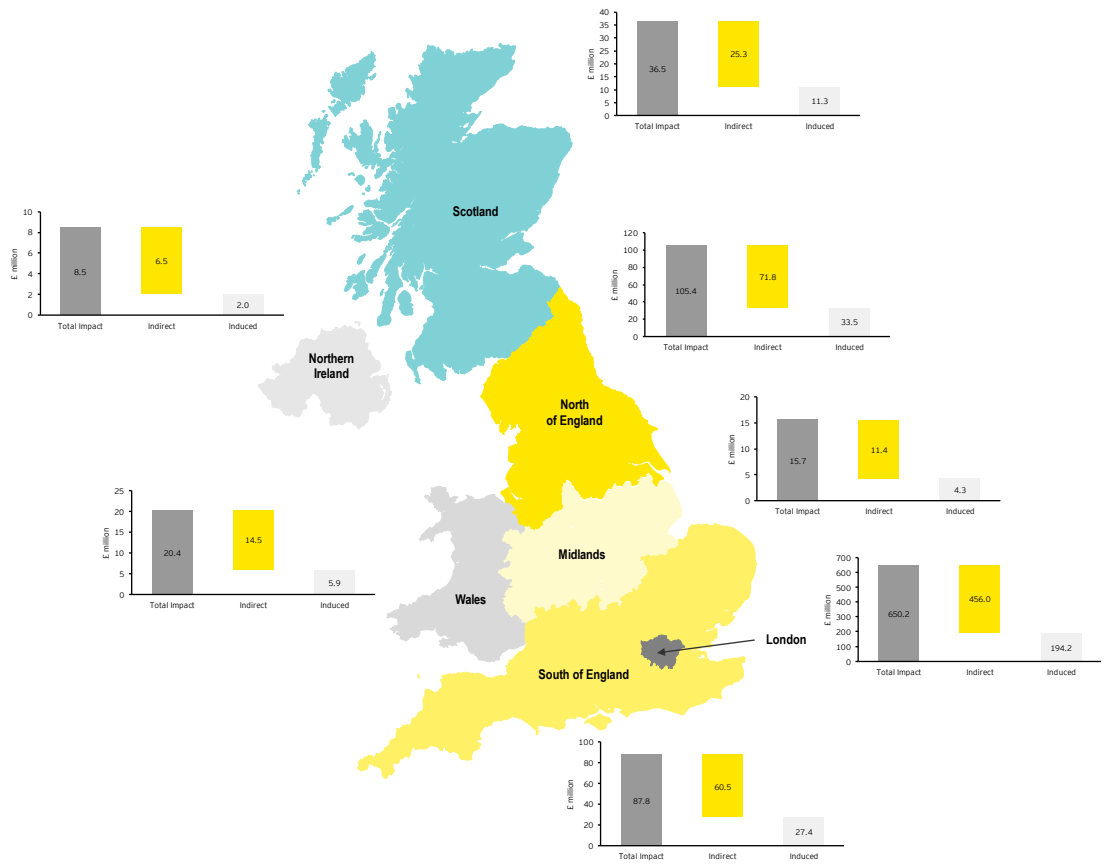
	Scotland	Northern Ireland	Wales	London	North of England	Midlands	South of England	Total
<i>Jobs (#)</i>	374	81	200	7,739	1,132	161	929	10,616
<i>Jobs (%)</i>	4%	1%	2%	73%	11%	2%	9%	100%

Totals may not sum precisely due to rounding.

Source: EY analysis of financial data provided by Channel 4.

Figure 3.18 shows the GVA generated by Channel 4 through its supply chain by region in 2019.

Figure 3.18 Channel 4's indirect and induced GVA impact by region, 2019



Source: EY analysis of financial data provided by Channel 4.

4. Channel 4's economic, social and cultural impact

To provide further context to our quantitative analysis, we have assessed Channel 4's economic, social and cultural contribution to the UK and its Nations and Regions by analysing five case studies. The case studies we have selected are intended to illustrate the breadth and multi-faceted nature of Channel 4's contribution. They are, by definition, snapshots of Channel 4's contribution. The case studies considered in our analysis cover the following topics:

- ▶ The impact on Leeds and the surrounding area of Channel 4's new headquarters;
- ▶ Channel 4's role in supporting and maintaining a viable regional production ecosystem in the Nations and Regions, outside Leeds;
- ▶ Channel 4's role in supporting BAME talent;
- ▶ Channel 4's investment in emerging talent and training opportunities; and
- ▶ Channel 4's contribution to the UK's influence and reputation abroad.

Our findings for each case study are summarised in Figure 4.1. The remainder of this section sets out in full the analysis we have carried out for each case study.

Figure 4.1 Summary of our case study analysis

<p>Channel 4 delivers a wide range of economic, social and cultural benefits to the UK and its Nations and Regions</p> <p>We assessed five case studies to illustrate the breadth of Channel 4's contribution</p>	<p>Establishing a new headquarters in Leeds</p> <ul style="list-style-type: none"> • Creating over 200 Channel 4 jobs when fully established, providing opportunities for people from different backgrounds in the Nations and Regions to begin a career in the media industry • Building relationships between Channel 4 commissioners based in Leeds and the local external producers, helping the sector develop to the point where local producers can win more commissions with Channel 4 over time • Supporting the development of a creative cluster in Leeds
<p>Supporting a production ecosystem in Glasgow</p> <ul style="list-style-type: none"> • Spending £148m on Scottish productions for Channel 4's main channel since 2011, supporting the growth of local producers and contributing to the Scottish economy in terms of jobs and GVA • Representing Scottish culture and values through the content Channel 4 commissions • Investing £97,000 in local producers in 2019 and taking a stake in two Scottish producers • Developing a new Creative Hub in Glasgow, home to key creative decision makers 	<p>Supporting Black, Asian and minority ethnic talent</p> <ul style="list-style-type: none"> • Committing to commissioning programmes that represent the lives of minority ethnic audiences and improving on-screen representation of minority ethnic talent • Committing to improving diversity of off-screen talent and commissioning from more external producers led by people from minority ethnic backgrounds • Supporting the careers of people from minority ethnic backgrounds through targeted mentoring, training and skills development
<p>Providing training opportunities</p> <ul style="list-style-type: none"> • Supporting a wide range of training initiatives in line with Channel 4's remit, including the Production Training Scheme, which offers paid places at external production companies • Targeting people with disabilities, people from Black, Asian and minority ethnic communities, and people from disadvantaged backgrounds to help improve diversity in the television industry • In 2021 the Production Training Scheme will comprise entirely of trainees based in the Nations and Regions 	<p>Showcasing UK culture and values to the world</p> <ul style="list-style-type: none"> • Contributing to the UK's economy through international exports of the films Film4 supports and the TV Channel 4 commissions • Contributing to the UK's reputation abroad through film and TV exports, showcasing the diversity of contemporary life in the UK and its Nations and Regions to the rest of the world • Nurturing talent who have gone on to have globally recognised careers, and who play a role as international exports in representing the UK to the rest of the world as a diverse creative hub

4.1 Case study 1: Establishing a national headquarters in Leeds

4.1.1 Channel 4's new headquarters in Leeds represents a significant shift in its presence in the Nations and Regions

In October 2019, Channel 4 announced that it would open a new national headquarters in Leeds as part of its 4 All the UK strategy, marking the biggest operational change since Channel 4's inception. As part of the strategy, Channel 4 committed to increase expenditure on first-run original content from the Nations and Regions to 50% of its spend²¹. The strategy aligns with Channel 4's remit to ensure that it reflects and represents all of the diversity of the UK, and is intended to increase Channel 4's economic, social and cultural contribution to the Nations and Regions.

In this case study, we review Channel 4's historical contribution to Leeds and the surrounding region, and we consider how Channel 4's contribution to Leeds has changed – and is expected to change – as a result of the establishment of its new national headquarters. To inform this case study, we interviewed Roger Marsh, chair of the Leeds Enterprise Partnership, which works with the public and private sector in the Leeds City Region to support local businesses. We also interviewed Sally Joynson, chief executive of Screen Yorkshire, which supports the film, TV, games and digital industries in Yorkshire and the Humber. We also reviewed information provided by Channel 4 and publicly available information.

4.1.2 Channel 4 is in the early stages of its 4 All the UK strategy and expectations are high for the potential benefits delivered

Prior to its 4 All the UK strategy, Channel 4 had worked closely with production companies in Yorkshire over several years, commissioning a number of programmes from producers based in Yorkshire. Channel 4 also supported Yorkshire-based external producers with Alpha Funding. The purpose of the Alpha Fund (now replaced by the Creative Diversity and Emerging Indies Fund) is to invest in ideas and talent at an early stage to support their development. Channel 4 provided Alpha Funding for Leeds-based production companies Duck Soup, Daisybeck and Screenhouse in 2016, 2017 and 2018 respectively, along with Candour (previously True Vision Yorkshire) in Bradford in 2018. In 2014, Channel 4 also invested in True North, a local external production company, through the Indie Growth Fund.

True North

True North was one of the first external production companies that Channel 4 invested in through the Indie Growth Fund, and was the first investment it made outside London. Following the investment in 2014, Channel 4 initially took a 21% stake of the business, increasing this stake to 23% in 2015. In 2017, Sky bought a majority stake in True North, with its distribution arm, Sky Vision, representing all of True North's future programming and formats.

Following Channel 4's investment, True North diversified its portfolio of work and has become the biggest factual producer in the North of England, winning several awards.

The deal represents Channel 4's first full Indie Growth Fund exit. All returns have since been reinvested into the Indie Growth Fund to support future investments in the external production sector.

However, Channel 4's new national headquarters in Leeds, coupled with its 4 All the UK strategy, represents the largest structural shift in Channel 4's history. Expectations from both Channel 4 and from the local creative sector are high for the potential benefits the strategy can deliver over time as Channel 4 fully establishes itself in the region and continues to build closer relationships with local producers.

²¹ Channel 4, (2019). *4 All the UK*. <https://www.channel4.com/corporate/about-4/4-all-uk>

Channel 4 is currently in the early stages of its 4 All the UK strategy, having begun recruitment for its Leeds headquarters in January 2019. The Covid-19 outbreak has caused challenges for the entire sector, disrupting recruitment and production activity. However, some of the anticipated benefits to the region of Channel 4's new headquarters have begun to emerge. The benefits can be categorised as:

- ▶ **Economic:** In terms of job creation and development of the local external production sector, rebalancing economic activity in the sector outside London;
- ▶ **Social:** In terms of providing new opportunities to people from different backgrounds based in the Nations and Regions; and
- ▶ **Cultural:** In terms of contributing to the representation and portrayal of Yorkshire on-screen.

We discuss each of these types of benefits in more detail in the remainder of this case study.

4.1.3 The economic benefits relate to jobs created by Channel 4, growth in the production sector and growth in the wider regional economy

4.1.3.1 Channel 4's recruitment activities for its headquarters provide direct employment opportunities

As noted in Section 2.4, Channel 4's new national headquarters and two Creative Hubs will be home to 300 Channel 4 jobs when fully established²². Its Leeds headquarters will be home to over 200 Channel 4 jobs when fully established. The Covid-19 outbreak has meant that Channel 4 had to temporarily pause some of its recruitment activities. However, to date Channel 4 has established 142 staff²³ in Leeds, representing a mix of staff who moved from London as well as newly recruited roles. Channel 4 has advertised for roles based in Leeds across a range of departments, including audience research, business affairs, data science, finance, digital and technology, along with recruiting for senior commissioning roles based in Leeds. Leeds is also the home of Channel 4's growing digital creative unit, 4Studio, which commissions and produces content for social and digital platforms, creating jobs in the digital sector for people in Leeds.

As a publisher-broadcaster, Channel 4 itself does not directly employ any production staff in Leeds, but its presence within the region is expected to act as a catalyst for the growth of the production sector and adjacent creative industries. The West Yorkshire Combined Authority estimates that Channel 4's new headquarters could directly contribute to the creation of more than 1,200 jobs over the next decade in the Leeds City Region, with an economic impact of more than £1bn over the period²⁴.

Channel 4's decision to establish a national headquarters in Leeds is significant as the North East of England was previously considered underserved. Both Birmingham and Manchester have strong existing hubs for production and the wider creative sector: prior to Channel 4's announcement, the BBC had moved half of its operations to Birmingham, and Greater Manchester is the home of Media City, as well as a number of ITV staff²⁵. In comparison, while Leeds is the home of True North, one of the largest regional production companies in the UK, and Sky's digital and technology campus is located in the Leeds Dock, no major broadcaster had a significant TV presence in the region prior to Channel 4's announcement. By establishing a national headquarters in Leeds, Channel 4 offers new opportunities to this part of the UK where previously broadcasting jobs were more limited.

²² Channel 4, (2019). *4 All the UK*. <https://www.channel4.com/corporate/about-4/4-all-uk>

²³ Including permanent employees and outsourced staff.

²⁴ West Yorkshire Combined Authority, (October 2019). *Channel 4 confirms Leeds City Region as home of new national HQ*. <https://www.westyorks-ca.gov.uk/all-news-and-blogs/news-archive/channel-4-confirms-leeds-city-region-as-home-of-new-national-hq/>

²⁵ The Guardian, (April 2018). *Channel 4 kicks off bid for new headquarters*.

<https://www.theguardian.com/media/2018/apr/15/channel-4-kicks-off-bids-for-new-headquarters>

By creating new jobs and career paths locally in Leeds, Channel 4's establishment of a new headquarters has begun to support people from different backgrounds entering the media industry. We discuss the social impact of Channel 4's recruitment activities further in Section 4.1.4.

We have carried out indicative analysis to estimate the economic impact of the changing geographic spread of Channel 4 employees, building on our analysis of Channel 4's economic contribution in 2019 set out in Section 3. To carry out this indicative analysis, we have considered Channel 4's split of employees by region as of August 2020 and have adjusted its employee costs by region accordingly, and have made a simplifying assumption that the remainder of its cost base remains the same as in 2019. This approach allows us to isolate the impact of Channel 4 moving more of its staff to the Nations and Regions. Our approach is likely to understate the economic impact; in reality, as Channel 4 recruits more of its staff in the Nations and Regions, there will be more expenditure locally (for example, on offices in the Nations and Regions), which will increase Channel 4's contribution to the Nations and Regions.

Our indicative analysis of the Channel 4's regional distribution of employees as of August 2020 suggests that Channel 4 supported an additional 19 jobs in the Nations and Regions throughout its supply chain in August 2020 (indirect and induced impact). This generated an estimated extra £1m in GVA in Channel 4's supply chain in the Nations and Regions (indirect and induced impacts). Channel 4's economic contribution to the Nations and Regions is expected to grow over time as it establishes its new headquarters and Creative Hubs, and also as it increases its spending on first-run original content with producers based in the Nations and Regions to 50% by 2023, in line with its 4 All the UK strategy.

4.1.3.2 Yorkshire-based producers have the opportunity to build relationships with Channel 4 commissioners based in Leeds, without needing to travel to London

The UK production sector is heavily concentrated in London: nearly 90% of the external production sector's revenues were generated by producers who are primarily based in London as of 2017²⁶. The establishment of senior commissioning editors and key creative decision makers in Leeds following the establishment of Channel 4's headquarters provides increased opportunities for Yorkshire-based production companies to build close relationships with commissioners without needing to travel to London. A range of senior commissioning roles are now based in Leeds, including the Head of Drama, Head of Sport, Head of On-screen Talent, and commissioning editors from across all of Channel 4's main programming genres.

The process of commissioning TV programmes – from idea inception through development to a commission and eventually transmission – takes time. Channel 4, in the early stages of its 4 All the UK strategy, has focused on taking steps to build stronger relationships with Yorkshire-based external producers. The informal relationships between commissioners and local producers are expected to help the sector grow and develop to a point where local producers can win more commissions with Channel 4. Channel 4 provided us with some activities it has undertaken to build relationships with the production sector in the North of England since the establishment of the Leeds headquarters:

- ▶ In October 2019, Channel 4 held a genre briefing for news and current affairs external producers in Leeds, Yorkshire and more widely across the North of England. The briefing was followed up by one-to-one meetings with producers.
- ▶ Channel 4 held a joint genre briefing for drama and comedy external producers in Leeds in November 2019.
- ▶ Channel 4 held a drama genre briefing at the Tetley Gallery in Leeds in February 2020 for external producers in the North of England. The briefing involved a detailed presentation with the opportunity for networking held afterwards.

²⁶ Oliver & Ohlbaum, (September 2018). *Regionality trends within the UK production sector*. https://www.ofcom.org.uk/data/assets/pdf_file/0017/130706/Oliver-and-Ohlbaum-regionality-trends-within-the-UK-production-sector.pdf

- ▶ In response to the Covid-19 outbreak, Channel 4 held virtual events for producers across the UK, including partnering with the National Film and Television School to deliver a four-week package of online training for diverse talent and those in the Nations and Regions. Fifty-one attendees were based at Yorkshire producers or were freelancers in the region.
- ▶ Channel 4 told us that good progress is being made on developing ideas with many of the larger and medium-sized external producers in Leeds and Yorkshire, though this work is currently confidential.

“There has been a greater dialogue between the local indies and Channel 4 commissioners than we’ve seen before because these commissioners are based in Leeds. That’s been a big step forward. It’s disappointing that we haven’t yet seen more ideas from our local indies make it over the finish line, but we also recognise the impact of Covid-19 on production and the delays this has caused.”

Sally Joynson, Chief Executive of Screen Yorkshire

The Covid-19 outbreak led to Channel 4 reducing its programming budget by £150m in 2020 (compared to content spend of £660m in 2019) and has therefore slowed down the output of new productions from Channel 4. However, since it opened its headquarters in Leeds, Channel 4 has commissioned a new series, *The Steph Show* (now *Steph’s Packed Lunch*), co-produced by a West Yorkshire-based production company and broadcast live from Leeds. It has also commissioned a one-off programme, *A Day in the Life of Coronavirus Britain*, from Leeds-based production company Candour Productions.

Channel 4 has also continued to support local producers through its Creative Diversity and Emerging Indies Funds, with two Leeds-based producers receiving funding in 2019 (Daisybeck and Duck Soup). Additionally, in 2019, Channel 4 invested in Candour, a Yorkshire-based external production company, through the Indie Growth Fund.

Candour

Channel 4 invested in Candour (previously True Vision Yorkshire) through the Indie Growth Fund in April 2019.

Candour represents is the second investment in a Yorkshire-based production company for the Channel 4 Indie Growth Fund, the first being True North.

Martin Baker, Channel 4 Director of Commercial Affairs, who oversees the Indie Growth Fund said: “This deal reinforces Channel 4’s commitment to driving growth in the creative industries outside London.”

An estimated £543m was spent on original UK programmes in Northern England in 2017, making it the second most active production region outside of London (£2bn)²⁷. While the production sector in Yorkshire is smaller than in the North West of England, where the BBC and ITV have in-house production facilities, it is fast growing: between 2009 and 2015, Yorkshire and the Humber had the fastest growing screen industry of anywhere in the UK, growing faster than London and the South East²⁸. Channel 4 has a clear target to increase its spending on first-run original content from producers based in the Nations and Regions to 50% by 2023, but quantifying the anticipated long-term growth in productions specifically in Yorkshire is challenging.

²⁷ Oliver & Ohlbaum, (September 2018). *Regionality trends within the UK production sector*. https://www.ofcom.org.uk/_data/assets/pdf_file/0017/130706/Oliver-and-Ohlbaum-regionality-trends-within-the-UK-production-sector.pdf

²⁸ Screen Yorkshire. *Between 2009-2015, Yorkshire & Humber’s screen industries grew faster than anywhere else in the UK*. <https://www.screenyorkshire.co.uk/about/our-track-record/>

Following the BBC's establishment of its base in Salford in 2011, the proportion of its expenditure on productions made in the North of England grew from 7.7% in 2010 to 16.7% in 2012²⁹. However, this rapid increase in productions in the North of England was due to the relocation of in-house BBC production units to Salford, including BBC Sport and BBC Breakfast, rather than a growth in commissions from the external production sector based in Salford; a report for Ofcom found no discernible change in the amount of external programming made by producers based outside London across BBC One and BBC Two between 2008 and 2017³⁰. As Channel 4 is a publisher-broadcaster, with no in-house production unit, it has a different business model to the BBC and commissions all of its programmes from the external production sector across the whole of the UK.

4.1.3.3 Related TV, film and creative organisations have begun to cluster in Leeds and the surrounding area following Channel 4's establishment of its national headquarters

Increased local production activity is anticipated to have knock on benefits, both by allowing establishing local external producers to grow and diversify, and by attracting new local producers to the area. The beginnings of a clustering effect in the local TV, film and creative sector have been observed since Channel 4 opened its Leeds headquarters. The West Yorkshire Combined Authority provided us with a list of related moves to Yorkshire since Channel 4 announced the establishment of its Leeds headquarters:

- ▶ Wise Owl Films, an offshoot of Lime Pictures, was established in late 2018;
- ▶ UKTV announced plans to open a regional office in Leeds in November 2018, housing a technology innovation hub;
- ▶ Workerbee (previously Endemol Shine North), a production company, announced plans to open an office in Leeds in November 2018;
- ▶ Pact, the trade body for the external production sector, announced in February 2019 that it would its first out of London office in Leeds, with chief executive John McVay noting "Opening up a Leeds office is a natural step given the way in which the market is travelling³¹";
- ▶ The Garden, a production company, opened a base in Leeds in February 2019;
- ▶ The National Film and Television School announced plans in July 2019 to open a new hub in Leeds in January 2020 to support the growth of the local film and television production sector; and
- ▶ Sky Studios announced a new scripted content Innovation Hub in Leeds in September 2019.

"We viewed it as Leeds breaking through a glass ceiling. It was an opportunity to galvanise the existing creative community, to see external production companies expand their businesses and to attract in new parts of that industry."

Roger Marsh, Chief Executive of Leeds Enterprise Partnership

Channel 4 is also supporting the further development of the production sector in the North of England through TV Talent North, devised by Channel 4's Off-screen Talent Executive. TV Talent North is an employment initiative for the North of England that links external producers seeking talent with freelancers who are looking for work via a Facebook group, advertising

²⁹ Ofcom, (September 2020). *PSB Annual Compliance Report*. <https://www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/public-service-broadcasting/annual-report-2020>

³⁰ Oliver & Ohlbaum, (September 2018). *Regionality trends within the UK production sector*. https://www.ofcom.org.uk/_data/assets/pdf_file/0017/130706/Oliver-and-Ohlbaum-regionality-trends-within-the-UK-production-sector.pdf

³¹ Pact, (February 2019). *New Accelerator services for indies and Pact Leeds office announced*. <https://www.pact.co.uk/news-detail.html?id=new-accelerator-services-for-indies-and-pact-leeds-office-announced>

current job vacancies. TV Talent North was initially launched in June to help freelancers get back to work after the Covid-19 lockdown and has attracted more than 3,000 members. TV Talent North is backed financially by Channel 4, Manchester City Council and the Film and TV Charity, and was set up in conjunction with the other public service broadcasters as well as external producers.

4.1.3.4 Adjacent industries benefit from a clustering of production activity in Leeds

The clustering effect in the external production sector has a knock-on effect on adjacent industries within the region. As well as providing direct employment opportunities, Channel 4's presence in Leeds is expected to support other local creative and digital businesses as they benefit from knowledge and skills spillover from Channel 4.

Businesses that support the creative industry are expected to see an increase in demand, such as businesses that provide studio space or production equipment. This type of investment has begun to materialise in the region. In December 2019, All Studios, operator of the Manchester Studios complex, and Prime Studios, a Leeds-based company, announced a new studio complex, Leeds Studios. The production space will provide 130,000 sq. ft of production space, including five production stages for TV, film and commercial clients³². While the current pandemic has delayed the opening of Leeds Studios, this investment reflects increasing demand for production facilities in Leeds since Channel 4's headquarters was established.

4.1.4 Channel 4 has opened up access to a career in the media industry to a candidates from different backgrounds, without the need to move to London

As well as economic benefits, Channel 4's establishment of a new headquarters in Leeds and its need for local talent is expected to drive social benefits. Freelancers make up a large proportion of TV production staff, with many positions rarely lasting longer than six months³³. This structure can make it difficult for people from working class backgrounds to begin a career in television, particularly if they need to move to London and cover high accommodation costs. One of Channel 4's objectives for its Leeds headquarters was to reach a wider, more diverse pool of talent and to enable people to more easily pursue careers within the film and television industry without having to move to London or the South East to establish themselves within the industry.

Channel 4 carried out a range of activities to reach a diverse pool of potential talent, seeking advice and support from the Leeds Enterprise Partnership on how to appeal to a broad pool of candidates. Channel 4 also: engaged with local education establishments, including running workshops and talks at Leeds University; participated in a Leeds City Council Apprenticeship Event; engaged a network of ambassadors from BAME communities in Bradford and Leeds through a series of events in Yorkshire in late 2019; and supported Screen Yorkshire's Beyond Brontës programme.

Beyond Brontës

Beyond Brontës is a diverse talent initiative funded by Screen Yorkshire, which will support 100 young people from across West Yorkshire into careers in the screen industries.

The project steering group includes representatives from Channel 4, Leeds City Council, Screen Yorkshire, Bradford Metropolitan Borough Council and the University of Bradford.

The project offers bespoke support to each participant, including paid internships, work experience, mentoring, masterclasses and technical training.

³² Leeds Enterprise Partnership. *Leeds Studios to open in May*. <https://www.the-lep.com/all-news-and-blogs/leeds-studios-to-open-in-may-2020/#>

³³ Royal Television Society, (November 2014). *How to Survive as a Freelancer*. <https://rts.org.uk/article/how-survive-freelancer>

Channel 4 also held a series of outreach events, in partnership with Livity, a youth-led creative network, to speak to young people about the benefits of a career in media. Over a period of two months, the programme went to six different cities, with a total of 612 attendees. The programme reached a diverse base of potential future talent, engaging with young people to help them navigate a career in the media industry. Each attendee took part in four workshops across different careers in the media industry to provide them with a better understanding of the skills needed in that particular area. Local creative companies were invited to network with the attendees and provide them with information on local opportunities. Leeds was one of the cities visited as part of the programme, and had the highest number of sign-ups and the highest number of attendees. Following the Leeds event, 80% of attendees reported that they felt more connected to media industry professionals. Of attendees for the Leeds event, 53% were from Leeds and 47% were from surrounding areas. The breakdown of attendees for the programme is further summarised in Figure 4.2.

Figure 4.2 Attendees for Livity and Channel 4 outreach

	Total programme	Leeds
Attendees	612	249
% minority ethnic	41%	35%
% female	61%	67%
% would apply for a role at Channel 4	89%	93%

Channel 4 has taken steps to try to remove barriers for candidates in its recruitment process and to try to attract a more diverse pool of applicants for the new roles it was advertising in the Nations and Regions. Channel 4 told us it launched a video interviewing platform in 2019 to remove travel costs for candidates and the need to take time off work, and removed academic requirements from all roles except those requiring a professional certification. Channel 4 reports that it has seen a positive impact in terms of the socioeconomic diversity of its applicants. It received over 17,000 job applications in 2019, the first year recruiting for its new out of London locations, and the proportion of applicants from a working-class background increased to 27%, up from 25% in 2018.

A central part of Channel 4's 4 All the UK strategy is to invest in talent development, skills and training in the Nations and Regions so that there is a strong pipeline of creative, digital and technology talent across the whole of the UK. Channel 4's new training initiative, 4Skills, is part of its strategy to find, support and develop talent in the Nations and Regions, using partnerships with external producers, cities, skills providers and other broadcasters to deliver targeted interventions to support talent in underrepresented groups. 4Skills will launch a new cohort of apprentices starting in its Leeds and Manchester bases in early 2021.

“The fact that Channel 4 is based here reinforces the message that you can build a successful career in this industry outside of London and, in this case, in Yorkshire. In terms of growing ambition and aspiration, Channel 4's presence in the Leeds City Region sends a powerful message to our diverse communities that this is an industry for you and we want you in it. That is incredibly important when you're developing a new generation of talent - that they see an ambitious but realistic career path.”

Sally Joynson, Chief Executive of Screen Yorkshire

4.1.5 Channel 4's presence in Leeds is expected to further increase the on-screen representation of Yorkshire

Historically, Yorkshire has often been portrayed on-screen, including in programmes that Channel 4 has commissioned such as the fictional drama *Ackley Bridge* or the non-fiction documentary series *Educating Yorkshire*.

As a result of Channel 4's establishment of its Leeds headquarters, however, Yorkshire's on-screen presence is expected to grow. For example, *The Steph Show*, commissioned following Channel 4's decision to open its Leeds headquarters, was broadcast during lockdown from presenter Steph McGovern's own home in Yorkshire. The new series, *Steph's Packed Lunch*, is broadcast live from a studio at Leeds Dock, with a studio audience from different communities taking part in the show. *The Yorkshire Jobcentre*, a series commissioned by Channel 4 in 2020, also showcases Yorkshire voices and stories, documenting a jobcentre in Leeds and the people seeking its services.

4.1.6 In conclusion, Channel 4 is making progress in the implementation of its 4 All the UK strategy

Channel 4 is in the early stages of realising its 4 All the UK strategy and its impact on the local creative sector and beyond. A key part of its initial steps to establishing itself in the region are the relationships that it is developing with the local production sector.

Channel 4 has created jobs in the region, providing new opportunities for people who want a career in the media industry without having to move to London, including people from a broad range of socioeconomic backgrounds. These activities contribute to 'levelling up' jobs and opportunities in the creative sector across the whole of the UK. The beginnings of a clustering effect can also be observed in the local TV, film and creative sector, with several organisations establishing new offices in Leeds following Channel 4's announcement.

4.2 Case study 2: Production hub in Glasgow

4.2.1 Channel 4 has supported production activity in Glasgow over several years through programming and non-programming activities

Our first case study, focusing on Leeds, provides an example of a shift in Channel 4's presence out of London as a result of its new national headquarters, which has driven economic, social and cultural benefits for the Leeds city region. However, Channel 4 makes a wider contribution across the UK, beyond the location of its headquarters.

To illustrate the impact of Channel 4's wider activities in the Nations and Regions, we have considered Channel 4's presence and activities in Glasgow as a case study. Channel 4's activities in Glasgow provide an example of where Channel 4 has invested in a region over several years to support and maintain a viable production ecosystem in the Nations and Regions, and where Channel 4 has recently consolidated its investment through its 4 All the UK strategy.

One-off productions commissioned from a regional independent producer, or filmed in a regional location, can have economic, social and cultural benefits for the local area, but these benefits are often temporary. In contrast, Channel 4's activities in Glasgow provide an example of where Channel 4 has contributed to the establishment of a long term, sustainable production cluster covering a range of skills and inputs.

4.2.2 Channel 4 is growing its presence in Glasgow through establishing a Creative Hub in the city as part of its 4 All the UK strategy

Historically, Channel 4's presence in Glasgow comprised its Nations and Regions team, which led on stakeholder engagement in the Nations and Regions, including liaison with the devolved government and creative agencies. Prior to 2018, the team based in Glasgow comprised three people; Channel 4's more significant contribution to Glasgow was made through its activities

with the local external production sector and training, discussed in Sections 4.2.3, 4.2.4 and 4.2.5.

Channel 4's 4 All the UK strategy, announced in 2018, represents an increase in Channel 4's presence and activity in the Nations and Regions, and particularly in its presence in Glasgow. Glasgow has been selected to be one of Channel 4's two Creative Hubs from a longlist of more than 30 cities. The new Creative Hub in Glasgow will support a number of roles across a range of functions, including key creative decision makers. The establishment of key creative decision makers in Glasgow plays a part in shifting more creative decision making to the Nations and Regions, and will play a role in further developing the creative ecosystem in Glasgow.

Commissioning departments represented in the new Creative Hub in Glasgow include entertainment and live events, factual, news and current affairs, and popular factual. Jo Street has been appointed as Head of Daytime and Head of the Glasgow Hub. The size of the team based in Glasgow has grown to eight people since the Creative Hub was opened, with plans to recruit further.

4.2.3 Channel 4 has spent £179.1m on Scottish productions for its main channel since 2007, driving economic and cultural benefits

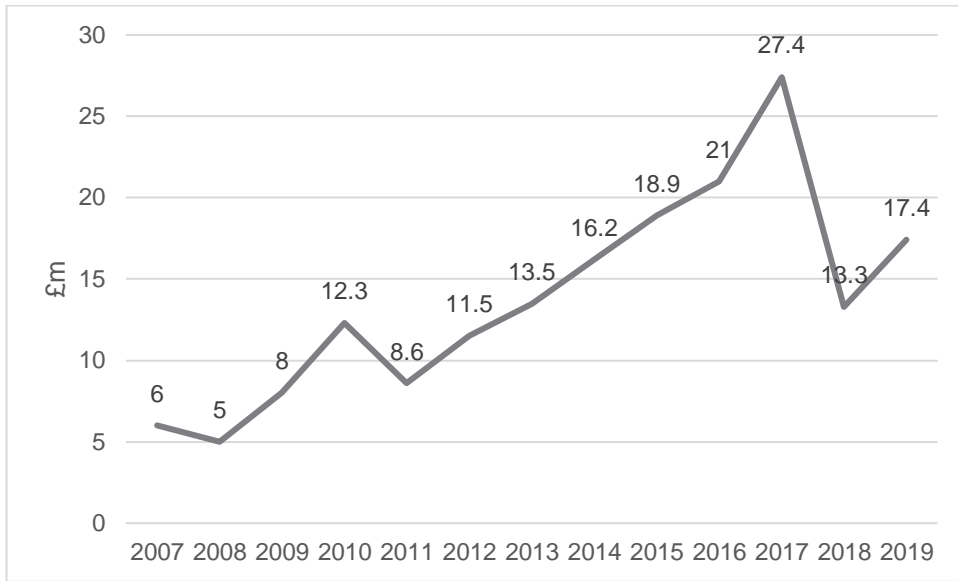
Channel 4 has spent a total of £179.1m on Scottish productions for its main channel³⁴ since 2007, with the trend for this spend illustrated in Figure 4.3. Between 2011 and 2017, Channel 4 increased its spend on Scottish productions on its main channel every year, spending a total of £117.1m in Scotland over this period. A series of cuts made to Channel 4's daytime programming in 2018 negatively affected producers in Scotland, with Channel 4's spend for its main channel in Scotland falling by 51% between 2017 and 2018, from £27.4m to £13.3m. These cuts were driven by fewer hours commissioned of gameshow *Fifteen to One* and some series not returning. However, since then spend in Scotland for Channel 4's main channel has grown by 31% in 2019 to £17.4m, representing 4.4% of main channel originated content spend, and nearly a trebling of spend compared to 2007. Across Channel 4's portfolio³⁵, spend in Scotland in 2019 increased by 47% year-on-year to £20.7m, after a fall of 49% in 2018.

Figures 4.3, 4.4 and 4.5 illustrate Channel 4's spend and hours of programming commissioned in Scotland between 2007 and 2019.

³⁴ Channel 4.

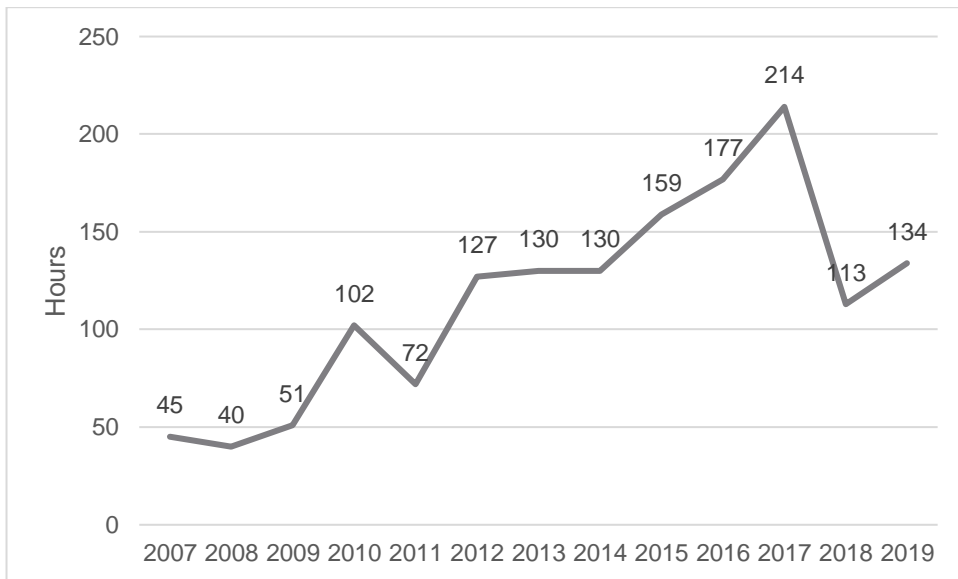
³⁵ Including E4, More4, Film4 and 4seven.

Figure 4.3 Channel 4 spend in Scotland (main channel), 2007-2019

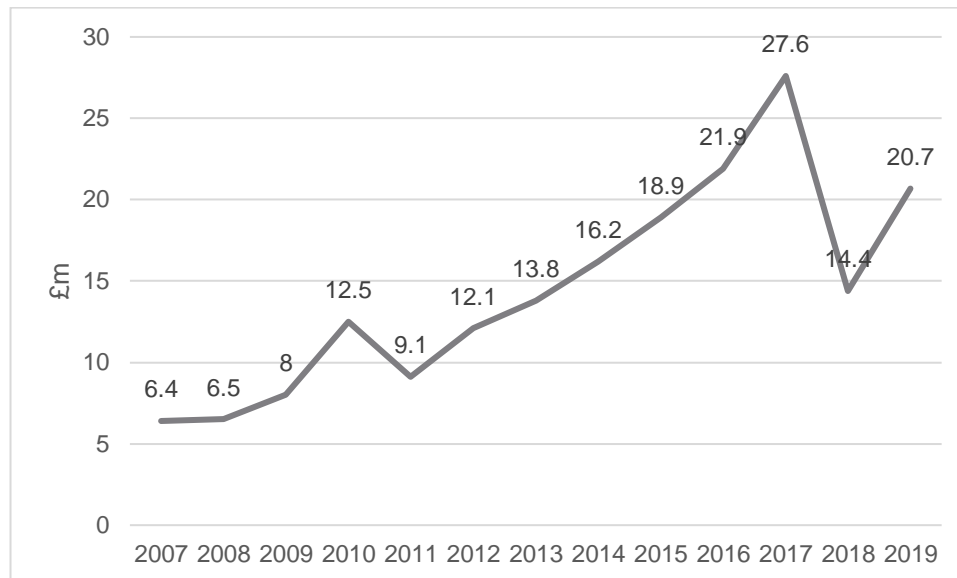


Source: Channel 4.

Figure 4.4 Channel 4 hours commissioned in Scotland (main channel), 2007-2019



Source: Channel 4.

Figure 4.5 Channel 4 spend in Scotland (portfolio), 2007-2019

Source: Channel 4.

Channel 4 has commissioned several daytime and quiz programmes from producers based in Scotland over time. From 2014, Channel 4 moved *Fifteen to One*, a quiz show made by Remedy Productions, to Glasgow as a strategic move to support the growth of the sector there. Other Channel 4 commissions from production companies based in Scotland include: *Location, Location, Location*; *Puppy School*; *Supershoppers*; *Love it or List it*; and *Save Well, Spend Better*. In addition, *Mend it for Money* is a recent Channel 4 commission filmed in Glasgow. Some of these commissions, such as *Location, Location, Location*, are core long term returning series, providing a stable revenue stream for producers in Glasgow. Channel 4's new Head of Daytime since 2019 is located in Glasgow, bringing more key creative decision making to the city.

Channel 4's commissioning activities in Glasgow and Scotland more widely have delivered economic benefits for the region in terms of jobs and GVA, which we discuss further in Section 3. Beyond these economic benefits though, Channel 4's commissioning represents and portrays Scotland, its culture and the lives of Scottish people to audiences across the UK. Some commissions and productions that represented Scotland include:

- ▶ ***Deadwater Fell***: A four-part drama series with David Tennant, filmed in Ayrshire, Renfrewshire, and Culzean Country Park, with a Scottish director. *Deadwater Fell* is Channel 4's most popular drama in Scotland.
- ▶ ***Richard Wilson's Highland Fling***: An hour-long programme where the actor Richard Wilson explores the Scottish Highlands and Islands, showcasing this part of Scotland throughout the programme.
- ▶ ***Village of the Year***: A series where judges visit villages across the UK to award the title of 'Village of the Year'. Scottish villages have been showcased throughout the series, including Catterline in Aberdeenshire, Boat of Garter in Inverness-shire, Fochabers in Moray and Kinloch Rannoch in Perth and Kinross.
- ▶ ***The Biggest Little Railway in the World***: A five-part series where a team of model railway enthusiasts attempt to build the longest model railway in the world from Fort William to Inverness, featuring a range of locations across Scotland.
- ▶ ***Film4***: While films are one-off productions, they play a role in creating a sustainable production ecosystem, and in representing and portraying different parts of the UK to

audiences. Film4 reflects the UK and its Nations and Regions through content that is made available to both a UK and an international audience. *T2 Trainspotting*, which was backed by Film4, was filmed in Edinburgh and Glasgow, showing Scotland to audiences around the world. *T2 Trainspotting* grossed £17m at the UK box office and c.£32m internationally³⁶. Film4 also supported *Wild Rose*, a 2018 musical drama film, which was filmed in locations across Glasgow. Film4 has invested a total of £160m in film since 2011, of which £40.3m related to films shot predominantly in the Nations and Regions, comprising 25% of the full production budget for these films and representing a significant investment in the Nations and Regions.

4.2.4 Channel 4's Alpha Fund invested £97,000 in production companies in Scotland in 2019

As discussed in Section 2.4, Channel 4 has a range of initiatives in place to support external producers. The two main initiatives that have supported the production sector in Scotland to date are the Alpha Fund (repurposed since 2019 into the Creative Diversity fund and the Emerging Indies Fund) and the Indie Growth Fund.

The Alpha Fund invested £385,000 per year in Nations and Regions production companies in 2018 and 2019. This investment included six companies in Scotland in 2018 (total investment of £90,000) and seven companies in Scotland in 2019 (total investment of £97,000).

Raise the Roof Productions

Raise the Roof provides an example of an external production company supported by Channel 4 from an early stage.

After the launch of Raise the Roof in 2010, Channel 4 provided the production company with office space at Channel 4's Glasgow office. Raise the Roof has gone on to produce over 250 hours of television content for Channel 4, with recent commissions including *Love it or List it* and *Phil Spencer: Find me a Home*, an hour long documentary for which Raise the Roof won the RTS Scotland Award in the Factual Entertainment and Features. Raise the Roof is Scotland's largest true independent producer.

Raise the Roof's focus on long running, returning formats has allowed the company to invest in staff and development. It now has 16 permanent members of staff and supports hundreds of freelancer jobs a year.

Channel 4 has supported Raise the Roof through repeat Alpha Funding over the past 10 years and by offering development schemes to progress middle level to senior talent.

Red Sky Productions

Like Raise the Roof, Red Sky was initially provided with office space by Channel 4 following its establishment. Channel 4 provided repeat Alpha Funding to support Red Sky's development.

By 2019, Red Sky has secured two series commissions with Channel 4, and was subsequently commissioned to produce *Spring on Jimmy's Farm* and *Autumn on Jimmy's Farm*.

³⁶ comScore.

Of the 18 companies that Channel 4 has invested in through the Indie Growth Fund, two are Scottish companies: Firecrest and Two Rivers. In 2018, Channel 4 refocused the Indie Growth Fund to prioritise fast-growing external production companies in the Nations and Regions, as well as digital and diverse businesses across the whole of the UK.

Firecrest Films

Firecrest Films has been supported by Channel 4 over several years, with different Channel 4 initiatives playing a role in supporting the growth and development of Firecrest.

Firecrest was set up in 2008 with an initial focus on current affairs. Channel 4 first commissioned Firecrest to make *Secrets of Poundland* in 2012, and subsequently commissioned Firecrest to make several single programmes. These included some of the highest rating Channel 4 *Dispatches* films, such as *Secrets of Cadbury*, *Inside Facebook: Secrets of a Social Network* and *Low Pay Britain*, which won a BAFTA Scotland Award. In 2015, Channel 4 commissioned *Supershoppers* from Firecrest, which won both BAFTA Scotland and RTS Scotland Awards for the best feature and factual entertainment programme. *Supershoppers* is now on its seventh series, providing a stable and predictable income stream for Firecrest.

Firecrest was initially supported by Channel 4 over several years through the Alpha Fund. Channel 4's activities included funding a Journalism Trainee in 2014 and 2015, and then funding Firecrest's development slate in 2016.

After repeat Alpha Funding, Firecrest became Channel 4's first Indie Growth Fund investment outside England in 2017, allowing Firecrest to expand its creative team and diversify its focus. Following Channel 4's investment, Firecrest's turnover trebled year-on-year to £3m in 2018, growing again to £4m in 2019. In 2018, Firecrest was named the fastest growing external production company outside London. In 2020, Firecrest was shortlisted at the Edinburgh TV Festival Awards as one of the best production companies in the UK.

4.2.5 Channel 4 is investing in talent development in Glasgow to create a pipeline of skills

Channel 4's All the UK strategy includes investment in talent development, skills and training in the Nations and Regions so that there is a strong pipeline of creative, digital and technology talent across the whole of the UK. These activities play a role in diversifying the television industry and providing opportunities for people across the UK, rebalancing skills and experience in the television industry outside of London.

Channel 4's Production Training Scheme is a 12-month salaried training programme where trainees are placed at external production companies across the UK. We discuss the Production Training Scheme in more detail under case study 4. In relation to this case study, Channel 4 has supported seven Production Training Scheme trainees placed at external production companies in Glasgow since 2015, including Firecrest, Raise the Roof and Tern. The scheme has provided entry-level positions to people from Glasgow, helping them to get into the television industry within their local city. Channel 4 has also had three apprentices based in the Glasgow Channel 4 office, providing further opportunities for local people with no prior qualifications or training in film and television.

Channel 4 also sponsors industry training and development initiatives run by other providers in Scotland, including:

- ▶ TRC, a Glasgow-based company that delivers training for people working in the broadcast and digital sectors, with programmes focusing on people working in the Nations and Regions;

- ▶ BAFTA Scotland and its Guru Live Glasgow programme, a one day festival in Glasgow supporting new film, TV and games talent in developing their career through workshops and roundtables with senior industry figures; and
- ▶ National Film and Television School, in relation to a series of masterclasses and training sessions for external production companies and freelancers based in the Nations and Regions, including in Scotland, held over a four-week period.

Channel 4 has also held three outreach events in Glasgow since 2015. In 2019, Glasgow was one of the cities visited as part of Channel 4's partnership with Livity (discussed in Section 4.1.4). The breakdown of attendees for the programme is summarised in Figure 4.6.

Figure 4.6 Attendees for Livity and Channel 4 outreach

	<i>Total programme</i>	<i>Glasgow</i>
<i>Attendees</i>	612	96
<i>% minority ethnic</i>	41%	11%
<i>% female</i>	61%	66%
<i>% local</i>	62%	72%
<i>% would apply for a role at Channel 4</i>	89%	90%

Source: Livity.

In 2015 and 2017, Channel 4 partnered with MyKindaFuture to deliver the 'Pop Up' event series, which promoted opportunities at Channel 4 through events that provided attendees with the skills and knowledge to be able to pursue a career in the television industry. The Glasgow outreach event in 2015 had 129 attendees and the Glasgow outreach event in 2017 had 62 attendees. The events were aimed at people who are from groups that are currently underrepresented in the television industry.

4.2.6 In conclusion, Channel 4's activities over several years have helped to support and maintain a production ecosystem in Glasgow

Channel 4's range of activities in Glasgow over several years have contributed to the development of the production ecosystem in the city, and demonstrate how Channel 4's contribution to the Nations and Regions goes beyond the location of its headquarters. Channel 4's sustained commissioning activities, investment in external producers and training and development activities in Scotland have played a role in supporting the development of the sector.

Channel 4's activities in Scotland contribute to 'levelling up' the economy across the UK, creating new jobs – both at Channel 4's Creative Hubs and in the wider production sector – supporting the growth of the Scottish external production sector, and offering new career opportunities to young people living in Glasgow. Channel 4 is expecting to build on this further following the establishing of its Creative Hub.

4.3 Case study 3: Supporting Black, Asian and minority ethnic talent

4.3.1 Channel 4 seeks to drive diversity on-screen, off-screen, through its supply chain and through advertising

The role of public service broadcasting is to serve the whole of society, meaning that PSBs need to serve the diverse communities of the UK and its Nations and Regions. The long-term sustainability of public service broadcasting relies on its ability to adapt to the changing needs and demographics of its audiences to ensure it maintains broad public support into the future. Additionally, Channel 4's public service remit, as set by legislation, explicitly requires the broadcaster to appeal to the tastes and interests of a culturally diverse society.

However, research has suggested that audiences from a minority ethnic background can feel misrepresented, stigmatised or overlooked on television in the UK³⁷. Ofcom's monitoring of diversity and equal opportunities in television also suggests that employees from minority ethnic backgrounds remain underrepresented at senior levels across the television industry³⁸.

In this context, the representation and portrayal on-screen, and inclusion off-screen, of people from BAME backgrounds has increasingly become an area of focus across the television industry in recent years, and in this case study, we focus on Channel 4's activities in this area. Channel 4 plays a role in supporting BAME talent in the following broad ways:

- ▶ **On-screen representation and portrayal:** Channel 4 has committed to commissioning content that reflects the lives of BAME audiences, and to ensure that people from BAME backgrounds are fairly represented on-screen³⁹.
- ▶ **Supporting off-screen talent:** Channel 4 supports off-screen talent from a BAME background both through its activities supporting its own workforce, and in the opportunities and training it seeks to deliver to the wider industry. Channel 4's Commissioning Diversity Guidelines set guidance around expectations for the inclusion of production talent from BAME backgrounds within the crew and at senior roles on its programmes.
- ▶ **Diversifying its supply chain:** As a publisher-broadcaster, Channel 4 plays a role in driving ethnic diversity in the external production sector, by supporting external production companies led by people from BAME backgrounds.
- ▶ **Influencing the representation of people from BAME backgrounds in advertising:** Channel 4 has committed to using its influence as an advertiser-funded broadcaster to encourage the authentic representation of people from BAME backgrounds in advertising.

We discuss Channel 4's activities in each of these areas in the remainder of this case study.

4.3.2 Channel 4 seeks to ensure fair representation of people from BAME backgrounds on-screen

As noted above, Channel 4's remit requires the broadcaster to appeal to the tastes and interests of a culturally diverse society. Representing the diversity of audiences on-screen is part of the way Channel 4 seeks to appeal to a culturally diverse society.

In 2015, Channel 4 launched its Commissioning Diversity Guidelines, focusing on diversity on-screen and diversity off-screen, including training and opportunities. The guidelines are for Channel 4's production partners and require producers to take steps to ensure diversity on and off-screen. In terms of on-screen diversity, producers need to ensure that programmes reflect

³⁷ Kantar Media, (October 2018). *Representation and portrayal of audiences on BBC television*. https://www.ofcom.org.uk/_data/assets/pdf_file/0016/124252/kantar-bbc-qualitative-research.pdf

³⁸ Ofcom, (September 2019). *Diversity and equal opportunities in television: Monitoring report on the UK-based broadcasting industry*. https://www.ofcom.org.uk/_data/assets/pdf_file/0028/166807/Diversity-in-TV-2019.pdf

³⁹ Channel 4, (June 2020). *Anti-Racism Commitments*.

a variety of communities and backgrounds through their subject matter, and/or ensure that on-screen roles reflect a diverse range of voices, perspectives and experiences. Off-screen producers need to ensure representation at all levels of their production. Channel 4 told us that it monitors delivery against the Commissioning Diversity Guidelines, and supports producers to widen their talent pools and progress talent to help meet the guidelines.

In its Anti-Racism Commitments, published in June 2020, Channel 4 committed to ensuring that the lives and experiences of BAME audiences are reflected in programming across all [its] genres” and to “BAME representation being at or higher than the national average in [its] on-screen presenters, talent and stars⁴⁰.” In its last tracking wave in 2019, Channel 4 found that on-screen representation of people from BAME backgrounds was at 14%, in line with the c.14% of the UK’s population that is from a BAME background. Channel 4 has begun tracking diversity data for its top 100 shows to understand how it can improve on-screen diversity by changing the representation of minority ethnic groups on its top 100 shows.

Some high profile recent commissions that seek to improve the on-screen representation of Black people include:

- ▶ ***The Big Narstie Show:*** *The Big Narstie Show*, first broadcast in 2018, is a late night entertainment show hosted by grime musician Big Narstie and stand-up comedian Mo Gilligan. In 2018, its share of viewers aged 16-24 was up 94% above slot average, up 129% on share for BAME audiences, and up 144% on share for Black audiences⁴¹. *The Big Narstie Show* was commissioned for a second series in 2019 and a third series in 2020. Mo Gilligan was commissioned for a comedy entertainment series of his own, *The Lateish Show*, for which he won a BAFTA in 2020, and which is returning for a second series in 2021. Mo Gilligan was also commissioned to present a documentary for Black History Month.
- ▶ ***Take Your Knee Off My Neck:*** Following the killing of George Floyd in the US in 2020, Channel 4 commissioned a series of five short films under the series title *Take Your Knee Off My Neck*, about the killing and its impact on Black Britons. The films include: testimony from people who have experienced racial abuse; the impact of the toppling of the statue of Edward Colston in Bristol; a reimagining of the future after the killing of George Floyd; the experiences of doctors and nurses in the NHS who have suffered racism; and a film comparing comedic skits from the civil rights movement of the 60s and 70s with related comedy today.
- ▶ **Longer form films by Black British filmmakers:** Channel 4 is also looking to commission a series of longer form films exploring different aspects of the Black experience and questions about race in modern Britain.
- ▶ **Black Takeover:** Channel 4 has announced a Black Takeover aimed to increase representation and ensure authentic portrayal of Black talent, voices and narratives. Encompassing scripted and unscripted genres, Channel 4 plans to disrupt its regular schedule, with a dedicated day of programmes from breakfast through to late night, which will showcase Black talent on and off-screen. Scheduled to air in September 2021, the day will include some of Channel 4’s biggest mainstream shows with programming that features Black talent, writers and directors. As part of the Black Takeover, Channel 4 will launch two new shows led by Black talent, including new comedy content.

4.3.3 Channel 4 drives diversity in off-screen talent through its own workforce and through supporting industry development opportunities

Channel 4 has worked with the Sir Lenny Henry Centre for Media Diversity to design off-screen commitments aimed to have sustainable and long term change. Channel 4’s target is for 20% of Channel 4 staff, and 20% of the top 100 paid staff, to be from BAME backgrounds by 2023.

⁴⁰ Channel 4, (June 2020). Anti-Racism Commitments. <https://www.channel4.com/corporate/anti-racism-commitments>

⁴¹ Channel 4. Annual Report 2018. https://annualreport.channel4.com/assets/downloads/203_30612_Channel4_AR2018-accessible-v2.pdf

Currently, 17% of Channel 4's staff and 14% of its top 100 paid staff are from BAME backgrounds. Ofcom research from 2019 found that Channel 4 has the second highest proportion of employees from minority ethnic backgrounds among the PSBs, after Viacom (Channel 5)⁴².

The BBC, ITV, Channel 4, Channel 5 and Sky have signed up to the Creative Diversity Network's Diamond initiative, a single online system used to obtain consistent diversity data. Diamond collects data about the gender, gender identity, ethnicity, sexual orientation and disability of people working on or off-screen on all UK-originated productions⁴³. The most recent Diamond report found that representation in roles off-screen by people from BAME backgrounds is higher on Channel 4 than on the BBC, ITV, Channel 5 or Sky, though on-screen representation of people from minority ethnic backgrounds is lower on Channel 4 than on the other broadcasters included in Diamond⁴⁴.

Improving off-screen diversity is also at the heart of Channel 4's 4 All the UK strategy, both in terms of increased Nations and Regions representation but also in terms of other forms of diversity, including people from minority ethnic backgrounds. Channel 4 told us that one of factors driving its choices of Leeds and Bristol as homes for its national headquarters and a new Creative Hub respectively were the levels of diversity in both cities. The Leeds City Region is diverse in terms of ethnicity, with more than 140 ethnic groups and a minority ethnic population representing 18% of the total population⁴⁵. People from BAME backgrounds make up 16% of the total population in Bristol, slightly higher than the UK average. The proportion of the population from a BAME background varies across Bristol, reaching 60% in one ward of the city. The age profile of people from a BAME background in Bristol is also much younger than the age profile of the Bristol population as a whole – aligned with Channel 4's remit to speak to young people and to support diversity⁴⁶.

Channel 4 has a number of outreach and training activities to support the careers of people from BAME backgrounds:

- ▶ **4Skills:** 4Skills is a new training initiative, launched in October 2020, to develop senior talent, focusing on people in the Nations and Regions, and people from BAME backgrounds. 4Skills focuses on partnerships with external producers, cities, skills providers and other broadcasters to deliver targeted interventions to support talent in underrepresented groups. It includes an outreach programme to introduce school children and college students to careers in the broadcast industry, as well as apprenticeships for people from diverse backgrounds.
- ▶ **Production Training Scheme:** We discussed the Production Training Scheme in more detail in case study 4. It is designed to help improve the representation in particular of people with disabilities, people from BAME communities, and people from disadvantaged backgrounds in the television industry. Since the scheme began in 2015, there have been 82 trainees. Of these, Channel 4 told us that around 45% are from BAME backgrounds.
- ▶ **Outreach programmes:** Channel 4 also seeks to appeal to a diverse base of potential future talent through its outreach programmes, as discussed in Section 4.1.4. In 2019, of a total of 612 outreach event attendees, 41% were from minority ethnic backgrounds.
- ▶ **Commissioning Mentoring Network:** Channel 4's Commissioning Mentoring Network trains Channel 4 commissioners as mentors and matches each with an external mentee

⁴² Ofcom, (September 2019). *Diversity and equal opportunities in television: Monitoring report on the UK-based broadcasting industry*. https://www.ofcom.org.uk/data/assets/pdf_file/0028/166807/Diversity-in-TV-2019.pdf

⁴³ Creative Diversity Network. Diamond. <https://creativitydiversitynetwork.com/>

⁴⁴ Creative Diversity Network, (spring 2020). *Diamond: The Third Cut*. http://creativitydiversitynetwork.com/wp-content/uploads/2020/02/CDN_Diamond_25Feb.pdf

⁴⁵ World Population Review (2020). *Leeds Population 2020*. <https://worldpopulationreview.com/world-cities/leeds-population#:~:text=Leeds%20is%20very%20diverse%20with%20more%20than%20140,Gypsy%20or%20Irish%20Traveller%20and%202.9%25%20other%20white%29>

⁴⁶ Bristol City Council, (September 2020). *The Population of Bristol*. <https://www.bristol.gov.uk/documents/20182/33904/Population+of+Bristol+September+2020.pdf/69aa0aa1-290a-ccf2-ec4f-13a7376b41a8>

from an underrepresented group. The Commissioning Mentoring Network was set up in 2015, and since its launch, 202 people from underrepresented groups have been matched with commissioners and senior channel executives. Of the 202 mentees, 123 are from BAME backgrounds. Channel 4's talent team also supports the development of diverse production talent to senior level by organising bespoke networking with senior Channel 4 commissioning editors.

- ▶ **Spotlight on Directors:** Channel 4's Spotlight on Directors initiative launched in 2017 and aims to increase the diversity of directors by giving opportunities to directors from underrepresented groups (minority ethnic, female and disabled people) across the UK and in all genres of its output. Under the initiative, Channel 4 gave opportunities to 46 new diverse directors, who worked across a wide range of genres and titles. Channel 4 introduced half of the directors to external production companies, who then hired them on merit. Channel 4 also provided direct funding to directors to enable them to receive bespoke training. Channel 4 told us that it has continued to work with the directors on its Spotlight on Directors initiatives in subsequent years, supporting their development and relationships with commissioners.

4.3.4 Channel 4 has initiatives in place to drive diversity in the external production sector

Channel 4's influence in driving diversity in the television industry goes beyond its activities within its own workforce. As a publisher-broadcaster, with close ties to the external production sector, Channel 4 looks to drive diversity among the wider production sector to ensure that it is able to commission diverse voices, ideas and stories from producers.

As discussed above, Channel 4 has in place Commissioning Diversity Guidelines, requiring producers who work with Channel 4 to take steps to ensure diversity on and off-screen. In terms of off-screen diversity, producers need to encourage the progression of people from currently underrepresented groups to senior and creative roles, and/or ensure that roles within production teams and crews are accessible to people from currently underrepresented groups. Additionally, producers are encouraged to support training, internships and career progression for underrepresented groups.

In terms of its commissioning activities, Channel 4 commissioned eight external production companies led by people from BAME backgrounds in 2019 for its main channel, with a further 12 in paid development, representing 11% of suppliers in total⁴⁷. As part of its Anti-Racism Commitments, Channel 4 has committed to doubling the number of external producers led by people from minority ethnic backgrounds that it commissions from by 2023. It had also made a new commitment to track and report its content spend with external producers led by people from minority ethnic backgrounds.

Channel 4 has a range of activities to support external production companies led by people from minority ethnic backgrounds:

- ▶ **Indie Accelerator:** Launched in 2020, the Indie Accelerator will match external production companies led by people from BAME backgrounds with Channel 4 commissioning heads of department for unscripted genres to work together towards a commission. The Indie Accelerator has been launched in partnership with the TV Collective, an organisation which aims to connect people from minority ethnic backgrounds to paid opportunities in the media industry. The partnership is a commitment of two years, and aims to progress companies into winning more commissions for Channel 4 by establishing business relationships with diverse production companies. The Indie Accelerator offers financial support, idea development in conjunction with Channel 4 heads of departments of unscripted genres, support from Channel 4's senior leadership, expanded contacts and access to departments across Channel 4, access to creative talent networks, and the

⁴⁷ Channel 4, (June 2020). Anti-Racism Commitments. <https://www.channel4.com/corporate/anti-racism-commitments>

involvement of Channel 4's director of programmes, who will prioritise their ideas for review.

- ▶ **Creative Diversity Fund:** The Creative Diversity Fund is a development and production fund to support diverse ideas, talent and external production companies.
- ▶ **Indie Growth Fund:** Since 2014, the Indie Growth Fund has invested in one external production company led by minority ethnic talent, Voltage (out of a total of 18 companies that Channel 4 has invested in). As part of the 4 All the UK strategy, the Indie Growth Fund has been refocused to prioritise investment in Nations and Regions, companies led by people from BAME backgrounds, and digital companies.

4.3.5 Channel 4 uses its position as an advertiser to support representation of people from minority ethnic backgrounds in advertising

Channel 4 research shows that diverse communities feel like they are not accurately or sufficiently represented on-screen in UK advertising⁴⁸.

Since 2016, Channel 4 has awarded an annual £1m airtime prize to encourage the UK advertising community to be more inclusive in their campaigns. The Channel 4 Diversity in Advertising Award is intended to get more representative advertising campaigns on air. The 2020 theme for the award was 'UK BAME culture', focusing on the authentic representation of BAME cultures within mainstream advertising.

4.3.6 In conclusion, Channel 4's activities supporting minority ethnic talent help to support the sustainability of public service broadcasting

Channel 4's activities supporting on-screen and off-screen talent from a BAME background play a role in supporting a diverse pipeline of talent across the UK. These activities contribute to securing the long term appeal, relevance and sustainability of public service broadcasting, as the demography of audiences and the UK population changes over time.

4.4 Case study 4: Providing training

4.4.1 Channel 4's Production Training Scheme offers opportunities to young people across the UK

Part of Channel 4's remit requires it to nurture talent throughout the UK, and Channel 4 carries out a range of activities to develop diverse talent. To fulfil this remit, Channel 4 supports a wide range of training and development initiatives. In October 2020, Channel 4 launched 4Skills, a new initiative that brings together all Channel 4's training and development schemes, as well as introducing new initiatives. One of the main talent development activities carried out by Channel 4 is the Production Training Scheme.

The Production Training Scheme is aimed at entry level talent and offers paid places at external production companies across the UK for a period of 12 months. The trainee's placement is jointly funded by Channel 4 and by the production company where the trainee is placed. Trainees have monthly meetings with Channel 4 for further training and development.

While anyone can apply to the Production Training Scheme, the scheme is targeted at people with disabilities, people from BAME communities, and people from disadvantaged backgrounds to help improve the representation of these groups in the television industry.

In years when the Paralympics is broadcast on Channel 4, Channel 4's Production Training Scheme intake focuses on disabled talent and supports them to apply for roles in the Paralympics production team. This initiative is intended to diversify the television industry, with disabled people remaining underrepresented in the industry even in 2019 (6% of employees of

⁴⁸ Channel 4. Diversity in Advertising Award. <https://www.4sales.com/diversityaward>

the broadcasters in 2019 compared to UK labour market average of 18%⁴⁹). To align with the Paralympics in Rio de Janeiro, the 2015/16 Production Training Scheme was designed to train production staff with disabilities to the level required to interview for roles in Channel 4's Rio Paralympics Production team. Channel 4 aimed to build on its Rio Paralympics Production Training Scheme ahead of the Tokyo Paralympics, and in early 2020 Channel 4 placed 14 disabled trainees with production companies across the UK as part of its Tokyo Production Training Scheme. There have been disruptions to the scheme due to Covid-19, but in response to the pandemic Channel 4 told us it has:

- ▶ Continued to provide remote training, pastoral support, networking opportunities and daily check-ins for trainees;
- ▶ Offered contract extensions to all trainees affected to ensure they can gain on-the-job experience as productions resumed after lockdown; and
- ▶ Sought opportunities for some trainees to work on Channel 4's 2021 Tokyo Paralympic coverage after completing their training.

“When we walked around the broadcasting studios during the Paralympic Games, only one broadcaster had disabled reporters and presenters: Channel 4. It was revolutionary to have disabled people presenting disability sport. Channel 4 broke the mould. By the Rio 2016 Paralympic Games, every single broadcaster had disabled people in front of and behind the cameras.”

Andrew Parsons, President of the International Paralympic Committee

The Production Training Scheme places trainees at external production companies across the UK, providing opportunities for people in the Nations and Regions to break into a career in the media industry. The scheme therefore plays a role in 'levelling up' opportunities across the whole of the UK. Figure 4.7 sets out the locations across the UK where trainees on the Production Training Scheme have been placed in recent years. In addition to the schemes set out in Figure 4.7, Channel 4 held a targeted Nations and Regions Production Training Scheme in 2015. The 2015 Nations and Regions scheme was a six month programme and the six trainees were based in Cardiff, Glasgow and Bristol.

Channel 4 told us that the Tokyo Paralympics Production Trainee Scheme for 2019/20 is concentrated in London because most sport production companies are based in London, but it has also placed trainees with the sport production companies based outside London. Channel 4 has recently announced that in 2021 the Production Training Scheme will comprise entirely of trainees based in the Nations and Regions.

⁴⁹ Ofcom, (September 2019). *Diversity and equal opportunities in television: Monitoring report on the UK-based broadcasting industry*. https://www.ofcom.org.uk/data/assets/pdf_file/0028/166807/Diversity-in-TV-2019.pdf

Figure 4.7 Location of trainees on Production Training Scheme, 2015-present

Year	Total trainees	Trainees in the Nations and Regions	Location of trainees in the Nations and Regions
2015/16	23	3	Manchester (x2), Cirencester
2016/17	13	3	Newry, Belfast, Birmingham
2017/18	16	11	Newry, Liverpool, Manchester (x2), Glasgow (x3), Bristol (x2), Birmingham (x2)
2018/19	16	11	Manchester (x2), Brighton (x1), Glasgow (x3), Plymouth, Bristol, Cardiff (x2), Leeds
2019/20	14	5	Birmingham, Cardiff/Glasgow, Leeds, Manchester (x2)

Source: Channel 4, ThinkBigger

Many of the trainees on the Production Training Scheme establish longer term careers in the industry. Of the 23 trainees on the 2015/16 Rio Paralympics Production Training Scheme, 18 trainees went on to work behind the cameras or on the production team at the Rio Paralympics, and 13 are still working in the industry. Of the 13 trainees on the 2016/17 scheme, seven are still engaged in the wider media industry and five remain working in television. All 16 trainees on the 2017/18 scheme, and 15 of the 16 trainees on the 2018/19 cohort, remain in the industry today. Five of the six trainees from the 2015 Nations and Regions scheme remain in the industry today. Channel 4 told us that past trainees include people who have gone on to be commissioning editors, BAFTA winners, Head of Production, production executives, directors of primetime drama, and who have gone on to start their own companies.

4.4.2 Channel 4 supports a wide range of training and development initiatives

Beyond the Production Training Scheme, Channel 4 also supports:

- ▶ Work experience at Channel 4's offices;
- ▶ Apprenticeships, aimed at people without a university degree and providing opportunities to spend between one and two years working at a department in a Channel 4 office, helping people to break into the television industry at an entry level;
- ▶ School and college outreach and engagement programmes;
- ▶ A training scheme for investigative journalism – the Dispatches Investigative Journalism Scheme;
- ▶ Six bursaries a year to support new theatre writers through the Channel 4 Playwright Scheme, with four bursaries supported by Channel 4 and two by the Peggy Ramsay Foundation;
- ▶ 4Stories, a talent initiative aiming to support diverse voices;
- ▶ 4Screenwriting, a scheme providing writers with insight into how the industry works and how to write under a television drama commission;
- ▶ An MA in investigative journalism, developed by Channel 4's News and Current Affairs team in partnership with De Montfort University's Leicester Media School, designed to train future generations of investigative journalists;

- ▶ Factual Fast Track, a development programme for factual producers in Wales funded by Channel 4, BBC Cymru and S4C, which includes paid production and broadcast placements, bespoke training and commissioner and peer mentoring;
- ▶ Commissioning Mentor Network, as discussed in Section 4.3.3, an initiative to train Channel 4 commissioners as mentors and match each with an external mentee from an underrepresented group;
- ▶ Channel 4 x National Film and Television School, a co-developed four-week package of online training for diverse talent and those in the Nations and Regions, created in response to the Covid-19 outbreak and attended by 1,300 people; and
- ▶ ScreenSkills, an industry scheme managed by the Indie Training Fund and supported by Channel 4, the BBC and Channel 5, which invests in training for freelancers.

IWC Supporting Production Talent and Regional Diversity Scheme

Since 2018, Channel 4 and IWC, a production company, have jointly funded a Supporting Production Talent and Regional Diversity scheme. The scheme funds locally-based runners on *Location, Location, Location* shoots.

Given the regional diversity of *Location, Location, Location*, which films episodes across the country, the scheme provides opportunities for new talent across the UK to break into the television industry through an entry level role. Many of the runners on the scheme had little work experience prior to working on *Location, Location, Location*; the scheme therefore has benefits for runners, providing them with the necessary experience to secure further jobs within the television industry.

4.4.3 In conclusion, Channel 4's training activities support the development of talent that underpins the wider broadcasting market

Channel 4 supports a broad range of training and development opportunities, helping people break into the television industry, with a particular emphasis on people from diverse backgrounds. Through its Production Training Scheme in particular, Channel 4 plays a role in 'levelling up' the UK television industry, allowing new talent to enter the industry without having to move to London. Its new 4Skills initiative will focus on developing talent from the Nations and Regions with the aim of attracting people from diverse backgrounds into the TV industry.

While Channel 4's support of training and development stems in part from its role as a public service broadcaster, its publisher-broadcaster model gives it both the incentive and the opportunity to support the development of a strong pipeline of talent across the production sector and wider industry to ensure it can continue to commission the best ideas in future.

4.5 Case study 5: Contributing to the UK's reputation and influence abroad

4.5.1 Exports of content commissioned by Channel 4 contribute to the UK economically, but also showcase UK culture and values to the world

International exports of UK film and television contribute to the UK economy. UK film industry exports were worth £2.6bn in 2017, the latest year for which data is available, representing an increase of 53% year-on-year and an increase of 95% since 2008⁵⁰. According to the most recent report by Pact, the trade body for the production sector, UK TV international exports

⁵⁰ BFI, (January 2019). *The UK Film Economy*. <https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-uk-film-economy-2019-01-30.pdf>

were in 2018/19 were £1.4bn, representing 7% year-on-year growth⁵¹. Exports of UK film and television also contribute to the UK's reputation and influence abroad by telling unique UK stories and representing different parts of the UK on-screen.

As PSBs, with regulatory requirements to broadcast a certain proportion and range of first-run original UK content, the BBC, ITV, Channel 4 and Channel 5 play a role in creating programmes that cover a wide range of genres and subject matters, which can showcase the diversity of UK life and culture to an international audience. The out of London production quotas on the PSBs have also helped to ensure that UK television exports represent the breadth of the UK and its Nations and Regions to the rest of the world. However, Channel 4's distinctive remit means that the content it commissions shows an alternative, diverse side of UK culture to the world.

In this case study, we consider examples of how exports of film and television commissioned by Channel 4 have contributed to the UK's reputation and influence overseas.

4.5.2 Film4 supports films that tell uniquely UK stories to international audiences

Film4 is Channel 4's feature film division, which supports the production, development and co-financing of films. Film4 productions cover a wide range of genres and subject matters, but generally it prioritises "stories with contemporary relevance, based around British-led talent or content" that aim "to push the boundaries within any given film genre"⁵².

Film4 plays a specific role in the film production market, investing in both large commercial productions and also smaller, riskier, independent projects. Channel 4's status as a PSB means that Film4 can take a risk on a diverse range of productions as its incentives are not purely financial. Film4's role as a funding partner means it can effectively help to de-risk these productions for commercial investors, where it may be more difficult for a commercial organisation to justify an investment in a project with unproven talent, or in a relatively small and niche production. An update to Film4's strategy in 2016 re-emphasised its commitment to taking risks on the productions it supports: Film4 announced it would invest "more boldly" in its commercial projects to maximise its profit share, thereby underpinning any losses on its riskier projects. As part of the strategy, Film4 pledged an additional £10m worth of funding each year, increasing its annual budget from £15m to £25m⁵³.

While not all of the films supported by Film4 are based in the UK, many represent the UK and its culture to audiences across the world, and shape the reputation and image of the UK overseas. For example, films supported by Film4 represent the diversity of the UK's Nations and Regions to the rest of the world, and also contribute to the local economy. As noted in Section 4.2.3, Film4 has invested a total of £160m in film since 2011, of which £40.3m related to films shot predominantly in the Nations and Regions, comprising 25% of the full production budget for these films and representing a significant investment in the Nations and Regions. By showing different parts of the UK, these films can also have a positive impact on tourism. Visit Scotland, a tourism body, promotes different locations featured in *Trainspotting* and *T2 Trainspotting* (films supported by Film4) on its website⁵⁴, and Ryanair, an airline, has also published a similar tour guide based around the film⁵⁵.

Films supported by Film4 also represent unique UK stories to a global audience. *The Favourite* (2018), a film about the relationship between Queen Anne and Sarah Churchill, Duchess of Marlborough, was Film4's third collaboration with the director, Yorgos Lanthimos, following *The Lobster* (2015) and *The Killing of a Sacred Deer* (2017). *The Favourite* was co-produced by

⁵¹ Pact, (October 2019). *UK TV Exports Report:2018-19*. <https://www.pact.co.uk/static/uploaded/a986fac0-cd83-44be-beb1659a8f398d41.pdf>

⁵² Channel 4. Film4 FAQs. <https://www.channel4.com/commissioning/4producers/film4/film4-faqs>

⁵³ Channel 4. *Annual Report 2016*. <https://assets-corporate.channel4.com/flysystem/s3/2017-07/Annual%20Report%202016.pdf>

⁵⁴ Visit Scotland. *Trainspotting 2: What have Renton and his pals been up to for the last 20 years?* <https://www.visitscotland.com/blog/films/trainspotting-2/>

⁵⁵ Ryanair. *Trainspotting film locations in Edinburgh*. <https://www.ryanair.com/try-somewhere-new/gb/en/travel-guides/trainspotting-edinburgh-film-locations/>

Film4, alongside Fox Searchlight and independent Irish production company Element Pictures, with funding split between Film4, Fox Searchlight and Waypoint entertainment. It was filmed almost exclusively in Hertfordshire.

The Favourite was released in 39 territories across the world – including countries across Europe, Latin America and Asia Pacific, as well as the USA – and grossed \$96m worldwide against a budget of \$15m. It was nominated for 10 Academy Awards, including Best Picture and Best Director, and was tied as the most nominated film of that year. It won one Academy Award for Best Actress (Olivia Colman). The performance of *The Favourite* can be best illustrated by reference to *Mary Queen of Scots*, a female-led period drama released in the same year as *The Favourite*, which had a budget of around \$25m and grossed \$47m worldwide, releasing in 54 territories across the world. A comparison between *The Favourite* and similar female-led period dramas released in 2017 and 2018 can be found in Figure 4.8.

Figure 4.8 Box office comparisons for *The Favourite*

Title	Approx. budget (\$)	Worldwide box office (\$)	Number of territories released in
<i>The Favourite</i>	\$15m	\$96m	39
<i>Mary Queen of Scots</i>	\$25m	\$47m	54
<i>Victoria and Abdul</i>	\$21m	\$65m	56
<i>The Beguiled</i>	\$11m	\$28m	49
<i>Tulip Fever</i>	\$25m	\$9m	35

Source: Film4.

Due to Channel 4's remit, films supported by Film4 often showcase the diversity of contemporary life in the UK, and represent different aspects of UK culture to the rest of the world. For example, Film4 has supported an adaptation of the theatre musical *Everybody's Talking About Jamie*. The film tells the story of 16 year old Jamie, a young drag queen who lives on a council estate on Sheffield. The production company, Warp Films, has worked closely with Film4 over several years; Film4 co-produced *This is England* with Warp Films in 2006. *This Is England* focuses on skinhead subculture in England, and won a BAFTA for Best British Film and Special Jury Prize at the Rome Film Festival.

Additionally, Film4's support of *Second Coming* demonstrates Film4's commitment to investing in smaller productions led by emerging and diverse UK talent. For example, Film4 supported debbie tucker green's debut film, *Second Coming*, making debbie tucker green only the fourth Black British woman to have a film distributed in the UK. *Second Coming* is set in London and is centred around a Black British family and was nominated for a BAFTA Award for Outstanding Debut by a British filmmaker. debbie tucker green was subsequently commissioned by Channel 4 to direct a film for *Random Acts*, a series of short films. We discuss Film4's activities supporting UK emerging talent further in Section 4.5.3.

4.5.3 Film4 has supported emerging UK talent that have gone on to have globally-recognised careers, and who represent the UK to the rest of the world

Film4 sees itself as “key to developing future generations of UK film talent, a service crucial to ensuring the long-term sustainability of the UK film ecosystem”⁵⁶. Talent supported by Film4, who have gone on to have globally-recognised careers, can also be recognised as UK exports, representing the UK to the rest of the world as a diverse creative hub. Some examples of globally-recognised UK talent directly supported by Film4 include:

⁵⁶ Film4. <https://careers.channel4.com/4jobs/film4>

- ▶ **Steve McQueen:** In 2008, Film4 co-produced Black British director Steve McQueen's debut feature film, *Hunger*, which told the story of the 1981 Irish hunger strike and IRA figurehead, Bobby Sands. Since 2008, Film4 has collaborated with Steve McQueen on an additional four feature films, including *12 Years A Slave* (2013), which won three Academy Awards for Best Picture, Best Supporting Actress (Lupita Nyong'o) and Best Adapted Screenplay (John Ridley).
- ▶ **Andrea Arnold:** In 2003, Film4 developed and funded Andrea Arnold's short film *Wasp*, which went on to win the Oscar for Best Short Film. Film4 subsequently worked with Arnold in 2011 when she directed *Wuthering Heights*, which won Best Cinematography at the Venice Film Festival. Most recently, Film4 supported Arnold's *American Honey*, which won the Jury Prize at the Cannes Film Festival in 2016.
- ▶ **Martin McDonagh:** Film4 has backed all of writer-director Martin McDonagh's screen work to date. These collaborations include: his Oscar winning short film *Six Shooter* (2006); his Oscar nominated and BAFTA winning debut feature film *In Bruges* (2008); BAFTA nominated *Seven Psychopaths* (2013); and Oscar and BAFTA winner *Three Billboards Outside Ebbing, Missouri* (2017).
- ▶ **Daniel Kaluuya:** Early in his career, Daniel Kaluuya appeared in, and wrote for, Channel 4's *Skins*, a drama series about teenagers in Bristol. Kaluuya has gone on to win an Academy Award Nomination for Best Actor for his role in *Get Out*, and appear in *Black Panther* and Steve McQueen's Film4-backed *Widows*. Film4 has recently funded Kaluuya's first short film as a writer, *Two Single Beds*.

4.5.4 Channel 4 has commissioned TV programmes that have been exported across the world

There are different types of television exports, including finished programmes, international productions, co-productions and formats, all of which make an economic contribution to the UK. Channel 4 is the first commissioner for some of the UK's biggest television exports. For example, Channel 4 was the original commissioner for three of the top 25 best-selling unscripted formats around the world in 2019: *Come Dine with Me*, *Money Drop* and *Gogglebox*⁵⁷. As Channel 4 is a publisher-broadcaster, these exports bring in revenues for both Channel 4 and the external production sector. For example, gross international export revenues (both format and programme sales) for *Come Dine with Me* over the lifetime of the brand are worth more than £40m. Similarly, gross international export revenues for *Gogglebox* are worth nearly £8m.

While all types of television exports make an economic contribution to the UK in terms of export revenues, finished programme exports also play a role in showcasing the UK's culture and values to the rest of the world, contributing to the UK's reputation and influence abroad. The UK performs strongly in international exports of finished programmes, partly due to a large global market for English-speaking content, and partly due to the strength of UK talent, the production sector and broadcasters. In 2018/19, 69% of the UK TV exports were finished programmes⁵⁸.

Grand Designs was commissioned by Channel 4 in 1999 and has been exported to countries across the world. Exports of the finished programmes have been sold to territories including the US, Sweden, Turkey, Australia and Vatican City. Over the lifetime of the brand, gross international exports of *Grand Designs*, including Kevin McCloud spin-offs like *Slumming It*, *Escape to the Wild* and *House of the Year*, total £30m. Approximately a third of this revenue is spent, usually in the UK, in costs to distributors, editing facilities and in music rights before the producers and Channel 4 claim their net receipts of £20m. The popularity of *Grand Designs* internationally is such that, in 2020, programme exports earned an average of £800,000 per quarter (gross). As the majority (80%) of international exports of *Grand Designs* relate to sales of the finished programme rather than the format, these exports bring revenues in for both

⁵⁷ K7 Media (2020). *Tracking the Giants: The Top 100 Travelling Unscripted Formats*.

⁵⁸ Pact, (October 2019). *UV TK Exports Report: 2018-19*. <https://www.pact.co.uk/static/uploaded/a986fac0-cd83-44be-beb1659a8f398d41.pdf>

Channel 4 and the production sector and also represent the UK to the world. By its nature, *Grand Designs*, a programme about home building projects in the UK, is regional, and each episode represents a different part of the UK, from urban to rural areas across the whole country.

As noted in Section 4.5.2, Channel 4 also plays a role in showcasing an alternative view of UK culture to the rest of the world in line with its remit. For example, *No Offence*, a police drama, has also been exported internationally, earning nearly £4m (gross) in international programme exports since it was first commissioned in 2015. The programme has been distributed widely, to countries including Russia, Australia, New Zealand, as well as countries across Europe. *No Offence* was set and filmed in Manchester, representing the city to global audiences. *No Offence* also represented disability on-screen in its first season, reflecting people with Down's Syndrome. The programme won the RTS Award for Best Drama Series in 2016 and Best Foreign TV Fiction in the Festival de la Fiction in La Rochelle, France.

Actors in television programmes commissioned by Channel 4 have gone on to have globally-recognised careers, and play a role in representing the UK to the rest of the world. In particular, several actors who starred in *Skins* now have globally-recognised careers, for example Dev Patel (*Slumdog Millionaire*; *The Best Exotic Marigold Hotel*; *Lion*; *The Personal History of David Copperfield*), Nicholas Hoult (*A Single Man*; *X-Men: First Class*; *The Favourite*), Hannah Murray (*Game of Thrones*) and Kaya Scodelario (*Wuthering Heights*). Additionally, Olivia Colman made her acting breakthrough in Channel 4's *Peep Show*.

4.5.5 In conclusion, Channel 4 contributes to the UK's reputation and influence abroad through film and television

The UK has a global reputation as a creative hub, and Channel 4 contributes to the UK's reputation through the film it supports, the emerging talent it develops, and the television it commissions, which find an international audience.

These activities make an economic contribution to the UK, including its Nations and Regions, but also represent the diversity of UK culture to the rest of the world.