

Attn: Mark Bunting
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA

April 2007

Dear Mark Bunting,

Re: Channel 4 financial review

I am writing to you to in order to provide supporting evidence of Channel 4's impact in the development of regional production for consideration within your review of future funding for the organisation.

South West Screen is the development agency for film, television and digital content in the South West region. A key part of our role is to build the sector's capacity for growth and to enable the development of individual and professional creativity and talent.

One of our most important partners in recent years has been Channel 4. Through a close relationship with Stuart Cosgrove and the Nations and Regions Office, South West Screen has collaborated with Channel 4 to deliver the Creative Cities initiative in the South West. Under this banner we have made joint investments enabling regional producers to access Channel 4 staff and expertise, take advantage of subsidised training, gain advice and access to new international markets and receive development investments to support new production initiatives and development.

Under the heading "4SouthWest" these investments have catalysed huge growth in the recipients, for example:

- Twofour is now the UK's biggest regional Independent producer and has grown 20% year on year, with 75% growth targeted for this financial year
- Touch Productions has completed a major US deal and will open an office in New York, as well as diversifying in the SW by opening a separate drama division.
- Quickfire Media has also diversified into drama and has received three significant commissions from C4 and numerous other development interests.
- Testimony Films, our most recent venture, has for the first time made concrete progress on international co-productions, signing a £400k deal at the recent MIP TV market.

These investments have also been designed with a wider impact in mind. Each investment is made with the proviso that the lead production company is open to, and develops in partnership, ideas from smaller producers in the region. Using the unique access afforded to the lead company, commissioners are pitched new ideas from producers who by the nature of the industry have difficulty in getting into the "system". More than 70 joint venture ideas have been developed in this way.

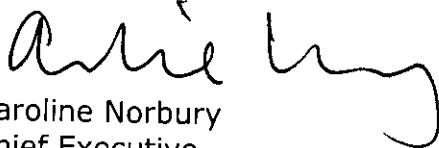
In addition the investments under "4SouthWest" are benevolent in the sense that Channel 4 do not seek to control all outputs – their interest is in growth – and thus the scheme has resulted in commissions for other broadcasters, including BBC.

Our partnership with Channel 4 has therefore created significant growth, investment, revenues and ultimately jobs for South West production companies. Beyond financial considerations Channel 4 is also highly supportive in terms of access to staff, resources and information – market intelligence which is invaluable to the independent production sector in the region.

In your consideration of the financial future of Channel 4 we would urge you to take into account the positive impact of the broadcaster's commitment to production in the regions through its Creative Cities initiative. A constraint on their ability to continue to provide this development support would have a negative effect on the Independent production sector as a whole – and thus have wider repercussions nationally and internationally.

A full analysis of the "4SouthWest" initiative is available; please contact me if you require a copy.

Yours sincerely,


Caroline Norbury
Chief Executive