

Submission to Ofcom's consultation on  
the renewal of the Channel 4 licence: Out  
of England quota

**pact.**

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February 2014

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## Introduction

- 1) Pact is the trade association which represents the commercial interests of the independent production sector. The sector produces and distributes approximately half of all new UK television programmes<sup>1</sup> as well as content in digital media and feature film.
- 2) The UK independent television sector is one of the biggest in the world. Despite the difficult economic climate, independent television sector revenues have grown from £1.3 billion in 2005 to nearly £2.4 billion in 2011.<sup>2</sup>
- 3) In 2011, the four main terrestrial network groups (the BBC, ITV, C4 and Five plus their spin-off channels) accounted for an estimated 82% of UK TV primary commissions to the independent sector, down from 86% in 2010.<sup>3</sup>
- 4) Pact welcomes Ofcom's proposal to renew the Channel 4 licence for a further ten years. Pact is pleased that Ofcom is giving further consideration to the important issue of the Out of England quota, giving organisations a chance to comment further given the range of views expressed through the original consultation.
- 5) For further information, please contact Pact's Head of Policy, Rosina Robson, at [rosina@pact.co.uk](mailto:rosina@pact.co.uk) or on 020 7380 8232.

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<sup>1</sup> Ofcom, Communications Market Report 2010: independents produced more than 50% of qualifying network programming by hours and 46% by value

<sup>2</sup> Pact Census Independent Production Sector Financial Census and Survey 2012, by Oliver & Ohlbaum Associates Limited, August 2012

<sup>3</sup> Pact Census 2012

## **Executive Summary**

- 1) Pact supports the proposal to increase the quota for programmes commissioned out of England from 3% to 9% by 2020 as proposed in the original Ofcom consultation.
- 2) Pact is keen that the 9% quota should be made available and reasonably distributed across each of the three countries.
- 3) We reiterate the point made in the original Ofcom consultation that we call for greater transparency through the publication of the annual quota spend for each of the Devolved countries.
- 4) Pact also supports the proposals made by C4C for additional voluntary commitments including seeing the 9% quota as a base minimum with an aspiration to exceed this quota where possible.
- 5) Pact is working proactively with the Welsh Government, Scottish Government and Northern Ireland Executive to address the individual and unique issues within those countries.
- 6) Pact also calls for, in line with the recent announcement around a BBC and Channel 4 strategy for engaging with Independent companies in Scotland, for a strategy for Wales, Northern Ireland and the English Regions too.

## Renewal of the Channel 4 licence – Out of England quota

### Consultation Question

**Do you agree that our proposed quota of 9% from 2020 appropriately balances the costs and benefits of the out of England production quota for stakeholders? Please provide reasons for your view and any supporting evidence you may have.**

- 1.1 In the original consultation, Pact made it clear that it supported Channel 4's proposal to increase the quota for programmes commissioned out of England from 3% to 9%. We recognise that, in 2012, Channel 4 commissioned 7% of its programmes out of England and that C4C (Channel 4 Corporation) argues that the 9% quota increase will be sustainable over the next 10 year licence period. Pact holds to this position.
- 1.2 Although Pact does not advocate allocating separate quotas for each of the three countries, Pact is keen that the 9% quota should be available across each of the three nations. We agree with the comments made by the Scottish Government in their consultation response that the 9% quota should be reasonably distributed across the Nations to ensure both genuine representation as well as opportunities for producers across these countries.
- 1.3 We would also reiterate the point made in the original submission about further transparency around spending in the devolved countries. Given the interest and increasing pressure from the Devolved Assemblies (Scottish Parliament, Welsh Assembly and Northern Ireland Assembly), we call on Channel 4 to publish a breakdown of the 9% quota spend on an annual basis, demonstrating how the money is being spent in each of the Devolved countries.
- 1.4 Pact would support C4C's proposal to make additional voluntary commitments aimed at supporting production in the nations, including a commitment setting out that C4C would see the 9% as a base minimum and its aspiration to exceed this quota where possible. Given that the 2020 deadline gives C4C ample time, Pact would also welcome efforts to meet this deadline earlier.
- 1.5 In addition, Pact would also support the introduction of, as suggested by C4C:
  - Developing partnerships with broadcasters and other partners to develop skills and genre expertise in the independent production sector, and;
  - Meeting annually on a formal basis with Nations stakeholders to review progress.

### Engaging with individual countries

- 1.6 The consultation has provoked further debate about the importance of increased investment in each of the three devolved countries. As already stated, Pact does not seek to apply individual quotas to each of the devolved countries but recognises that each of the three countries has their own unique and individual environment and set of circumstances.
- 1.7 In terms of engagement with Wales, Pact is actively working with the Welsh Government to improve Channel 4's position in Wales. The Welsh Government's long standing position is that Channel 4 is currently underinvesting in Wales. Pact is keen to work proactively in Wales to ensure that a robust strategy is developed for Wales, taking independent production forward positively into the future.
- 1.8 In terms of the situation in Northern Ireland, Pact is concerned about the low level of independent production in Northern Ireland and is keen that Channel 4 as far as possible works in a constructive way to improve the investment in the country. We sympathise with the views expressed in the consultation on commissioning by Channel 4 in Northern Ireland, in that 'a significant proportion of the economic value of a production is not retained in the area in which it is made'.
- 1.9 Pact welcomed the BBC strategy published last year involving Channel 4<sup>4</sup>, setting out how the broadcasters would engage more effectively with Scottish independent producers. The aim was to encourage the growth of more returning series by strengthening ideas and skills development. Both broadcasters have a team of specialist commissioning executives with a brief to share insight and expertise with the specific aim of maximising Scottish production companies. Again, Pact would encourage similar strategies being implemented in Wales, Northern Ireland and the English Regions too.

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<sup>4</sup> <http://www.allmediascotland.com/broadcasting/51519/plans-unveiled-by-the-bbc-and-channel-4-to-support-scots-indies-produce-returning-series/>