



28th October

Dear Pete,

Thank you again for inviting Deborah and I to give evidence to the Committee last month. During the session I promised to write to you to follow up with some further detail on a number of points raised by Committee members.

1. **New suppliers** (reasons for the drop in new suppliers Channel 4 has worked with since 2016; whether we will see a post-Covid bounce in these numbers; plans for increasing these numbers in the years ahead)

The number of new suppliers inevitably fluctuates from year to year and given consolidation in the market we do not expect the number of suppliers we work with or the number of new suppliers to continually increase. In 2020, during the pandemic, Channel 4 commissioned from 37 companies who were new suppliers. While this is six fewer than in 2019 (a 14% drop), it remains higher than the 2018 figure of 34 which is positive, especially in light of the pandemic. 2016 is not a representative year on which to base comparisons as it was an outlier as a particularly high year for new suppliers (see table below).

	2014	2015	2016	2017	2018	2019	2020
Total New (Indie) suppliers worked with	49	53	70	48	34	43	37

Looking at our % of new suppliers that were new this has also been relatively stable over time, with a spike in 2016:

	2014	2015	2016	2017	2018	2019	2020
Total Suppliers across TV, film and online	346	295	317	309	274	274	274
% of suppliers worked with which were new	14%	18%	22%	16%	12%	16%	14%

Our forecasts for 2021 suggest that the total number of suppliers and new suppliers are both likely to be up on 2020, supported by our new offices and interventions like our Emerging Indie Fund, Indie Accelerator and Nations and Regions 'Hub Days' which are all designed to support our work with new companies, helping them to establish strong relationships with the channel and secure commissions. Our work with new suppliers has also been bolstered by the growth of 4Studio and the valuable entry route that our digital commissions provide for new companies.

According to the latest O&O/PACT (2020) survey^[1], Channel 4's spending accounts for 15% of the independent sector's revenue. This figure also doesn't take into account the secondary revenue our suppliers generate from the sale of their IP globally. Channel 4 is unique in having an open door policy for independent producers, and works with significantly more qualifying independents than other commercial broadcasters. The latest data found that Channel 4 worked with 274 suppliers in 2020 across our portfolio, 161 of which were independent production companies, ITV (which is around three times the size of Channel 4) worked with 86 and Channel 5 worked with 111.^[2] Channel 4 also invests more in independent production companies outside London than any other broadcaster, including the BBC.

^[1] O&O/PACT (2020): UK Television Production Survey Financial Census 2020

^[2] O&O/PACT (2020): Nations and Regions Annex

O&O research shows Channel 4 spent the most, £171m, with independent companies in the Nations and Regions. This comfortably out invested the BBC (£144m) and ITV (£77m).^[3]

According to O&O analysis Channel 4 worked with more than twice as many suppliers in the Nations and regions than ITV in 2019 and more than three times as many new suppliers in the Nations and Regions..

A number of new strategic interventions are supporting our work with new suppliers. Our new offices are helping us to develop relationships with new suppliers across the UK, with commissioners on the ground in locations across the country for the first time and our biggest commissioning department now based in Scotland. This work is also supported by our regular commissioner briefings and newly introduced Hub Days which allow indies across the UK to engage with departments across the business, hear about our current commissioning priorities and establish relationships with our commissioners. During the pandemic we have continued to hold these events virtually, helping to ensure new companies continued to have clear routes into the business. The Emerging Indie Fund, which we talk about in more detail below, is also key to supporting commissions from new emerging indies, as is our Indie Accelerator, now in its second year, which was created to support us in working with new indies with diverse leadership and help us meet our target of doubling the number of diverse led indies we work with by 2023. The Accelerator has already been delivering commissions for the indies on the first cohort and we are well on track to meet our target.

The move to virtual pitching of ideas has also been a great leveller, allowing new companies like Salamanda in Stockport to pitch from their front rooms and win valuable business, without the cost of travel. This has helped to remove barriers to entry for new companies, underpinning our open-door policy. We want to continue that benefit as office working returns.

As touched upon above, the creation and rapid growth of 4Studio has also provided a valuable new entry route for companies who have not previously worked with Channel 4 and this will be reflected in our 2021 data. We have recently commissioned digital content from Scottish companies including Beezr and Storyboard and are currently in development with Mighty.

2. **Emerging Indie Fund** (value)

The Emerging Indie Fund aims to support the indie sector, and nurture emerging indie talent from the Nations and Regions, helping them to grow their business through Channel 4 investment and support. It helps awardees to achieve business sustainability and strong relationships within the channel. We haven't published a number on the exact amount of funding available, which may vary year on year depending on the revenue available to us and the strength of applications. This year we plan to increase upon our 2020 investment although the exact figure is still to be confirmed.

However, it is important to note that the intervention is about much more than the funding. In addition to providing financial assistance, successful indies receive slate development support and mentoring from a Commissioning Editor, as well as online sessions with Channel 4 specialists from disciplines such as business affairs, scheduling, commercial strategy, legal, sustainability and creative diversity. They will also meet regularly with the Head of Indie Relations, who will advise them on working with Channel 4 and growing their company, and will access a series of online sessions with key departments.

Providing practical support and guidance can really help indies grow and move onto the next stage of their development. The combination of time with commissioning and financial support can make a huge difference to small production companies.

Last year the fund received nearly 150 applications from production companies across the UK keen to take advantage of all the expert advice and practical support on offer to those who successfully manage to join the Emerging Indie Fund. A total of 11 indies were selected to receive support from the Emerging Indie Fund, including Channel X Hopscotch, based in Glasgow and Manchester, and, such was the quality of applications, a further five discretionary awards were made, including Glasgow-based Create Anything.

Several of the indies on the fund went on to win commissions with Channel 4. This year we have had over 100 applications and we are now in the process of shortlisting. Selected indies will be announced in November.

^[3] O&O analysis for Channel 4, 2021

Alongside the Emerging Indie Fund and Indie Accelerator, Channel 4's Indie Growth Fund supports the UK independent creative sector by investing in UK-based SMEs, taking minority stakes to help them to grow their business to the next stage. It has invested in two Scottish production companies, Firecrest and Two Rivers Media.

3. Complaints (any data Channel 4 has about complaints and complaint trends from viewers in Scotland compared to other parts of the UK; levels of complaints about the levels of Scottish representation on Channel 4)

Complaints relating to Scotland make up a very small proportion of our contact from viewers. To provide context, last year we had 144,340 viewer contacts 14,987 of which were complaints. Of contacts in the last year, 99 related to Scotland with half (49) of those complaints about a lack of Scottish representation on Gogglebox. Many of those who contacted us to raise this were getting in touch to put themselves forward. The next most common complaint was about an overemphasis on the England football team (8 complaints). A handful of comments were about programmes with Britain in the title that viewers felt were actually focussed on England such as *The Year Britain Stopped* and a handful were about the use of 'Scotland' rather than a specific Scottish location. Three complaints were about Darcey Bussell presenting a programme about Scotland when the viewers in question did not feel she had enough of a personal connection or adequate knowledge of Scotland. A small number were also about the use of stereo types like tartan, bagpipes or shortbread in programmes, notably Bake Off when Peter was the first Scottish winner.

4. Young people (opportunities for Scottish young people looking to get into the sector; anticipated 4Skills spending in nations and regions; how skills spending in nations and regions will be prioritised) We do not break down our skills spend by individual Nation or Region, but we have refocused all of our training and skills work to prioritise the Nations and Regions and look to ensure our opportunities are spread equitably across the UK.

Our industry leading Production Training Scheme places trainees with independent producers in our supply chain for 12 months, providing 50% of their salary and wrap around training. We have refocused the scheme to be 100% Nations and Regions. We have had over 15 trainees in Scottish indies over recent years, with two out of seventeen (12%) on the spring 2021 cohort based in Scotland at Firecrest and Raise the Roof. We have also had numerous Glasgow based apprentices including in the current cohort. We have recently launched Fast Track Scotland and Northern Ireland, which is focused on progression and addressing specific skills gaps in the Scottish sector providing 5 placements in Scotland in the first year.

Channel 4 supports Glasgow based training and skills company TRC, funding the SuperSizers initiative and their RAD scheme which is providing twelve eight month fully paid research opportunities for diverse talent in Scotland. We have also been developing a new initiative with the BBC and Screen Scotland which will be announced shortly.

Alongside these skills initiatives we have held a numerous outreach events in Scotland over the years including in areas like Dundee where there isn't an established production eco-system. Over 400 people have attended these in person events and earlier this year a further 250 joined a virtual event for people in Glasgow and Belfast considering a career in TV with a further 500 views of the recording on the 4Skills website.

As part of our new announcements on skills we will be building on this work with a new schools engagement programme which will include a number of schools in Scotland. As we are currently developing these plans it is not yet possible to provide detail on numbers or investment in specific locations, but as with all of our programmes we will look to ensure an equitable distribution of opportunities across the UK, including in Scotland.

5. Gogglebox

I also wanted to take the opportunity to update the Committee on Gogglebox. Since I met with you we have agreed a separate budget with Studio Lambert for a dedicated casting team specifically tasked with finding a suitable Scottish family. The casting period is already underway and will run up to Christmas. The ambition is to identify at least one Scottish family who will become part of the Gogglebox cast for the next series which will air in the New Year.

I hope those answers are useful, please do get in touch if any of the above is unclear or if you have follow up questions.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Alex Mahon', with a long horizontal stroke extending to the right.

Alex Mahon
Chief Executive, Channel 4