

SUPPORTING

CRE- ATIVE

BUSINESSES



As a publisher-broadcaster, we don't make any of our programmes in-house, but commission from hundreds of independent production companies right across the UK – giving opportunities to British creative talent and supporting a thriving and world-renowned production sector.

Working with independent production companies

£496m

investment in first run external commissions across our TV portfolio (+2%)

171

independent TV production partners across our commissions in TV, film and digital media out of 309 suppliers (+7%)

Investment in the Nations and Regions

£189m

spent on production companies based outside of London (+£20m)

57%

of hours of first run originated programmes came from suppliers outside of London (+2pts)

2018 ambitions

- We will continue to support production companies across the UK, with regionally produced programmes such as new comedy series *Derry Girls*, filmed and produced in Northern Ireland, as well as returning factual series, including *999: What's Your Emergency?* and *Supervet*.
- Our content will reflect the lives of people throughout the UK, with programmes including returning dramas *No Offence* and *Ackley Bridge*, long-running soap *Hollyoaks*, as well as ensuring a breadth of regional diversity in our popular Features and Daytime formats.
- We will continue to nurture talent throughout the UK: with indies via producer briefings and our Alpha Fund investment, and with young people via our C4 Pop Ups and higher education partnerships.

We're proud of our influential and disproportionately impactful role in the UK's creative economy. Our remit to be innovative, distinctive and experimental means we give creative people a unique place to bring bold, new ideas.

This adds up to an economic legacy that will last long into the future. We support 17,000 jobs throughout the UK, contributing £1.1 billion in Gross Value Added each year.

Supporting creative businesses and those who work across all parts of the industry is an intrinsic part of our business model and our purpose, helping Britain maintain its position as a global creative powerhouse.

REMIT PERFORMANCE

SUPPORTING CREATIVE BUSINESSES CONTINUED

Channel 4 accounts for

37%

of all UK spending on indies by public service broadcasters

For over 35 years, we have successfully balanced the twin goals of delivering a public service whilst being commercially self-sufficient. It's a powerful business model that enables us to maintain our editorial and financial independence, and to continuously reinvest our revenues back into high quality British content and creative businesses.

In 2017, we worked with 309 companies across our portfolio, investing £510 million in originated content from British producers, an increase of 2% on the previous year.

The independent producers that we work with typically retain the secondary rights to the programmes that they create (beyond Channel 4's first-run window). This ensures that our investment has a multiplier effect, whereby our production partners can go on to sell their content in secondary windows and internationally, generating additional revenue streams for them. Through this model, in which both the risks and rewards can be significant, Channel 4 helps to foster entrepreneurialism within the UK's creative industries.

LEEDS



True North Productions

Leeds based indie True North was set up in 2001 by producers Andrew Sheldon and Jess Fowle in a bid to build a truly indigenous and sustainable TV production business outside of London. In 2014, it was one of the first companies Channel 4 invested in through its new £20 million Indie Growth Fund.

Following our strategic investment, we worked with True North to help it become one of the biggest factual indies in the country and to establish an important training ground for new and diverse creative talent in the north of England. As part of its growth strategy, the company focused on developing formatted factual entertainment shows – these include *A New Life in the Sun* (for Channel 4), *Junior Vets* (CBBC), *Homes by the Sea* (More4) and *Teen Mom UK* (MTV).

In January 2017, True North became the first successful exit for our Indie Growth Fund, delivering a profit on sale.

Indeed, Channel 4 accounts for 37% of all UK spending on indies by the main public service broadcasters. This is a higher proportion than BBC One and BBC Two combined.

Our spend in the Nations and Regions is growing: in 2017, the Nations and Regions accounted for a record 57% (55% in 2016) of hours, and we invested £189 million on programmes from the Nations and Regions, £20 million more than in 2016. For the fifth successive year, more than half of all first-run originations were from suppliers outside of London (57%, up two percentage points year-on-year).

Regional indies continue to deliver successful returning hits, including *No Offence* (Manchester's Abbotsvision); *Extreme Cakemakers* (Cardiff's Boom Cymru); *Homes by the Sea* (Leeds' True North); *Supershoppers* (Glasgow's Firecrest); and *Hollyoaks* (Liverpool's Lime Pictures), which has now been on Channel 4 for more than 20 years (read our full case study, page 30).

Some of our most significant new commissions this year came from indies in the Nations and Regions, including *Steph and Dom's One Star to Five Star* (Wales' Blink Entertainment); *Lego Masters* (Suffolk's Tuesday's Child East); *How to Stay Well* (Glasgow's Tern Television); and *The World's Most Expensive Cars* (Northern Ireland's Waddell Media).

Our investment in programming made in the Nations and Regions isn't just about economic impact – it's also integral to ensuring that we reflect stories, experiences and voices from all over the UK.

Many of our programmes are strongly rooted in the locations in which they are based, with the storylines and characters or contributors in the programmes reflecting their locations' culture and diversity. For example, new drama *Ackley Bridge* tells the story of a diverse school in Yorkshire, grappling with the challenges of cultural integration in a segregated community. Meanwhile, *Confessions of a Junior Doctor*, filmed in Northampton General Hospital, examined the struggles faced by young doctors in an NHS hospital.

Some of our most popular returning series reflect the diversity of the UK at their cores. For example, *Location, Location, Location* is filmed in many parts of the UK. Each episode of *Gogglebox* features families drawn from a range of locations across the UK, including Merseyside, Clacton-on-Sea, Wiltshire and Wales.

"They're investing in us and we're investing in them. The Nations and Regions team have been great champions of ours and have always had our back. There's no doubt that their support has helped secure commissions."

Jane Muirhead
MD of Glasgow-based Raise the Roof Productions

A dedicated Nations and Regions team

Our investment in content in the Nations and Regions is supported by best-in-class development funding, outreach, skills and training from our dedicated Nations and Regions team.

Based in Glasgow, the team is a strategic arm of the Channel 4 Commissioning division, delivering programmes of outreach work to support production companies from the Nations and Regions. This work is particularly aimed at small and emerging businesses, prioritising strategic input and partnership, in order to help them win commissions.

In 2017, our Nations and Regions team worked with 84 indies on a monthly basis, supporting them in a number of ways, including working with their development team, giving advice, helping to shape ideas and introducing them to Channel 4 commissioners. In addition, the Nations and Regions team spent £450,000 through our Alpha Fund, to provide development funding to seven indies in the English regions, five companies in Northern Ireland, three companies in Wales and three in Scotland.

The number of Nations and Regions commissioner briefings increased from 16 events in 2016 to 21 events this year. These were attended by 311 individuals from 139 companies from the Nations and Regions. The briefings were tailored to improve existing supplier growth as well as to connect with new indies.

The Nations and Regions team developed a number of partnerships with other organisations in 2017, including with RTS Yorkshire, RTS Midlands, Glasgow College, University of South Wales and Creative Access. These partnerships, which gave students access to Channel 4 Briefing Days and work experience at those events, provided another way for the team to further embed their work into the wider creative community. In total, the Nations and Regions team sponsored 14 festivals, award ceremonies and talent schemes.



Meet Deborah Dunnett, Nations and Regions Manager

"Diversity of supply is at the heart of Channel 4's remit. We strive to work with new production talent and compelling, diverse voices from across the UK.

"My team is there to support that talent and to help their companies succeed. We maximise the indies' commissioning potential by embedding ourselves within the commissioning teams, helping to shape ideas and providing regular commissioner engagement and intelligence – all with a dedicated development fund to back our work up.

"If we're working with an indie that is new to Channel 4, we help make introductions and partner them with the appropriate commissioner, coaching them on how we work as a business and helping them to get in a position to win their first commission with Channel 4. If we're working with an existing indie partner, we look at expansion – introducing them to new commissioners or partnering them with new genres, giving them business advice and helping them with talent.

"It's thrilling to be with our indies as they grow and to see their region's economy grow alongside them. In fact, a large part of our current focus is to increase our partnerships with each wider creative community, to help strengthen each hub and its talent."

£450,000
spent through our Alpha Fund

REMIT PERFORMANCE

SUPPORTING CREATIVE BUSINESSES CONTINUED



"Channel 4's commitment to *Hollyoaks* has enabled Lime Pictures to sustain over 300 permanent roles, meaningfully invest in the local infrastructure and talent, providing a stable foundation for the creation and retention of a strong craft base."

Claire Poyser
Joint Managing Director, Lime Pictures

Lime Pictures

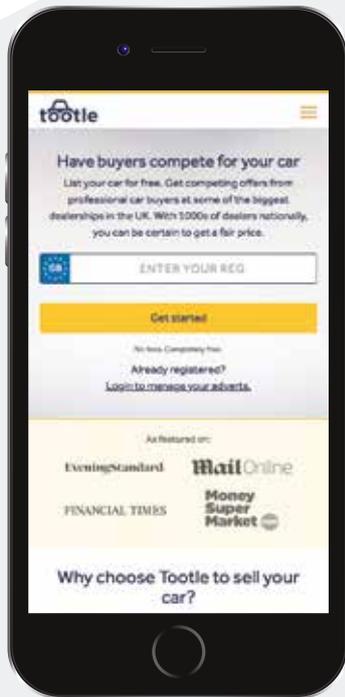
Lime Pictures – originally founded as Mersey Television – has produced *Hollyoaks* for 21 years and previously made Channel 4's first 'soap', *Brookside*, until 2003.

Filmed on a dedicated set on Lime Pictures' campus in Childwall, Liverpool, *Hollyoaks* is Channel 4's biggest Nations and Regions-commissioned programme. Now running at five episodes a week, *Hollyoaks* is also one of our most popular and enduring shows. As well as providing entertaining storylines that appeal to hard-to-reach young viewers, it delivers impactful, important public service messages to this core audience on challenging subjects including rape, teen pregnancy, substance abuse, eating disorders, mental health problems, HIV, body dysmorphia and LGBT issues.

The scale of Channel 4's investment in *Hollyoaks* provides Lime Pictures with a stable platform from which to build and invest in talent over a sustained period of time. Having developed a stable of writers and directing talent, Lime Pictures has become one of the most successful British production companies, producing programmes for other broadcasters including *The Only Way Is Essex* for ITV2, *Geordie Shore* for MTV and Disney's *Evermoor*.

Lime Pictures' success brings further economic benefits to its local economy: it is an important local employer, with half of its entire Childwall-based staff living within a 20-minute drive of the campus. And it has helped to ensure a rich and varied talent pool in the Liverpool area, many of whom will go on to build successful careers in the creative economy.

Lime Pictures works actively with Channel 4 on a number of talent development initiatives, such as the Northern Writers' Award, which offered winner Sharma Walfall a placement on *Hollyoaks*. Lime also supports Channel 4's diversity 'storylining' initiative, offering two 12-week placements on the *Hollyoaks* team for people from a BAME background or with a disability.



◀ Tootle

Growth Funds

Our two main investment funds – the Indie Growth Fund and Commercial Growth Fund – continue to support UK business growth through their targeted investments.

Launched in 2014, the £20 million Indie Growth Fund was established to nurture the independent sector by providing access to funding for small and medium-sized UK independent production companies. The aim was to help these businesses grow and develop without the need to consolidate with other production companies. The fund has invested in 13 companies across the UK.

In 2017, we successfully divested two companies in which the Indie Growth Fund had taken stakes. Renowned Films, a BAME-led production company, was sold to Critical Content, while True North Productions, a Leeds-based indie, was sold to Sky (see case study, page 28).

Meanwhile, our Commercial Growth Fund, which we launched in 2015 following our success with the Indie Growth Fund, continues to invest in start-ups, offering 'media for equity' to high-growth-potential companies.

This represents an alternative route for companies to access valuable Channel 4 airtime in exchange for shares. The Commercial Growth Fund focuses on consumer growth-phase companies, with a bias towards highly disruptive companies that are aligned to Channel 4's audience profile. As TV continues to be the biggest medium for mass reach, reaching 97% of the UK population each month, the Commercial Growth Fund proposition remains attractive for start-ups looking to gain more visibility.

Since it launched in 2015, the Commercial Growth Fund has completed ten equity investments. The Fund has quickly found success. Most notably, one of its earlier investments, Eve Sleep, successfully listed on the AIM Exchange in May 2017.

In 2017, Commercial Growth Fund investments included: HundredRooms, a meta search engine for booking holiday homes; Get Agent, an online comparison service for estate agents; and Tootle, an online marketplace for pre-owned car sales.

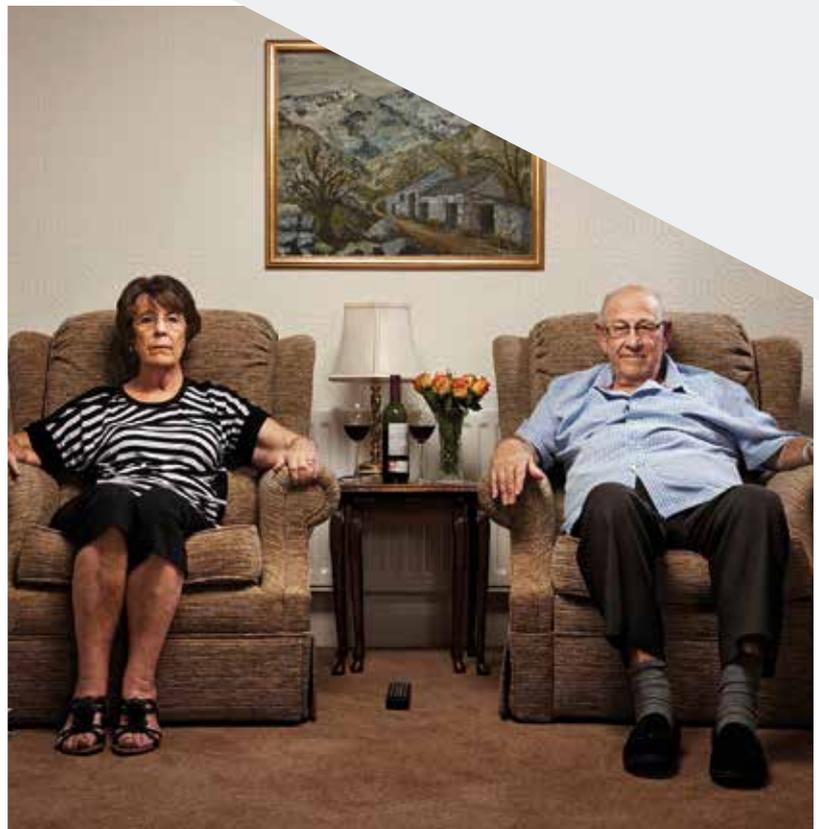
Supporting exports

Our most significant means of supporting the health and growth of the UK's globally successful indie sector is through the ongoing investment in content by our commissioning teams. Channel 4 commissions enable production companies to build their profile and their businesses, allowing them to win business from other clients, both in the UK and internationally.

As the indies that we work with own the intellectual property behind their programmes, they are able to sell on their programmes and formats around the world. Indies have done this with great success over the years – in 2015-2016, the UK was the second-largest exporter of television formats in the world, with total revenues from TV exports worth more than £1.3 billion per year.

Channel 4 was set up to take risks, innovate and invest in talent. Our model – as a publisher-broadcaster that commissions all of our programmes from outside suppliers, and reinvests our profits into programmes – enables us to take risks on creative ideas and people that other organisations with different models might not.

Those risks pay off in the long term to the benefit of UK plc, as is evident from Channel 4's strong track record of developing the early careers of internationally successful British talent. This includes world-renowned film directors Danny Boyle, Steve McQueen and Martin McDonagh, as well as many TV presenters, comedians and actors who started on Channel 4 before moving to more mainstream channels. And it is evident from the many television formats that were initially developed for Channel 4 and which production companies have then gone on to sell around the world, such as Gogglebox, which has been exported to over 35 territories from the USA to Japan.



▲ Gogglebox