



## Northern Ireland Screen Submission

Northern Ireland Screen disagrees with the proposal to retain the 'Made Outside England' Quota<sup>1</sup> for hours of programmes and expenditure on programmes at 9%.

We are disappointed with the rigour of OFCOM's analysis in support of its proposal to retain the 'Made Outside England' quota at 9% which we regard as selective, seemingly unaware of its limitations and, at times, suffering from fuzzy logic. In particular, we note the lack of interrogation of the impact of the Nations' Quota in Northern Ireland, a critical omission given the scale of support for individual Nation's quotas during the licensing process in 2013/14.

We are also extremely disappointed that C4C has not sought to increase the Nations' Quota of its own volition. There was a moment during the lobbying to retain C4C as a publisher/broadcaster with a unique relationship with independent production companies when it appeared that C4C would rediscover its zeal for representing the whole of the UK.

Partnering with independent production companies and representing all of the UK is C4C's Unique Selling Point but yet it seems to have limited appetite to utilise it.

We note with dismay that the OFCOM consultation does not present the abject failure of the 9% 'Made Outside England' Quota to impact positively in Northern Ireland.

A Pro Rata target for Northern Ireland based on the 9% Quota would be over 1.6%. Yet despite the enormous and brilliant contribution of 3 seasons of Derry Girls, the return for Northern Ireland barely exceeds 1% at its highest in any of the ten years of the license.

OFCOM's consultation is almost silent on the scale of support amongst consultees during the 2014 C4C licensing process for a Nations' Quota of 17% broadly based on population size similar to the BBC system. This was the majority request in 2014 and should have been analysed as the number one counterfactual for this process.

Northern Ireland Screen estimates that had C4C delivered the pro rata quota in Northern Ireland it would have contributed an additional £50 million into the screen economy in Northern Ireland. Had OFCOM mandated the 3% Northern Ireland Quota as per a Nations' population quota, Northern Ireland would have received an additional £150 million. These figures are absent from the consultation analysis but yet OFCOM quotes a much more spurious and completely flawed hypothetical asserting that a 16% Nations Quota would cost C4C its £142 million surplus. It is generous to describe this analysis as fuzzy logic.

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<sup>1</sup> We prefer to call it the Nations' Quota which of course also has limitations as a title but is less demeaning than the Out of England/Out of London titles.

C4C and OFCOM assert that there are better initiatives for the support of the screen industries in the Nations than quotas. By doing so, all sense of rigorous analysis is abandoned. Northern Ireland Screen has been party to these initiatives for 20 years. There is a simple binary truth about broadcaster initiatives designed to support individuals, production companies or hubs – those with guaranteed commissioning locked in as with Quotas can be successful, those without guaranteed commissioning will not only fail but be detrimental to the individual, company or hub as they will waste financial and human resources.

Northern Ireland Screen has committed more than £400k towards C4 initiatives since 2018. There is no demonstrable return on this investment – it simply repeatedly fails<sup>2</sup>.

Since 2018 Northern Ireland Screen has also invested just under £1.8 million to subsidise almost every C4C project<sup>3</sup> produced in Northern Ireland. We are happy to make this investment but extremely unhappy to be told that the Nations Quota cannot be increased because programming is more expensive while knowing that we have subsidised almost every project produced here<sup>4</sup>.

At this point, we can only conclude that OFCOM does not represent the concerns of Northern Ireland. We note further that the consideration of Nations Quota within the OFCOM consultation makes no link or reference to the deeply concerning portrayal/ownership statistics OFCOM has captured for Northern Ireland. While 51% of viewers in London see themselves on C4, only 22% in Northern Ireland do<sup>5</sup>.

Much is made in the OFCOM consultation of the dire financial landscape for C4C. There are considerable challenges in the advertising market for broadcasters, but Northern Ireland Screen is very conscious of the similar anxieties that dominated the license consultation in 2014. Despite those challenges and the substantial investment in Leeds, C4C carries a reasonable surplus. We also note that, while C4C is profiling redundancies, those redundancies will take the headcount back to 2021 levels. We do not doubt the challenges facing C4C but we assert that, as in 2014 those challenges are being manoeuvred to avoid regulation while evidence as to the potential cost or risk of increased quotas is being presented as fact when it just prejudiced opinion.

Northern Ireland Screen advocates:

- A Made Outside London Quota of 50%
- A Made Outside England Quota/Nations' Quota based on population size of 17%
- A specific Quota for Northern Ireland based on population size – 3%
- And that all Quotas shift from being measured in relation to content produced for Channel 4 to being measured in relation to C4C content generally.

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<sup>2</sup> See full details of investment attached.

<sup>3</sup> See full details of Northern Ireland Screen production investment attached. The exception we're aware of is a single Dispatches produced from Northern Ireland

<sup>4</sup> Northern Ireland budgets large projects regularly predominantly for inward investing projects from the USA. No project over 20 years has ever come out more expensive than the comparable budget for England. The overall saving of producing the project in Northern Ireland has varied between 5-15%

<sup>5</sup> This concerning low ownership rate is despite the huge success of Derry Girls and speaks clearly to the need for more regular content portraying Northern Ireland

## **ADDITIONAL COMMENTS IN RELATION TO CONSULTATION QUESTION 9**

### Made Outside London Quota of 50%

C4C has been exceeding a 50% target for 3 years. The figures for the license period do not suggest that reaching 50% was overly onerous given that C4C met the 50% target within 2 years of setting it.

And most importantly, C4C has just recently reaffirmed the 50% quota in the context of highly charged concerns relating to the potential impact of inhouse production.

The arguments for a 35% quota presented by C4C and echoed by OFCOM are all in, our opinion, either overstated or understated:

- While C4C's investment in Leeds, Bristol and Glasgow is significant, the other listed initiatives do not carry significant value over and above the production that they should ultimately generate. Northern Ireland Screen has 20 years of experience of PSB led skills and development initiatives and the difference between good and bad ones is simple – good ones are connected to commissions. Regulated quotas provide the impetus to ensure that PSB skills or corporate responsibility budgets are spent with real purpose. The More4 Northern Ireland Scheme was constructed with purpose and did lead to commissions which should in future count against quota if the quota is extended beyond Channel 4.

We reject the information in Figure 23 as both incorrect and misleading. To say Northern Ireland has 10 active production companies is nonsense and to imply that London production companies cannot engage with the Nations & Regions seems to misunderstand how the quotas have been working. Northern Ireland Screen has worked with 121 production companies in the last 3 years – half those companies were locally headquartered, and all those companies were seeking to deliver content that could count against PSB quotas.

The assertion that a pivot towards scripted – 5.118 – would make the quotas hard to reach is incorrect as relates to Northern Ireland. Television Drama is Northern Ireland's strongest screen industry sector while the shining beacon of successful commissioning by C4C in Northern Ireland is the comedy Derry Girls.

- The second argument – paras 5.111-5.119 - seems to be that an overall market downturn will impact more severely in the Nations & Regions. This is a sort of self-fulfilling argument from a C4C perspective given their importance to the Nations & Regions production ecosystem. They can take assurance that the BBC's commitment to the Nations & growing commitment to the Regions is clear. They can also take assurance that the ongoing support for the screen industry in Northern Ireland from the Stormont Executive becomes more important during periods of downturn, a trend Northern Ireland Screen has seen a number of times.
- Paragraphs 5.120 – 5.122 are fuzzy logic in the extreme. OFCOM asserts that C4C's production commissioning in the Nations & Regions is extremely important to the production hubs outside of London and then states that reducing C4C's spend in the Nations & Regions from 50% to 35% wouldn't really matter. If there is any logic in these paragraphs, it is wholly weighted to C4C and gives no consideration to the production companies on the other side of the equation.

## ADDITIONAL COMMENTS ON CONSULTATION QUESTION 10

### Made Outside England Quota/Nations' Quota based on population size of 17%

Northern Ireland Screen expected to see a more thorough modelling of a 17% quota for the Nations given that the scale of support for a 17% quota during the 2014 Channel 4 licensing process and the extent to which a 17% quota has been broadly successful for the BBC.

An economic modelling of the value of the BBC 17% quota across each of the Nations would have been a much more useful exercise in assessing the appropriate Nations Quota for C4C than the GVA modelling set out in Annex 1<sup>6</sup>.

Northern Ireland Screen rejects the arguments presented in support of retaining the Nations Quota at 9% as follows:

- Having acknowledged that perceptions of representation across Wales, Scotland and Northern Ireland are low, OFCOM negates its point with vague and unsubstantiated assertions in Paragraph 5.130. Northern Ireland Screen rejects the notion that the commissioning of production can be replaced with access to commissioners or development initiatives like the Emerging Indie Fund.
- We also note that perversely Derry Girls – C4C's greatest contribution to Northern Ireland and Northern Ireland's greatest contribution to C4C – is only referred to within the OFCOM analysis as a risk as opposed to the example of excellence that it is. Of course, Derry Girls is critical to the delivery of the quota, it's the only project of scale C4 has commissioned from Northern Ireland over the license period.
- The historic data at Figure 22 does not strongly support C4C's assertion that it has found the Nations' Quota challenging. This language from C4C seems to echo the corporation's language in 2013/14 ahead of the previous license renewal. The Quotas were declared extremely challenging in 2013/14 but yet by 2015 C4C was delivering 9.1% on Hours and 7.4% on Spend<sup>7</sup>. OFCOM must present plausible evidence as to why a 9% Quota is challenging. Northern Ireland Screen is unaware of any presentation of evidence that content commissioned from Northern Ireland has been less attractive to advertisers or performed its function within the schedule any less well than similar content, so on what evidential basis is the Nations' Quota – at least as relates to Northern Ireland – challenging? On the contrary, Derry Girls was a smash hit, Lyra was award winning and socially important, Holocaust Ground Zero was highly acclaimed by the critics, and Britain's Most Expensive Houses is an advertiser's dream.

Notably, after decades of the BBC also saying commissioning from the Nations is very challenging, that dismissive and self-fulfilling assertion is heard much less around the BBC. Absolute quotas remove the value of that sort of rhetoric. As with the content produced for C4C from Northern Ireland, we are unaware of any assertion or view that the content

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<sup>6</sup> The presentation of Northern Ireland as having the only negative multiplier in the Figure A1 from EY is both incorrect and misleading. We suspect that the Northern Ireland multiplier is the result of Northern Ireland Screen providing more accurate data than the other Nations. All production across the UK has a bleed back to London. The percentage of that bleed is dependent on the genre and the commissioner.

<sup>7</sup> Notably Spend has lagged Hours throughout the license period but the fewer bigger project strategy of the future will remove or even reverse this dynamic.

produced for the BBC from Northern Ireland is of less value to the BBC than content commissioned from London.

- Para 5.143 ***'We found that the additional cost of a 16% quota could challenge the overall sustainability of C4C based on the current licence period's total surplus of £142m (2015-2022)'***.

This statement, which appears to be the basis for retention of the 9% Nations' Quota as opposed to increasing it to 16-17%, is a staggering piece of quasi science and has to be challenged. OFCOM cannot assert that Scotland, Wales and Northern Ireland are commercially prohibitively expensive in comparison with England without substantial evidence. Figure 25 is not substantial evidence.

Northern Ireland Screen does not recall either C4C or OFCOM celebrating the great value it was receiving from the Nations between 2017 and 2020!

The cost of production is a function of the genre and the decision making of the commissioning team. If the production overall on a properly like for like basis is more expensive in the Nations, then that is a consequence of the decision making of the commissioning team. It is not a consequence of some sort of additional inflation within the Nations that England is immune to.

From a Northern Ireland perspective, this assertion is particularly galling as Northern Ireland Screen has subsidised every C4C project to be produced in Northern Ireland during the 2017-2022 period.

#### Specific Quota for Northern Ireland based on population size – 3%

The Nations Quota of 9% has utterly failed Northern Ireland.

Despite Northern Ireland delivering 3 seasons of Derry Girls, and Northern Ireland Screen co-funding every C4C project commissioned from Northern Ireland and a conveyor belt of other initiatives, C4C has never reached a pro rata figure for Northern Ireland within the Nations Quota which would be 1.7%, indeed its hardly climbed above 1%. The figures including Derry Girls are miserable, without Derry Girls they would be scandalous.

Northern Ireland had a similar experience with the BBC in the early part of the century. That scenario was only resolved when individual Nations target for the BBC began to be taken seriously.

#### All Quotas shift from being measured in relation to content produced for Channel 4 to being measured in relation to C4C content generally.

Given that C4C must pursue a digital first strategy and has a portfolio of channels including MORE4, E4 and FILM4, Northern Ireland Screen strongly advocates shifting quotas from exclusively relating to Channel 4 to relating to all original content spend as soon as legislation can allow it.

We strongly agree that content produced for these other channels has value from a diversity, portrayal and creative hub point of view. As stated above, we are much less convinced by the value of other skills and corporate responsibility spend. Skills and corporate responsibility investment can

be important, but it is not and never will be an alternative or replacement for the commissioning of production.

However, we note that if the Nations Quota was, as it should be, based on all C4C original content spend, C4C would not be hitting the 9% quota never mind the 17% that is more appropriate. Paragraph 5.128 states that the percentage figure for 2022 for overall original content spend in the Nations is 8%, a disappointing return and one that seems to contradict the assertion that the Nations garner more value from the portfolio channels beyond the present Channel 4 Quota.

Ref	Company	Level of Investment	Leveraged Funding from sources external to company	Source of Leveraged Funding	Type	Sectoral Priority
<b>2018-19</b>						
SFD 18-19	Big Mountain Productions Ltd	£40,000	£20,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
SFD 18-20	Big Mountain Productions Ltd	£30,000	£15,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
SFD 18-71	Afro-Mic Productions Ltd	£50,000	£15,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
SFD 18-73	Big Mountain Productions Ltd	£35,000	£20,000	Channel 4	Project development	Factual/Entertainment
SFD 18-84	Fired Up Films Ltd	£20,000	£20,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
<b>Total</b>		<b>£175,000</b>	<b>£90,000</b>			
<b>2019-20</b>						
SFD 19-79	Afro-Mic Productions Ltd	£20,000	£20,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
SFD 19-89	Fired Up Films Ltd	£20,000	£20,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
SFD 19-101	Rare Tv Ltd	£20,000	£20,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
SFD 19-111	Erica Starling Ltd	£20,000	£20,000	Channel 4/ALPHA	Slate development	Factual/Entertainment
<b>Total</b>		<b>£80,000</b>	<b>£80,000</b>			
<b>2020-21</b>						
SFD 20-16	Icebox Films t/a Alleycats	£10,000	£8,000	Channel 4	Project development	Factual/Entertainment
<b>Total</b>		<b>£10,000</b>	<b>£8,000</b>			
<b>2021-22</b>						
SFD 21-68	Doubleband Films	£6,000	£4,000	Channel 4	Slate development	Factual/Entertainment
<b>Total</b>		<b>£6,000</b>	<b>£4,000</b>			
<b>2022-23</b>						
SFD 22-49	Rare TV	£1,000	£1,000	Channel4 / More4	Project development	Factual/Entertainment
SFD 22-50	Big Mountain (More4)	£1,000	£1,000	Channel4 / More4	Project development	Factual/Entertainment
SFD 22-51	Tern TV (More4)	£1,000	£1,000	Channel4 / More4	Project development	Factual/Entertainment
SFD 22-52	Alleycats (More4)	£1,000	£1,000	Channel4 / More4	Project development	Factual/Entertainment
SFD 22-53	Green Inc (More4)	£1,000	£1,000	Channel4 / More4	Project development	Factual/Entertainment
SFD 22-50(2)	Big Mountain	£5,000	£5,000	Channel4 / More4	Project development	Factual/Entertainment
SFD 22-52(2)	Icebox Films t/a Alleycats	£5,000	£5,000	Channel4 / More4	Project development	Factual/Entertainment
<b>Total</b>		<b>£15,000</b>	<b>£15,000</b>			
<b>2023-24</b>						
SFD 23-35	Afro-Mic Productions Ltd	£50,000	£12,000	Channel 4	Slate development	Factual/Entertainment
SFD 23-35(2)	Afro-Mic Productions Ltd	£35,000	£10,000	Channel 4	Slate development	Factual/Entertainment
SFD 24-02	Alleycats TV	£8,000	£8,000	Channel4 / 4 Digital (In Too Deep strand)	Project development	Factual/Entertainment
SFD 24-01	Rare TV	£7,000	£7,000	Channel4 / 5 Digital (In Too Deep strand)	Project development	Factual/Entertainment
SFD 23-111	Doubleband	£10,000	£7,000	Channel 4	Slate development	Factual/Entertainment
SFD 23-87	Hat Trick Productions Ltd	£10,072	£32,290	Channel 4	Project development	Television Drama
<b>Total</b>		<b>£120,072</b>	<b>£76,290</b>			

<b>TOTAL Investment:</b>	<b>£406,072</b>	<b>£273,290</b>
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Screen Fund Production				
2018-2020				
Company	Project	Award Amount	Leveraged Source	Levered Amount
Hat Trick Productions Ltd	Derry Girls Series 2	£330,711	Channel 4	£2,143,747
Alleycats	The Lost Kingdom of the Black Pharaohs	£27,079	Channel 4	£140,000
Waddell Media	Work on the Wildside	£100,000	Channel 4	£1,210,000
Doubleband Films Ltd	Mark Cousins: Art of the Troubles	£25,552	Channel 4	£190,000
Tern Television Ltd	Bone Detectives	£131,556	Channel 4	£1,063,960
Hat Trick Productions Ltd	Derry Girls Series 3	£500,000	Channel 4	£4,690,993
<b>TOTAL</b>		<b>£1,114,898</b>		<b>£9,438,700</b>

2020-22				
Company	Project	Award Amount	Leveraged Source	Levered Amount
Stellify Productions Ltd	Snoop Dogs	£20,000	Channel 4	£208,000
Strident Media	Masters of Christmas / Deck the Halls	£14,000	Channel 4	£138,480
Tyrone Productions Ltd	Derry: What's the Craic?	£25,000	Channel 4	£140,000
Erica Starling Productions Ltd	Lyra	£50,000	Channel 4	£195,000
<b>TOTAL</b>		<b>£109,000</b>		<b>£681,480</b>

2022-24				
Company	Project	Award Amount	Leveraged Source	Levered Amount
Doubleband Films Ltd	Ukraine doc	£57,000	Channel 4	£180,000
Wildgaze Films Ltd	Trespasses	£500,000	Channel 4	£3,600,000
<b>TOTAL</b>		<b>£557,000</b>		<b>£3,780,000</b>

<b>2018-24 TOTAL</b>		<b>£1,780,898</b>		<b>£13,900,180</b>
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	Screen Fund Production	Channel 4
TOTAL Investment:	£1,114,898	£9,438,700