



NUJ response to the UK government’s White Paper on broadcasting and privatisation of Channel 4.

June 2021

Paul Siegert, NUJ national broadcasting organiser, said: “It’s hard to see any justification for privatising Channel Four other than ideology. Channel 4 has achieved what it was asked to do and has proved a hit with viewers.”

C4 is state-owned, but 90 per cent funded by advertisements, at no cost to the taxpayer.

Its remit is to be innovative and edgy and appeal to younger audiences – and, according to the broadcasting watchdog Ofcom, is doing it very well. Despite the hit to advertising spend during the pandemic, it has reported a record £74m pre-tax surplus. It has opened its new headquarters in Leeds, and set up creative hubs in Glasgow and Bristol, to make it more reflective of UK life and spends half of its money outside London. It is boosting investment in its video-on-demand service All 4.

According to a 2021 report by business consultant, EY, Channel 4 contributed £992m to the UK economy in 2019, including £274m to the regional economy. In terms of jobs, Channel 4 supported about 10,600 jobs across the UK in 2019, of which nearly 3,000 related to jobs supported by Channel 4 in the nations and regions*.

Viewers of the broadcaster’s traditional television channels and its catch-up service, All 4, grew by 2 per cent and 26 per cent respectively last year, and by 4 per cent and 40 per cent in the first half of this year. The broadcaster is on track to top £1bn in revenues for the first time this year.

C4 shows include: Channel 4 News, Dispatches, Unreported World, It’s a Sin, Bake Off, Grayson Perry’s Art Club, Shameless, Come Dine With Me, Gogglebox, Derry Girls, Handmaid’s Tale, We Are Lady Parts, Formula 1, Paralympics and Para Athletics.

Ministers say it needs the sale to compete with Netflix and Disney+, but the whole point is that it doesn't; its job is to provide the sort of UK programming that a US-owned broadcasting behemoth has no interest in producing. Its job is to nurture home-grown, new stars from Bradford to Brixham. Is a new buyer – probably non-UK based – working in a for-profit model really going to invest in edgy productions and support the award-winning, hour-long Channel 4 News? Industry experts say no.

Channel 4 has no programme library and few programme rights, these are held by its main suppliers – the independent producers. The money its sale will raise (figures touted include £1bn, but others say less than that) will be peanuts for the government. This has led to concerns that the channel's public service remit (and its specific remit to include under-represented voices) may be changed or watered down to make the sale price more attractive. It is completely counterintuitive, when there is the strongest evidence possible that Channel 4 is a home-grown PSB which can connect with all citizens in the UK, to put it in a position where it could be sold off to a foreign owner.

The UK has a strong and trusted public service broadcasting sector. The pandemic has shown just how vital it is to have a source of reliable and accurate information and viewers flocked to the PSBs, including Channel 4, first for news about the virus and then for light relief. Channel 4 News's coverage of the pandemic attracted record audiences across 2020 – up 17 per cent for individuals and up 49 per cent for 16-34-year-olds, with three quarters of a million views of the coverage on social platforms. Ofcom found Channel 4 News to be one of the most trusted media sources of information on the pandemic.

Paul Siegert, NUJ national broadcasting organiser, said: "It's hard to see any justification for privatising Channel Four other than ideology. Channel 4 has achieved what it was asked to do and has proved a hit with viewers. So, if it isn't broke, why is the government proposing the fix of privatising it? Four years ago, the government said it would continue to be owned by the public and it should honour that promise."

The media minister, John Whittingdale, who is spearheading the latest review, just as he did the last one in 2016, first agitated for privatisation in the 1990s. In 2017, the then culture secretary, Karen Bradley, formally ruled privatisation out, saying Channel 4 was a "precious public asset" that would "continue to be owned by the country". This time, John Whittingdale told Times Radio (24 June, 2021): "In terms of who might potentially be interested, that's the purpose of having a government consultation. We don't rule out anyone. There would be competition issues if a very strongly established broadcaster wanted to merge, and that's something which automatically is a matter of competition, but I don't by any means rule out existing streaming services or, indeed, anybody else."

In 2020, **Channel 4 News** won an International Emmy® for its coverage of *Hong Kong: Year of Living Dangerously*. This was the fifth time in eight years it won the award, with its undercover investigation into Cambridge Analytica and the Facebook data scandal winning the previous year. Boris Johnson may have been less than impressed with C4 replacing him with a melting ice sculpture during its climate change debate in November 2019 and ministers had been refusing to appear on the news programme. However, relations appear to be thawing since the Prime Minister granted Gary Gibbon, Channel 4 News political editor, a major interview during the G7 event in Cornwall and ministers have more recently made themselves available to the broadcaster. The flagship news programme, broadcast at 7pm each weekday, recorded a 14 per cent increase in viewing share during the year and also reached more young and diverse viewers, with 52 per cent growth among 16-34-year-olds and 8 per cent among ethnically-diverse audiences (C4 annual report).

For Sama, a documentary filmed through five years of the uprising in Aleppo, Syria, which tells the story of how Waad al-Kateab married and gave birth to her daughter Sama, was nominated for an Oscar in the documentary category and in four categories in the BAFTA awards. It won the Prix L'Œil d'or for best documentary at the 2019 Cannes Film Festival, the Grand Jury Award for best documentary at the SXSW Film Festival and the special jury prize for international feature documentary at the Hot Docs Festival, among others.

C4 annual report (June 22, 2021).

- Channel 4 was forced by the situation created by Covid-19 to identify £95m cash savings and then up to £150m of savings from delays and stopping spend on its 2020 content budget. It ring-fenced 50 per cent of its spending for small indie productions, ethnically-diverse-led nations and regions coverage, and also protected its development spend.
- By investing in **All 4** and prioritising digital growth, Channel 4 delivered streaming growth of 26 per cent in 2020 to hit more than 1.25bn views while linear share grew by 3 per cent on its main channel, and 7 per cent rise for young audiences. Digital advertising revenues increased by 11 per cent in 2020, despite the negative economic effects of Covid-19. In 2020, digital advertising made up 17 per cent of Channel 4's total revenues, up from 15 per cent in 2019.
- Its report said: **“What the unprecedented crisis in 2020 has amply demonstrated is that Channel 4 operates a business model that is flexible, competitive and resilient. What it has also underlined is our importance as a distinctive, trustworthy and authentic British voice. As global streamers jostle for a share of the UK market, and as audiences continue to fragment, Channel 4's role as a public service broadcaster becomes more important than ever.”**

Film 4. Despite the hostile working environment in 2020, Film4 continued to support, develop and produce acclaimed films. From the double Oscar winning *The Father*, starring

Olivia Coleman and Anthony Hopkins, to the BAFTA-winning *Rocks*, directed by Sarah Gavron, and Armando Iannucci's *The Personal History of David Copperfield*, it was an impressive and diverse slate from some of the best contemporary film makers.

What the industry says

John McVay, chief executive of the Producers Alliance for Cinema and Television (Pact), an alliance of more than 750 production companies, said C4's current model was a "thriving and successful PSB" that acted as a "catalyst for generations of entrepreneurs". He added: "Channel 4 plays a critical role in the UK's broadcasting ecology as a publisher/broadcaster which has invested in hundreds of independent production companies over the nearly 40 years of its existence, enabling and improving access, skills, international activity and diversity. The government's thesis that bigger is always better is an archaic concept from an analogue past." Channel 4 worked with 161 independent producers during 2020 (C4 annual report).

What the industry experts say

Tom Harrington, head of television at media researcher, Enders Analysis, said: "Despite fulfilment of its remit in a tough and unpredictable time, once again privatisation is back on the agenda. We believe it will be difficult to maintain the remit with a new buyer paying any more than a meagre sum and, even if that happens, a profit-oriented buyer will have an incentive to game the obligations."

Patrick Barwise, Emeritus Professor of Management and Marketing at London Business School, wrote a report on privatisation for Channel 4 in May 2016 (*The Consequences of Privatising Channel 4*) and argued that since the broadcaster's remit was to be "distinctive, risk-taking, a platform for alternative views and voices with an emphasis on reaching young and minority audiences", any privatisation would undermine that remit. He concluded that any "likely proceeds would be small and the claimed benefits largely illusory". He told the Financial Times on 18 June 2021: "All these factors still apply, if anything even more today," pointing to the risks to UK independent producers and C4's public service remit. "In particular, the likely proceeds are probably even lower now," he said.

What Scotland says

Channel 4 has spent more than £200m on Scottish commissions since 2007. In 2020 it spent £19m in Scotland and the Scottish government, presumably not consulted by DCMS, says it sees "no reason whatsoever" for a sell off. Channel 4's features and daytime team is based in Glasgow. The channel commissioned films made in Scotland including *Trainspotting* and *Trainspotting II*. It also has a "creative hub" in Glasgow's Merchant City. One of Scotland's largest independent production companies is IWC Media which is based near St George's Cross in Glasgow. Mark Downie, IWC's creative director,

said: "Privatising Channel 4 would syphon off tens or hundreds of millions of pounds each year which is currently invested into a range of original British programming and hand that to shareholders as profit. Frankly, we don't see the point of privatisation. "

What the viewers say

David Attenborough may be best known for cuddling gorillas and his outstanding wildlife programmes, but he was also a controller of BBC2. He has signed an open letter to the Secretary of State for Digital, Culture, Media and Sport, Oliver Dowden, stating privatisation of C4 would be damaging, from a newly-formed organisation, the British Broadcasting Challenge. This BBC consists of a group of academics led by Pat Younge, co-chair of Cardiff Productions and the former BBC's chief creative officer. Other signatories include the former MI6 chief Sir John Sawers, author Sir Salman Rushdie, former FT editor Lionel Barber, former Guardian editor Alan Rusbridger, former British ambassador to the USA Sir David Manning, actors, academics and Flamenco guitarist Paco Peña.

<https://britishbroadcastingchallenge.com/open-letter/>

What the unnamed Tory source said

A senior Tory source told Oliver Shah in his Saturday 3 July article *Enemy of the establishment: Paul Dacre and the No 10 plan to make him Ofcom boss*: "The BBC was business but Channel 4 is pleasure — all pleasure."

Other White Paper proposals

The NUJ believes the government is right, however, to explore ways to set the same basic rules for video-on-demand services as traditional broadcasters in terms of causing harm and offence, hatred and abuse, impartiality, accuracy, protection of under-18s, and privacy. However, this may be difficult in practice when the major players are American companies. The NUJ also supports proposals to ensure public service broadcasters are given sufficient visibility and prominence on online platforms, smart TV guides and all broadcasting platforms to enable viewers to find and watch original and high-quality British programmes. In its White Paper, the government should be looking at ways to increase media plurality and support public service broadcasting in the UK, which has high levels of trust, to allow these stations to continue to provide innovation, nurture UK talent, support independent programme makers, and provide training to the creative industry.

Secretive PSB Panel

The NUJ is concerned that the government is being advised on the future of public service broadcasting by a panel made up of many of its own supporters and which has not been set up under Cabinet Office guidelines. Its agenda, discussions and recommendations are not available to the public: the government has refused a freedom of information request from the cross-bench peer, Paul Myners, asking for minutes of the panel's proceedings.

<https://www.gov.uk/government/collections/public-service-broadcasting-advisory-panel>

Action

Forming of a coalition of cross-party MPs and peers, plus industry players, particularly in the indie sector to argue against the privatisation of Channel 4. The NUJ will work with colleagues in the Federation of Entertainment Unions to raise awareness of the issue. We will emphasise that Channel 4 has performed well, particularly in its remit for innovative programming and reaching diverse audiences and niche interests. It plays a specific role in the public service broadcasting ecology and its worth as a trusted source of news and information has been highlighted during the pandemic. We will draw on high-profile journalists, actors, writers, technicians and others from the creative sector to make these points and galvanise people to voice their support for C4 and the danger of it being sold off to a foreign company.

** Channel 4's contribution to the UK. EY report for Channel 4, April 2021: <https://assets-corporate.channel4.com/flysystem/s3/2021-04/EY%20Report%20for%20Channel%204%20-%20Channel%204%27s%20contribution%20to%20the%20UK.pdf>*