

ScreenSkills—written evidence (FCF0004)

This submission is made by ScreenSkills, the industry-led skills body for the UK's screen industries. We support the continued growth and future innovation of film, television (high-end, unscripted and children's), animation, VFX and games across the nations and regions by investing in the skilled and inclusive workforce who are critical to the global success of the UK screen industries.

Channel 4 is a partner and funder in this work, so our submission pertains to the role and importance of Channel 4 in skills, training, inclusion and the importance of the domestic production ecosystem and the development of production hubs across the UK to the creation and sustenance of employment in the film and television sector.

What, if any, developments over the last five years give cause to re-evaluate the ownership of Channel 4 Corporation?

The UK has seen a massive expansion in production in the last few years, having been highly successful in attracting inward investment in film and television (particularly high-end). This is thanks to tax credits, a strong infrastructure of studio space and locations, a creative and buoyant domestic production ecology and a skilled workforce. There has also been considerable consolidation of media companies with a string of mergers that have created even more powerful global players. Alongside that have been significant changes to the way the public receives and consumes content.

It is not clear that any of these changes automatically requires a re-evaluation of the ownership of Channel 4. However, in a fast-moving sector which has undergone and is continuing to undergo considerable change, there are always questions over who owns important cultural institutions and how they should run.

From the perspective of a skills body which works with the international inward investors and the UK's own broadcasters and indies, there is a risk of undervaluing how domestic, homegrown production and its ownership sits alongside the inward investment and the importance of *both* to the continued success of the UK in film and television production and innovation.

There is significant value as we emerge from the impact of Covid-19 in continuing to have strong mechanisms to safeguard and grow the homegrown production sector, including production spend, as well as the creation of distinctively British content.

Investment in skills and training, where we have a particular interest, is important in making sure the UK continues to be a good place for both domestic production and creativity to thrive and for international production to operate. The UK's public service broadcasters were historically the training ground of UK talent. Reduction in funding has made it harder for the BBC to fulfil that function to the same degree as before (although it still does) which only increases the importance of other PSBs in this area. Channel 4 is a catalyst and plays an effective role in this area.

We have not seen evidence to demonstrate that the current benefits of public ownership of Channel 4, including a strong commitment to skills and talent development across the UK and in providing strong foundations to a distinctive indigenous production base, can be secured through alternative business models.

However, there are alternative sources of funding for skills and training to support a sector that has been identified as important for the economy and which has the potential to generate more employment. These could include direct government investment, as part of a wider skills strategy, or increased allocation of National Lottery funding, although neither of these is a guaranteed replacement for the existing investment.

(It is arguable that to sustain current growth, the UK's film and television sector requires government investment *in addition to* continued investment of players such as Channel 4. However, that is not the subject of this consultation.)

If Channel 4 Corporation were privatised, what would be the benefits? What would be the risks and to what extent could they be mitigated?

If Channel 4 were privatised, there is a risk of the loss of investment in skills and training and in investment in domestic production and in independent producers in the nations and regions. Channel 4 has played a pivotal role in fostering and growing a world-beating independent sector.

The experience of ScreenSkills is that Channel 4 has also played a strong role in its own work on skills through 4Skills alongside supporting us to deliver skills and training and in driving change for inclusion for the whole of the production sector.

It was a founding partner, with the BBC, in the new ScreenSkills Unscripted TV Skills Fund and is providing start-up funding to enable that fund to grow and provide considerably increased investment in skills and training across unscripted television including specialist factual, general factual, factual entertainment, sport, entertainment, current affairs, arts and classical music, religion and ethics and education.

These are important genres, and they are key to UK's reputation for excellence in storytelling and the export of formats. They can also act as a nursery slope for talent and for fostering innovation.

Other parties – to date, Sky, A+E Networks UK, Discovery UK and Channel 5 – are now signatories to the fund, with discussions continuing with other broadcasters and streamers.

However, the early commitment and the start-up funding from Channel 4 (with the BBC) were welcome and important in giving this important initiative traction. Channel 4, with the BBC and Channel 5, were also longstanding supporters of the previous ScreenSkills TV Skills Fund, making regular yearly voluntary contributions to support training.

Likewise, Film4 productions contribute to the voluntary ScreenSkills Film Skills Fund which supports training and skills development across the entire value chain of film production, post-production, distribution and exhibition in the UK. Many Film4 productions also offer training places to new entrants to the film industry through ScreenSkills Trainee Finder paid placement programme. We are grateful for support from a wide range of both PSBs and commercial broadcasters and streamers across the range of our work so would not suggest that a commitment to training and skills is limited to those without a profit motive.

However, the commitment to this work - in particular, to building an inclusive workforce - appears embedded in the ethos and operating principles of Channel 4 in a way we would be loath to see put at risk.

The steadfastness of Channel 4 support has been important in ScreenSkills' ongoing work of ensuring the UK has the skilled workforce required for continued growth and ongoing success in film and television production. The risk of a privatised Channel 4 is of a reduction in that support and to the broader culture of skills and training in film and television in the UK.

If Channel 4 were to remain in public ownership, what would be the benefits? Insofar as they are valid, how could concerns about its longer-term viability be addressed?

The current UK ecosystem is based on a flourishing independent production sector that has developed across the UK on the strength of rights ownership as well as the increased investment in nations and regions. Channel 4 has played a major role here, including in the development of stronger hubs in Leeds, Bristol, and Glasgow.

Channel 4's physical move to Leeds, Glasgow and Bristol and its production spend outside of London is a commitment that is needed now and is likely to be harder to sustain in the medium to long-term through a more commercial ownership model.

There are other broadcasters that have significant investment out of London but not necessarily with the geographical spread of the Channel 4 investment, both in its hubs and in commissioning indies.

Although the government consultation document suggests a Leeds HQ could be a condition of any new ownership model, there is no mention of a similar condition for Glasgow and Bristol or for the regional and nations indie production spend.

Major inward investors are currently investing significantly in the UK production sector, which has created, and is sustaining, thousands of jobs - to a degree that there are now significant skills shortages. Many have a long-term commitment to the UK and are working with ScreenSkills actively on skills needs.

However, international production is portable and, if economic circumstances changed, could move to other territories - who are offering their own incentives to attract it.

These are important considerations for current ambitions to encourage more production outside of London and for how to capitalise on the increasing importance of the screen industries to the UK-wide economy.

For there to be sustainable jobs in the nations and English regions, there need to be returning series and regular domestic production to underpin the development and sustainability of production hubs in those areas. That is why the Channel 4 commitment to out-of-London hubs and spend is so important. A public service broadcasting commitment to ensuring and supporting investment in the nations and regions is, therefore, a powerful driver to levelling up in terms of job creation and retention outside of London.

Stability in the sector is also particularly important now to post-Covid recovery and growth.

Should the regulation and/or remit of Channel 4 be changed, irrespective of its ownership? What would be the risks and benefits of any such changes to the UK Public Service Broadcasting system?

Others are best placed to provide evidence on remit and obligations and how to ensure continued relevance. However, we note the conclusions of Enders Analysis on the possible privatisation: "Given the potential and incentive for a profit-oriented owner to game Channel 4's current woolly remit, if the government wants to guarantee a continuation of the benefits C4 presents onscreen and to the economy, much consideration need be placed on making the obligations more quantifiable and trackable."

ScreenSkills regards Channel 4's strong engagement with 16- to 34-year-olds as important in exciting the next generation of talent about the medium of television and content creation for all platforms.

If we are to continue to be a global powerhouse in film and television production, then the skills and talent pipeline must be engaged with, inspired and nurtured.

Original and distinctive content is important in continuing to attract a diversity of skills and talent into the sector as well as in offering audiences a range of content from Derry Girls to Gogglebox and the Paralympics. Channel 4 has taken risks on shows that the market may not have supported.

The work Channel 4 has already carried out on the digital first policy and the promotion of All4 as a video-on-demand service has gone some way to creating a free-to-air PSB streaming service.

Its work in embedding inclusion in its programme-making and talent development has played an important role in opening the sector to a greater diversity of talent, including Black, Asian and minority ethnic and disabled, and helping ensure that UK broadcasting reflects the audiences it serves.

Allowing independent production companies to retain rights has enabled them to invest back into developing those businesses at locations across the UK and create an export market for format sales. Although those businesses are now less reliant on income from the UK PSBs, it remains significant.

This strong domestic content production base is also an important magnet in attracting and continuing to attract inward investment.

Film4 (alongside the BFI and BBC Film) also plays an important role in the creative and commercial life of UK film production and the cultural life of UK audiences, including in telling distinctive and original stories with award-winning success.

We see all these as part of the value of Channel 4 to the UK screen ecosystem. It is hard to gauge what would happen regarding skills and training, and the impact in the nations and regions, under any changes to remit and ownership, but the current commitment is significant and should not be under-valued.

September 2021