

## **Equity—written evidence (FCF0013)**

### **House of Lords Communications and Digital Committee inquiry into the future of Channel 4**

This submission was prepared by Equity, the UK trade union for creative practitioners. We represent over 47,000 actors and creative workers including directors, designers, choreographers, dancers, singers, entertainers, comedians, stage management and audio artists. The submission responds directly to the questions outlined in the terms of reference.

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

Channel 4's publisher-broadcaster model and unique public service broadcaster (PSB) remit has been integral to the success of the British TV and film industry in the nearly 40 years since it was launched. As a cornerstone of the industry, Channel 4 has invested £12bn in independent production companies since its creation and spent more on film than any other UK broadcaster. Film 4 productions have won 37 Academy Awards and 84 BAFTAs. It plays a vital role in the wider creative industry, which is worth over £111bn to the economy.<sup>1</sup>

Under its current remit, Channel 4 nurtures new creative talent, investing in diverse and distinctive content that is successful, popular and celebrated - from *It's a Sin* to *Peep Show*. It has launched and supported the careers of some of the UK's most celebrated performers and creatives, providing a crucial platform for underrepresented voices.

The UK's media landscape has experienced substantial change over the last five years. Market developments and technologies, such as the introduction of competition from commercial broadcasters in multichannel and digital homes as well as the growth of streaming services, have transformed UK content and audience viewing habits. We've moved from a universal provision of terrestrial channels building a shared experience of TV to an expensive new tier: Sky, Netflix, Apple, Disney Plus, and Amazon, which are only available to those who can afford them.

The COVID-19 pandemic also presented significant challenges for the industry, halting production and work opportunities for Equity members. This compounded the arts' historical problem of elitism by disproportionately impacting under-represented groups and especially those from working class backgrounds.

Yet Channel 4 has and continues to adapt to these range of challenges by reacting quickly and effectively. For example, 80% of 16-34 year olds are subscribers to the All 4 streaming service and Channel 4's 16-34 audience profile is twice that of BBC1 and BBC2.<sup>2</sup> Channel 4 has also opened new Leeds

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<sup>1</sup> Channel 4 briefing June 2021

<sup>2</sup> <https://www.channel4.com/press/news/channel-4-launches-real-time-bidding-all-4-uk-broadcast-industry-first>

headquarters and established creative hubs in Glasgow and Bristol. Moreover, the pandemic has shown how vital it is to have sources of reliable, accurate information and news, as shown by increased viewing figures for our PSBs.

The Department for Digital, Culture, Media and Sport has argued that Channel 4's future financial viability is under threat. However, Channel 4 is in robust financial health under its current ownership model reporting a record surplus. It is on track to achieve £1bn in revenue in 2021 and supports over 10,000 jobs in its supply chain, 3,000 of which are outside of London.<sup>3</sup> The wider UK public service media sector more broadly is also delivering for the economy. Of the estimated £4.5bn invested in UK content in 2019, £2.8bn came from public service broadcasting (PSB) – more than half.<sup>4</sup>

With the privatisation proposal making no economic sense and the Government failing to carry out an impact assessment of the proposals, it's clear that political ideology is driving this act of cultural vandalism. We are also extremely concerned that the government is being advised on the future of PSB by a secretive panel made up of many of its own supporters, not set up under Cabinet Office guidelines. That is why the Trades Union Congress, comprising of more than 5.5 million working people who make up 48 member unions, passed Equity motion's to:

- oppose the privatisation of Channel 4
- campaign in support of public service broadcasting and against any sale or merger of Channel 4, and for full transparency on the activities of the government's PSB panel
- support campaigning by the Federation of Entertainment unions to protect public service broadcasting across the UK

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

The Government has argued that privatisation will give Channel 4 greater access to new strategic and investment opportunities.<sup>5</sup> However, its focus under this model would be on delivering profits, rather than diverse and distinctive content for audiences and economic value for the UK creative industries.

This will impact audiences. Channel 4 is a bastion standing against an emerging 'Creative Chasm' between the wide range of competing subscription services. By diluting the incentive of challenging programming to the altar of the market, Channel 4's service will lose any reason to engage fully in the costly process of scripted commissioning. A privatised Channel 4 is also likely to rely on re-hashing existing shows, and importing American TV comedy and drama.

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<sup>3</sup> Channel 4 briefing June 2021

<sup>4</sup> Channel 4 briefing June 2021

<sup>5</sup> <https://www.gov.uk/government/consultations/consultation-on-a-change-of-ownership-of-channel-4-television-corporation>

The current operating model for Channel 4 supports the wider creative sector through its expenditure with companies in its supply chain, including the external production sector. Privatisation will end this special model of relying on independent production companies to make programmes, and reinvesting profits in new shows. This will hurt the many small production companies it works with.

An independent economic impact study by EY demonstrated that the Government's plans could have hugely damaging consequences for Channel 4's supply chain, resulting in thousands of job losses. For example, if Channel 4 was privatised as a publisher-broadcaster with its current public service obligations, supply chain contribution to GVA could be reduced by to 15% (£1bn) and the average number of jobs supported could decline by 14% (1,300) each year. If Channel 4 was privatised with heightened public service obligations and the publisher broadcaster model is removed, supply chain contribution to GVA over a ten-year period could be 29% (£2.1bn) lower and the number of jobs supported in its supply chain each year could decline by 26%.<sup>6</sup> Their analysis further suggests that the wider creative sector in the Nations and Regions could be disproportionately affected.<sup>7</sup> This runs in stark contrast to the Government's levelling up agenda

What's more, privatisation will remove Channel 4's legislative responsibilities to nurture new talent, to reflect cultural diversity, to show alternative viewpoints and to invest in UK film. We fear that Channel 4's award-winning, hour-long C4 News would not survive. The loss of this remit would also affect the employment opportunities available to performers and other creative workers from under-represented backgrounds who are more likely to currently gain employment in C4-commissioned programming that aims to represent the UK's cultural diversity.

### **3) 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?**

A publicly owned Channel 4 is best placed to deliver real and meaningful levelling up of the creative industries across the UK. By the end of 2021 Channel 4 will spend half of its original content budget in the UK's Nations and Regions - 2 years ahead of schedule. By moving its national HQ to Leeds and basing C4's Head of Drama in the city as well as opening creative hubs in Bristol and Glasgow, Channel 4 will create and support thousands more jobs in an industry that is currently heavily based in London and the South East.

Putting public service before profit at zero expense to the taxpayer is vital for Equity members. Only a terrestrial channel with a commitment to pushing the boundaries will lead to innovative stories, diverse and representative casting in the mainstream. The platform Channel 4 provides means real investment in independent producers who go on to make more work – over 90% of UK drama

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<sup>6</sup> <https://assets-corporate.channel4.com/flysystem/s3/2021-09/September%202021%20-%20EY%20-%20Assessing%20the%20impact%20of%20a%20change%20of%20ownership%20of%20Channel%204%20-%20FINAL.pdf>

<sup>7</sup> <https://assets-corporate.channel4.com/flysystem/s3/2021-09/September%202021%20-%20EY%20-%20Assessing%20the%20impact%20of%20a%20change%20of%20ownership%20of%20Channel%204%20-%20FINAL.pdf>

is made on a union agreement. As outlined above, under-represented groups such as women, black people, disabled people, and the working-class benefit from the innovative and inclusive casting Channel 4 stand for.

**4) 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?**

We firmly believe that the remit of Channel 4 should not be changed and that it should continue to be regulated by Ofcom. However, structural changes to the wider UK PSB system are urgently needed. For example, Equity has campaigned relentlessly to advance diversity and more equal representation among practitioners in the TV and film industry. Women are 51% of the population but men outnumber women 2:1 in acting roles on our screens and 3:1 in children's TV. These ratios become higher as women get older. 1 in 5 people in the UK are deaf or disabled, yet deaf and disabled people make up just 7% of TV employees.<sup>8</sup>

Despite Ofcom's remit to improve diversity in the media, it currently has an all-white board of directors. Recent events have also shown a continued trend of worrying Government interference in relation to important board positions. For example, the government recently went against the advice of both the Channel 4 board and Ofcom by vetoing the reappointment of two women to Channel 4's board of directors, including one of only two women of colour.<sup>9</sup> In 2016, the previous culture secretary, Karen Bradley MP, initially blocked Althea Efunshile's appointment to the Channel 4 board and appointed four white men instead.<sup>10</sup>

More broadly, there is an urgent need to democratise, cooperativise and regionalise the whole infrastructure of the entertainment industry. This could be achieved through a range of measures, such as increased worker representation on the boards and management structures of PSBs alongside proper accountability of all aspects of decision making, including hiring, firing, pay, and recruitment. Accelerated regionalisation of PSBs could be delivered by moving more operations away from London, generating greater content and opportunities in every nation and region of the UK.

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<sup>8</sup> [https://www.equity.org.uk/media/3370/equity\\_arts-policy-2019\\_final-web.pdf](https://www.equity.org.uk/media/3370/equity_arts-policy-2019_final-web.pdf)

<sup>9</sup> <https://www.theguardian.com/media/2021/apr/14/ministers-veto-reappointment-of-two-women-to-channel-4-board>

<sup>10</sup> <https://www.independent.co.uk/arts-entertainment/tv/news/althea-efunshile-channel-4-board-blocked-board-member-diversity-government-a7463056.html>