Writers’ Guild of Great Britain—written evidence (FCF0022)

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

1. The Writers’ Guild of Great Britain (WGGB) is a trade union representing professional writers in TV, film, theatre, radio, books, comedy, poetry, animation, and videogames. Our members also include emerging and aspiring writers. It negotiates national agreements on pay and conditions with key industry bodies, including BBC, ITV and Pact, the Royal Court, National Theatre and Royal Shakespeare Company.

2. Our members have a professional interest in the ownership and management of Channel 4 as it has a direct impact on their livelihoods.

3. We welcome this opportunity to provide written evidence to the Communications and Digital Committee and would be happy to discuss any of the points below in more detail if required.

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

4. It is no secret that in the past 5 years the entire UK broadcasting industry has faced a range of challenges: the decline of linear viewing, the increase of subscription streaming services and a demographic shift to other forms of entertainment such as videogaming.

5. Channel 4 has shown itself to be well-placed to face such challenges whilst remaining in public ownership. It is financially secure, recently reporting an operating surplus of £74 million and a projected revenue of £1bn in 2021. Its digital advertising revenues have doubled since 2016 and alone make up 17% of revenues.

6. The channel’s volume and share of viewers is growing on both linear and digital. In 2020 it recorded 1.25bn streams of its content and at a time when there is increased competition for the vital youth market, 80% of UK 16 – 24-year-olds are signed up to the All4 platform.

7. There have of course been other significant developments in the past five years, notably the UK leaving the European Union and a global pandemic. Both of these have had a significant detrimental impact on the creative industries, making it even harder to understand why the Government would choose this moment to consider privatising the channel and stripping millions of pounds out of the UK creative economy.

8. It is worth stressing that Channel 4 does not receive funding from the government. Its sale, whilst generating a short-term cash injection into the treasury, would result in a longer term loss for one of the UK’s most successful industries.

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

9. WGGB can see no benefits to the public or the television industry of the privatisation. The only benefits would be to the company that purchased the channel and its shareholders.

   We can however see a number of risks:

10. **A loss of investment into UK television production**

    The current model ensures that all surplus revenue is reinvested into UK television production. A change of ownership could result in money being taken out of the UK market and given to shareholders, potentially outside of the UK. This would reduce overall investment in the UK sector, making the sector as a whole more vulnerable to overseas (mainly US) competition.

11. The UK's TV production sector is one of the UK's industrial success stories, enjoying growth of around 4% a year from 2012 and generating over £3.3 billion in revenue in 2019.

12. The UK is the second biggest exporter of television content, with exports worth over £1.5bn in 2019/20.

13. Channel 4 has directly invested £12bn into the production sector, creating £992m+ GVA per year, and supporting over 10,600 jobs in the media supply chain.

14. Not only does its commissioning spend account for 15% of the production sectors' revenue, but the programmes it commissions are then sold around the world bringing further investment into the sector. The scale of this is illustrated by the fact that Channel 4 was the original commissioner of seven of the 25 best-selling UK unscripted formats around the world in 2019.

15. Taking the channel out of public ownership undoubtedly places all of this at risk. It is hard to see that any private owner would choose to reduce shareholder returns to support the UK production sector in this way.

16. **Fewer programmes being made**

    The impact of the changes on the production sector (outlined above) would result in fewer programmes being made. This would inevitably result in more repeats and overseas imports.

17. The fact that streaming services such as Netflix and Amazon Prime provided only 182 hours of UK-produced content in 2018 compared to the 32,000 hours produced by UK public service broadcasters, underlines the extent of this risk.

18. **A reduced focus on British content and audiences**

    Private ownership is likely to make the channel more profit orientated and risk adverse – focusing on stories and programmes with global appeal, rather than those tailor-made for UK audiences.

19. It is likely that, some of the content that has made Channel 4 so distinctive and so successful would never have been made under private ownership. Shows such as Derry Girls, It's a Sin, and We are Lady Parts focus on distinctly British experiences and voices and involved a degree of risk-taking by both the commissioners and the producers. This type of risk taking is recognised and valued by UK audiences, with audience research showing Channel 4 consistently rated more highly than other PSBs for tackling issues others wouldn't, showing different cultures and opinions, and showing the viewpoints of minority groups.

20. **A loss of investment in the UK film economy**

    The whole film sector is concerned about the impact that this proposal will have on the UK film economy.

21. Channel 4 spends more on British film than any other UK broadcaster. Film4 is one of the biggest investors in UK independent film with an annual budget of £25million - none of which comes from the public purse.

22. Again, it is hard to see how any private company would be keen to subsidise the sector in this way.

23. **A loss of investment in the wider creative industries**

    The removal of Channel 4 from public ownership will have a ripple effect throughout the wider creative industries. Reduced investment in the independent production sector means fewer commissions for writers, directors, actors, set designers and all the other freelance creatives that depend on the sector for their livelihoods. As UK-made programmes are replaced by less expensive imports to maximise profits, overall employment across the sector will fall.

24. The creative industries, one of the fastest growing prior to the pandemic, is currently still in recovery following the challenges of the past eighteen months. The loss of the Channel 4 will only slow that recovery and concede ground to overseas competitors.

25. There are also concerns that privatisation will lead to a reduction in investment in skills and training in the creative sector – already under threat as a result of government changes to higher education.

26. Since 2015, Channel 4's training, skills and outreach work has benefited over 10,000 people including opportunities for young people from socio-economically disadvantaged backgrounds. It is unlikely that any new

owner will commit to maintaining training schemes of the scope and volume that Channel 4 has offered.

27. **Loss of investment in the Nations and regions**

In the past 10 years Channel 4 has invested over £1.5bn in the industry outside of London. It has embraced working with the Nations and Regions as part of its public service remit, establishing a new National HQ in Leeds, Creative Hubs in Bristol and Glasgow, and a sales hub in Manchester.

28. It is unlikely that any private investor would maintain this level of investment, resulting in a contraction of the amount of work available to creative freelances in the Nations and Regions.

29. Local commissioning and production are the ways that authentic local stories get told. The loss of this way of working will further impact on the diversity of stories being made available to UK audiences.

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?

30. The benefits of continued public ownership include:

- A thriving independent TV production sector
- Continued investment in the wider creative industries
- Uniquely British programming
- Sustained international reputation for excellence in programme making
- Continued training and investment in the Nations and regions

31. As highlighted above, we believe that the channel is already taking steps to ensure its longer-term viability, through the success of its online platforms and digital advertising.

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?

32. The current model ensures that everything aired on the channel has been commissioned from independent production companies and that all profits/surpluses made by the channel are ploughed back into the industry. This investment has been valued at £12bn, creating £992m+ GVA per year, and supporting over 10,600 jobs.

33. The channel works with over 300 different companies of all sizes and stages of development, and it is this variety of production companies and the diversity of talent that it attracts, that is one of the distinctive features of the channel.

34. For writers, the current operating model means that there are multiple routes to production, other than the 'single gatekeeper' approach seen elsewhere. This results in new and exciting work making its way to UK audiences.

35. Removing or changing the remit or regulation of the channel, such as the publisher-broadcaster restriction, could result in a transfer of value out of the sector and into private hands, allowing any private owner to prioritise their own productions. Such a shift would subsequently result in reduced investment in independent companies and fewer programmes being made overall.

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