

University of Leeds, Faculty of Arts, Humanities and Cultures— written evidence (FCF0041)

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

I am very pleased to present this submission to the House of Lords' Communications and Digital Select Committee on the Future of Channel 4. The submission has been prepared by academic colleagues in the Faculty of Arts, Humanities and Cultures at the University of Leeds and reflects their considerable combined expertise in the fields of media studies, film and television, and creative industries.

The University of Leeds and Channel 4 are bound together by fundamental values: a desire to address issues of inequality; to amplify the voices of diverse communities; and to work toward positive social impact. We also share a desire to see Leeds thrive as a vibrant city of culture, providing opportunities for employment that will help to retain talented graduates and engage diverse communities across the region.

Since moving its National Headquarters to Leeds, Channel 4 and the University have been building a collaborative relationship for the benefit of students, the film and television sector, and the region. Channel 4 is involved in our Digital Makers Programme, an innovative project that has grown out of the Born in Bradford Cohort Study. Led by the University's Centre for Immersive Technologies the project aims to empower school leavers to develop the confidence they need to access the digital world.

The University and Channel 4 are also collaborating on a project to develop an evaluation framework for training initiatives in the film and television industries. Understanding the effectiveness of outreach and training activity will be vital to making substantive headway to diversify the film and television workforce in the years ahead. Building on this work we aim to collaboratively create digital resources to foster engagement and support the next generation succeed in the media industries. This is at the core of Channel 4's commitment and contribution to the creative industries across the UK.

As our submission demonstrates, Channel 4 delivers tremendous value to the nation as a whole, the UK's highly successful independent production sector, and to communities in the Nations and Regions. It represents the very best of the UK's public service media tradition, providing high quality challenging content, vital news and information and reflecting the diversity of the nation to itself. This consultation represents an important moment in the history of Channel 4, and a process that has the potential to bring about significant change well beyond the walls of the broadcaster.

In this moment it is important that we collectively take stock of what is needed to achieve the Government's aim of supporting Channel 4 to continue to thrive over the next 40 years.

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About this submission

The Faculty of Arts, Humanities and Cultures is an internationally leading department with one of the broadest portfolios in the Russell Group of research-intensive universities. first ever UKRI-funded National Centre for Cultural Value¹ (CCV) which is leading research to build an evidence-based understanding of the social value of the arts, culture and heritage. Working with cultural partners and government decision-makers the CCV aims to support the cultural sector and shape policy development. The Leeds Cultural Institute² fosters high-impact partnerships with the creative industries, with widening cultural engagement and participation, regionally and nationally.

This response has been prepared by scholars with significant expertise in the cultural industries broadly, and the UK Film and Television sector in particular: Kate Nash, Associate Professor of Media and Communication; David Hesmondhalgh, Professor of Media, Music and Culture; Sylvia Harvey, Professor of Broadcast Policy; David Lee, Associate Professor of Media and Communication; John Corner, Emeritus Professor Media and Communication.

Question 1

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

1. The UK's Public Service Media ecosystem faces several challenges. These include: the growing appeal of On-Demand viewing, including the take up of SVOD services that compete with PSM content for attention; the difficulty of ensuring the visibility of PSM in an increasingly crowded media marketplace controlled, increasingly, by global tech giants; inflation in the costs of production in some key genres; downward pressure on traditional sources of income (particularly linear advertising); and the difficulty of securing returns on investment in content.³ Together these pressures have resulted in an across-the-board reduction in spending on UK original content (in real terms)⁴ and prompted reflection on the future of PSM.
2. But these are challenges for the whole PSM ecosystem, not just Channel 4. It might be argued that Channel 4 has done better than some commercial PSBs in adapting to these challenges.⁵ It has performed well, for example, in digital advertising, in large part because of the success (relative to other PSBs) of the All 4 platform. ⁶ Initiatives such as the recent partnership with Trade Desk to facilitate real-time auctioning of

¹ <https://www.culturalvalue.org.uk>

² <https://www.leeds.ac.uk/cultural-institute>

³ See Ofcom (2021) *Small Screen Big Debate* for an overview of the challenges facing the sector

⁴ PACT submission to the Ofcom Future of PSB consultation

⁵ Comparing Channel 4 and ITV spend on original UK content shows Channel 4 better able to maintain its investment over the ten years 2008 – 2018. Mediatique (2020) *Future Models for the Delivery of Public Service Broadcasting: A Report for Ofcom in support of its review of the future of PSB*. P. 21

⁶ Enders (2021) *Channel 4 Privatisation: Valuation, Buyers, Problems* [2021-85] notes p. 6 that both ITV and Channel 5 have been slower than Channel 4 in the development of streaming technology. It is worth noting that the success of All 4 rests, at least in part, on the Corporation's strategy of prioritising the availability of content to domestic audiences.

digital advertising and new opportunities for data-driven targeted advertising ⁷ exemplifies the Corporation's innovation in this area. Digital advertising currently makes up 17% of Channel 4's revenue, which is higher as a percentage than other UK players.⁸ With digital revenues doubling from £62 million in 2014 to £138 million in 2018⁹ there is reason to be confident that Channel 4 will reach its target of deriving 30% of total revenues from digital advertising by 2025.

3. The television environment has been challenging for many years, and Channel 4 has been incredibly resilient. The Corporation's Future 4 Strategy represents a productive response to the challenges it faces, particularly notable is the ambition to grow non-advertising income (through the Indie Growth Fund, 4 Studio and Channel 4 Ventures). Its financial position at the end of 2020 (with a surplus of £74 million)¹⁰ shows a commitment to sustainability in the most difficult of circumstances.
4. The argument for a change of ownership is based on the assumption that it would provide access to capital to allow a privatised Channel 4 to invest in content and technology 'to compete with the streaming giants'.¹¹ The UK already has two commercial PSBs with access to capital markets (ITV and Channel 5) and there is no evidence that this has led to greater levels of investment. On purchasing Channel 5 in 2014 Viacom committed to 'growing the network's pipeline' of original content.¹² By 2020, however, Viacom was calling for government investment to underpin its production of PSM content.¹³ Both ITV and Channel 5 have been slower in their investment in streaming technology than Channel 4.¹⁴ Private ownership has therefore not proven to be the answer to sustaining PSM production.
5. The UK's PSBs are facing significant pressure, regardless of ownership. The benefits of a mixed ecology in the UK system are widely recognised. We feel that a diverse PSM ecosystem, with a mix of private and public investment provides the best chance of success. Channel 4's status as a publicly owned broadcaster that sustains its mandate to demonstrate 'innovation, experiment and creativity in the form and content of programmes' will be increasingly valuable in securing the future of PSM in the UK.

Question 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?

⁷ <https://www.channel4.com/press/news/channel-4-launches-real-time-bidding-all-4-uk-broadcast-industry-first>

⁸ Channel 4 Annual Report 2020

⁹ Ofcom (2020) PSB 5 Year Review 2014-18 p. 41

¹⁰ Enders (2021) *Channel 4 Privatisation: Valuation, Buyers, Problems* [2021-85]

¹¹ <https://news.sky.com/story/channel-4s-privatisation-needed-to-compete-with-streaming-services-culture-secretary-to-announce-12408040>

¹² <https://ir.viacom.com/static-files/ad1ede9f-6d71-439f-964d-1abb5afd1044>

¹³ Viacom CBS/Channel 5 submission to the DCMS Select Inquiry into the Future of PSB.

¹⁴ Enders (2021) *Channel 4 Privatisation: Valuation, Buyers, Problems* [2021-85] p. 6

6. The only benefit of privatisation is the presumed ability of Channel 4 to draw on private funding to support investment in high-end content and/or technology. We find this to be an unsupported claim and have presented evidence above that tends to challenge this assumption. We feel that privatisation brings about several risks that are not easily mitigated.
7. In public ownership Channel 4 has distinctive PSM obligations in relation to media content,¹⁵ including the requirement to produce programming that is high-quality, innovative, and broadly educational and which appeals to culturally diverse audiences. Further, Channel 4 is required to provide news and current affairs, promote alternative viewpoints and support and stimulate public debate. Audiences have consistently shown that they perceive Channel 4 to be innovative and value its content for its representation of diversity and for tackling 'issues that other broadcasters would not'.¹⁶
8. There is consensus among academic researchers of media and communication globally that, without adequate regulation, video markets tend to under-provide genuinely informative, challenging, and innovative cultural goods.¹⁷ One way in which economists have approached this problem of market failure is via the concept of 'merit goods': products or services of significant social benefit in which individual consumers are likely to under-invest and which therefore markets are likely to under-produce without regulation or other interventions.¹⁸
9. While regulation offers a path for mitigating this risk, its limits must be acknowledged. There is evidence that the mission of the UK's PSBs to represent the full range of experiences across the many ethnic communities that now make up the UK has been diluted by their efforts to achieve commercial success.¹⁹ Indeed, many UK audiences, particularly older women, audiences from minority backgrounds, young people, and people living outside London feel less satisfied with PSM.²⁰ Further, there is evidence that privately owned PSB's seek to restrict their obligations to those most consistent with the generation of income, with both ITV and Channel 5 successfully campaigning to reduce their remits over the past 15 years.²¹
10. There is also a risk to the independent production sector. Channel 4 plays a critical role in supporting the independent sector, commissioning more hours of programming than any other PSB.²² Its status as a publisher-

¹⁵ Channel 4 also has obligations with respect to commissioning and regional production that are taken up elsewhere in our submission. See Appendix 1 for additional discussion of Channel 4's remit and its legislative underpinnings.

¹⁶ Ofcom 2020 Channel 4 Corporation's performance in delivering its media content duties 2014 – 2018

¹⁷ See, for example, C. Edwin Baker, *Media, Markets and Democracy*, Cambridge: Cambridge University Press, 2002.

¹⁸ Richard A. Musgrave, *The Theory of Public Finance*, London: McGraw Hill, 1959.

¹⁹ Anamik Saha, *Race and the Cultural Industries*, Polity 2018.

²⁰ Ofcom (2018) PSB in the Digital Age

²¹ Enders (2021) *Channel 4 Privatisation: Valuation, Buyers, Problems* [2021-85]

²² Ofcom 2015 Review of the operation of the television production sector

broadcaster is significant in this regard. Given the increasing significance of income derived from the sale of IP in global markets,²³ we suggest that a private Channel 4 would seek to move away from the publisher-broadcaster model.²⁴ The implications of such a move for the independent sector have yet to be assessed. Further, we note that the UK's commercial PSB's have a lower ratio of content spend to revenue²⁵ suggesting there is a risk that a private Channel 4 could reduce its overall level of investment in content.

11. Channel 4's commitment to a physical presence across the UK delivers significant benefits to regional economies. The value of this contribution is estimated to be £247 million (including support for approximately 3,000 jobs).²⁶ The broadcaster's move to Leeds, for example, is anticipated to create 1,200 jobs in the region with an economic benefit of around £1bn.²⁷ An estimate of the reduction in funds flowing to regional economies (taking into account likely efficiencies alone) suggests that privatisation could result in a loss of £129 million per year from regional economies.²⁸ Local Authorities and businesses have made significant investment in anticipation of Channel 4's regional presence that is at risk should Channel 4 re-centralise its operation. In our own region, for example, the West Yorkshire Combined Authority (together with Screen Yorkshire) has made significant investment in the local screen businesses through initiatives such as the 'Indie TV and Film Development Fund'.²⁹
12. Channel 4's presence in, and commitment to, the Nations and Regions also delivers benefits for local communities and creative industries. The value of informal networks in the film and television sector has been well documented.³⁰ In moving key commissioning roles to the Nations and Regions and in engaging with (and investing in) local producers, Channel 4 puts diverse, typically small, screen businesses on more of an even footing with those in London. We have seen 'clustering' effects in the creative industries in our own region (Leeds). Since 2019 the National Film and Television School (NFTS), Producers Alliance for Cinema and Television (PACT), Sky Studios' Scripted Content Innovation Hub and ITN Productions have all moved to or increased their presence in Leeds, creating a critical mass of creative workers.

²³ UK Television Production Survey: A Report by Oliver and Ohlbaum Associates for PACT 2020

²⁴ Mediatique (2020) *Future Models for the Delivery of Public Service Broadcasting: A Report for Ofcom in support of its review of the future of PSB*. P.23

²⁵ Ofcom (2020) 5 Year PSB Review p. 42

²⁶ Channel 4's Contribution to the UK, EY Analysis (2021)

²⁷ West Yorkshire Combined Authority (October 2019) Channel 4 Confirms Leeds City Region as home of new national HQ <https://www.westyorks-ca.gov.uk/all-news-and-blogs/news-archive/channel-4-confirms-leeds-city-region-as-home-of-new-national-hq/>

²⁸ Ender's Analysis Channel 4 privatisation: Valuation, buyers, problems [2021-085]

²⁹ <https://www.the-lep.com/all-news-and-blogs/boost-for-regional-indie-tv-and-film-production-companies/> <https://www.c21media.net/news/screen-yorkshire-leeds-create-indie-fund/>

³⁰ See for example Spicer and Presence (2016)

<https://www.manchesterhive.com/view/journals/fs/14/1/article-p5.xml>

13. Channel 4's presence in the Nations and Regions is also fostering ambition and opening doors to talented young people. Research shows that the concentration of the creative industries in the South-East can lead young people from other regions and UK nations to feel that film and TV careers are 'not for people from round here'.³¹ Channel 4's outreach activities and 'pop ups' seek to provide information about careers in the screen industries and enhance employability. While engagement with these events has always been strong, since going virtual in response to the pandemic Channel 4 has reached more than 2,700 participants³² and the corporation's involvement in the Bradford Screen Strategy will help create a production hub and mentoring opportunities.³³ The concentration of training and professional development in London presents barriers to career progression for those working in the nations and regions.³⁴ 4 Skills provides much needed training and development opportunities for film and TV workers based outside London, from the Production Traineeship Scheme³⁵ to its recent partnership with the NFTS in Leeds.³⁶
14. The domination of London in terms of media and culture creates a strong imperative for media companies to base themselves in the capital.³⁷ Channel 4's commitment to multi-site operation comes at significant cost. The initial cost of moving out of London is estimated at £50 million with the ongoing costs of this mode of operation still unknown.³⁸ While a publicly owned Channel 4 can forego the commercial and market advantages accruing to location in London/South-East, a privately owned commercial PSB may seek to re-centralise its activity.

Question 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?

³¹ Allen Kim, Sumi Hollingworth (2013) "'Sticky subjects' or 'cosmopolitan creatives' social class, place and young people's aspirations for work in the knowledge economy", *Urban Studies* 50 (3) see also Carey et al (2017) *A Skills Audit of the UK Film and Screen Industries: Report for the BFI, Work Foundation*.

³² Data supplied by Channel 4

³³ <https://www.thetelegraphandargus.co.uk/news/19464546.channel-4-teams-bradford-council-screen-strategy/>

³⁴ Ozimek, A (2021) *Skills Shortages and Training Needs in Yorkshire and the Humber Screen Industries Growth Network* available: <https://screen-network.org.uk/wp-content/uploads/2021/03/Skills-shortages-gaps-and-training-needs-in-the-screen-industries-in-YH-report-January-2021.pdf>

³⁵ This scheme provides a 12-month paid internships to regionally based people who would otherwise not have the opportunity to build a career in the sector. The scheme also aims to increase the diversity of the screen workforce by targeting underrepresented groups. It has been running for 17 years and offers around 12 traineeships per year.

³⁶ <https://nfts.co.uk/blog/channel-4-and-nfts-announce-partnership-support-nations-and-regions-series-training-development>

³⁷ Brett Christophers, *Envisioning Media Power: On Capital and Geographies of Television*, Plymouth: Lexington Books, 2009.

³⁸ Ofcom 2020 Channel 4 Corporation's performance in delivering its media content duties 2014 – 2018

15. Retaining Channel 4 in public ownership would deliver a greater much greater benefits to the UK public than if it were privatised. In public ownership Channel 4 has particularly broad obligations. In relation to media content³⁹ these include the requirement to produce programming that is high-quality, innovative, and educational and which appeals to culturally diverse audiences. In relation to production, 56% of content must be 'originally produced or commissioned for the service' with 25% sourced from independent producers and 35% sourced from 'regional' producers (Channel 4 has voluntarily increased this to 50%). Public ownership allows Channel 4 to maximise investment in its PSM mission and to sustain a broad portfolio of PSM (and media-related) activity.
16. There are, however, several options available to further support Channel 4 in the delivery of its remit. The current terms of trade governing relationships between PSBs and the independent sector increasingly favour the latter in terms of the sale of secondary rights. A rebalancing of this relationship would allow PSBs (including Channel 4) to retain more of the value in these secondary windows, with a targeted approach designed to protect smaller independent producers.⁴⁰
17. The relaxation of the publisher-broadcaster model has received much attention in relation to the privatisation of Channel 4. While there is certainly scope for Channel 4 to diversify its revenue streams in this way (as have other PSBs) without addressing the relationship between broadcasters and independent producers (see above) the financial benefit to Channel 4 will likely be modest.⁴¹ The short-term investment required to secure talent in a competitive market and the inevitable lag in financial return is significant, as the experience of BBC Studios demonstrates.⁴² However, it must be remembered that the publisher-broadcaster restriction is not tied to ownership and could be lifted if it were deemed to be important to securing Channel 4's long-term security. The impact on the independent production sector, however, must be fully considered.
18. Visibility is a key challenge for all PSBs in the current media landscape. While PSB's are granted prominence in programme guides, this does not extend to smart devices and digital platforms. Recommendations to extend PSB prominence to digital platforms (requiring smart devices to display PSB players prominently) and creating 'must carry' obligations on all platforms should be considered to maintain audiences' connections with PSM content. We would further support moves to redirect funds from the recently introduced digital services tax to compensate PSBs more adequately for the shift in value towards digital platforms.⁴³

³⁹ As outlined in the Communications Act 2003, but also the Digital Economy Act 2017 see appendix 1 for details of Channel 4's PSB obligations

⁴⁰ Mediatique (2020) *Future Models for the Delivery of Public Service Broadcasting: A Report for Ofcom in support of its review of the future of PSB*. P. 64

⁴¹ see Ender's Analysis Channel 4 privatisation: Valuation, buyers, problems [2021-085] p. 3

⁴² National Audit Office (2020) BBC Studios Audit

⁴³ Mediatique (2020) *Future Models for the Delivery of Public Service Broadcasting: A Report for Ofcom in support of its review of the future of PSB*. P. 59

19. The long-term viability of Channel 4 (and the UK's PSBs generally) can be secured through a range of measures that support innovation and re-set the balance between producers, PSB's and new digital players with further analysis needed to determine the best policy mix.

Question 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?

20. Channel 4's broad remit delivers significant benefit to the UK – to audiences, to the creative industries and to the nations and regions. However, it is the culture of the organisation as much as the letter of the relevant legislation that delivers these benefits. Much of what Channel 4 is mandated to do is not easily quantifiable and in relation to some requirements (commissioning new content, for example) there is no required minimum level of investment. Even if the current remit is retained, a private Channel 4 would be able to reduce commitments in several key areas – including regional production, skills and community engagement and creative risk taking.
21. A change of ownership is likely to place a number of strains on Channel 4's commitments to its PSM mission. We have previously noted that both ITV and Channel 5 have successfully reduced their remits over the past 15 years.⁴⁴ ITV has also reduced its nations and regions commissioning, and virtually stopped producing arts programming. Channel 5 has also moved some news and current affairs programming out of prime time.⁴⁵ To the extent that a new owner might seek to prioritise new sources of income from the sale of international rights, the potential exists for the Corporation to move away from its domestic focus and its commitment to represent diversity in the UK. This suggests that particular attention should be focused on Channel 4's remit and obligations and that these may need to be strengthened in the event of a change of ownership.
22. We would strongly support Ofcom's recommendation⁴⁶ that PSB obligations be expanded in general to take greater account of the role of PSBs in supporting the UK's creative economy, particularly in the Nations and Regions. As we have outlined above (pars 11 – 14) Channel 4's presence in and commitment to screen producers and communities across the UK delivers significant benefit and has the potential to be transformative.

⁴⁴ Enders (2021) *Channel 4 Privatisation: Valuation, Buyers, Problems* [2021-85]

⁴⁵ Enders (2021) *Channel 4 Privatisation: Valuation, Buyers, Problems* [2021-85] p. 5

⁴⁶ Ofcom (2021) *Small Screen Big Debate*

Appendix 1: Summary of Channel 4's current programming obligations at September 2021.

Channel 4's programming obligations, currently enforced by the UK regulator Ofcom, are based on the requirements of current legislation, principally outlined in the 2003 *Communications Act 2003* (amended by subsequent Parliamentary or Ministerial decisions). Also included here is a brief reference to one of the provisions in the *Digital Economy Act of 2017*, relating in particular to Channel 4's good record in relationship to support for the British film industry. These details given below are taken from the current Channel 4 Licence, overseen by Ofcom (current Licence obligations dated 2020). The principles and objectives outlined here remain valid and useful whatever decision Government makes about retaining the current legal status of Channel 4 or moving to whole or partial privatisation. Elements likely to be of particular interest to viewers are summarised here.

1. Channel 4's Existing Public Service Remit (Section 265(1) of the 2003 Communications Act

The Corporation has an obligation '...to provide a broad range of high quality and diverse programming'. These programmes must demonstrate 'innovation, experiment and creativity in the form and content of Programmes'. They must appeal '...to the tastes and interests of a culturally diverse society' and make '...a significant contribution to meeting the need for the licensed public service channels to include Programmes of an educational nature and other Programmes of educative value'. Channel 4 programmes must exhibit 'a distinctive character'.

The Corporation is also required to produce a regularly up-dated statement of programme policy and Ofcom must be consulted in advance if any significant changes are planned. (Ofcom, 2020: 13-14).

2. Other key provisions in the Communications Act (2003) and in the Digital Economy Act (2017)

1. Channel 4 currently has obligations to provide news of high quality 'with at least one programme at lunchtimes each weekday and one in the early evening each weekday and a Programme in the early evening at weekends on both Saturday and Sunday'. News programmes should be of 'high quality and deal with both national and international matters'. Coverage shall be 'accurate, impartial, authoritative and comprehensive, in terms both of geography and subject matter'. Regarding the provision for Current Affairs there should be 'not less than 208 hours in each calendar year' and programmes should be 'of high quality and deal with both national and international matters. 80 hours of this Current Affairs material should also be provided in Peak Viewing Time' (Ofcom 2020: 43).
2. There are useful additional obligations contained in the *Digital Economy Act, 2017* including a requirement that Channel 4 continue its robust support for British film production (at present this crucial support is often given in conjunction with the BFI and the BBC).

3. At least 56 per cent of programmes broadcast should be 'originally produced or commissioned for the Channel 4 service and at least 70 per cent of these should be broadcast at peak viewing times. The work should be 'originally produced or commissioned for the service'.
4. Regarding what is called 'regional production' at least 35 per cent of the hours of programmes made in the UK for viewing on the Channel 4 service should be 'produced outside the M25'. We find here an extraordinary legal synonym designed to identify production that takes place outside London and the London region. In addition, 9 per cent of all programmes (arguably rather a small amount) should be produced outside England, coming from production centres in Scotland, Wales and Northern Ireland. Even by 2021 this amount seems inadequate. But there was also a modest budgetary fail safe for 'regional programmes'; these should be guaranteed 'at least 9 per cent' of the total programme expenditure (Ofcom 2020: 43-44). This may be more – though could be less in real terms – than the level of expenditure on regional/local programmes in the days when the fifteen ITV companies were regionally based. Each of these companies had provided quite a substantial opt-out service for viewers living within their region (by 'opt-out' is meant a temporary departure from transmitting the unitary, national ITV network signal and offering programmes within each region).
5. At least 25 per cent of programmes should be made by independent producers and these should include a range in the type and cost of programmes. The Broadcast *Indie Survey 2021* describes a sector with an increasing number of larger 'indies', some of which are no longer operating under British-based ownership. All, including the most highly capitalised and also probably the most focused on secondary sales, have the option of bidding for and accepting programme commissions from Channel 4 whilst being owned and controlled from outside the UK. This grouping includes several US-based media multi-nationals including Liberty/Discovery, Comcast and NBC; though one of the biggest – Banijay- was founded in Paris and now includes Endemol-Shine, RDF Television, Kudos, Tiger Aspect, Worker Bee and many others (Broadcast, 2021: 21).
6. It is important also to note that Section 277 (3) of the Communications Act allows the Secretary of State to order a change in the amount of indie production for Channel 4.
7. Section 295 of the Communications Act (a section not amended to date) states: 'Involvement of C4 Corporation in programme-making. The regulatory regime for Channel 4 includes a condition requiring C4C not to be involved, *except to such extent as Ofcom may allow*, in the making of programmes to be broadcast on Channel 4' (Communications Act 2003, our emphasis). In theory, therefore, Ofcom could allow the existing Channel 4 Corporation to start making its own programmes 'in house'. However, the sensitivity of the issue makes it unlikely that Ofcom would use this power without the consent of the Secretary of State.

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