[GB] Government decides not to privatise Channel 4

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Karen Bradley, government minister serving as Secretary of State for Culture, Media, and Sport, has announced that after an 18-month review, public service broadcaster (PSB) Channel 4 will not be privatised and will remain in public ownership. The terrestrial channel was launched in 1982 to provide greater diversity and appealing to tastes and interests not normally catered by the other independent terrestrial channel ITV, launched in 1955. Both ITV and Channel 4 are funded primarily through advertising, and in the case of Channel 4 profits are reinvested into programme making. Channel 4 has helped see a significant growth in the UK's independent production sector. Channel 4 has since 1982 developed its own unique character, and Broadcast magazine has for two consecutive years awarded it Channel of the Year. Channel 4 has developed a number of successful spin-off businesses, including Film 4, which in 2015 helped fund films that received 15 Oscar nominations. Channel 4's other businesses are E4, More 4, 4 Music, and All4.

However, despite Channel 4's creative and financial success, the Government raised concerns as to whether its current structure was robust enough to deal with a changing media climate, including the very future of linear and terrestrial TV itself, given the shift to watching online and disrupters in the market place such as Netflix and Amazon.

Restrictions to Channel 4's business model include that it cannot produce content for its own main channel, the so-called publisher broadcaster model, and its limited access to capital. The Government, having considered various business models, including full privatisation, consider on balance that it is better to maintain the status quo and by doing so it enforces its commitment to public service broadcasting. As such the Government will not give further consideration to privatisation "at this time".

However, there is one area the Government is considering and that is whether Channel 4 headquarters should be based outside London, or at least have a much greater presence outside the capital. Channel 4 has approximately 820 staff, but only around 30 are located outside central London. As a consequence, the Government has launched a consultation paper and consultation period to seek a wide variety of views as to whether Channel 4 should relocate. The Consultation paper states "Channel 4 rightly prides itself in being different, in providing

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alternative views and new perspectives". The issue is whether this characteristic will be further enhanced by being located away from London, including the potential stimulus to production companies and creative talent. Apart from location, the Government will also consider Channel 4 taking bigger financial stakes in regional production companies.

Following the consultation period, the Government will consider the evidence and then have discussions with Channel 4 before taking any necessary legislative steps concerning location and necessary financial structuring to "ensure Channel 4 maximises its delivery of public value to the country as a whole". The consultation will run for 12 weeks closing at 5pm on Wednesday, 5 July 2017. Views are sought from broadcasters, production companies, individuals, and local authorities.

Department for Culture, Media & Sport, Increasing the Regional Impact of Channel 4 Corporation, 12 April 2017

https://www.gov.uk/government/consultations/increasing-the-regional-impact-of-channel-4-corporation

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