Channel 4 bosses rail against privatisation at new Leeds HQ opening

C
hannel 4 bosses have warned privatising the publicly-owned broadcaster would see it lose hard-hitting programs and have a knock-on impact on the wider UK economy.

Speaking to mark the opening of Channel 4's brand-new Leeds HQ, chief executive Alex Mahon and her chief content officer, former Newsnight editor Ian Katz, railed against government proposals to sell off the broadcaster into private hands.

Mahon also revealed a major analysis commissioned from auditor EY, due to be published later this week, will demonstrate a shift to private ownership would have a "major impact" on operations.

The government is currently carrying out a "consultation on a change of ownership" for the state-owned but editorially independent corporation, which was launched in 1982.

Channel 4 makes most of its money through advertising revenues. It is legally barred from making its own programs and commissions from smaller independent production companies, ploughing all profits back into new programming. The corporation has a remit to deliver to diverse and underserved audiences around the country.

READ MORE

- Nightcap to open new London Cocktail Club bar in heart of City
- As staff return to HQs, the strength of London lies with

its people
- National Insurance hike could be ‘tipping point’ for UK economy
- BRANDPOST | PAID CONTENTWhy Huawei and London are ideal partners to embrace a digital future

Potential buyers could include major US television groups, and Channel 4 would potentially be able to create its own programs under private ownership – a move many have warned would hit the UK’s production sector.

Speaking on a webinar broadcast from Leeds, Mahon said: “Although it’s not our decision to make, there are clear trade-offs to consider.

“For most of my career I’ve run commercial businesses, or worked for private equity-backed companies. These businesses are run with different end goals than Channel 4 currently is… They’re ultimately about prioritising the generation of profit.”

She said: “A change to a private owner would impact more than just our programs, it would likely affect the UK economy overall.

“In order to better understand the potential economic consequences, and in an effort to provide evidence as these decisions are weighed up, we asked EY to help us objectively and independently consider the impact of different ownership models. EY has produced a major piece of detailed analysis.”

The CEO concluded: “We are still very much living up to the mandate that Margaret Thatcher set out all those years ago.

“The next stage of our evolution is already underway… We stand ready to work constructively with government and deliver even greater impact for Britain. Ultimately this is not a decision for us to make.

“However, having considered all the available analysis extremely carefully, and modelled and stress-tested this, we have not seen any evidence that the irreversible change of privatising Channel 4 would be in the interest of either British audiences or the UK’s economy.”

Katz warned that he thinks “much of the purpose-driven programming would be lost” under private ownership, even with very tough licensing requirements.

He said: “The programming that makes Channel 4 so unique might, I fear, be lost. To create profitable returns, We would need to radically reshape our editorial mix. Without doubt, this would result in less risk-taking, fewer programs with real societal impact, and fewer opportunties.”

Mahon said she believes now is “the moment to amplify what Channel 4 means for Britain and, importantly, what it can do for Britain”, and stressed its youth reach.

All 4 is the youngest-skewing British broadcasting player with a 37% 16-34 year old profile; closer to Netflix and Amazon than any other British broadcaster.

She also warned that any private owner would not necessarily want to keep the corporation’s five HQs around the country. (Channel 4 having headquarters outside London has been a key focus for the government and its levelling-up agenda).

It comes after the corporation’s chairman lambasted the proposals for privatisation.

In a letter to culture secretary Oliver Dowden last month, Charles Gurassa, a former chief executive of Thomson Travel Group, wrote that such a sale would not be in the national interest. He wrote: “We have serious concerns that the consequences will be very harmful, both to the UK’s creative economy and to the choice and breadth of distinctive British-made content available to UK audiences.”

Culture secretary Oliver Dowden has said that a sale of Channel 4 could be “better for the broadcaster, and better for the country”, and the government’s document suggests the broadcaster would be financially stronger under private ownership.

It states: “The government’s preferred option is to facilitate a change of ownership of Channel 4, which it believes will give it greater access to new strategic and investment opportunities, allowing it to compete effectively in a more agile fashion and ensuring it has the best chance of a successful and sustainable future.”

The consultation closes on September 14.