

Speech: Karen Bradley's speech at the Nations and Regions Media Conference

Thank you. It's a pleasure to be here in Salford. Watching the re-birth of this area in recent years has been incredibly encouraging and nothing short of inspirational.

I'd like to thank the organisers for being flexible enough to accommodate the fact that there are few things going on in Westminster, from where I've just rushed.

With more than 250 companies employing over 7,000 people, the transformation of MediaCity since work started here exactly ten years ago is incredible. With the BBC and ITV at its heart, this has become a world-class media cluster, with a life and energy all of its own.

Salford demonstrates that the television sector in the UK is not all about London – and that the best broadcasters on Earth can flourish in places other than London.

The Nations & Regions Media Conference is a major annual fixture for those of us who work in and with the media. It is a very important forum for learning, making contacts, and exchanging ideas.

This is also a chance for us to celebrate this country's extraordinarily successful media industry. To say that we punch above our weight is a massive understatement. British film, television, news, video games, music, and more are enjoyed and admired all over the world.

It is rare for a specific industry to appear in the name of a government department, but the size, reach, and influence of the UK media means that it absolutely deserves this distinction.

So thank you for having me.

I would like to use my speech today to talk about the future of Channel 4.

History and purpose of Channel 4

Margaret Thatcher is perhaps not primarily remembered for her role in the creation of Channel 4, but it was her government that decided to set up a new public service broadcaster. Channel 4 took to the air on 2nd November 1982, with an episode of Countdown – which is now a British institution.

In today's world of endless programme guides and on-demand content, it is easy to forget what a revolutionary step this was: a fourth television channel in Britain! This was a time before breakfast TV or overnight broadcasting – TV channels went to sleep at night like everyone else.

Channel 4 was given a unique mission: to appeal to tastes and interests not

generally catered for by ITV. Educational. Innovative. Experimental. Distinctive. And with a funding model where non-public service content – including imports – helped pay for new and otherwise less commercial news, current affairs, arts, religion, and other programmes.

Channel 4 soon established itself as bold and innovative. It has remained an essential part of the broadcasting landscape in a multi-channel age, and to its great credit has continued to evolve and innovate in the 35 years since Richard Whitely and Carol Vorderman first graced our screens.

This refusal to stand still has been key to its success. In 1987 – just five years after it first went on air – advertising revenue exceeded costs for the first time. Founding CEO Jeremy Isaacs handed over to Michael Grade to lead a new stage in Channel Four's development.

In 1993 the Channel Four Corporation became operational and began to sell its own advertising slots – giving it more control over its financial affairs just as The Big Breakfast was getting going.

1997 saw Channel 4 start broadcasting 24 hours a day and brought groundbreaking satire in the form of Brasserie to our screens.

E4 was launched as a pay-TV station in January 2001, becoming free-to-air in 2008. Channel 4's stable has continued to expand and now includes E4, More4, Film4, 4Music, All4, and the original Channel 4 itself.

Channel 4 continues to have creative and commercial success. It employs more than 800 people, spends around £700 million on programming, and has a key role in supporting the UK's independent production sector – which has become a £3 billion international success story.

In 2015, Channel 4 funded – through Film4 – films that secured a record 15 Oscar nominations, and it has been awarded Channel of the Year by Broadcast for the last two years.

So Channel 4 has evolved considerably over the years – partly of its own accord and partly due to the interventions of government.

But its fundamental status has not changed: it is a commercially-funded public service broadcaster which is owned by the country. I want to make sure it is also serving the whole country.

A public asset that should serve all the public As we made clear during the BBC Charter Review process, this Government is committed to our public service broadcasting system. Channel 4 is a unique and integral part of that system, and should remain so.

Over the last eighteen months, the Government has been looking at the risks and opportunities facing Channel 4. The TV market is facing unprecedented changes and challenges – increased consumer choice, new ways of watching, and fierce competition at home and abroad. We want to ensure that Channel 4 has a strong, sustainable, and successful future – able not only to survive, but to thrive.

Its current financial position appears strong: cash reserves are high, revenues are approaching £1 billion, and spending on programming is at record levels.

But the full picture is more complex. Channel 4 relied on advertising revenues for 94 per cent of its income in 2015. With changing viewing habits making the future of TV advertising uncertain, that in turn creates uncertainty for Channel 4's future revenues.

You only need to look at moves in the rest of the market – with channels diversifying and production companies consolidating – to see the challenges the market faces. None of us can be certain what effect continued changes in the media landscape and digital disruption will have on advertising revenues in the future.

It is absolutely right, then, for the Government to have taken the time to evaluate how to protect and enhance this precious public asset – and make sure it is best placed to serve the country in the years ahead.

Our approach was to look at the full spectrum of options, from the status-quo to privatisation, in order to make sure that Channel 4 will be on a secure and sustainable footing. A review is only truly comprehensive – and can only hope to reach the best conclusion – if it does look at all possibilities.

Channel 4's public service remit and support for the independent production sector across the UK are vitally important – and we have concluded that these are best served by keeping Channel 4 in public hands.

So I can announce that the Government will not give further consideration to privatisation at this time.

But the Government does think that Channel 4 can do more to deliver on its founding principles and that reforms can be made to protect and enhance the way it delivers for the country.

Enhancing accountability

All public assets must be accountable to the public. Channel 4 is owned by the taxpayer, so we have a duty to do all we can to understand and limit risks.

As a result, the Government is working with Channel 4 to make sure oversight of its financial position is robust. We will agree the necessary arrangements around Channel 4's finances and the risks it faces – helping us to spot problems as they emerge so we can work together to tackle them.

Public Service remit

On screen, Channel 4 is known for daring entertainment programmes like *The Word*, *Brookside*, *Peep Show*, and *Skins*; for groundbreaking factual programming like *Unreported World* and *Dispatches*; and for its peerless coverage of the Paralympic Games in 2012 and 2016.

But delivery in some areas of core public service content, such as arts and children's programming, is low. And Channel 4 is increasingly reliant on its non-public service portfolio channels.

I would like Channel 4 to stay true to the distinctive, innovative, and challenging programming it was set up to offer – in line with the obligations prescribed by Parliament. To provide a platform for unheard voices and untold stories from right across the United Kingdom.

Because we want the benefits of this national asset to be spread far and wide, not just in London.

And that means rethinking where it is based, and where it spends money.

Spread creative organisations throughout the regions

I am unsympathetic towards those who recoil in horror at the very idea of media jobs being based outside the capital. Or for those who insist that people with ideas in the West Midlands, West Country or West Wales must travel to Westminster to get programmes made.

There is a great deal of talent outside London and too much of it is being overlooked.

Channel 4 has around 820 staff and fewer than 30 of them are based outside central London. I have had some initial discussions with Channel 4 on this issue, but we are a long way apart.

The Salford experience – which we can see for ourselves right now – is highly instructive. There were howls of protest when it was announced that part of the BBC would relocate here.

But just look around you; look at what has been achieved. This is a thriving, bustling media centre. It has driven a remarkable regeneration of the area, bringing new homes, new cultural institutions, and new transport links. More people now work in Salford Quays than in its heyday as a major seaport.

London is not a media centre because only London can do media – London is a media centre because media is centred there!

We want Channel 4 to have a major presence outside London, stimulating creative and economic activity – including jobs – right across the country. In so doing, it can play a leading role in a public service broadcasting system that reflects our United Kingdom.

Public assets should deliver for the public in every possible way. That is key to building an economy that works for everyone, not just a privileged few.

Channel 4 rightly prides itself in being different, in providing alternative views and new perspectives. This evolution will help to underpin that purpose and make Channel 4 even more distinctive – and give audiences the length and breadth of the UK content that speaks to them and where they come from.

Consultation

As a result, I can today announce that the Government will launch a consultation on how best Channel 4 can increase its impact away from its traditional base – how it can deliver more jobs, develop more talent, and drive creativity wherever can be found.

This will have three main components.

Firstly, we will look at whether Channel 4 should relocate some or all its staff outside London, potentially including moving its headquarters.

I recognise that some Channel 4 business functions may need to retain a presence in the capital, but a publicly owned broadcaster should have far more than 3 per cent of its permanent staff outside London.

Like the BBC, Channel 4 could have a transformative role in helping drive creative hubs beyond the capital.

Secondly, we will consider spreading Channel 4's spending power more widely across the country. At present only 35 per cent of new British programming on Channel 4's main channel has to go to productions from outside the M25.

To its credit, this is currently running above the target at 39 per cent. But across the business as a whole, Channel 4 spends around twice as much on new productions from London as the rest of the UK put together.

Higher requirements, perhaps of to 50 per cent of expenditure on new content on the main channel, could lead to programming that better reflects audiences – and better supports production companies wherever they are based.

Thirdly, we will assess whether allowing Channel 4 to take bigger stakes in production companies would support the growth of the regional production sector and help Channel 4 diversify revenues and enhance its sustainability.

Channel 4 is limited in how it can do this at the moment, but its initial investments of up to 25 per cent through its "indie growth fund" have shown promise, and we want to work with Channel 4 and the independent production sector to see if this option can be strengthened.

We will of course work closely with Channel 4 throughout this process, including in finalising the consultation document before it is published in the coming weeks.

We also know it is not just Channel 4 that can do more to help us grow our creative economy. So we will explore whether there is more we can do together with other public service broadcasters to drive the strong creative clusters we have right across the UK.

To inform our decisions, we want to hear from the broadcasting and production sectors, from devolved administrations and local authorities, from potential new homes for Channel 4, and from audiences around the UK. This is an exciting opportunity, and we are determined to make the most of it.

Conclusion

Channel 4 is a great British success story. The best stories see the main character develop, change and improve.

Channel 4 has survived and thrived because – throughout its history – it has adapted to an ever-changing broadcasting landscape.

In the next chapter of its story, we want to see Channel 4 make a bigger mark on more parts of the United Kingdom. I have every faith that our hero will become all the better for it and that this country will be all the better for it too.

Thank you.