

Channel 3 networking arrangements: 2016 Review

06 December 2016

Summary

Ofcom has reviewed the networking arrangements ('NWA') between Channel 3's regional licensees¹ and concluded that no modifications are required.

This document sets out Ofcom's findings from its 2016 annual review.

Statutory requirements

It is a condition of each of the 15 regional Channel 3 licences that the licensee does all it can to ensure that there are NWA in place, approved by Ofcom, which enable the Channel 3 licensees to provide a nationwide service able to compete effectively with other television services in the UK.

Under section 290(4) of the Communications Act 2003 ("the Act"), the NWA in place must:

- a) apply to all the holders of regional Channel 3 licences;
- b) provide for programmes made, commissioned or acquired by or on behalf of one or more of the Channel 3 licensees to be available for broadcasting in all the regional Channel 3 services; and
- c) be made for the purpose of enabling regional Channel 3 services (taken as a whole) to be a nationwide system of services which is able to compete effectively with other television programme services provided in the UK.

The NWA must be approved by Ofcom in accordance with Schedule 11 of the Act.

Under section 293 of the Act, Ofcom is required to undertake a review of the NWA every year and may impose modifications where appropriate.

The current networking arrangements

In 2012, the Channel 3 licensees entered into a set of agreements to replace and simplify the previous approved NWA. Under the revised NWA, ITV plc (through its subsidiary ITV Rights Ltd) has primary responsibility for acquiring network programme rights and devising a network schedule. It also takes on initial responsibility for programme compliance. ITV plc makes the network schedule available to each of the regional licensees on an affiliate basis, in return for a pre-determined fee.

We concluded in 2012 that the revised NWA met the criteria specified in the Act and approved them with effect from 1 July 2012.²

¹ The 11 regional English and Welsh licences are held by ITV Broadcasting Ltd, a subsidiary of ITV plc. The licence for the Channel Islands is held by Channel Television Ltd and licence in Northern Ireland is held by UTV Ltd ('UTV'), both of which are wholly owned subsidiaries of ITV plc. The two Scottish licences are held by STV Central Ltd and STV North Ltd, both subsidiaries of STV Group plc ('STV').

² Ofcom, Modifications to Channel 3 networking arrangements, March 2012 (https://www.ofcom.org.uk/__data/assets/pdf_file/0019/27442/ch3-networking-mods.pdf).

The 2016 review

In accordance with our duty to review the NWA annually, we wrote to the Channel 3 licensees, the Competition and Markets Authority and PACT³ in October 2016. We said we were not aware of any proposed modifications to the terms of the NWA or any material change in circumstances in which the NWA operate which would alter our assessment that the NWA are a suitable means of enabling the Channel 3 licensees to provide a nationwide service able to compete effectively with other television services in the UK.

None of the responses we received disagreed with our assessment.

Ofcom has therefore concluded that the NWA continue to meet the criteria specified in the Act and that no modifications are required.

³ Producers Alliance for Cinema and Television.