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and External Affairs
Scottish Government
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Glenn Preston
Director, Scotland

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23 May 2018

Dear Cabinet Secretary,

STV2 and media plurality issues

Thank you for your letter of 18 May with questions concerning the closure of STV2 and raising the wider issues of news provision and media plurality. The Ofcom Board member for Scotland, Bob Downes, and I are due to meet you on the 14 June and we look forward to discussing these and other issues in more detail then.

You ask whether the prior consent of Ofcom was obtained in advance of the announcement of the sale of the STV2 licences. You also ask if the commercial terms agreed with That's Media Group Ltd oblige them to fulfil the commitments in all 5 L-DTPS licences in full, including those for local news and the higher level of local news commitments for Glasgow and Edinburgh. Finally, you seek confirmation that the proposed new holder is aware of these terms and that they are an appropriate licensee.

We understand the intention is for That's Media to acquire the shareholding in the five licence holding companies from STV Group. In line with the provisions in the licences, we would expect to be notified by STV within the next month of this proposed change of control and directors.

As there will be no change of licensee in all five cases (only a change of control of the licensee), Ofcom's prior consent is not required. The licensee, under its new ownership, will be required to continue to deliver the existing commitments, and we would be clear about that with the new owners. There is no change of control review for a local TV licence like there is for a Channel 3 or local radio licence, so Ofcom has no power to amend the commitments ourselves.

This differs from the transfer of a licence, where we would have to give prior consent in writing and be satisfied that the person or persons to whom it is proposed to transfer the Licence would be in a position to comply with all of the conditions. While the transfer process does not bite in the current circumstances (as we understand them), it is worth noting That's Media companies already hold a large number of other local TV licences.

You suggest that there may be a case for looking at the plurality and quality of news provision in Scotland. You will be aware that Ofcom is required, in carrying out its principal duty¹, to secure various ends, including the maintenance of a sufficient plurality of providers of TV and radio services. The importance of a vibrant plurality of news sources in Scotland is part of that.

It is worth noting that the developments of the last few days, including the loss of *STV News Tonight* (a service that was over and above licence obligations), are consistent with the challenges to the local TV sector that have existed for some time. The argument could also be made that the range of voices and perspectives available to audiences will be increased with a new local TV licence holding company (or companies) in Scotland.

We will, however, carefully monitor how the current situation pans out and continue to engage with the Scottish Government on the issues. In recent years we have developed a measurement framework for media plurality so the tools exist for us to do a formal review should the evidence support the need for that.

Given the public interest in these issues and the open nature of your letter, Ofcom will make this reply available on our website. I am also taking the opportunity to copy it to the Secretary of State for Scotland, the Rt Hon David Mundell MP, and the Chair of the UK Parliament's Scottish Affairs Committee, Pete Wishart MP, and the Convenor of the Scottish Parliament's Culture, Tourism, Europe and External Relations Committee, Joan McAlpine MSP.

Yours sincerely,

A handwritten signature in black ink that reads "Glenn Preston". The signature is written in a cursive style with a large initial 'G'.

GLENN PRESTON

¹ Ofcom's principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.