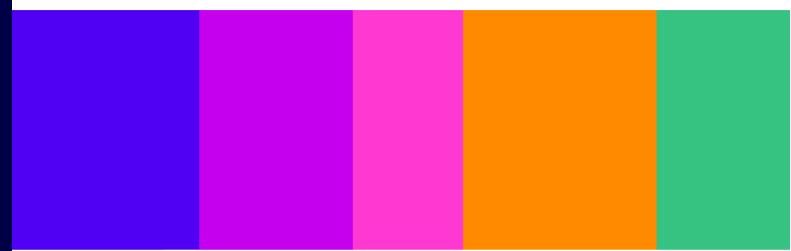


# Local Television Licensing

Information about the renewal process for Local Television licensees

Statement

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## 1. Overview

- 1.1 The current licences for the local multiplex ('Multiplex L') and all 34 local TV services ('L-DTPS') will expire on 25 November 2025. On 7 May 2024 the Local Digital Television Programme Services (Amendment) Order 2024 ('the 2024 Order') was laid before Parliament. If approved, the current Multiplex L and L-DTPS licensees can apply to renew their licences for a further nine-year period (from 26 November 2025 to 31 December 2034).
- 1.2 This statement sets out Ofcom's licence renewal process and the timetable we will follow. We are doing so now so that we can implement our plans as quickly as possible once the 2024 Order comes into force, and to help the current Multiplex L and L-DTPS licensees prepare their applications to renew their licences should they wish to do so.

## 2. Renewal of the Multiplex L and L-DTPS licences

#### Introduction

- 2.1 In 2012, a new licensing regime was created for local television and Ofcom granted licences for a new local multiplex, Multiplex L, and 34 L-DTPS across the UK. These licences, which are coterminous, will expire next year and so the Government has introduced legislation to enable them to be renewed for a period of nine years from 26 November 2025 up to 31 December 2034. The legislation the 2024 Order was laid before Parliament on 7 May 2024 and will come into force once it has been approved by both Houses of Parliament.
- 2.2 In this section, we explain the process set out in the 2024 Order for renewal of the current Multiplex L and L-DTPS licences and the tests that Ofcom must apply when determining whether to grant a renewal application. We give guidance for the Multiplex L and L-DTPS licensees about how to make an application for renewal in Annexes 1 and 2.
- 2.3 We have not carried out an impact assessment or equality impact assessment because we will be considering individual applications for renewal which we are required to determine in accordance with the specific statutory criteria set out in the 2024 Order. The Department for Culture, Media and Sport ('DCMS') has already conducted a de minimis impact assessment, which includes an equality impact assessment, for the 2024 Order.<sup>1</sup>

#### Making an application to renew

- 2.4 If the Multiplex L or L-DTPS Licensee wishes to renew their licence, they should submit a written application to Ofcom, taking account of the guidance in Annex 1 and Annex 2 on how, respectively, the Multiplex L and a L-DTPS Licensee should make an application. We will consider applications in accordance with the relevant statutory test in the 2024 Order, which we discuss in more detail at paragraphs 3.1 and 3.15 below, and our general duties under section 3 of the Communications Act 2003.<sup>2</sup>
- 2.5 The application window will formally open when the 2024 Order is made, which we expect to happen over the course of the summer. However, the information in this statement is intended to help licensees prepare and, if they wish, submit their application ahead of the 2024 Order coming into force. Applicants should note that we will not be able to determine their application until the 2024 Order is made.

<sup>&</sup>lt;sup>1</sup> See <u>The Local Digital Television Programme Services (Amendment) Order 2024 (legislation.gov.uk)</u>

<sup>&</sup>lt;sup>2</sup> Ofcom's principal duty under section 3(1) of the 2003 Act in carrying out its functions, is to further the interests of citizens in relation to communications matters; and the interests of consumers in relevant markets, where appropriate by promoting competition. In carrying out our functions we are required to secure the matters listed in section 3(2) of the 2003 Act, which include the availability throughout the UK of a wide range of television and radio services which (taken as a whole) are both of high quality and calculated to appeal to a variety of tastes and interests. We are also required to have regard to the matters listed in section 3(4) to the extent they appear relevant, which include the different interests of persons in different parts of the UK, of different ethnic communities within the UK and of persons living in rural and urban areas.

- 2.6 The window for making an application will close three months before the 'relevant date'.<sup>3</sup> This is the date by which Ofcom considers it will need to publish a notice, readvertising the licence, if we were to grant a new licence to begin on the expiry of the existing licence, should it not be renewed. We will decide the 'relevant date' once the 2024 Order is made and inform licensees of the deadline by which applications should be made.<sup>4</sup>
- 2.7 We do not expect to publish renewal applications, unless there is a particular reason for seeking third party comments. For example, should Multiplex L Licensee submit supplementary technical or promotional plans (see paragraphs 3.9-3.14 below), we would publish its proposals and invite comments, given the potential effects of these changes on the sector as a whole. If a renewal application from a L-DTPS Licensee proposes a change to their current Programming Commitments, it is unlikely that the time available will allow us to consider such a request ahead of renewal. Instead, it is likely that we will deal with any such proposal separately as a Programming Commitment change request, following a renewal of the licence on the current conditions. This separate process may require us to publish the details of the proposed change and invite comments so as to reach a decision about whether to vary the Programming Commitments.
- 2.8 The time frame for making a renewal application is set out in the 2024 Order. If the current Licensee does not apply for renewal by the deadline or the renewal application is refused, we will need to ensure that there is sufficient time should we decide to readvertise and grant a new licence to begin on expiry on the existing licence. Accordingly, licensees should be aware that we will not be able to accept late applications after the application window has closed.
- 2.9 Once we have received an application for renewal, we will endeavour to reach a decision as soon as reasonably practicable once the 2024 Order comes into force. In any event, we will have to determine the applications we receive by no later than the relevant date. As explained, if we were to grant a new licence in the event that renewal does not occur, this is the date by which we would need to publish the notice readvertising the licence.

<sup>&</sup>lt;sup>3</sup> Sections 16(3) and 19ZA(2) of the Broadcasting Act 1996 (the 1996 Act), as amended by the 2024 Order for the Multiplex L and L-DTPS licences respectively.

<sup>&</sup>lt;sup>4</sup> With regards to the 'relevant date', see sections 16(12),(12A) & (12B) and 19ZA(6),(7) & (8) of the 1996 Act (as amended by the 2024 Order) for the Multiplex L and L-DTPS licences respectively.

# **3. How we will assess applications**

# How we will decide whether to renew the Multiplex L licence

- 3.1 Of com may only refuse an application for renewal from the Multiplex L Licensee if:
  - It appears that the Licensee has failed to comply with any of the conditions included in their licence; or
  - We are not satisfied that the Licensee would, if their licence were renewed, provide a service which complied with the conditions to be included in the licence as renewed.<sup>5</sup>
- 3.2 In addition, as set out in <u>DCMS' statement</u>, renewal of the licence will also be conditional on Multiplex L Licensee agreeing to the same "spectrum management" break clause as the main national TV multiplex licensees – see paragraph A1.3 for further details.
- 3.3 We will therefore assess any renewal application against the criteria specified in the 2024 Order. For the first limb of the statutory test we will review the licensee's compliance history over the current licence period, including but not limited to, any recorded breaches or open investigations. The presence of a previous breach or open investigation does not mean that we will automatically refuse to renew the licence – we will assess the Licensee's compliance history in the round, taking into account factors such as the seriousness of any breaches recorded against the Licensee, the extent to which the Licensee has co-operated with any previous or on-going investigations and the extent to which the Licensee has brought itself into compliance and remedied the consequences following any breach finding.
- 3.4 In relation to the second criterion, Ofcom will assess the information provided by Multiplex L Licensee in its application, in terms of its plans for the next licence period and the extent to which they will secure compliance with its licence obligations for the duration of the next licence period. We will also look at the financial position of the Licensee, both currently and as projected, to assess whether it is likely to be sufficient to support the fulfilment of its licence obligations over the next licence period. Our guidance on submitting an application (Annex 1) sets out the financial information that the Licensee should submit with its application. If the Licensee does not do so, it is likely we will formally request the information in order to consider the application.
- 3.5 Should we require further information from the Licensee to assess its application, we are able to require this from the Licensee.<sup>6</sup> As noted, we only have three months from when the application window closes to decide whether to renew the licence. Therefore, the time available for our assessment may be very short, depending on when the Licensee submits their application, in which case we may only be able to give the Licensee a short timeframe to respond to any requests for information.

<sup>&</sup>lt;sup>5</sup> See section 16(7) of the 1996 Act, as amended by the 2024 Order.

<sup>&</sup>lt;sup>6</sup> Section 16(4) of the 1996 Act, as modified by the 2024 Order.

- 3.6 If there are no grounds for refusing the application under the statutory test, the licence will be renewed on the current conditions, save in the circumstances discussed in paragraphs 3.9-3.14 below.
- 3.7 If granted, the renewed licence will be renewed from 26 November 2025 until 31 December 2034.
- 3.8 If we are minded to reject an application, we will provide the Licensee with our provisional decision and provide them with an opportunity to make representations before taking a final decision. As noted above, the timeframes within which we must make a decision may mean that licensees will only be offered a short window in which to provide any such representations.

# Supplementary technical plans and supplementary promotional proposals submitted with a Multiplex L renewal application

- 3.9 When making an application for renewal, the Multiplex L Licensee may, if they wish, submit:
  - a) a technical plan in relation to the coverage of the digital terrestrial television multiplex service and the timetable and technical means by which that will be achieved, and which supplements their current technical plan; and
  - b) proposals for supporting local television programme services, which supplement the existing conditions annexed to their current licence.<sup>7</sup>
- 3.10 Any such supplementary plan or proposals would, if accepted, replace the existing technical and promotional plans which form part of the current licence. The Licensee will therefore have to explain as part of its licence application how it will carry out the plan and/or proposals in the next licence period. In addition, any such plan or proposals should supplement the existing technical and promotional requirements. This means that Ofcom will need to assess whether any such plans or proposals on the whole build upon the existing requirements and do not weaken or remove them without countervailing benefits that, overall, secure an equal or improved outcome compared to the current requirements.
- 3.11 We will endeavour to assess any supplementary technical plan or proposals that the Licensee may submit when we decide whether to renew the licence. However, if that is not possible, we are able to postpone consideration of any plans or proposals until after the licence has been renewed.<sup>8</sup> In that event, we will treat the submission of any supplementary plan as an application by the Licensee to vary their licence conditions under Condition 25 of the Multiplex L licence. Because of the possibility that they will not be considered as part of licence renewal or we may not accept them, if the Licensee submits supplementary plans or proposals, it must also include in its application an explanation of how it will comply with the current requirements in the next licence period.
- 3.12 Where we consider and accept the supplementary plans or proposals as part of the renewal application, we will draw up new licence conditions to secure that these plans and/or

<sup>&</sup>lt;sup>7</sup> See section 16(4A) of the 1996 Act, as amended by the 2024 Order.

<sup>&</sup>lt;sup>8</sup> See section 16(11A) of the 1996 Act, as amended by the 2024 Order.

proposals are met and will allow the Licensee an opportunity to make representations before determining what conditions to include in the renewed licence.

- 3.13 If we are not minded to accept the supplementary plans or proposals having considered them as part of the renewal process, we will inform the Licensee and provide it with an opportunity to make representations before making a final decision. The licence will be renewed on current terms if we conclude that the plans or proposals do not supplement the current requirements or if we are not satisfied that the Licensee will fulfil them in the next licence period.
- 3.14 If we postpone consideration of the supplementary plans or proposals until after we have determined the renewal application, we would signal our intention to renew the licence on current terms and take a decision on whether or not to vary the licence conditions under Condition 25 as soon as is reasonably possible after that point. If we are minded to vary the licence conditions to incorporate the supplementary plans or proposals in the licence, we do not require the Licensee's consent to the variation.<sup>9</sup> However, the Licensee will have an opportunity to comment on any proposed variation before we make a final decision.

#### How we will decide whether to renew a L-DTPS licence

- 3.15 Of com may only refuse an application for renewal of a L-DTPS licence if:
  - It appears that the Licensee has failed to comply with any of the conditions included in their licence; or
  - We are not satisfied that the Licensee would, if their licence were renewed, provide a service which complied with the conditions to be included in the licence as renewed.<sup>10</sup>
- 3.16 We will therefore assess any renewal application against these criteria. For example, for the first limb of the statutory test, we will review the Licensee's compliance history over the current licence period, including but not limited to, any recorded breaches or open investigations. The presence of a previous breach or open investigation does not mean that we will automatically refuse to renew the licence we will assess the Licensee's compliance history in the round, taking into account factors such as the seriousness of any breaches recorded against the Licensee, the extent to which the Licensee has co-operated with any previous or on-going investigations and the extent to which the Licensee has brought itself into compliance and remedied the consequences following any breach finding.
- 3.17 The second criterion requires us to reach a view on whether the Licensee will provide a service in compliance with the terms of its licence over the next licence period. The Licensee is required to provide in its application details of its planned service and a detailed explanation of how this and the character of service will be maintained over the next period.<sup>11</sup> The information the Licensee provides in its application should include the financial information set out in the guidance at Annex 2, relevant to its current and projected financial position, to enable us to ascertain whether its proposals for its service are likely to be sustainable over the next licence period.<sup>12</sup> Licensees should also have reference to our <u>2012</u> and <u>2024</u> statements when considering what information to provide

<sup>&</sup>lt;sup>9</sup> See section 12(2) of the 1996 Act as modified by the 2024 Order.

<sup>&</sup>lt;sup>10</sup> See section 19ZA(5) of the 1996 Act, as amended by the 2024 Order.

<sup>&</sup>lt;sup>11</sup> See section 19ZA(3)(a),(b) & (c) of the 1996 Act (as amended by the 2024 Order).

<sup>&</sup>lt;sup>12</sup> See section 19ZA(3)(d) of the 1996 Act (as amended by the 2024 Order).

in their applications about their proposed service and how they intend to meet their Programming Commitments.

- 3.18 Should we require further information from the Licensee to assess its application, we are able to require this from the Licensee.<sup>13</sup> As noted, we only have three months from when the application window closes to decide whether to renew the licence following an application. Therefore, the time available for our assessment may be very short, depending on when the Licensee submits their application, in which case we may only be able to give the Licensee a short timeframe to respond any requests for information.
- 3.19 If there are no grounds for refusing the application under the statutory test, the licence will be renewed on the current conditions.
- 3.20 If granted, the renewed licence will be renewed on current conditions up to 31 December 2034, beginning on the day after the expiry of the current licence (i.e. from 26 November 2025).
- 3.21 If we are minded to reject an application, we will provide the Licensee with our provisional decision and provide them with an opportunity to make representations before taking a final decision. As noted above, the timeframes within which we must make a decision may mean that licensees will only be offered a short window in which to provide any such representations.

# What happens after we have made our decisions on renewal applications

- 3.22 We will publish our renewal decisions on our website, along with the renewed licences.
- 3.23 In the event that a licence is not renewed and we were to seek to grant a new licence via a competitive relicensing round, we would publish the details of the relicensing process ahead of readvertising a licence.

<sup>&</sup>lt;sup>13</sup> Section 19ZA(4) of the 1996 Act, as modified by the 2024 Order.

### A1. Multiplex L: Guidance for the Multiplex L Licensee on how to make an application

#### **Application form**

- A1.1 An application for renewal must be made in writing and include:
  - A letter, signed and dated by an authorised representative of the licence-holding company, which sets out that the Licensee wishes to apply for renewal for the relevant period set out in the 2024 Order. This letter should also include signed confirmation that the Licensee accepts the spectrum management break clause as set out in paragraph A1.3;
  - b) A signed Original Declaration (a copy of the declaration has been published alongside this statement);
  - c) Financial information relevant to the projected financial sustainability of the Licensee over the next licence period, including:
    - i) unabbreviated accounts for the previous three financial years;
    - ii) a business model/plan for the new licence period setting out any key assumptions;
    - iii) a breakdown of the sources of funding for the new licence period along with any planned mitigations in case of downside risk; and
    - iv) any other information which the Licensee considers appropriate;
  - d) Information about the service which the Licensee proposes to provide if the licence is renewed, and how this will comply with the conditions of the licence. This should include information about how the Licensee will ensure it meets the requirements of its promotional and technical plans, and any other information the applicant considers appropriate to explain how it would ensure broadcast of L-DTPS services over the next licence period; and
  - e) Any supplementary technical plans and/or supplementary proposals.
- A1.2 A renewal application is not binding and the Licensee may withdraw their application at any point up until Ofcom decide whether or not to renew the licence.

#### Spectrum Management Break Clause

A1.3 As set out in paragraph 3.2, renewal of the multiplex licence is conditional on the Licensee agreeing to the same "spectrum management" break clause as the other main national multiplexes. This will provide Ofcom with the power to revoke the multiplex licence in order to respond to any future events or changes in the DTT platform. More information on this can be found on the <u>Government's response to its consultation on their website</u>.

#### **Renewal Fee**

A1.4 A non-refundable renewal fee of £10,000 is payable.<sup>14</sup> Payment should be made via BACS transfer and remittance must be included with the renewal application.

#### Supplementary technical plans and/or proposals

- A1.5 When making an application for renewal Multiplex L Licensee may, if they wish, submit:
  - a) A supplementary technical plan which supplements their current one; and
  - b) Proposals for supporting local television programme services, which supplement the existing proposals as set out in their current licence.
- A1.6 The Licensee should include an explanation as to why such plans or proposals supplement the existing licence obligations. The Licensee should also ensure that the information that it provides with its application includes information about how it will meet its current licence obligations in relation to these matters in the next licence period as well as how it will do so under the supplementary plan and/or proposals.

<sup>&</sup>lt;sup>14</sup> Licence fees for the local multiplex are set out in <u>Ofcom Tariff Tables 2024/25</u> (page 10).

### A2. L-DTPS licences: Guidance for L-DTPS licensees on how to make an application

#### **Application form**

- A2.1 The Licensee must submit their application in writing and must provide the following information:
  - a) A letter, signed by an authorised representative of the licence-holding company, which sets out that the Licensee wishes to apply for renewal for the relevant period as set out in the 2024 Order;
  - b) A signed Original Declaration (a copy of the declaration has been published alongside this statement);
  - c) Details of the local digital television programme service the Licensee proposes to provide,
  - d) A detailed explanation of the Licensee's ability to maintain, throughout the period for which the licence, if renewed, would be in force, the proposed service;
  - e) A detailed explanation of how the character of the service is to be maintained for the period for which the licence, if renewed, would be in force; and
  - f) Financial information relevant to the financial sustainability of the Licensee and its ability to deliver its proposed service over the next licence period, including:
    - i) unabbreviated accounts for the previous three financial years;
    - ii) a business model/plan for the licence period setting out any key assumptions;
    - iii) a breakdown of the sources of funding for the licence period along with any planned mitigations in case of downside risk;
    - iv) and any other information which the Licensee considers appropriate.
  - g) Information about the service which the Licensee proposes to provide if the licence is renewed, and how this will comply with the conditions of the licence. This should include an explanation of how the Licensee intends to meet its Programming Commitments over the next licence period.
- A2.2 Where a Licensee holds more than one L-DTPS licence, we require separate applications for each individual licence. Financial information should be sufficiently disaggregated to enable us to assess the financial sustainability of each licensed service.
- A2.3 We welcome applications for renewal in Welsh from L-DTPS licensees in Wales.

#### **Renewal fee**

A2.4 There is no application fee for L-DTPS renewals.