

Procedures for the consideration of statutory sanctions in breaches of broadcast licences

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Introduction

- 1.1 This document outlines the Procedures that Ofcom will normally follow when considering the determination of a sanction against broadcasters¹ for breaches of any requirement of their licence (with the exception of breaches of competition-related conditions in Broadcasting Act licences)²; or in the case of S4C³, who do not hold a licence, any relevant enforceable requirement (see paragraph 1.11 below). In this document all these requirements are referred to as “a relevant requirement.” These Procedures are effective from 3 April 2017.
- 1.2 These procedures do not apply to BBC UK Public Broadcasting Services and BBC UK Public On Demand Programme Services⁴. Separate sanctions procedures apply to these services:
https://www.ofcom.org.uk/data/assets/pdf_file/0030/99417/procedures-bbc.pdf
These procedures do apply to BBC commercial broadcasting companies licensed by Ofcom.
- 1.3 If Ofcom considers that it is necessary to depart from these Procedures in any material respect in a particular case for reasons of fairness and/or in order for Ofcom properly to determine a sanction, it shall write to the broadcaster concerned in advance setting out the nature and extent of its departure, and its reasons for doing so.

Statutory framework

- 1.4 Ofcom’s duties in relation to broadcasting include securing the application, in the case of all television and radio services, of standards that provide adequate protection:
 - to members of the public from offensive or harmful material in such services: section 3(2)(e) of the Communications Act 2003 (“the 2003 Act”); and
 - to members of the public and all other persons from both unfair treatment in programmes included in such services and unwarranted infringements of

¹ As the context requires, subsequent references in these Procedures to “broadcasters” include any broadcaster licensed and/or regulated by Ofcom, with the exception of the BBC UK Public Broadcasting Services to which separate procedures apply.

² Investigations into breaches of competition-related conditions in Broadcasting Act licences, such as conditions imposed under section 316 of the Communications Act 2003 for the purposes of securing fair and effective competition, are handled in accordance with Ofcom’s *Procedures for investigating breaches of competition-related conditions in Broadcasting Act licences*, which also set out the process that Ofcom will generally follow in considering the imposition of a statutory sanction against broadcasters for breaches of competition-related requirements of their licence.

³ The Welsh Authority operates its television service under the name “S4C”.

⁴ Such as the BBC iPlayer and iPlayer Kids (both audiovisual and sound programmes).

privacy resulting from activities carried on for the purposes of such services: section 3(2)(f) of the 2003 Act.

- 1.5 By virtue of section 3(4)(g) of the 2003 Act, Ofcom must have regard to the need to secure that the application of those standards is in the manner that best guarantees an appropriate level of freedom of expression.
- 1.6 Ofcom's general duties also include securing the availability throughout the United Kingdom 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: section 3(2)(c) of the 2003 Act.
- 1.7 More specifically, Ofcom has a duty under section 319 of the 2003 Act to set such standards for the content of programmes to be included in television and radio services as appear to Ofcom best calculated to secure certain "standards objectives". Those standards objectives are set out in section 319(2), and Ofcom is required to establish codes containing these standards. To meet that duty, Ofcom applies the provisions of the Ofcom Broadcasting Code ("the Broadcasting Code")⁵, the Cross-Promotion Code⁶, the Code on the Prevention of Undue Discrimination Between Advertisers⁷, the Code on the Scheduling of Television Advertising (COSTA)⁸ and, where appropriate, the UK Code of Broadcast Advertising (the BCAP Code) at <http://www.cap.org.uk/The-Codes/BCAP-Code.aspx>⁹.
- 1.8 Similarly, Ofcom has a specific duty under section 107 of the Broadcasting Act 1996 (as amended)¹⁰ ("the 1996 Act") to draw up a code giving guidance as to the principles to be observed and the practices to be followed by broadcasters in connection with the avoidance of unjust or unfair treatment¹¹ in programmes and unwarranted infringement of privacy in programmes (or in connection with the obtaining of material included in them). To meet that duty, Ofcom applies Sections Seven ("Fairness") and Eight ("Privacy") of the Broadcasting Code.
- 1.9 Ofcom also has more specific duties¹² in relation to, for example, the provision of subtitling, signing and audio description¹³. Likewise, in relation to securing that the character of a licensed broadcast radio service, as proposed by the licence holder when making its application, is maintained during the period for which the licence is in force¹⁴.

⁵ See <http://stakeholders.ofcom.org.uk/broadcasting/broadcast-codes/broadcast-code/>.

⁶ See <http://stakeholders.ofcom.org.uk/broadcasting/broadcast-codes/broadcast-code/cross-promotion/>.

⁷ See <http://stakeholders.ofcom.org.uk/broadcasting/broadcast-codes/broadcast-code/undue-discrimination/>.

⁸ See <http://stakeholders.ofcom.org.uk/binaries/broadcast/other-codes/tacode.pdf>.

⁹ In addition, section 325 of the 2003 Act requires Ofcom to establish procedures for the handling and resolution of complaints about the observance of standards set under section 319. It also requires broadcasters themselves (in addition to Ofcom) to establish their own procedures for the handling and resolution of such complaints.

¹⁰ The Broadcasting Act 1996 was amended by the 2003 Act.

¹¹ Unjust or unfair treatment is defined by section 130 of the 1996 Act as including treatment which is unjust or unfair because of the way in which material included in a programme has been selected or arranged.

¹² The following are examples, not an exhaustive list of Ofcom's specific duties.

¹³ Derived from sections 303 – 307 of the 2003 Act.

¹⁴ Section 106(1) of the 1990 Act.

1.10 As well as by the application of the Codes referred to above, Ofcom carries out its duties by:

- granting broadcast licences under the Broadcasting Act 1990 (“the 1990 Act”) and the 1996 Act; and
- by including in those licences conditions required by statute or which it thinks are appropriate to help it carry out those duties.

These conditions include those requiring broadcasters to observe the provisions of the Codes described above in the provision of their services and in relation to programmes included in their services. They also include, for example, conditions imposing requirements on broadcasters: to provide information to Ofcom, to offer specific programmes and types of content and to comply with various other codes issued by Ofcom.

1.11 Sections 203 and 338 of, and Schedule 12 (paragraph 12 in particular) to, the 2003 Act provide that the Welsh Authority (i.e. S4C) must comply with relevant Codes. In the case of the Welsh Authority (S4C), which does not hold an Ofcom licence, these Codes are “relevant enforceable requirements”.

1.12 In the event of a breach of a condition of a licence issued under the 1990 or 1996 Acts (including non-compliance with a relevant Code), Ofcom has the power to impose statutory sanctions (“a sanction”) on the relevant broadcaster under provisions contained in those Acts (or the 2003 Act in some cases)¹⁵. Ofcom’s powers to impose sanctions for breach of a relevant enforceable requirement on S4C are contained in section 341 of, and Schedule 12 to, the 2003 Act.

1.13 The imposition of a sanction against a broadcaster is a serious matter. Ofcom may, following due process, impose a sanction if it considers that a broadcaster has seriously, deliberately, repeatedly¹⁶ or recklessly breached a relevant requirement.

1.14 The sanctions available to Ofcom include a decision to¹⁷:

- issue a direction¹⁸ not to repeat a programme or advertisement;
- issue a direction to broadcast a correction or a statement of Ofcom’s findings which may be required to be in such form, and to be included in programmes at such times, as Ofcom may determine¹⁹;
- impose a financial penalty²⁰;

¹⁵ The specific provision which empowers Ofcom to impose sanctions for a breach of licence conditions will depend upon the type of licence held (see paragraph 1.14 and accompanying footnotes for examples).

¹⁶ A repeated breach of a relevant requirement, would include, for example: a repeat of the breach of the same requirement as has already been recorded; repetition of the same or similar conduct as that which earlier contravened a requirement; or multiple breaches of other requirements.

¹⁷ These do not include the sanctions which Ofcom can impose on the BBC UK Public Services under the Charter and Agreement.

¹⁸ Under, for example, section 40(1) of the 1990 Act, and section 236(6) of the 2003 Act.

¹⁹ Under, for example, sections 40(1) and 109(3) of the 1990 Act, section 236(2) of the 2003 Act, and paragraph 15 of Schedule 12 to the 2003 Act in S4C’s case.

²⁰ Under, for example, sections 41(1) and 110(1) of the 1990 Act, and section 341(2) of the 2003 Act in S4C’s case.

- shorten²¹ or suspend a licence²² (only applicable in certain cases); and/or²³
- revoke a licence (not applicable to S4C or Channel 4)²⁴.

Financial penalty

In most cases the maximum financial penalty for commercial television or radio licensees is £250,000 or 5% of the broadcaster's 'Qualifying Revenue', whichever is the greater.

For licensed Public Service Broadcasters the maximum financial penalty payable is 5% of 'Qualifying Revenue'.

For S4C, the maximum financial penalty payable is £250,000.

Decision-making under these Procedures

- 1.15 In sanctions cases under these Procedures involving a breach of a relevant requirement relating to the content of a programme²⁵, decisions on sanction will be made by two senior members of the Ofcom Executive who have been given appropriate delegated authority by the Ofcom Board (one of whom will be the final decision maker on the breach), together with a Non-Executive member of Ofcom's Content Board.
- 1.16 In all other sanctions cases under these Procedures involving the breach of a relevant requirement²⁶, decisions on sanction will be made by one or two (depending on the nature of the breach) senior members of the Ofcom Executive with appropriate Board-delegated authority (one of whom will be the final decision maker on the breach). Exceptionally in such cases, where Ofcom considers that it is necessary for reasons of fairness and/or in order for Ofcom properly to determine a sanction, a Non-Executive member of Ofcom's Content Board will make a sanctions decision together with the Ofcom Executive Officers.
- 1.17 A decision maker in a sanctions case will not have been involved in the investigation of the breach of the relevant requirement, up to and including the preparation of the Preliminary View on the breach.
- 1.18 As noted in paragraph 1.1 above, these Procedures do not apply to the determination of a sanction against broadcasters for breaches of competition-related requirements of their licence: in those cases, Ofcom will consider the imposition of a statutory

²¹ Under, for example, sections 41(1) and 110(1) of the 1990 Act.

²² Under, for example, 110(1) of the 1990 Act.

²³ In some cases Ofcom may impose more than one sanction.

²⁴ Under, for example, sections 42 and 111 of the 1990 Act and 238 of the 2003 Act.

²⁵ Investigations in these cases are dealt with in accordance with Ofcom's *Procedures for investigating breaches of content standards for television and radio* in respect of compliance with the content standards set out under section 319 of the Communications Act 2003 and in accordance with Ofcom's *Procedures for the consideration and adjudication of Fairness & Privacy complaints* in respect of compliance with Ofcom's "fairness code" under section 107 of the Broadcasting Act 1996

²⁶ Investigations in these cases are dealt with in accordance with Ofcom's *General procedures for investigating breaches of broadcast licences*

sanction in accordance with the process set out in our Procedures for investigating breaches of competition-related conditions in Broadcasting Act licences²⁷.

- 1.19 In all cases, when Ofcom writes to the broadcaster in accordance with paragraph 1.22 below, it will identify the decision maker(s).

Procedures

Consideration of sanctions

- 1.20 The consideration of a sanction follows a decision by Ofcom that a broadcaster has breached a relevant requirement²⁸. A case will normally be considered for the imposition of a sanction when Ofcom considers that a broadcaster has seriously, deliberately, repeatedly, or recklessly breached a relevant requirement.
- 1.21 Ofcom aims to conclude the consideration of the imposition of a sanction within 60 working days from the date Ofcom records the breach(es) of the relevant requirement(s). However, the circumstances of individual cases can vary considerably and completion may in some cases take longer.
- 1.22 If Ofcom considers that a sanction may be appropriate, it will write to the broadcaster with the following information as appropriate:
- details of the breach(es);
 - comments on any issue raised by the broadcaster that is material to the case;
 - details of any relevant cases on which Ofcom has already adjudicated;
 - details of the broadcaster's recent compliance history;
 - details of Ofcom's Preliminary View that a sanction may be appropriate;
 - details of Ofcom's Preliminary View on the type and level of any sanction considered to be appropriate and proportionate;
 - a summary of the material on which it has relied in reaching its preliminary view; and
 - the relevant documentation²⁹ that Ofcom has taken into account will also be provided.
- 1.23 Where, at this stage, Ofcom's Preliminary View is that the appropriate sanction should include a financial penalty, then it will, as appropriate, consider the penalty in

²⁷ <https://www.ofcom.org.uk/siteassets/resources/documents/consultations/uncategorised/96792-ofcoms-approach-to-enforcement/associated-documents/secondary-documents/procedures-for-investigating-breaches-of-competition-related-conditions-in-broadcasting-act-licences.pdf?v=322510>

²⁸ The Advertising Standards Authority ("the ASA") may, under the terms of its Memorandum of Understanding with Ofcom, request Ofcom to consider a statutory sanction in an advertising case. In such cases, the ASA will normally have published a breach of its code.

²⁹ Ofcom may withhold material it believes to be confidential, market sensitive or legally privileged or that it is under some other legal obligation to protect from disclosure. In such cases, the broadcaster will be notified that relevant material has been withheld and the reasons why.

accordance with the Penalty Guidelines published by Ofcom at <http://www.ofcom.org.uk/about/policies-and-guidelines/penalty-guidelines/>.

Written representations

- 1.24 The broadcaster will have the opportunity to make written representations on Ofcom's Preliminary View that a sanction may be appropriate and on the type and level of any sanction being considered. The period for written representations will normally be 15 working days, unless otherwise specified. In some circumstances, Ofcom may, if it considers appropriate, seek further information or representations from the broadcaster.

Oral representations

- 1.25 In addition, Ofcom will offer the broadcaster the opportunity to attend an oral hearing to make oral representations on the matters referred to in Ofcom's Preliminary View. Ofcom will normally give the broadcaster at least 15 working days' notice of the date for making those representations. The hearing will be in private and may take place in England, Northern Ireland, Scotland, or Wales, as appropriate. The hearing will be transcribed and the transcript will be provided to the broadcaster. The broadcaster may bring legal advisers to the oral hearing to assist in presenting its oral representations, although Ofcom may ask that the broadcaster limits the number of persons attending the oral hearing on its behalf to a reasonable number.
- 1.26 The procedure for making oral representations will be at the discretion of Ofcom. Ofcom will write to the broadcaster in advance of the date for hearing the representations, to set out what the procedure will be.

Disposal

- 1.27 After consideration of written and/or oral representations from the broadcaster, Ofcom may decide that no sanction is appropriate in a particular case. Where this occurs, the broadcaster will receive a notification to this effect.

Sanctions decision

- 1.28 If, after considering all the evidence and representations from the broadcaster, Ofcom believes that a sanction is appropriate, it shall consider which of the available sanctions is appropriate and will reach a decision to this effect. Where Ofcom decides that the appropriate sanction should include a financial penalty, then it will, as appropriate, have regard to the Ofcom Penalty Guidelines published at <http://www.ofcom.org.uk/about/policies-and-guidelines/penalty-guidelines/>.

Revocation of licence

- 1.29 In cases where the broadcaster is an Ofcom licence holder and Ofcom considers that the sanction to be imposed should be revocation of the licence, it will follow the statutory provisions governing the revocation of that licence³⁰. In the majority of cases, this will require Ofcom to serve a notice indicating that the licence will be revoked if the steps specified in the notice are not taken. If, at the end of the period specified in the notice, Ofcom is satisfied that the specified steps have not been taken and that it is necessary in the public interest to revoke the licence, it shall serve

³⁰ See, for example, sections 42 and 111 of the 1990 Act and sections 238 and 239 of the 2003 Act.

a notice revoking the licence³¹. The notice revoking the licence takes effect when it is served on the licence holder.

- 1.30 Where there is no statutory procedure prescribed for the revocation of a licence, for example where a person is no longer considered to be “fit and proper” to hold a licence, Ofcom will follow a comparable procedure in which the licensee will be given an opportunity to make representations on Ofcom’s proposal to revoke the licence. Depending upon the urgency of the situation, the period for representations may be very short, possibly a matter of hours.

Publication of Sanction Decision

- 1.31 The Sanction Decision, with a statement of reasons, will be sent to the broadcaster, for information only, one working day before its publication.
- 1.32 Ofcom will then proceed to publish its decision on its website. A summary of the Sanction Decision will normally be published in Ofcom’s Broadcast and On-demand Bulletin at <http://stakeholders.ofcom.org.uk/enforcement/broadcast-bulletins/>.

Non Disclosure

- 1.33 It is essential to the integrity of Ofcom’s processes and its ability to regulate fairly that all parties abide by Ofcom’s published rules and procedures, including those relating to non disclosure below³².

Non Disclosure

Ofcom expects broadcasters to keep all information, correspondence and documents relating to sanctions cases strictly confidential, unless already in the public domain. In particular, Ofcom expects broadcasters to keep strictly confidential any information provided to them by Ofcom as part of the sanctions process, including any provisional indication/decision on the type and level of any sanction that may be imposed³³.

This does not limit what Ofcom can publish in its decision at the end of the investigation.

Time limits

- 1.34 Broadcasters should keep to the time limits specified in these Procedures. However, Ofcom may consider it appropriate (in the interests of fairness and/or properly to make decisions relating to sanctions) to amend or adapt the time limits in a particular case. Any broadcaster requiring an extension to a time limit should explain in writing to Ofcom why it believes the relevant time limit should be extended.

³¹ The precise procedure we will follow will depend on the relevant statutory provisions. For example, the provisions may require a licence holder to be given a second opportunity to make representations before a notice of revocation is served.

³² Ofcom is obliged to meet various statutory obligations relating to the disclosure of information (for example, under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004). Information provided to Ofcom may need to be disclosed by Ofcom in order to meet such obligations.

³³ Ofcom may withhold material it believes to be confidential, market sensitive or legally privileged or that it is under some other legal obligation to protect from disclosure. In such cases, the broadcaster will be notified that relevant material has been withheld and the reasons why.