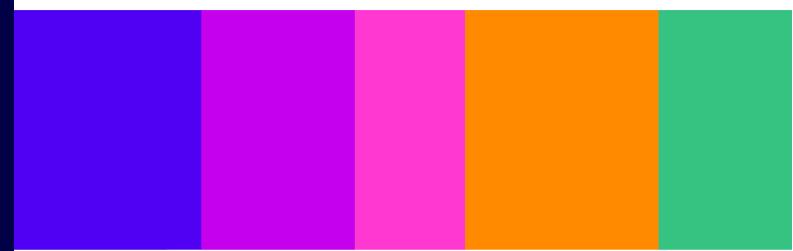


## Local Television Licensing

Information about the renewal process for Local Television licences

Statement

Published 19 November 2024



## Contents

#### Section

1.	Overview	3
2.	Renewal of the Multiplex L and L-DTPS licences	4
3.	How we will assess applications	6

#### Annex

A1.	Multiplex L: Guidance for the Multiplex L licensee on how to make an application	10
A2.	L-DTPS licences: Guidance for L-DTPS licensees on how to make an application	12

## 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 5 November 2024 <u>The Local Digital Television</u> <u>Programme Services (Amendment) Order 2024</u> ('the 2024 Order') was laid before Parliament. If approved, the 2024 Order will provide Ofcom with the power to extend, with licensees' consent, the current Multiplex L and L-DTPS licences by 12 months until 25 November 2026. Where we have extended a licence, licensees can then apply to renew their licences for a further eight-year period (from 26 November 2026 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:
  - a) extended by Ofcom by 12 months, to expire on 25 November 2026, with the licence holder's consent; and
  - b) where a licence has been extended, renewed for a period of eight years from 26 November 2026 up to 31 December 2034.
- 2.2 The legislation the 2024 Order was laid before Parliament on 5 November 2024 and will come into force once it has been approved by both Houses of Parliament.
- 2.3 In this section, we explain the process set out in the 2024 Order for the extension and subsequent 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.
- 2.4 We have not carried out an impact assessment or equality impact assessment because the 2024 Order effectively requires us to extend the current Multiplex L and L-DTPS licences, subject to licensees' consent, before licensees can be eligible for renewal, and 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 Assessment, which includes an Equalities Impact Assessment, for the 2024 Order.<sup>1</sup>

#### Licence extensions

- 2.5 The 2024 Order includes a power for Ofcom to extend the Multiplex L and L-DTPS licences until 25 November 2026. This is in place so that Ofcom has sufficient time to consider renewal applications and, if appropriate, readvertise and grant a new licence where any existing licence is not renewed (whether because the current licensee does not apply for renewal or their renewal application is refused) before it would otherwise expire.
- 2.6 When the 2024 Order comes into force, we expect to write to all licensees to tell them the window for renewal applications is open. At the same time, we expect to provide them with the option to extend their licences to 25 November 2026. If a licensee declines the option to extend their licence, under the 2024 Order, they will not be eligible to apply for renewal and their licence will expire on 25 November 2025.

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

#### Making an application to renew

- 2.7 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>
- 2.8 The application window will formally open when the 2024 Order is made, which we expect to happen in December 2024 or early January 2025, and will close on **31 March 2025**.<sup>3</sup> We encourage licensees to apply as soon as possible. The information in this statement is intended to help licensees prepare their application ahead of the 2024 Order coming into force. Licensees should note that we will not be able to determine any application until the 2024 Order is made, and the licensee has consented to a 12-month extension of their existing licence.
- 2.9 We do not expect to publish renewal applications, unless there is a particular reason for seeking third party comments. For example, should the Multiplex L licence holder submit supplementary technical or promotional plans (see paragraphs 3.9 to 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 and there is not sufficient time available to allow us to consider such a request ahead of renewal, we may 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.
- 2.10 The timeframe for licensees to make a renewal application, and for Ofcom to renew an existing Multiplex L and L-DTPS licence, is set out in the 2024 Order.<sup>4</sup> As noted above, the statutory deadline to apply for renewal is 31 March 2025, and we may only renew the existing licences before 26 November 2025. Because of the limited time available, we will not be able to accept late applications after the application window closes.

<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.

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

<sup>&</sup>lt;sup>4</sup> Sections 16A(1) & (2)(c) and 19ZB(1) & (2)(c) of the 1996 Act, as modified 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 Where the Multiplex L licensee is eligible to apply for renewal having consented to a licence extension, Ofcom may only refuse an application for renewal from the Multiplex L licensee if:
  - a) It appears that the licensee has failed to comply with any of the conditions included in their licence; or
  - b) 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 the current 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 the 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 until 25 November 2025 to decide whether to renew the licence and therefore we may only be able to give the licensee a short timeframe to respond to any requests for information.
- 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.

<sup>&</sup>lt;sup>5</sup> See section 16A(4) of the 1996 Act, as modified by the 2024 Order.

<sup>&</sup>lt;sup>6</sup> Section 16A(3)(b) of the 1996 Act, as modified by the 2024 Order.

- 3.7 If granted, we expect the licence to be renewed from 26 November 2026 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. The short timeframes within which we must make a decision may mean that the licensee 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 ('DTT') 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 digital 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 or proposals as an application by the licensee to vary their licence conditions under Condition 25 of the Multiplex L licence. Due to 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 proposals are met and will allow the licensee an opportunity to make representations before determining what conditions to include in the renewed licence.<sup>9</sup>
- 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

<sup>&</sup>lt;sup>7</sup> See section 16B of the 1996 Act, as modified by the 2024 Order.

<sup>&</sup>lt;sup>8</sup> See section 16B(3) of the 1996 Act, as modified by the 2024 Order.

<sup>&</sup>lt;sup>9</sup> See Section 16B(2) of the 1996 Act, as modified by the 2024 Order.

current requirements or if we are not satisfied that the licensee will not 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 25 November 2025. 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>10</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 an L-DTPS licence

- 3.15 Where the licensee is eligible to apply for renewal having consented to a licence extension, Ofcom may only refuse an application for renewal of a L-DTPS licence if:
  - a) It appears that the licensee has failed to comply with any of the conditions in their licence; or
  - b) 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>11</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 the service will be maintained over the next period.<sup>12</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>13</sup> Licensees should also have reference to our 2012 and 2024 statements when considering what information to provide 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>14</sup> As noted, we have only until 25 November 2025 to

<sup>&</sup>lt;sup>10</sup> See section 12(2) of the 1996 Act as modified by the 2024 Order.

<sup>&</sup>lt;sup>11</sup> See section 19ZB(5) of the 1996 Act, as modified by the 2024 Order.

<sup>&</sup>lt;sup>12</sup> See section 19ZB(3)(a),(b) & (c) of the 1996 Act (as modified by the 2024 Order).

<sup>&</sup>lt;sup>13</sup> See section 19ZB(3)(d) of the 1996 Act (as modified by the 2024 Order).

<sup>&</sup>lt;sup>14</sup> Section 19ZB(4) of the 1996 Act, as modified by the 2024 Order.

decide whether to renew the licence and therefore we may only be able to give the licensee a short timeframe to respond to 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, we expect the licence will be renewed up to 31 December 2034, beginning on the day after the expiry of the current licence, as extended (i.e. from 26 November 2026).
- 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. The short timeframes within which we must make a decision, may mean that the licensee 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 seek to grant a new licence via a competitive relicensing round, we will publish the details of the relicensing process ahead of readvertising a licence.

## Al. 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) 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 "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>15</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 the 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>15</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 applicant proposes to provide,
  - d) A detailed explanation of the applicant'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 applicant 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.