



The Scottish Parliament
Pàrlamaid na h-Alba

Culture, Tourism, Europe and External Relations Committee

Rt Hon Jeremy Wright MP
Secretary of State for Digital, Culture,
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By e-mail

22 August 2018

Dear Jeremy,

I am writing to you regarding evidence the Culture, Tourism, Europe and External Relations (CTEER) Committee has taken recently in relation to the regulatory processes underpinning the licensing arrangements for public broadcasters. In particular, our evidence has related to the change of control of local TV licences in the STV 2 channel from STV to That's Media. I have also written to Ofcom with regard to these issues and I enclose a copy of that letter for your information.

The Committee understands that, with regard to the transfer of control of a TV licence, where a licence is transferred from the party that holds it to a new legal entity that the consent of Ofcom is required. However, Ofcom's prior consent is not required in instances where there is a change of control or ownership of the company, for example through a change in share ownership of a licence holding company, where the licence holding entity remains the same.

Although prior consent is not required, the parties in question must notify Ofcom so that it can be satisfied that no person who holds the licence is a 'disqualified person' and also meets a 'broader fit and proper person test'. In addition, regardless of who holds the licence and whether there has been a change of control or a transfer, that the licence holder will continue to be required to deliver the broadcasting obligations contained in the licence. Ofcom stated in evidence to the Committee that—

“There is nothing in law that prevents one company that holds a broadcast licence from selling its shares to a new party. We have no power to do anything about that”¹.

¹ CTEER Committee, Official Report, 28 June 2018, Col. 26. Accessible at—
<http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11636>

The Committee recognises that private companies should have the freedom to make commercial decisions with regards to their ownership. However, we are concerned that the current regulatory framework does not safeguard against a scenario, as is the case with STV2, where a change of ownership could lead to significant operational changes to a company and ultimately to a renegotiation of the licences it holds and or a transfer to another party.

The Committee recognises that whilst Ofcom must operate within the confines of the law, the Committee asks for the view of the UK Government on how more robust measures can be put in place to ensure that a change of ownership cannot simply be used to make alterations to the acquired licence, which ultimately leads to a change in the service provided to the consumer. In addition, the Committee seeks clarification on what actions, aside from criminal conviction, the UK Government considers would require the need for Ofcom to undertake enforcement actions.

I look forward to your response to the issues raised in this letter.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Joan McAlpine', with a long horizontal stroke extending to the right.

Joan McAlpine MSP
Convener
Culture, Tourism, Europe and External Relations Committee