



The Scottish Parliament
Pàrlamaid na h-Alba

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STV – strategic review

Dear Mr Preston

On behalf of the Culture, Tourism, Europe and External Relations Committee I wish to thank you, and your colleagues, for giving evidence on the STV strategic review on [28 June 2018](#). Following the meeting, the Committee considered the evidence taken and wishes to obtain clarification regarding the regulatory processes underpinning the licensing arrangements for public broadcasters.

With regard to the transfer of control of a TV licence, the Committee understands that 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. I note that in evidence to the Committee, Mr Neil Stock stated—

“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”.

The Committee recognises that private companies should have the freedom to make commercial decisions with regards to their ownership. However, we remain 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.

Whilst Ofcom must operate within the confines of the law, the Committee asks that Ofcom consider how more robust measures might 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, that Ofcom would consider require the need for Ofcom it undertake enforcement actions.

Lastly, the Committee seeks further information regarding the spot monitoring of licence holders that Ofcom undertakes. The Committee understands that spot monitoring has recently been introduced 'in a structured manner' and notes that Mr Close offered to provide detail on the proportion of licence holders that are spot monitored. The Committee welcomes this and seeks further information, regarding spot-monitoring, in terms of what this process involves, the number of licence holders who will be monitored and the level of resource, in terms of finance and personnel, that has been allocated to undertake this function in order to ensure that licence holders meet their obligations.

The Committee understands that some of these issues are a matter for the UK Government. I have therefore written to the Secretary of State for Digital, Culture, Media and Sport and a copy of that letter has been published on the Committee's [website](#).

I look forward to your response.

Yours Sincerely

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

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