

CMS 219556/DC

Ed Richards  
Chief Executive  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
LONDON SE1 9HA



16 November 2012

Dear Ed

### Channel 3 & 5 Licensing

As you know I have been considering my options concerning the Channel 3 and 5 licences which are due to expire at the end of 2014.

I have considered carefully the report you sent me in May under section 229 of the Communications Act 2003, for which I am grateful. I am also grateful for the additional research about the effectiveness of the regional news services shown on Channel 3 in the Border region which you completed on my request in October. Both these documents have been very valuable to me in weighing up the relative advantages and disadvantages of my options in making this important decision for the next decade of public service broadcasting.

Having taken into account the information and evidence you provided and having spoken, with Ed Vaizey, to all the licence holders I do not intend to block the licence renewals. I have come to this view mindful of the vitally important ongoing role the current licence holders play in investing in UK original content and providing high-quality public service programming throughout the nations and regions.

However, there are some issues that I would like to highlight before you start the process of seeking agreement with existing licence holders for new ten-year licences.



First, I have noted and take seriously what you say in your report about possible 'further erosion of public service obligations in the next licence period'. I agree with you that 'the level of the current obligations faced by the PSBs is approaching a set of minimum requirements for contribution to public service purposes' and I am determined to see these preserved (if not strengthened) in the next ten years. Therefore, in any future settlement, I would expect to see commitment to these requirements from the licence holders and for these commitments to be honoured. I would welcome your views on whether, in the longer term, there is action the Government need to take including potentially legislative change in this area.

Second, I note from your report and subsequent correspondence that, under the proposals advanced by ITV plc, viewers in the south of Scotland would not receive the same level of programming about Scotland as those in the northern and central parts of the country. It is also clear from your further research that viewers in Border place particular value on news about their area. I consider both the quality and plurality news provision to be of the utmost importance and look to you to find a way forward with ITV plc which addresses these concerns as well as taking forward the potential separation of the Wales and West Channel 3 licence region. I look forward to hearing about the progress of these discussions.

Third, I agree with your comments on children's programming and I believe that there is a clear public interest in maintaining its provision. I expect to receive undertakings from Channel 5 that investment in children's programming will be safeguarded but stand ready to pursue secondary legislation to amend the channel's public service remit if I consider the commitments are insufficient. If a remit change is required I would appreciate your support in assessing the impact of such a measure.

Finally, I am aware that there is now little flexibility left in the timetable for relicensing set out in the 2003 Act and that Ofcom must be certain of securing agreements with existing licence holders before ruling out other options. I am mindful of the need to maximise stability for the industry as a whole throughout this process. I will therefore be willing to extend the Channel 3 and 5 licences for a period of one year at Ofcom's request in the event that you are unable to reach renewal settlements. However, I do not expect this to be necessary.

I hope that the current licence holders will welcome my decision and engage constructively with you as soon as possible to secure a strong, diverse future for public service broadcasting which serves both to maximise investment in UK originated content and to deliver the highest possible level of benefits to consumers over the next ten years.

A handwritten signature in black ink that reads "Maria Miller". The signature is written in a cursive, flowing style.

**Rt Hon Maria Miller MP**  
**Secretary of State for Culture, Media and Sport**  
**and Minister for Women and Equalities**