



Department
for Culture,
Media & Sport

Rt Hon Lucy Frazer KC MP
Secretary of State for Culture, Media
and Sport
1st Floor
100 Parliament Street
London SW1A 2BQ

E: enquiries@dcms.gov.uk

www.gov.uk/dcms

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Dame Melanie Dawes
CEO
Ofcom

INT2023/03751/DC

Dear Melanie,

CHANNEL 3 AND CHANNEL 5 LICENCE RENEWALS

Thank you for the report you submitted to my predecessor under section 229 of the Communications Act 2003. I have now carefully considered the report.

Having taken into account the evidence you have provided, and having engaged with the current licence holders, I do not intend to prevent the renewal of the Channel 3 (C3) and Channel 5 (C5) licences; nor do I intend to use my order-making powers under the Communications Act 2003 to amend their public service remit and/or other statutory requirements attached to the C3 and C5 licences.

The UK benefits from a vibrant and successful public service broadcasting (PSB) system and much of that success is thanks to the current C3 and C5 licence holders – ITV, STV and Channel 5 – who continue to fulfil their core purposes as PSBs. I believe my decision to permit the renewal of these licences will enable that success to continue and for our PSB system to continue to thrive into the future.

This decision is important for UK viewers. ITV, STV and Channel 5 invest in high quality original programming and are an important source of news and current affairs programming, especially in our nations and regions. The current licence holders also play an important role off-screen, creating jobs and contributing greatly to the UK production sector, especially outside of London. I believe ITV, STV and Channel 5 remain the best custodians for these PSB licences and it is my wish – and I would expect the UK viewers' wish – to see them continue as much valued PSBs.

In particular I was pleased to read your report's findings that the current C3 and C5 licence holders have not only met, but in some cases exceeded, their PSB obligations over the current licence period. The COVID-19 pandemic and the ongoing situation in Ukraine have only served to demonstrate the vital role of PSB in providing an important source of accurate and trusted news which helps audiences understand the world around them. It is my expectation that the



current level of public service requirements should be maintained over the next licence period, and the core principles of PSB preserved during the renewal process.

Furthermore, renewals of the C3 and C5 licences would complement the Government's decision to facilitate the renewal of the UK's five national digital terrestrial television (DTT) multiplex licences until 2034. Together, these decisions will provide stability and certainty to PSBs about the future of their services, and the benefits they receive as a PSB including prominence on electronic programme guides and reserved capacity on DTT.

In making this decision I appreciate the concerns raised by the current licence holders and acknowledge the future challenges they – and indeed all our PSBs – are facing due to changes in viewing habits and advances in technology. In particular I acknowledge in your report that the benefits attached to DTT are likely to fall over the next 10 years as viewing increasingly shifts away from linear to on-demand television.

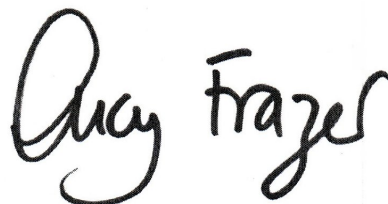
In April 2022, the Government set out its proposals for supporting the future of PSB in our white paper, *Up Next*, which included an ambitious package of legislative measures to not only update the existing rules and regulations for PSB to make them fit for the digital age, but also update the benefits that accrue to PSBs. This includes our intention to legislate for a new online prominence framework so that public service content is made available, and given prominence, across major online TV platforms. These reforms will not only help maintain the value of the PSB compact but also strengthen and secure the long term sustainability of PSB.

I agree with your report's conclusion that the reforms proposed for inclusion in the Media Bill will help further strengthen the sustainability of these licences over the next 10 years. In recognition of this, and alongside my response to your report, I am publishing the Bill in draft to underline my commitment to introduce the Bill when parliamentary time allows. In doing so, I want to give the current licence holders greater business certainty and additional clarity around the potential new obligations and benefits to be brought forward in the next licence period to assist with upcoming negotiations on the new licences. I look forward to working with industry, including our PSBs, as we look to bring this legislation forward.

I hope the current C3 and C5 licence holders will welcome my decision and the publication of the Bill in draft, and will continue to engage with you constructively to ensure our PSB system remains successful and strong for the next ten years.

I am also publishing a copy of this letter on GOV.UK.

Yours sincerely,

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

Rt Hon Lucy Frazer KC MP
Secretary of State for Culture, Media and Sport