

De Minimis Assessment: Self-Certification Template



Department
for Culture,
Media & Sport

Title of regulatory proposal	De minimis impact assessment for secondary legislation/statutory instrument to enable Ofcom to renew the multiplex and 34 individual service licences for local TV.
Stage	Final
Lead Department/Agency	DCMS
Expected date of implementation	30/06/2024
Origin	Domestic
Date	10/04/2024
Lead Departmental Contact	[Redacted]@dcms.gov.uk [Redacted]@dcms.gov.uk
Departmental Triage Assessment	Equivalent Annual Cost to Business (EANDCB: 2019 prices) = £0.1m

Call in criteria checklist

Significant distributional impacts (e.g. significant transfers between different businesses or sectors)	No
Disproportionate burdens on small businesses	No
Significant gross effects despite small net impacts	No
Significant wider social, environmental, financial, or economic impacts	No
Significant, novel, or contentious elements	No
Primary or secondary legislation	Secondary

BRU (CAT) signoff: [Redacted] Date: 17/04/2024

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Date: 25/04/2024

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Date: 10/04/2024

SUMMARY

Rationale for Government Intervention

There are currently 34 local TV services broadcasting across the UK with each service covering a town, city or metropolitan area. These services are carried on the local TV multiplex, which also carries a small number of national services. The licences for the local TV multiplex and the 34 local TV services are due to expire on the 25th November 2025. Comux holds the licence for the multiplex and the 34 local TV licences are held by eight providers.

Under the existing legislative framework, provided for by the Local Digital Television Programme Services Order 2012, Ofcom does not have the powers to extend or renew the licences.

The Government's preferred approach is to allow the renewal of the multiplex licence and conditional renewal of the local licences. This requires legislative intervention and the laying of a statutory instrument to equip Ofcom with the powers to renew the licences for a fixed period (2025-2034).

Without legislative intervention, the licences will expire and Ofcom would then have to deploy their existing licence-making powers to conduct a full competitive relicensing process, resulting in significant uncertainty for the sector and greater costs to business. In light of the responses received at consultation, the government judges that the most likely result of any competitive relicensing process would be for many (if not all) of the licences to be awarded back to the existing licensees. The lack of competitive tension would undermine the purpose of a competitive relicensing process and, by extension, the value associated with a non-legislative measure (i.e. do nothing) for this particular policy problem.

The government views the renewal of the multiplex and conditional renewal of the local licences as the most effective way forward to achieve local TV policy objectives and to provide support and stability to the sector. This approach was affirmed and received overall support at public consultation. Therefore, we judge that a non-legislative measure is not appropriate in this instance.

Policy Options:**Option 0: Do nothing/competitive relicensing**

The licences for the multiplex and the 34 local services would expire on 25th November 2025. The licences would then become available and Ofcom, under their existing powers to award licences, would likely initiate a competitive relicensing process for each licence.

Option 1: Renewal of the multiplex licence and conditional renewal of local licences (preferred option)

The licence for the multiplex as operated by Comux would be renewed for 2025-2034, subject to the satisfactory completion of a review process overseen by Ofcom. The 34 licences for the local services would be conditionally renewed following a performance review by Ofcom and on the condition that the incumbent providers maintain current levels of service over the 2025-2034 licensing period.

Option 2: Automatic 'fast-track' renewal of the multiplex licences and local licences

The licences for both the multiplex and the 34 local services would be automatically renewed and immediately rollover into the 2025-2034 licensing period, rather than expiring on 25 November 2025.

Summary of business impact/Rationale for DMA Rating

We expect the main benefits of the preferred option to be the cost savings and the reduced administrative burden of the licence renewal process on incumbent licence holders compared to the full competitive relicensing process under the counterfactual. As the broad aim of this intervention is for continuity of service and stability for the sector, it is not expected that any further significant benefits will be produced under the preferred option. Whilst we are not able to monetise these benefits aside from cost savings, due to a lack of data, we expect the additional scrutiny measures the preferred option introduces to result in greater subsequent benefits than those presented in both of the alternative options considered.

We have attempted to quantify the costs of this intervention on Ofcom, and across the incumbent licence holders of the multiplex licence (held by Comux) and the 34 local licences. We have done this by considering the time it would take for incumbent licence holders to prepare and take part in the different renewal processes considered, and by estimating how long it would take Ofcom to review each licence holder and its viability for renewal. Both one-off and ongoing costs were considered in our analysis. We then spread out ongoing costs across the 9 year licensing period to estimate the yearly cost of the preferred option. As it is expected that no new resources would need to be employed by both incumbent licence holders and Ofcom, we estimated these costs to be relatively small.

As a result of the above, we estimate the EANDCB for the preferred option to be no greater than £0.1 million, which is significantly below the de minimis threshold.

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1.0 Policy Rationale

Policy background

1. In 2011, the government announced the introduction of a new framework for local TV across the UK. This was aimed at establishing a new generation of local TV services to, amongst other things, foster local journalism and bring together local communities around a shared voice and interest. These local services would be provided with access to Freeview as well as a prominent position – generally 7 or 8 – on regulated electronic programme guides.
2. The first local TV service was launched in 2013 and there are now 34 local TV services operating across the UK, including TalkLiverpool, Sheffield Live, Notts TV, That's TV Manchester and London Live.
3. All 34 of these local TV services are carried on the local TV multiplex, which enables digital transmission by compressing the services into a single frequency that is then decoded either by a digital TV or a set-top box. The local TV multiplex is operated by Comux, which is co-owned by all 34 of the local TV services.
4. Since 2013, the local TV sector has navigated a number of challenges such as maintaining consistent audience numbers, the sustainable funding of genuinely local content as well as declines in linear viewing and changes in TV consumption patterns. This has resulted in reduced revenues, in particular linear advertising revenues, in line with trends in the wider broadcasting sector. For example, according to Ofcom, the overall revenue of the local TV sector for 2018 was £7.9m (down 24% year on year).¹ Whilst there is little data on viewership estimates for UK-based local TV services, the wider decline in TV as a sector supports the suggestion that interest from advertisers is falling. For example, Ofcom's Media Nations report shows that since 2016, advertising spend in the TV sector has fallen from £6.0bn to £4.4bn in 2022 (real terms, 2022 prices).²
5. Some of those challenges have contributed to a number of the initial licence holders, including STV in 2018, selling their interests as the sector has consolidated operations and services in order to reduce costs. Currently two licence holders now own more than 75% of all individual licences – whereas in 2014 half of licences were held by independent licensees.
6. However, local TV services are adapting their approach to ensure their service offerings keep pace with changes in TV consumption patterns. For example, some local TV services are now providing internet-delivered (IPTV) services in addition to distributing via digital terrestrial television. The regulatory regime for local TV helps to ensure providers have the tools to deliver their statutory objectives as they continue their transition into the digital era. For example, services receive prominence on

¹[Media Nations. Annex 1: Local TV, Ofcom.](#)

²[Communications Market Report 2023.](#)

regulated electronic programme guides for both their main digital terrestrial television services and any simulcast satellite, cable and IPTV services.

7. In the 2022 Broadcasting White Paper, *Up Next*, the government committed to making changes to the local TV regulatory regime to enable the extension of the local TV multiplex licence until 2034. The government also committed to consulting on the arrangements for the 34 local TV services.
8. The consultation opened in June 2023 and set out the government's proposed arrangements for renewal of the multiplex licence and for the renewal or relicensing of the 34 individual local licences. It also consulted on the statutory local TV objectives and whether they remain fit-for-purpose.
9. The consultation closed in September 2023 and received 37 responses from across the sector, wider industry, parliamentarians and members of the public. Overall, the responses received were broadly supportive of the government's proposals for both the multiplex licence and local licences. The government therefore set out in its response, which was published on 2 February 2024, that it intended to take forward the proposals outlined in the consultation document to enable the renewal of the multiplex licence and conditional renewal of all 34 local TV service licences.

Problem under consideration

10. The local TV multiplex licence and the 34 individual local TV service licences are due to expire on 25th November 2025.
11. The current legislative framework for local TV is provided by the Local Digital Television Programme Services Order 2012, which was made under section 244 of the Communications Act 2003. The order applied legislative changes to the 2003 Act and the Broadcasting Act 1996 to enable Ofcom to issue the licences for the multiplex and local services.
12. The particular licences (L-DTPS) issued by Ofcom to the 34 local TV services grant the licence holders the right to provide the specified local digital television programme service for the specified area or locality. These services are carried on the local TV multiplex, the licence for which is held by Comux UK Ltd (Comux).
13. Under the existing legislative framework, there is no way for Ofcom to renew or extend the licences for the multiplex and local services and therefore secondary legislation is required to give Ofcom the necessary powers, if the licences are to be renewed.
14. This is an issue for the multiplex and 34 local TV service licence holders as without renewal of the licences, they will not be able to provide local TV services for broadcast via digital-terrestrial television, which deliver local news and content to viewers as well as broader social and economic benefits to those areas.

Rationale for intervention

15. Local TV services play an important role in the broadcasting ecosystem and deliver a number of benefits that were also highlighted in responses to the government's consultation. These benefits include contributing to media plurality with the provision of local news and content (particularly to those audiences who may be digitally excluded), engaging local communities, preserving a shared 'local voice' in communities and providing training and learning opportunities for those seeking industry experience.
16. Without implementing secondary legislation to enable Ofcom to renew the licences for the multiplex and the local services, local TV services would have to undertake more costly and administratively burdensome applications in order to retain these same benefits, such as access to the Freeview platform and accompanying prominence in electronic programme guides, which could then affect their commercial viability.
17. This intervention is to enable licence renewal by passing secondary legislation to allow continuation of the existing regulatory system. The providers of local TV services would not incur any set-up costs or experience a difference between the regulatory regime to date and the regulatory regime that follows this government intervention. Local TV providers would continue in the same way they have since their launch and would continue to receive the same regulatory benefits.

Policy objective

18. The overarching objective of this policy is to enable the renewal of the local TV licences, subject to an appropriate level of scrutiny of their performance to date. This will provide assurance and stability to local TV licence holders by ensuring that they continue to receive the same regulatory benefits. The government believes this is important for delivering its ambitions for the sector more broadly; in particular the sustainable delivery of the statutory local TV objectives, which seek to ensure that viewers are provided with local content, news and journalism relevant to their local area.

Options considered:

Rationale for Legislative Intervention

19. If a regulatory intervention is not made, the licences for the local TV multiplex and local TV services would expire and Ofcom would then have to deploy their existing licence-making powers to conduct a full competitive relicensing process. This could result in significant resource and financial costs to business.
20. There are a limited number of viable providers operating in the local TV sector. The government has identified some barriers to entry including limited revenue opportunities within the sector and the costs of running a service that is compliant with the required regulatory conditions.

21. This is evident in Ofcom only being able to issue 34 of the original 44 licences in 2013 and then choosing not to re-advertise a number of licences in 2018. This suggests the most likely result of any competitive relicensing process would be for many (if not all) of the licences to be awarded back to the existing licensees. This lack of competitive tension would undermine the purpose of a competitive relicensing process and, by extension, the value associated with a non-legislative measure (do nothing) for this policy problem.
22. The government views the renewal of the multiplex and conditional renewal of the local licences as the most effective way forward to achieve its policy objectives for local TV and to provide support and stability to the sector. This approach was affirmed and received overall support at public consultation. Therefore, a non-legislative measure is not appropriate in this instance.

Option 0: Do nothing - competitive relicensing

23. This option of a full competitive relicensing process forms the counterfactual as it would be misleading to consider a scenario where the licences would expire and not be renewed, extended or relicensed in some way. This option of a full competitive relicensing process is what we consider would be the most likely to take place should the licences expire in the absence of the preferred option of renewal.
24. Under this option, the licences for the multiplex and the local services would expire on 25th November 2025. Ofcom would then make use of their existing powers to licence the local multiplex and local digital television programme services in accordance with the Broadcasting Act 1996 (as amended by the The Local Digital Television Programme Services Order 2012) to initiate a competitive relicensing process, which they would oversee from end-to-end. This process would be competitive in that the previously incumbent and now prospective providers, and any additional interested parties, would be invited to submit an application to bid for each licence.
25. Local digital television programme service (L-DTPS) licences: Applicants would be required to submit a full application with additional supporting information including the service the applicant proposes to provide and its timetable for delivery, details of how the character of the service will be established and maintained, financial information and any further information Ofcom may reasonably require. Applicants may also need to pay an application fee to Ofcom. Ofcom would be required to formally publish a notice inviting applications and fully assess a minimum of 34 applications against the factors set out under the statutory local TV objectives as established in the Local Digital Television Programme Services Order 2012, to determine whether and to whom a licence be awarded.
26. Local multiplex licence: Applicants for the local multiplex licence would be required to submit a full application with additional supporting information including a technical plan, proposals for supporting and promoting local TV services, financial information and any further information Ofcom may reasonably require. Applicants may also need to pay an application fee to Ofcom. Ofcom would be required to publish a notice formally inviting applications and subsequently publish a notice with details of

applicants, their proposals and invite representation on any of the applicants. Ofcom would then be required to assess, potentially multiple, applications considering proposals around coverage, timetable of delivery, promotion of local TV services and their ability to establish and maintain the multiplex service.

27. It is anticipated that a full competitive relicensing process for the licences would take up to 12 months for Ofcom to conduct.
28. While the government acknowledges the benefits that a change in ownership could bring, we judge that this policy option is unlikely to deliver new ownership of the available licences. Instead, the most likely result of any competitive relicensing process would be for the licences to be awarded back to the existing licensees. This is affirmed by the absence of any suggestions for potential new providers in the responses submitted to the consultation.

Option 1: Renewal of the multiplex licence and conditional renewal of local licences (preferred option)

29. The licence for the multiplex would be renewed for 2025-2034, subject to the satisfactory completion of a review process overseen by Ofcom (as the independent regulator).
30. The 34 local TV service licences carried on the local TV multiplex would be conditionally renewed for 2025-2034. Conditional renewal of the local service licences would follow an application with a performance review conducted by Ofcom. Renewal would be contingent on the incumbent providers maintaining the current, as of 2023, levels of service over the course of the next licensing period. This would result in the incumbent providers continuing to provide the local TV service in the geographical area or locality aligned to their L-DTSP licence and receiving the same benefits of that particular licence, including prominence on regulated electronic programme guides.
31. The current regulatory regime as set out under the Local Digital Television Programme Services Order 2012 would also rollover and continue to apply into the next licensing period.
32. This preferred option for renewal of the multiplex and conditional renewal of the local licences would require secondary legislation in order to give Ofcom the powers to renew the licences for a further fixed licensing period. This option would ensure stability and continuity with the existing system and regulatory regime being rolled over into the next licensing period.
33. Multiplex licence: The incumbent provider would be required to submit an application with supporting information about the proposed service and any additional information Ofcom may consider necessary. Comux could also submit a supplementary technical plan and supplementary proposals for supporting local TV services. Ofcom would assess the application from Comux and may only refuse the application in the event that it appears the applicant has failed to comply with licence conditions previously or Ofcom is not satisfied that the applicant would continue to provide a compliant service upon licence renewal. Ofcom may also determine

whether to vary the licence following consideration of either the supplementary technical or promotional plans.

34. Local digital television programme service (L-DTPS) licences: Assuming they wished to apply for licence renewal, the incumbent providers would be required to submit an application accompanied by supporting material setting out the details and character of the service the applicant proposes to provide including how they will maintain the service and its character. They would also be required to submit information regarding their financial position, including projections and any further information Ofcom may reasonably require. Ofcom would assess any applications for renewal, which could only be refused if Ofcom determined that the applicant has failed to comply with licence conditions previously or if Ofcom were not satisfied that the applicant would provide a service which complied with the conditions to be included in the renewed licence.
35. This comparatively 'light touch' approach will result in benefits for the incumbent providers and Ofcom through cost savings and a process that is less administratively burdensome than the counterfactual option (option 0), but retains a proportionate degree of scrutiny through the performance review that Ofcom will conduct as part of the renewal process.
36. It is anticipated that a renewals process for both the multiplex licence and local licences would take up to 6 months for Ofcom to conduct.

Option 2: Renewal of multiplex and automatic/'fast track' renewal of local licences

37. The multiplex licence and the local TV licences would be automatically renewed and rollover into the next licensing period (2025-2034).
38. The current regulatory regime and its benefits for providers (e.g. access to Freeview and prominence) would also rollover into the next licensing period.
39. As with the preferred option, this option would also require the passing of secondary legislation to give Ofcom the powers to renew the multiplex and local licences.
40. Multiplex licence: Comux would continue to operate the local TV multiplex and continue to provide the services described above to the local TV licence-holders. There would be no requirements on Comux as part of the renewal process for this licence. Ofcom would be required to issue the renewed licence.
41. Local digital television programme service (L-DTPS) licences: The incumbent providers would continue to provide the same local TV service in the geographical area or locality aligned to their existing L-DTPS licence. There would be no requirements on the incumbent providers as part of this renewal process. Ofcom would be required to issue renewed licences.
42. It is anticipated that it would take Ofcom no longer than a working week to complete the renewal process and issue the renewed licences for the next licensing period.
43. Whilst this option could result in the same outcome as the preferred option by renewing the licences for the multiplex and the local services, it would not sufficiently address the challenges that some of the local TV services are navigating, such as

maintaining the distinctiveness and character of their services. In contrast to the preferred option, this option does not incorporate a performance review by Ofcom as part of the renewal process. Although the pace at which the 2025-2034 licences would be issued would benefit the incumbent providers, the government's view, as set out in the response to the public consultation, is that it is less likely to successfully deliver the government's ambitions for the sector.

2.0 Costs and Benefits

44. The following analysis aims to estimate the expected costs and benefits of the options outlined in the previous section.

Rationale and evidence to justify the level of analysis used in this assessment

45. This intervention is primarily to ensure the continuation of the multiplex and local TV licences by giving Ofcom the ability to renew these licences. As a result, this intervention is not expected to impose any significant additional burden on the current holders of these licences or Ofcom, as we believe the actions required to be small and doable within the current resource constraints of these groups.
46. Whilst specific estimates of what additional costs this intervention would place on relevant stakeholders were difficult to obtain, we have received indications of what these might look like and have attempted to quantify them here. Due to a lack of evidence provided to DCMS at consultation stage, we have attempted to estimate the costs of this intervention ourselves through using cost data from the ONS and making assumptions about the work required by Ofcom and licence fee holders on a transitional and on-going basis. This is a similar methodology to those used in previous assessments where the impact of a regulatory change was estimated using internal assumptions regarding the hours of work and personnel required to implement and familiarise themselves with the changes in cases where there was a lack of solid evidence to derive assumptions from.
47. The estimates produced in the following analysis are unlikely to be entirely accurate due to specific estimates proving challenging to obtain, though they can still be used to indicate the expected impact of allowing the renewal and conditional renewal of multiplex and local TV licences respectively.
48. Whilst we believe there to be multiple benefits of multiplex and local TV licences, it would be misleading to present the impact of this intervention as equivalent to these significant benefits simply for allowing the current licence arrangements to be renewed. Therefore, even though these licences expiring without renewal would be the 'true' counterfactual, we believe it to be disproportionate to perform a cost and

benefits analysis on this basis, which would also be complex and resource intensive. Such a scenario where licences would expire and are not relicensed via a competitive relicensing process run by Ofcom is extremely unlikely. Therefore, our counterfactual is more similar to a 'do minimum' for this analysis where it is assumed that, in the absence of this renewal, the licences would instead be put out for competitive relicensing.

Number of businesses affected

49. To estimate the costs and benefits of the preferred option, we must firstly identify the different businesses that are expected to be impacted by it. The following section details these different businesses and whether we expect these estimates to change over the next licence period.

Local TV licence holders

50. The below table provides a breakdown of the current local TV licensees and how many services each of them offer.

Table 1: UK local TV licence holders and the number of TV broadcast services owned

Licence holders	No. of local TV broadcast services
That's TV Broadcasting Limited	20
Local TV Limited	8
Northern Visions Limited	1
Latest TV Limited	1
ESTV Limited	1
KM Television Limited	1
Notts TV Limited	1
Sheffield Local Television Ltd	1

Total	34
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51. Licence holders typically only register the limited company as businesses and not the individual local TV services. However, for the purposes of this assessment, we will estimate impacts across all 34 local TV licences individually. Whilst this might mean our estimates are an overestimate, we believe this approach to be more robust and capture more of the costs than if impacts were estimated for just the 8 licence holders listed above.

52. We are not currently aware of any plans for Ofcom to create new local TV licences and, under the preferred option, there is unlikely to be a large number of new licence holders as current holders would be able to apply for renewal.

Multiplex licence holders

53. The local TV multiplex licence is operated by Comux, which is co-owned equally by the 34 local TV services provided by the list of licence holders outlined in the table above. As a result, only Comux will also need to be included in this analysis in addition to those already identified.

54. Similar to with local TV licences, we do not expect the way the local TV multiplex licence is operated or how it is currently owned to change over the next licence period. Therefore, we do not expect any new businesses to be brought into scope of this intervention in regards to the local TV multiplex licence.

Ofcom

55. Ofcom's role as being responsible for renewing the multiplex and local service licences, as well as conducting the performance review of current TV licence holders, clearly brings them within scope of this intervention. We will therefore assess the impact on them of the preferred option being adopted.

56. As it is only Ofcom who will have the ability to renew these licences, we do not expect additional regulatory authorities to be brought into scope and be impacted by the preferred option.

Option 0: Do nothing - Competitive Relicensing- Cost/Benefit Analysis

57. Under this option, the current licences for the multiplex and the local services would expire on 25th November 2025. In this scenario, we anticipate that the licences would be entered into a process of competitive relicensing through Ofcom utilising their existing licence-making powers. Therefore, current licence owners would have

to reapply to continue to provide those services and Ofcom would have to evaluate their bids alongside those of any new prospective providers.

58. There are minimal benefits associated with the do nothing option, and high amounts of uncertainty, potential costs and administrative undertakings were this to be the chosen intervention moving forward. The most likely outcome of this do nothing option is that many (if not all) of the licences are awarded back to the incumbent licence holders due to the limited number of viable providers operating in the local TV sector.
59. Despite not receiving specific estimates during consultation, from the evidence available it is believed that this baseline option would incur greater costs to licence holders and Ofcom than the preferred option. This is due to the amount of time and resources that would need to be spent by current holders reapplying for these licences, and spent by Ofcom establishing and conducting a process to assess the bid of each applicant.

Costs

Monetised costs

Transition costs

Familiarisation costs

60. Ofcom, current licence holders and prospective licence holders would have to familiarise themselves with the process of competitive relicensing under this counterfactual option.
61. Whilst this option does allow for prospective licence holders to compete for these licences once the current ones expire, the government is currently not aware of a significant number of new providers seeking to enter the local TV market. This was affirmed by the absence of any suggestions for potential new providers in the responses submitted to the consultation. As a result, we expect the familiarisation costs for prospective licence holders to be negligible under this counterfactual option.
62. Though we believe familiarisation costs for incumbent licence holders and for Ofcom are likely to be greater in this counterfactual than in the preferred option, due to a lack of evidence on what this difference would look like, familiarisation costs for both are assumed to be similar to those outlined in the cost and benefits analysis for

option 1. Therefore, the familiarisation costs have been totalled below, for which the methodology and workings can be found in the cost and benefits analysis for option 1 in the section below.

Direct cost to multiplex operators and local TV services:

Local TV services familiarisation costs:

$$(34 \times ((23.33 \times 8.5) + (22.24 \times 8.5))) \times 1.22 = \text{£}16,067.07$$

Comux familiarisation costs:

$$(1 \times ((23.33 \times 6.38) + (22.24 \times 6.38))) \times 1.22 = \text{£}354.70$$

Total familiarisation costs for incumbent licence holders:

$$= \text{£}16,067.07 + \text{£}354.70 = \text{£}16,421.77$$

Direct cost to Ofcom:

Ofcom familiarisation costs:

$$(1 \times ((23.33 \times 42.5) + (22.24 \times 17))) \times 1.22 = \text{£}1670.92$$

Other one-off costs to Ofcom:

63. Similar to the on-going costs to the multiplex operator and local TV services, we anticipate the costs of this competitive relicensing approach to be significantly higher than those for the conditional renewal (preferred option 1). As we have done in our cost benefit analysis for option 1, we have attempted to estimate the cost of conducting a competitive relicensing process for the current 34 local TV services and the multiplex licence, which we assume to be done once over the course of each licensing period.
64. We expect the time taken to review each of the applications will be roughly 2.5 hours, which will need to be done by a finance professional at a median hourly wage of

£23.33³ and one other member of Ofcom at a median hourly wage of £22.24.⁴ Our rationale behind us assuming this will take 1 hour longer than for conducting the performance reviews in our analysis of option 1 is that these full applications are likely to be broader, more in-depth, and need to be compared to other applications for the same licence where there have been more than one. For completeness, we also assume that the final decision for renewal will need to be made by an Ofcom employee in a managerial, directorial, or other senior official role. We believe it will take roughly 2 hours for this employee to review each of the 34 applications and the verdicts made, at a median hourly wage of £24.77.⁵ Again, this is assumed to take 1 hour longer for this employee due to the applications likely being far more complex for competitive relicensing than those needed for conditional renewal under the preferred option.

65. We therefore assume that there will be 34 competitive relicense reviews to be conducted by Ofcom once every 9 years as the next licence period is due to run from 2025-2034. These costs have been summed below on a total and yearly basis. An uplift of 22% has been applied to cover overheads, in accordance with RPC guidance.⁶

Ofcom cost of running a competitive relicensing process for each local TV licence:

$$((23.33 \times (34 \times 2.5)) + (22.24 \times (34 \times 2.5)) + (24.77 \times (34 \times 2)) \times 1.22)$$

$$= \text{£}5928.37$$

Yearly cost to Ofcom for conducting these competitive relicense reviews:

$$\text{£}5928.37 / 9 = \text{£}658.71 \text{ per year}$$

66. A comprehensive assessment of the required resources has not yet been undertaken. However, through previous engagement with Ofcom, we believe it unlikely that there will need to be additional resources recruited for the transitional phase of these new measures. Ofcom already has the established in-house expertise

³ Annual Survey of Hours and Earnings 2023, ONS.

⁴ Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Information and Communication SIC.

⁵ Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Managers, directors and senior officials occupational group.

⁶ Implementation costs, August 2019, RPC.

and the resources required to oversee the licence renewal process, and therefore, we expect the transition costs of the preferred option to Ofcom to be only those outlined previously.

Other one-off costs to Comux:

67. Under option 0, Comux would have to submit supplementary plans to Ofcom as part of their renewal process. The costs of this have been estimated in our cost analysis for Option 1, where doing this is instead voluntary. We assume the cost of Comux making this submission to be the same in option 0 as under option 1. Therefore, the cost of this has been totalled below, for which the methodology and workings can be found in the cost and benefits analysis for option 1 in the section below.

Comux cost of voluntarily submitting their plans to Ofcom:

$$((22.24 \times 42.5) + (23.33 \times 42.5) \times 1.22) = \text{£}2154.86$$

68. We therefore believe the costs to Comux under option 2 to total £2,509.56 with one-off costs of £354.70 and ongoing costs of £2154.86.

On-going costs

On-going costs to Ofcom:

69. We do not anticipate there to be any further on-going costs to Ofcom under this option. The costs outlined previously are expected to be one-off costs due to this intervention only giving Ofcom the ability to conduct a competitive relicensing process once for the next licensing period, after which this ability is due to expire on 31st December 2034.

Non-monetised costs

On-going costs

On-going costs to multiplex operators and local TV services:

70. Due to a lack of data and evidence from industry, it has not been possible to monetise the costs to incumbent licence holders from engaging in Ofcom's performance reviews, which take place annually for local digital television programme services and also on an ad-hoc basis for the multiplex service. As this intervention is

unlikely to significantly change the daily operations of the incumbent local TV licence holders we believe the on-going costs to be negligible. Licences will only be renewed once every licensing period so there may be some preparation needed for this, particularly for local TV licence holders who will have to complete performance reviews conducted by Ofcom. However, we expect the current activities of these TV licence holders to amply prepare them for these reviews and do not expect them to need to acquire additional resources to support them in doing this.

Benefits

71. There are minimal benefits associated with option 0. Whilst the same outcome is likely to be achieved through both this and the preferred option, competitive relicensing is a far more burdensome method of renewing licences, both to incumbent licence holders and to Ofcom. The process of competitive relicensing would require full applications to be submitted by both the incumbents and prospective licensees (if any were to come forward), which could take considerably more time to compose and for Ofcom to review than for the preferred option.

Monetised Benefits

72. Due to a lack of data availability, we have not been able to provide monetised benefits for this assessment. In any case, due to the preferred option primarily aiming to continue the status quo and renew the licences of incumbent holders, we would expect these monetised benefits to be minimal.

Non-monetised Benefits

Possibility for new licence holders

73. Option 0 would allow new entrants into the local TV sector through a competitive relicensing process. It is possible that there could be efficiency savings or improvement in local TV from this if these entrants offered services deemed to be superior than those currently provided by the incumbent licence holders. However, as previously mentioned, DCMS is not currently aware of any viable providers seeking to enter the local TV market and responses submitted to the consultation did not elicit any suggestions of potential new providers. Therefore, the likelihood and impact of this benefit is expected to be negligible to nil for the counterfactual option.

Option 1: Renewal of the multiplex licence and conditional renewal of local licences (preferred option)

74. Under our preferred option, Ofcom will be given the ability to renew local TV licences for a further fixed licensing period, allowing for the renewal of the local TV multiplex licence and the conditional renewals of the local service licences for the period 2025-

2034. This intervention will ensure incumbent providers will be able to continue to provide local TV content through the existing regulatory regime.

75. The benefits this option delivers are more significant than those presented in the other options considered. This intervention will allow current licence holders to continue to provide local content, contribute to media plurality and help foster a sense of community. Furthermore, the performance reviews introduced under this option provide greater oversight of the local TV sector compared with the counterfactual option by considering whether local TV services are able to continue to produce the same high quality local programming over the following licensing period. Were these reviews to not be put in place, there is a greater risk of licence holders not maintaining current levels of service and continuing to meet the needs of local audiences in their local regions. However, the primary benefit of this preferred option over the counterfactual is the potential cost savings and reduced risk of disproportionate administrative burdens on Ofcom, the multiplex operator and local TV providers that might otherwise occur in the counterfactual scenario. This will help ensure standards of local TV are at least maintained alongside introducing an appropriate degree of scrutiny and accountability.
76. It is not expected that this preferred option will incur any significant start-up or set-up costs to licence holders or Ofcom as it is the continuation of the existing system and regulatory regime. We therefore believe the transitional and on-going costs for this to be similar, with the largest cost likely to be in the form of familiarisation costs for licence holders, but who are expected to continue to operate as normal and receive the same regulatory benefits.

Costs

Monetised costs

Transition costs

Familiarisation costs

77. Both Ofcom and the current licence holders will have to familiarise themselves with the proposed changes under the preferred option. Ofcom and local TV services have been sighted on these proposals through our engagement with them and via consultation. Though they did not give estimates for what the costs of this measure would be, we believe the following to account for the vast majority of the costs expected to be incurred by current licence holders/operators and Ofcom.

Familiarisation costs to multiplex operators and local TV services:

78. We anticipate that the familiarisation for each local TV service will take approximately 1 day (7.4 hours) of a legal professional's time at a median hourly wage of £23.33.⁷ We have also assumed that another member of staff will also need roughly 1 day (7.4 hours) to get familiarised with these changes, at an hourly wage of £22.24⁸ to understand them, brief senior management, and disseminate information to relevant staff so that the necessary preparations for licence renewal applications can be made. As this intervention is largely so that licensees can continue to operate as they currently do following renewal, we do not expect familiarisation costs to be significant and that the core functions of these local TV licence services will be unchanged and not require adapting in a response to this renewal process being implemented. These familiarisation costs are expected to apply to all 34 incumbent providers of local TV services who hold these licences.
79. The multiplex licence is operated by Comux, who will also need to get familiarised with the new renewal process. However, as this process is not based on conditional renewal, like it is for local TV services, it is assumed that the time required by Comux to familiarise with these changes would be roughly 75% as long. This is due to the multiplex renewal process still requiring the licence holder to pass a performance review, but this renewal process is expected to be less complex and, therefore, less burdensome compared to the conditional renewal of the local TV licences. Therefore we anticipate that approximately 0.75 days (6.38 hours) of a legal professional's time at a median hourly wage of £23.33 would be required for familiarisation, and 0.75 days (6.38 hours) of another member of staff at an hourly wage of £22.24. As Comux is the sole operator of the multiplex licence, they are the only business expected to be familiarised with this.
80. We therefore assume that there will be approximately 34 incumbent local licence holders and 1 multiplex licence holder who will need to familiarise themselves with this legislation. An uplift of 22% should also be applied to cover overheads, as per RPC guidance.⁹
81. Therefore, the total familiarisation cost for incumbent licence holders is:

⁷ Annual Survey of Hours and Earnings 2023, ONS.

⁸ Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Information and Communication SIC.

⁹ [Implementation costs](#), August 2019, RPC.

Local TV service familiarisation costs:

$$(34 \times ((23.33 \times 8.5) + (22.24 \times 8.5))) \times 1.22 = \text{£}16,067.07$$

Comux familiarisation costs:

$$(1 \times ((23.33 \times 6.38) + (22.24 \times 6.38))) \times 1.22 = \text{£}354.70$$

Total familiarisation costs for incumbent licence holders:

$$= \text{£}16,067.07 + \text{£}354.70 = \text{£}16,421.77$$

Other one-off costs to Comux:

82. Though not a specific requirement, Comux could voluntarily submit plans as part of their renewal process. As it is unclear whether these plans are already put together by Comux prior to this intervention, we have attempted to estimate the costs of them putting plans together for Ofcom below.
83. We estimate that Comux would have to dedicate one week's worth (42.5 hours) of one policy official's and a finance professional's time at a median hourly wage of £22.24 and £23.33 respectively to do this.
84. These costs have been summed below on a total and yearly basis. An uplift of 22% has been applied to cover overheads, in accordance with RPC guidance.¹⁰

Comux cost of voluntarily submitting their plans to Ofcom:

$$((22.24 \times 42.5) + (23.33 \times 42.5)) \times 1.22 = \text{£}2154.86$$

85. We therefore believe the costs to Comux under option 2 to range from £354.70 (one-off costs) to £2154.86 (ongoing costs) depending on if Comux were to voluntarily submit their plans to Ofcom.

Direct cost to prospective licence holders:

¹⁰ Implementation costs, August 2019, RPC.

86. As this intervention does not allow new prospective licence holders to make bids unless incumbent licence holders fail to have their licences renewed by Ofcom, or licence holders do not apply to have their licences renewed, we do not expect the preferred option to have any direct costs for these prospective holders.

Familiarisation costs to Ofcom:

87. Ofcom will also need to familiarise themselves with their new responsibilities under this preferred option. We believe these familiarisation costs are likely to be relatively small as we have engaged with Ofcom throughout the development of this policy, and they will be aware of the chosen option in advance of introducing the required secondary legislation. For completeness, we assume that Ofcom will have to dedicate one week's work (42.5 hours) of a legal professional's time at a median hourly wage of £23.33.¹¹ This assumption is likely to be an overestimate as we do not have exact estimates from Ofcom for familiarisation costs, but we still assume one week's work to guard against optimism bias here. It is also assumed that one policy official will need to dedicate two day's work (17 hours) at an hourly wage of £22.24 to understand the change and prepare to brief senior management on the changes.¹² Though there might be unforeseen staff costs that are not accounted for here, we believe these to be negligible due to the relatively simplistic nature of this intervention and the expertise of Ofcom and its current staff.

88. An uplift of 22% should also be applied to cover overheads, as per RPC guidance.¹³

89. Therefore, total familiarisation costs to Ofcom is:

Ofcom familiarisation costs:

$$(1 \times ((23.33 \times 42.5) + (22.24 \times 17))) \times 1.22 = \text{£}1670.92$$

Other one-off costs to Ofcom:

90. Similar to the on-going costs to Multiplex operators and local TV services, we do not anticipate there being significant on-going costs to Ofcom from this measure. However, we still aim to quantify the costs of conducting the performance reviews for each of the 34 local TV services, which we assume to be done once over the course of each licensing period. DCMS is not aware of any compliance issues to-date that

¹¹ Annual Survey of Hours and Earnings, ONS.

¹² Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Information and Communication SIC.

¹³ [Implementation costs](#), August 2019, RPC.

would result in a licence not being renewed by Ofcom through these reviews and so we also assume that all incumbent licence holders will be successful in their reviews.

91. We expect the time taken to conduct each of these reviews will be roughly 1.5 hours, which will need to be done by a finance professional at a median hourly wage of £23.33¹⁴ and one other member of Ofcom at a median hourly wage of £22.24.¹⁵ For completeness, we also assume that the final decision for renewal will need to be made by an Ofcom employee in a managerial, directorial, or other senior official role. We believe it will take roughly 1 hour for this employee to review each of the 34 performance review verdicts, at a median hourly wage of £24.77.¹⁶

92. We therefore assume that there will be 34 performance reviews to be conducted by Ofcom once every 9 years as the next licence period is due to run from 2025-2034. These costs have been summed below on a total and yearly basis. An uplift of 22% has been applied to cover overheads, in accordance with RPC guidance.¹⁷

Ofcom cost per performance review:

$$((23.33 \times (34 \times 1.5)) + (22.24 \times (34 \times 1.5)) + (24.77 \times (34 \times 1))) \times 1.22$$

$$= \text{£}3351.53$$

Yearly cost to Ofcom for conducting these performance reviews:

$$\text{£}3351.53 / 9 = \text{£}372.39 \text{ per year}$$

93. A comprehensive assessment of the required resources has not yet been undertaken. However, through previous engagement with Ofcom, we believe it unlikely that there will need to be additional resources recruited for the transitional phase of these new measures. Ofcom already has the established in-house expertise and the resources required to oversee the licence renewal process. Therefore, we expect the transition costs of the preferred option to Ofcom to be only those outlined previously.

¹⁴ Annual Survey of Hours and Earnings 2023, ONS.

¹⁵ Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Information and Communication SIC.

¹⁶ Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Managers, directors and senior officials occupational group.

¹⁷ Implementation costs, August 2019, RPC.

Non-monetised costs

On-going costs

On-going costs to Multiplex operators and local TV services:

94. As option 1 would simply renew multiplex and local TV licences on a one-off basis for the next licensing period, we do not believe there to be any significant on-going costs to either incumbent licence holders or Ofcom as a result of this measure.
95. Due to a lack of data and evidence from industry, it has not been possible to further monetise the costs to incumbent licence holders from engaging in Ofcom's performance reviews. However, as this intervention is unlikely to significantly change the daily operations of the incumbent local TV licence holders we believe the on-going costs to be minimal. Licences will only be renewed once every licensing period so there may be some preparation needed for this, particularly for local TV licence holders who will have to complete performance reviews conducted by Ofcom. However, we expect the current activities of these TV licence holders to amply prepare them for these reviews and do not expect them to need to acquire additional resources to support them in doing this.

Benefits

96. Similar to the counterfactual option, there are expected to be minimal additional benefits associated with option 1 other than ensuring continuity of service and stability for the sector through the conditional renewal process it introduces for local TV licences. The process of conditional renewal will simply allow the current licence holders to retain these licences over the next licensing period and is unlikely to significantly change the way the local TV sector operates. However, whilst the benefits are likely to be negligible, this is a far less burdensome method of renewal than the competitive relicensing presented in option 0, and the performance reviews by Ofcom are likely to provide greater oversight of the sector's licence holders.

Monetised Benefits

97. As with option 0, due to a lack of data availability, we have not been able to provide monetised benefits for this assessment. In any case, due to the preferred option primarily aiming to continue the status quo and renew the licences of incumbent holders, we would expect these additional monetised benefits to be minimal.

Non-monetised Benefits

Increased Oversight of incumbent licence holders:

98. The approval of relicensing will be contingent on incumbent providers demonstrating they can maintain current (as of 2023) levels of service over the course of the next licensing period. This will help ensure licence holders are continuing to support local TV offerings in their respective geographical areas.

Option 2: Renewal of multiplex and automatic/‘fast track’ renewal of local licences

99. Under this option, multiplex and local TV licence holders will have these licences automatically renewed and rolled over for the period 2025-2034. The incumbent providers would continue to provide the same local TV service for the next licensing period just as the current regulatory regime would also rollover and continue to apply for the 2025-2034 period. Similar to the counterfactual option, there are expected to be minimal benefits associated with option 2 due to it simply continuing the status quo with no added benefits from more robust relicensing procedures as outlined in option 1.
100. Option 2 is expected to incur slightly lower costs to incumbent licence holders and Ofcom than those presented in the preferred option, and significantly less than the costs associated with a competitive relicensing as proposed in the counterfactual. This is due to this renewal process being less extensive than both of these alternative approaches, requiring less time and resources to renew the multiplex and automatically renew local licences as time will not be spent reapplying for these licences by incumbent holders or spent reviewing renewal applications by Ofcom.

Costs

Monetised costs

Transition costs

Familiarisation costs

101. Similar to option 1, Ofcom and the current licence holders will have to familiarise themselves with the proposed changes under option 2.

Direct cost to multiplex operators and local TV services:

102. We expect the familiarisation for incumbent licence holders for Comux and local TV services to be minimal to none. The approach proposed by option 2 would lead to these licences being renewed by Ofcom and no notable action being required by current licence holders to have their licences renewed and would not have to participate in any renewal processes like those in option 0 or option 1. We, therefore, assume that only 1 hour of a legal professional's time would be required per licence to make any necessary updates to the incumbent's current documentation pertaining to its licence, at an hourly wage of £22.24.¹⁸

103. As with the previous option expired, we assume this will apply to the 34 incumbent local licence holders and the 1 incumbent multiplex licence holder in total, who will need to make these one-off familiarisation costs. An uplift of 22% has been applied to cover overheads, as per RPC guidance.¹⁹

104. Therefore, the total familiarisation cost for incumbent licence holders is:

Local TV services familiarisation costs:

$$(34 \times (22.24 \times 1)) \times 1.22 = \text{£}922.52$$

Comux familiarisation costs:

$$(1 \times (22.24 \times 1)) \times 1.22 = \text{£}27.14$$

Total familiarisation costs for incumbent licence holders:

$$= \text{£}922.52 + \text{£}27.14 = \text{£}949.66$$

Direct costs to Ofcom:

105. As no new responsibilities will need to be placed on Ofcom to run a relicensing process like those presented in options 0 and 1, we believe there to be minimal familiarisation costs put in place for Ofcom under option 2. However, for completeness, we assume Ofcom will have to dedicate 1 day's work (8.5 hours) of a

¹⁸ Annual Survey of Hours and Earnings 2023, ONS. Average hourly wage of an individual in the Information and Communication SIC.

¹⁹ [Implementation costs](#), August 2019, RPC.

legal professional's time at a median hourly wage of £23.33²⁰ to familiarise themselves with this intervention, in addition to the other one-off costs to Ofcom outlined in the following section below. Though there might be unforeseen staff costs that are not accounted for here, we believe these to be negligible due to the simplistic nature of this intervention and the expertise of Ofcom and its current staff.

106. An uplift of 22% should also be applied to cover overheads, as per RPC guidance.²¹

107. Therefore, total familiarisation costs to Ofcom is:

Ofcom familiarisation costs:

$$(1 \times (23.33 \times 8.5)) \times 1.22 = \text{£}241.94$$

Other one-off costs to Ofcom:

108. Ofcom will have to renew both the multiplex licence and the 34 local TV service licences under this option. We anticipate that this will require 1 hour of a legal professional's time at a median hourly wage of £23.33, and 1 hour of one other member of Ofcom's time at a median hourly wage of £22.24.²²

109. We therefore assume that Ofcom will be required to renew 35 (34 local service and 1 multiplex) licences in total under this Option once every 9 years as the next licence period is due to run from 2025-2034. An uplift of 22% should also be applied to cover overheads, as per RPC guidance.²³

110. Therefore, the total of other one-off costs to Ofcom is:

Ofcom one-off costs:

$$(35 \times ((23.33 \times 1) + (22.24 \times 1))) \times 1.22 = \text{£}1945.84$$

Yearly cost to Ofcom for conducting these performance reviews:

²⁰ Annual Survey of Hours and Earnings 2023, ONS.

²¹ [Implementation costs](#), August 2019, RPC.

²² Annual Survey of Hours and Earnings, ONS.

²³ [Implementation costs](#), August 2019, RPC.

£1945.84 / 9 = £216.21 per year

111. As mentioned in the CBAs for options 0 and 1, a comprehensive assessment of the required resources has not yet been undertaken. However, we believe it unlikely that there will need to be additional resources recruited for the transitional phase of these new measures for the reasons outlined previously.

On-going costs

On-going costs to Ofcom and incumbent licence holders:

112. As option 2 would simply renew multiplex and local TV licences on a one-off basis, we do not believe there to be any significant on-going costs to either incumbent licence holders or Ofcom as a result of this measure.

Benefits

113. Similar to option 0, there are minimal benefits associated with option 2. Whilst this option would result in a similar outcome to the other two options in terms of how licences are distributed, from a policy perspective, option 2 does not allow for the additional scrutiny measures that option 1 provides through its conditional renewal process.

Monetised Benefits

114. As with options 0 and 1, due to a lack of data availability, we have not been able to provide monetised benefits for this assessment. In any case, due to option 2 introducing little to no notable changes to how the multiplex or local TV licences are renewed we would expect any additional monetised benefits from this approach to be minimal to none.

Non-monetised Benefits

115. We do not anticipate any notable benefits to be generated by this approach for either Ofcom or incumbent licence holders. Whilst option 1 enabled increased oversight over incumbent licence holders through performance reviews, option 2 is simply renewing these licences without requiring licencees to take part in a

conditional renewal process and, therefore, makes no changes to the oversight Ofcom has over these licence holders.

Summary of Cost and Benefits

116. Below we have summarised the monetised costs of the options considered, and have provided a qualitative summary of their benefits after it.

Table 2: Cost Summary

	One-off costs to incumbent licence holders	One-off costs to Ofcom	Ongoing costs to incumbent licence holders	Ongoing costs to Ofcom	Total costs (2025-2034)
Option 0: Do nothing/competitive relicensing	£18,576.63	£7,599.29	N/A.	N/A.	£26,175.92
Option 1: Renewal and conditional renewal of multiplex and local TV licences	£16,421.77 + £2154.86 Optional (were Comux to voluntarily submit their plans to Ofcom)	£5,022.45	N/A.	N/A.	Range of: £21,444.22 to £23,599.08
Option 2: Renewal of multiplex and automatic/'fast track' renewal of local licences	£949.66	£2,187.78	N/A.	N/A.	£3,137.44

Benefits Summary

117. Though none of the options considered introduce significant benefits, as they all primarily aim to continue to the status quo in one way or another, Option 1 presents the most beneficial outcome when compared to the counterfactual through it providing for better continuity of service and stability for the sector. This option allows for greater scrutiny measures than the other options, which either renew the licence regardless of performance or introduce a lengthy competitive relicensing process. There are also cost savings of this preferred option against the counterfactual as a result of reduced administrative burden. Whilst we have not been able to monetise benefits here due to a lack of data, we believe that the preferred option will deliver a renewal process that is much more beneficial than option 0 and option 2.

Equivalent Annual Net Direct Cost to Business (EANDCB)

118. The options assessed directly increase the cost to Ofcom and incumbent licence holders in the local TV market. The one-off costs estimated throughout this section are all identified as being first round, unavoidable, effects for these stakeholders. We therefore categorise all the costs identified to be direct costs to business for the purpose of calculating the EANDCB below.

119. As both the 34 local TV licences and the multiplex licence are due to expire on the 25th November 2025 we have assumed, for the purposes of estimating the EANDCB, that all these direct costs to business are due to occur in 2025. We have therefore only discounted by 3.5% for this year as per The Green Book guidance.²⁴ For this we set the appraisal period to 10 years as recommended by The Green Book²⁵, which we believe to be appropriate and proportional for this intervention and its expected impact.

120. Therefore, the Business NPV and EANDCB for the options considered are as follows:

Table 3: NPV and EANDCB estimates

Option	NPV	EANDCB
0	-£0.02m	£0.003m
1	-£0.02m	£0.002 - £0.003m

²⁴ [The Green Book, 2022, HMT.](#)

²⁵ [The Green Book, 2022, HMT.](#)

2	-£0.01m	£0.001m
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121. The EANDCB of Option 1 (the preferred option) is £0.002m-0.003m, below the De Minimis threshold. Option 0 and 2 have an EANDCB of £0.003m and £0.001m respectively. The unmonetised costs are considered to be either indirect or negligible and are not not believed to have an impact on the DMA classification.

122. We have therefore rounded the EANDCB to £0.1m in line with HMT guidance.

3.0 Risks and unintended consequences

123. This government intervention is to enable both the continuation of service and regulatory regime for local TV as it exists now. In the instance of the preferred option (renewal of multiplex licence and conditional renewal of local service licences), the directly impacted parties would be Ofcom as the designated regulator and the existing licence holders. The preferred policy option, which requires this intervention, is well-developed and has been subject to consultation. The responses received to the consultation demonstrated overall support for the preferred option, which the government response has committed to implementing.

124. The current licence holders and Ofcom have operated under the existing system for the preceding decade and are well accustomed to the regulatory regime for local TV. On this basis, we would have expected any direct or indirect risks and unintended consequences resulting from the licensing regime to have materialised by this point. Nevertheless, we expect any potential risks or unintended consequences that may arise from this government intervention to be minimal.

Table 4: Risk analysis

Assumption	Evidence	Risk	Sensitivity (& page that full analysis can be found on)
Secondary legislation will be implemented in time to enable the licences to be renewed.	The delivery timeline for the coming into force of the secondary legislation to enable Ofcom to renew the licences	The risk is that the legal work delivery timings do not align and the laying of the secondary legislation and subsequent passage through	Both the government and Ofcom are of the view that the renewal process should be completed by the end of 2024

	is on track for Summer 2024.	parliament and coming into force is delayed.	at the latest. This is the current timeline for delivery that is being worked towards.
Ofcom will have sufficient enough time to conduct the renewals process.	Ofcom are of the view that, pending successful passage through parliament, they will have sufficient enough time to complete the renewals process.	The risk is that if the delivery timeline is delayed and key deliverables shift, such as the secondary legislation coming into force being delayed, Ofcom will not be able to renew the licences before they expire.	In the event that it becomes apparent Ofcom would not be able to perform the renewals process before the licences expire, the government would anticipate making provision for the temporary extension of the current licences.
All current licence holders would apply to have their licences renewed	Current licence holders articulated support for renewal of the licences in the consultation responses they submitted and indicated intention to continue providing the services for which they are licensed.	The risk is that not all current licence holders would apply to have their licences renewed.	Given the content of the consultation responses submitted by and/or on behalf of current licence holders and engagement with the sector, it is highly unlikely that any of the licence holders would not pursue renewal of their licences.
All current licence holders would have their licences renewed.	DCMS is not aware of any compliance issues to-date that would result in a licence not being renewed by Ofcom following the	The process for renewal of the licences does involve a performance review, including compliance to-date and commitment to maintaining the	In the event that Ofcom would not renew the licence of an incumbent provider, it would be for Ofcom to put that particular licence through a

	<p>performance reviews of the multiplex and local service providers.</p> <p>DCMS is of the view that the local TV sector would continue to operate as it currently does and with the same number of licences.</p>	<p>current service over the next licensing period.</p> <p>There is a risk that in reviewing a current licence-holders application for renewal, Ofcom may determine that the licence cannot be renewed.</p>	<p>competitive relicensing process.</p>
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4.0 Wider impacts

Innovation Test

125. We do not envisage this policy to have any notable impacts on innovation.

Small and Micro Business Assessment

126. The following analysis looks at the current multiplex licensee and the licensees for all Local TV services as listed by Ofcom.²⁶ Due to a lack of employment data, the size of these licence holders was estimated by assessing the companies accounts submitted by them on Companies House (gov.uk) in conjunction with the gov.uk guidance on small and micro business accounts.²⁷

127. For the incumbent local TV licence holders, we estimate all 14 of these to be either small or micro businesses. All of these businesses uploaded small or micro accounts to Companies House which defines a small and micro business as the following²⁸, which we will be using for the purpose of this assessment:

²⁶ <https://www.ofcom.org.uk/manage-your-licence/tv-broadcast-licences/current-licensees/local-tv>

²⁷ <https://www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts#:~:text=For%20accounting%20periods%20beginning%20on,more%20than%20%C2%A35.1%20million>

²⁸

- Micro company qualifications (must meet at least two of the following conditions)
 - turnover must be not more than £632,000
 - the balance sheet total must be not more than £316,000
 - the average number of employees must be not more than 10
- Small company qualifications (must meet at least two of the following conditions)
 - annual turnover must be not more than £10.2 million
 - the balance sheet total must be not more than £5.1 million
 - the average number of employees must be not more than 50

128. Through engaging with Comux, it has been indicated that it employs a team of ten people, across management, administrative, and technical roles. It therefore fits within this small and micro category.

129. As the preferred option specifically looks to introduce a renewal mechanism for these licences through Ofcom, it is not possible for these businesses to be exempt from this regulation. However, we believe the total costs placed on these small and micro incumbent holders to be equal to those outlined in the cost and benefits section which have been reiterated below:

- Total cost to TV Licence services: £16,067.07
- Total cost to Comux: between £354.70 to £2154.86
- Total: between £16,421.77 to £18,221.93²⁹

130. The costs of these will differ per local TV licensees based on the number of licences they hold. For example, That's TV Broadcasting Limited is likely to have a significantly higher proportion of these total costs due to them holding 20 licences, whereas most other licensees only have 1. We do not believe there to be any significant marginal cost savings for local TV licensees that own multiple licences. The time to prepare for each review is expected to take roughly the same amount of time due to each licence's review being specific to that network and that these will take roughly the same length of time to complete. Whilst there might be some overlap of staff between services owned by the same licensee which could reduce the average time taken to familiarise with these changes, the lack of evidence on how the personnel is structured of each licensee makes this difficult to do and we would not expect these savings to be significant in any case. We therefore estimate familiarisation costs for local TV licence holders to be equal to c.£483 (£16,421.77 /

²⁹ This second total is based on a scenario where Comux voluntarily submits their plans to Ofcom as part of the renewal process, though this is not strictly required under this option.

34) for each additional licence that they own. The costs to small and micro businesses is, therefore, expected to be minimal.

Trade Impact

131. There is not expected to be any trade implications as a result of this policy.

Equalities Impact Assessment

132. A number of responses to the consultation highlighted the training, learning and development initiatives local TV services offer and how some local TV services aim to provide pathways into the sector for those with protected characteristics. Those responses were accompanied by some concern that a reduction in local TV services or a delay in the renewal of licences would affect fulfilment of this aim.

133. Other responses from across industry in particular described how local TV services have developed programming around equality and diversity that has benefited communities and is aimed at particular protected characteristic groups within the area or locality. In delivering this government intervention and renewing the licences for the multiplex and local services, this will enable such initiatives to continue.

Justice Impact Test

134. We do not envisage that this policy would have any implications for the justice system.

Competition(*)

135. Conditional renewal of the local licences would mean that the 8 holders of the 34 local licences would continue to operate the services attached to those licences over the next licensing period 2025-2034, subject to Ofcom determining their licences should be renewed. In opting for conditional renewal over a competitive relicensing process, this is likely to deny new entrants the opportunity to bid for one of the 34 existing licences and enter the market. However, the government is not aware of any viable new licensees being forthcoming. Indeed, no would-be entrants responded to the consultation nor did any of the consultation responses suggest potential new entrants to the market.

136. The limited number of viable providers is further evidenced by Ofcom only being able to issue 34 of the 44 licences it had originally intended to when the local TV licensing framework was being established in 2012-2013. In the 10 locations where licences were not awarded, this was because there were either no applications, or applicants did not meet the necessary criteria. In 2018, and following consultation, Ofcom made the decision to not advertise or re-advertise local TV

licences in 13 areas where no licence had been awarded to date on the basis that doing so would have an adverse impact on the economic viability of the local TV sector.

137. Any potential and viable new entrants to the market would be able to make a representation to begin to provide a new service covering a different town, city or metropolitan area to the already licensed 34. The Government is aware of some barriers to entry to the sector, including, but not limited to, the costs of running a service which complies with the regulatory conditions which must be included in the licences for local TV services, and the costs associated with broadcasting on technologies such as IPTV and satellite, which some services have done in order to increase their reach with viewers. We will continue to consider this issue alongside others as part of the policy making process and going forward into the next licensing period.
138. We do not believe that the preferred option limits supplier's incentives to compete or introduce new technologies, products or business models beyond the counterfactual due to it not introducing any changes that restrict entrants or the behaviour of incumbent licence holders than those in the do-nothing option.
139. As this intervention aims to ensure that the local TV market continues to operate as it currently does, we also do not believe it to affect how consumers can engage with the market or their choices that align with their preferences.

Devolution Test (*)

140. Whilst television and broadcasting policy is a reserved matter for the UK government, there are a number of individual local TV services based in the devolved nations and covering the areas of Aberdeen, Ayr, Dundee, Edinburgh, Glasgow, Swansea, Cardiff, Mold and Belfast. Due to the local nature of these services, there has been ministerial engagement with the devolved nations on the launch of the consultation and the publication of the government response.

Family Test/loneliness/ social isolation(*)

141. The consultation received a number of responses highlighting the importance of digital terrestrial television, which is one way local TV is distributed to viewers, for individuals who form part of what may be considered vulnerable groups. A variety of examples were presented including individuals considered as older, digitally excluded or living in hard to reach or rural areas and localities.
142. Local TV was initially envisaged by the government as an opportunity for services to engage local communities and bring them together around a shared voice and interest. This was affirmed by a number of the responses received to the consultation, which articulated the importance of local content and the community benefits this delivers.

Health Impact Assessment(*)

143. We do not envisage this policy to have any explicit impact on health, wellbeing or related inequalities.

Rural Proofing(*)

144. Local TV is broadcast via a number of distribution methods, such as via satellite on Sky and the internet (via simulcasting on local TV service websites), though the primary method for distribution and that which attracts the majority of viewing is Freeview, the UK's sole digital terrestrial television platform. Those in rural areas may be dependent on digital terrestrial television more broadly due to standards of broadband connectivity. Equally, there may be coverage issues for local TV services in some areas that are especially rural or remote.

Sustainable Development(*)

145. We do not envisage this policy to have any implications in this area.

Greenhouse Gases Impact Test/Wider Environmental(*)

146. We do not envisage this policy to have any implications in this area.

5.0 Post implementation review

147. Following completion of the renewal process, we expect Ofcom will report on the licence renewals and that this information will be publicly available through their website. The monitoring of the impact of this implementation would reside with Ofcom who will continue to be the regulator responsible for local TV and continue to monitor and report on matters related to local TV licence holders and sector stakeholders more broadly.
148. Licence holders would continue their annual reporting to Ofcom. Ofcom will also continue to review the performance of licence holders on an ad hoc basis alongside standard monitoring of compliance with licence conditions.
149. As this change is about enabling the continuation of existing service and the rolling over of the current regulatory regime, we do not consider there to be a need for a formal standalone review following implementation.
150. DCMS will continue to consider the arrangements for when the next licensing period (2025-2034) comes to an end.