



Broadcasting Act 1990

1990 CHAPTER 42

PART I

INDEPENDENT TELEVISION SERVICES

CHAPTER II

TELEVISION BROADCASTING ON CHANNELS 3, 4 AND 5

Channel 3

14 Establishment of Channel 3

- (1) The Commission shall do all that they can to secure the provision, in accordance with this Chapter, of a nationwide system of television broadcasting services to be known as Channel 3.
- (2) Subject to subsection (5), Channel 3 shall be structured on a regional basis, with each of the services comprised within it (“Channel 3 services”) being provided for such area in the United Kingdom as the Commission may determine in the case of that service.
- (3) If it appears to the Commission that it would be appropriate for a particular Channel 3 service to do so, they may determine that the service shall include the provision of different programmes—
 - (a) for such different parts of the area for which it is provided, or
 - (b) for such different communities living within that area,as they may determine.
- (4) If the Commission so determine in the case of a particular Channel 3 service, that service shall be provided for a particular area only between such times of the day or on such days of the week (or both) as the Commission may determine.

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- (5) If the Commission so determine, a Channel 3 service may be provided for two or more areas for which regional Channel 3 services are provided, but any such service may only be so provided between particular times of the day.
- (6) In this Part—
 - “regional Channel 3 service” means a Channel 3 service provided for a particular area determined under subsection (2); and
 - “national Channel 3 service” means a Channel 3 service provided as mentioned in subsection (5).
- (7) Any reference in this section to an area in the United Kingdom does not include an area which comprises or includes the whole of England or the whole of Scotland.
- (8) In this section and section 15 “programme” does not include an advertisement.

15 Applications for Channel 3 licences

- (1) Where the Commission propose to grant a licence to provide a Channel 3 service they shall publish, in such manner as they consider appropriate, a notice—
 - (a) stating that they propose to grant such a licence;
 - (b) specifying—
 - (i) if the service is to be a regional Channel 3 service, the area in the United Kingdom for which the service is to be provided,
 - (ii) if the service is to include the provision of such programmes as are mentioned in section 14(3), the different parts of that area, or (as the case may be) the different communities living within it, for which such programmes are to be provided,
 - (iii) if the service is to be provided as mentioned in section 14(4), the times of the day or the days of the week (or both) between or on which it is to be provided, and
 - (iv) if the service is to be a national Channel 3 service, the areas in the United Kingdom for which it is to be provided and the times of the day between which it is to be provided;
 - (c) inviting applications for the licence and specifying the closing date for such applications; and
 - (d) specifying—
 - (i) the fee payable on any application made in pursuance of the notice, and
 - (ii) the percentage of qualifying revenue for each accounting period that would be payable by an applicant in pursuance of section 19(1)(c) if he were granted the licence.
- (2) The Commission shall, when publishing a notice under subsection (1), publish with the notice general guidance to applicants for the licence in question which contains examples of the kinds of programme whose inclusion in the service proposed by any such applicant under subsection (3)(b) would be likely to result in a finding by the Commission that the service would comply with the requirements specified in section 16(2) or (3) (as the case may be).
- (3) Any application made in pursuance of a notice under this section must be in writing and accompanied by—

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- (a) the fee specified in the notice under subsection (1)(d)(i);
 - (b) the applicant's proposals for providing a service that would comply with the requirements specified in section 16(2) or (3) (as the case may be);(c) the applicant's proposals for promoting the understanding and enjoyment by—
 - (i) persons who are deaf or hard of hearing, and
 - (ii) persons who are blind or partially-sighted,of the programmes to be included in his proposed service;
 - (d) the applicant's proposals for training or retraining persons employed or to be employed by him in order to help fit them for employment in, or in connection with, the making of programmes to be included in his proposed service, together with his proposals for encouraging the training or retraining of persons employed or to be employed by persons providing programmes for inclusion in that service;
 - (e) if the application is for a licence to provide a regional Channel 3 service, the applicant's proposals as to the use, in connection with his proposed service—
 - (i) of offices and studios situated within the area for which that service would be provided, and
 - (ii) of the services of persons employed (whether by him or by any other person) within that area;
 - (f) the applicant's cash bid in respect of the licence;
 - (g) such information as the Commission may reasonably require as to the applicant's present financial position and his projected financial position during the period for which the licence would be in force; and
 - (h) such other information as the Commission may reasonably require for the purpose of considering the application.
- (4) At any time after receiving such an application and before determining it the Commission may require the applicant to furnish additional information under any of paragraphs (b) to (e), (g) and (h) of subsection (3).
- (5) Any information to be furnished to the Commission under this section shall, if they so require, be in such form or verified in such manner as they may specify.
- (6) The Commission shall, as soon as reasonably practicable after the date specified in a notice under this section as the closing date for applications, publish in such manner as they consider appropriate—
- (a) the following matters, namely—
 - (i) the name of every person who has made an application to them in pursuance of the notice,
 - (ii) the proposals submitted by him under subsection (3)(b), and
 - (iii) such other information connected with his application as the Commission consider appropriate; and
 - (b) a notice—
 - (i) inviting representations to be made to them with respect to any matters published by them in accordance with paragraph (a) (ii) and (iii) above, and
 - (ii) specifying the manner in which, and the time by which, any such representations are to be so made.
- (7) In this Part “cash bid”, in relation to a licence, means an offer to pay to the Commission a specified amount of money in respect of the first complete calendar year falling

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within the period for which the licence is in force (being an amount which, as increased by the appropriate percentage, is also to be payable in respect of subsequent years falling wholly or partly within that period).

16 Procedure to be followed by Commission in connection with consideration of applications for licences

(1) Where a person has made an application for a Channel 3 licence in accordance with section 15, the Commission shall not proceed to consider whether to award him the licence on the basis of his cash bid in accordance with section 17 unless it appears to them—

- (a) that his proposed service would comply with the requirements specified in subsection (2) or (3) below (as the case may be), and
- (b) that he would be able to maintain that service throughout the period for which the licence would be in force,

and any reference to an applicant in section 17 (except in section 17(12)(b)) is accordingly a reference to an applicant in whose case it appears to the Commission that the requirements of paragraphs (a) and (b) above are satisfied.

(2) Where the service to be provided under the licence is a regional Channel 3 service, the requirements referred to in subsection (1)(a) are—

- (a) that a sufficient amount of time is given in the programmes included in the service to news programmes and current affairs programmes which (in each case) are of high quality and deal with both national and international matters, and that such news programmes are broadcast at intervals throughout the period for which the service is provided and, in particular, at peak viewing times;
- (b) that a sufficient amount of time is given in the programmes included in the service to programmes (other than news and current affairs programmes) which are of high quality;
- (c) that a sufficient amount of time is given in the programmes so included—
 - (i) to a suitable range of regional programmes, that is to say, programmes (including news programmes) which are of particular interest to persons living within the area for which the service is provided, and
 - (ii) if the service is to include the provision of such programmes as are mentioned in section 14(3), to a suitable range of programmes for each of the different parts of that area or (as the case may be) for each of the different communities living within it, being in each case a range of programmes (including news programmes) which are of particular interest to persons living within the relevant part of that area or (as the case may be) the relevant community,

and that any news programmes so included in accordance with subparagraph (i) or (ii) are of high quality;

- (d) that a suitable proportion of the regional programmes included in the service in accordance with paragraph (c) are made within the area for which it is to be provided;
- (e) that a sufficient amount of time is given in the programmes included in the service to religious programmes and programmes intended for children;
- (f) that (taken as a whole) the programmes so included are calculated to appeal to a wide variety of tastes and interests;

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- (g) that a proper proportion of the matter included in those programmes is of European origin; and
 - (h) that in each year not less than 25 per cent. of the total amount of time allocated to the broadcasting of qualifying programmes in the service is allocated to the broadcasting of a range and diversity of independent productions.
- (3) Where the service to be provided under the licence is a national Channel 3 service, the requirements referred to in subsection (1)(a) are such (if any) of the requirements specified in subsection (2) as the Commission may determine to be appropriate having regard to the nature of that service.
- (4) In deciding whether an applicant's proposed service would comply with the requirements specified in subsection (2) or (3) (as the case may be), the Commission shall take into account any representations made to them in pursuance of section 15(6)(b) with respect to that service; and in applying subsection (2)(g) the Commission shall have regard to such of the international obligations of the United Kingdom as the Secretary of State may notify to them for the purposes of this subsection.
- (5) In subsection (2)(h)—
- (a) “qualifying programmes” and “independent productions” mean, in each case, programmes of such description as the Secretary of State may by order specify for the purpose; and
 - (b) the reference to a range of independent productions is a reference to a range of such productions in terms of cost of acquisition as well as in terms of the types of programme involved.
- (6) The Secretary of State may by order amend subsection (2)(h) by substituting a different percentage for the percentage for the time being specified there.
- (7) Before making an order under subsection (5) or (6) the Secretary of State shall consult the Commission; and no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (8) In this section “programme” does not include an advertisement.

17 Award of licence to person submitting highest cash bid

- (1) Subject to the following provisions of this section, the Commission shall, after considering all the cash bids submitted by the applicants for a Channel 3 licence, award the licence to the applicant who submitted the highest bid.
- (2) Where two or more applicants for a particular licence have submitted cash bids specifying an identical amount which is higher than the amount of any other cash bid submitted in respect of the licence, then (unless they propose to exercise their power under subsection (3) in relation to the licence) the Commission shall invite those applicants to submit further cash bids in respect of that licence; and, in relation to any person who has submitted a further cash bid in pursuance of this subsection, any reference in this Part to his cash bid is a reference to that further bid.
- (3) The Commission may disregard the requirement imposed by subsection (1) and award the licence to an applicant who has not submitted the highest bid if it appears to them that there are exceptional circumstances which make it appropriate for them to award the licence to that applicant.

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- (4) Without prejudice to the generality of subsection (3), the Commission may regard the following circumstances as exceptional circumstances which make it appropriate to award the licence to an applicant who has not submitted the highest bid, namely where it appears to the Commission—
- (a) that the quality of the service proposed by such an applicant is exceptionally high; and
 - (b) that the quality of that proposed service is substantially higher than the quality of the service proposed—
 - (i) by the applicant who has submitted the highest bid, or
 - (ii) in a case falling within subsection (2), by each of the applicants who have submitted equal highest bids;
 and where it appears to the Commission, in the context of the licence, that any circumstances are to be regarded as exceptional circumstances for the purposes of subsection (3), those circumstances may be so regarded by them despite the fact that similar circumstances have been so regarded by them in the context of any other licence or licences.
- (5) If it appears to the Commission, in the case of the applicant to whom (apart from this subsection) they would award the licence in accordance with the preceding provisions of this section, that there are grounds for suspecting that any relevant source of funds is such that it would not be in the public interest for the licence to be awarded to him—
- (a) they shall refer his application to the Secretary of State, together with—
 - (i) a copy of all documents submitted to them by the applicant, and
 - (ii) a summary of their deliberations on the application; and
 - (b) they shall not award the licence to him unless the Secretary of State has given his approval.
- (6) On such a reference the Secretary of State may only refuse to give his approval to the licence being awarded to the applicant in question if he is satisfied that any relevant source of funds is such that it would not be in the public interest for the licence to be so awarded.
- (7) In subsections (5) and (6) “relevant source of funds”, in relation to an applicant, means any source of funds to which he might (directly or indirectly) have recourse for the purpose of—
- (a) paying any amounts payable by him by virtue of section 19(1), or
 - (b) otherwise financing the provision of his proposed service.
- (8) In a case where any requirement such as is mentioned in section 5(1)(b) operates to preclude the Commission from awarding a licence to the applicant to whom (apart from any such requirement) they would have awarded it in accordance with the preceding provisions of this section, they shall award the licence in accordance with rules made by them for regulating the awarding of licences in such cases; and any such rules may provide for the awarding of licences by reference to orders of preference notified to the Commission by applicants at the time of making their applications.
- (9) Any such rules shall be published by the Commission in such manner as they consider appropriate, but shall not come into force unless they have been approved by the Secretary of State.
- (10) Where the Commission are, by virtue of subsection (5), precluded from awarding the licence to an applicant, the preceding provisions of this section shall (subject to

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- subsection (14)) have effect as if that person had not made an application for the licence.
- (11) Where the Commission have awarded a Channel 3 licence to any person in accordance with this section, they shall, as soon as reasonably practicable after awarding the licence—
- (a) publish the matters specified in subsection (12) in such manner as they consider appropriate; and
 - (b) grant the licence to that person.
- (12) The matters referred to in subsection (11)(a) are—
- (a) the name of the person to whom the licence has been awarded and the amount of his cash bid;
 - (b) the name of every other applicant in whose case it appeared to the Commission that his proposed service would comply with the requirements specified in section 16(2) or (3) (as the case may be);
 - (c) where the licence has, by virtue of subsection (3) above, been awarded to an applicant who has not submitted the highest cash bid, the Commission's reasons for the licence having been so awarded; and
 - (d) such other information as the Commission consider appropriate.
- (13) In a case where the licence has been awarded to any person by virtue of the operation of this section, in accordance with any provision of this Part, on the revocation of an earlier grant of the licence, subsection (12) shall have effect as if—
- (a) paragraph (b) were omitted; and
 - (b) the matters specified in that subsection included an indication of the circumstances in which the licence has been awarded to that person.
- (14) Subsections (1) to (9) shall not have effect as mentioned in subsection (10) if the Commission decide that it would be desirable to publish a fresh notice under section 15(1) in respect of the grant of the licence; and similarly, where any of the following provisions of this Part provides, in connection with the revocation of a licence, for this section to have effect as if the former holder of the licence had not made an application for it, this section shall not so have effect if the Commission decide that it would be desirable to publish a further notice under this Part in respect of the grant of a further licence to provide the service in question.

18 Failure to begin providing licensed service and financial penalties on revocation of licence

- (1) If at any time after a Channel 3 licence has been granted to any person but before the licence has come into force—
- (a) that person indicates to the Commission that he does not intend to provide the service in question, or
 - (b) the Commission for any other reason have reasonable grounds for believing that that person will not provide that service once the licence has come into force,
- then, subject to subsection (2)—
- (i) the Commission shall serve on him a notice revoking the licence as from the time the notice is served on him, and
 - (ii) section 17 shall (subject to section 17(14)) have effect as if he had not made an application for the licence.

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- (2) Subsection (1) shall not apply in the case of any person by virtue of paragraph (b) of that subsection unless the Commission have served on him a notice stating their grounds for believing that he will not provide the service in question once his licence has come into force; and they shall not serve such a notice on him unless they have given him a reasonable opportunity of making representations to them about the matters complained of.
- (3) Where the Commission revoke a Channel 3 licence under this section or under any other provision of this Part, they shall serve on the licence holder a notice requiring him to pay to them, within a specified period, a financial penalty of the prescribed amount.
- (4) In subsection (3) “the prescribed amount” means—
- (a) where—
 - (i) the licence is revoked under this section, or
 - (ii) the first complete accounting period of the licence holder falling within the period for which the licence is in force has not yet ended, 7 per cent. of the amount which the Commission estimate would have been the qualifying revenue for that accounting period (as determined in accordance with section 19(2) to (6)); and
 - (b) in any other case, 7 per cent. of the qualifying revenue for the last complete accounting period of the licence holder so falling (as so determined).
- (5) Any financial penalty payable by any body by virtue of subsection (3) shall, in addition to being recoverable from that body as provided by section 68(5), be recoverable by the Commission as a debt due to them from any person who controls that body.

19 Additional payments to be made in respect of Channel 3 licences

- (1) A Channel 3 licence shall include conditions requiring the licence holder to pay to the Commission (in addition to any fees required to be so paid by virtue of section 4(1)(b))—
- (a) in respect of the first complete calendar year falling within the period for which the licence is in force, the amount specified in his cash bid;
 - (b) in respect of each subsequent year falling wholly or partly within that period, the amount so specified as increased by the appropriate percentage; and
 - (c) in respect of each accounting period of his falling within the period referred to in paragraph (a), an amount representing such percentage of the qualifying revenue for that accounting period as was specified in relation to the licence under section 15(1)(d)(ii).
- (2) For the purposes of subsection (1)(c) the qualifying revenue for any accounting period of the licence holder shall (subject to subsection (6)) consist of all payments received or to be received by him or by any connected person—
- (a) in consideration of the inclusion in the licensed service in that period of advertisements or other programmes, or
 - (b) in respect of charges made in that period for the reception of programmes included in that service.
- (3) If, in connection with the inclusion of any advertisements or other programmes whose inclusion is paid for by payments falling within subsection (2)(a), any payments are made to the licence holder or any connected person to meet any payments payable by

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the licence holder by virtue of subsection (1)(c), those payments shall be regarded as made in consideration of the inclusion of the programmes in question.

- (4) In the case of an advertisement included under arrangements made between—
- (a) the licence holder or any connected person, and
 - (b) a person acting as an advertising agent,
- the amount of any receipt by the licence holder or any connected person that represents a payment by the advertiser from which the advertising agent has deducted any amount by way of commission shall, except in a case falling within subsection (5), be the amount of the payment by the advertiser after the deduction of the commission.
- (5) If the amount deducted by way of commission as mentioned in subsection (4) exceeds 15 per cent. of the payment by the advertiser, the amount of the receipt in question shall be taken to be the amount of the payment less 15 per cent.
- (6) If, in any accounting period of the licence holder, the licence holder or any connected person derives, in relation to any programme to be included in the licensed service, any financial benefit (whether direct or indirect) from payments made by any person, by way of sponsorship, for the purpose of defraying or contributing towards costs incurred or to be incurred in connection with that programme, the qualifying revenue for that accounting period shall be taken for the purposes of subsection (1)(c) to include the amount of the financial benefit so derived by the licence holder or the connected person, as the case may be.
- (7) A Channel 3 licence may include conditions—
- (a) enabling the Commission to estimate before the beginning of an accounting period the amount due for that period by virtue of subsection (1)(c); and
 - (b) requiring the licence holder to pay the estimated amount by monthly instalments throughout that period.
- (8) Such a licence may in particular include conditions—
- (a) authorising the Commission to revise any estimate on one or more occasions, and to adjust the instalments payable by the licence holder to take account of the revised estimate;
 - (b) providing for the adjustment of any overpayment or underpayment.
- (9) Where—
- (a) the first complete accounting period of the licence holder falling within the period referred to in subsection (1)(a) (“the licence period”) does not begin at the same time as that period, or
 - (b) the last complete accounting period of his falling within the licence period does not end at the same time as that period,
- any reference in subsection (1)(c) to an accounting period of his shall include a reference to such part of the accounting period preceding that first complete accounting period, or (as the case may be) following that last complete accounting period, as falls within the licence period; and other references to accounting periods in this Part shall be construed accordingly.
- (10) In this Part “the appropriate percentage”, in relation to any year (“the relevant year”), means the percentage which corresponds to the percentage increase between—
- (a) the retail prices index for the month of November in the year preceding the first complete calendar year falling within the period for which the licence in question is in force; and

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(b) the retail prices index for the month of November in the year preceding the relevant year;

and for this purpose “the retail prices index” means the general index of prices (for all items) published by the Central Statistical Office of the Chancellor of the Exchequer.

20 Duration and renewal of Channel 3 licences

- (1) A Channel 3 licence shall (subject to the provisions of this Part) continue in force for a period of ten years, and may (subject to the following provisions of this section) be renewed on one or more occasions for a period of ten years beginning with the date of renewal.
- (2) An application for the renewal of a Channel 3 licence under subsection (1) may be made by the licence holder not earlier than four years before the date on which it would otherwise cease to be in force and not later than the relevant date.
- (3) Where any such application is made before the relevant date, the Commission may postpone the consideration of it by them for as long as they think appropriate having regard to subsection (8).
- (4) Where an application for the renewal of a Channel 3 licence has been duly made to the Commission, they may only (subject to subsection (5)) refuse the application if—
 - (a) they are not satisfied that the applicant would, if his licence were renewed, provide a service which complied—
 - (i) with the conditions included in the licence in pursuance of subsection (1) of section 33 (whether as originally imposed or as varied under subsection (3) of that section), and
 - (ii) with the requirements specified in section 16(2) or (3) (as the case may be); or
 - (b) they propose to grant a fresh Channel 3 licence for the provision of a service which would differ from that provided by the applicant under his licence as respects either—
 - (i) the area for which it would be provided, or
 - (ii) the times of the day or days of the week between or on which it would be provided,
 or both.
- (5) Section 17(5) to (7) shall apply in relation to an applicant for the renewal of a Channel 3 licence as those provisions apply in relation to such an applicant as is mentioned in section 17(5), but as if any reference to the awarding of such a licence to the applicant were a reference to the renewal of the applicant’s licence under this section.
- (6) On the grant of any such application the Commission—
 - (a) shall determine an amount which is to be payable to the Commission by the applicant in respect of the first complete calendar year falling within the period for which the licence is to be renewed; and
 - (b) may specify a different percentage from that specified under section 15(1)(d)
 - (ii) as the percentage of qualifying revenue for each accounting period of his that will be payable by the applicant in pursuance of section 19(1)(c) during the period for which the licence is to be renewed.
- (7) The amount determined by the Commission under subsection (6)(a) in connection with the renewal of a licence shall be such amount as would, in their opinion, be payable

to them by virtue of section 19(1)(a) if they were granting a fresh licence to provide the Channel 3 service in question.

- (8) Where the Commission have granted a person's application under this section they shall formally renew his licence not later than the relevant date or, if that is not reasonably practicable, as soon after that date as is reasonably practicable; and they shall not so renew his licence unless they have notified him of—

- (a) the amount determined by them under subsection (6)(a), and
- (b) any percentage specified by them under subsection (6)(b),

and he has, within such period as is specified in that notification, notified them that he consents to the licence being renewed on those terms.

- (9) Where a Channel 3 licence has been renewed under this section—

- (a) any conditions included in it in pursuance of section 19 shall have effect during the period for which the licence has been renewed—

- (i) as if the amount determined by the Commission under subsection (6)(a) above were an amount specified in a cash bid submitted by the licence holder, and

- (ii) subject to any determination made under subsection (6)(b) above;

- (b) (subject to paragraph (a)) that section shall have effect in relation to the period for which the licence has been renewed as it has effect in relation to the period for which a Channel 3 licence is originally in force; and

- (c) the reference in section 42(4) to the end of the period for which a Channel 3 licence is to continue in force shall, in relation to the licence, be construed as a reference to the end of the period for which it has been renewed.

- (10) In this section “the relevant date”, in relation to a Channel 3 licence, means the date which the Commission determine to be that by which they would need to publish a notice under section 15(1) if they were to grant, as from the date on which that licence would expire if not renewed, a fresh licence to provide the Channel 3 service formerly provided under that licence.

21 Restriction on changes in control over Channel 3 licence holder

- (1) Where—

- (a) any change in the persons having control over—
 - (i) a body to which a Channel 3 licence has been awarded or transferred in accordance with this Part of this Act, or
 - (ii) an associated programme provider,takes place within the relevant period, and
- (b) that change takes place without having been previously approved for the purposes of this section by the Commission,

then (subject to subsection (4)) the Commission may, if the licence has not yet been granted, refuse to grant it to the body referred to in paragraph (a)(i) above or, if it has already been granted, serve on that body a notice revoking it.

- (2) In subsection (1)—

“associated programme provider”, in relation to such a body as is mentioned in paragraph (a)(i) of that subsection, means any body which is connected with that body and appears to the Commission to be, or to be likely

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to be, involved to any extent in the provision of programmes for inclusion in the licensed service; and

“the relevant period”, in relation to a Channel 3 licence, means the period beginning with the date of the award of the licence and ending on the first anniversary of the date of its coming into force;

and paragraph 3 in Part I of Schedule 2 to this Act shall have effect for the purposes of this subsection as if a body to which a Channel 3 licence has been awarded but not yet granted were the holder of such a licence.

- (3) The Commission shall refuse to approve for the purposes of this section such a change as is mentioned in subsection (1)(a)—
- (a) if it appears to them that the change would be prejudicial to the provision under the licence, by the body referred to in subsection (1)(a)(i), of a service which accords with the proposals submitted under section 15(3)(b) by that body (or, as the case may be, by the person to whom the licence was originally awarded), or
 - (b) it appears to them that the change would be prejudicial to the provision of Channel 3 as such a nationwide system of services as is mentioned in section 14(1);
- and the Commission may refuse so to approve any such change if, in any circumstances not falling within paragraph (a) or (b) above, they consider it appropriate to do so.
- (4) The Commission shall not under subsection (1) refuse to grant a licence to, or serve a notice on, any body unless they have given it a reasonable opportunity of making representations to them about the matters complained of.
- (5) Where under subsection (1) the Commission refuse to grant a licence to any body, section 17 shall (subject to section 17(14)) have effect as if that body had not made an application for the licence; and, where under that subsection they serve on any body a notice revoking its licence, subsections (6) and (7) of section 42 shall apply in relation to that notice as they apply in relation to a notice served under subsection (3) of that section.

22 Temporary provision of regional Channel 3 service for additional area

- (1) Where it appears to the Commission—
- (a) that (whether as a result of the revocation of an existing regional Channel 3 licence or for any other reason) there will be, in the case of a particular area determined under section 14(2), a temporary lack of any regional Channel 3 service licensed to be provided for that area, but
 - (b) that it would be reasonably practicable for the holder of a licence to provide a regional Channel 3 service for any other such area to provide his licensed service for the area referred to in paragraph (a) as well,
- the Commission may invite the holder of that licence temporarily to provide his licensed service for that additional area.
- (2) If the holder of that licence agrees so to provide his licensed service, the Commission shall authorise the provision of that service for the additional area in question, during such period as they may determine, by means of a variation of the licence to that effect.

Channel 4

23 The Channel Four Television Corporation

- (1) There shall be a corporation to be called the Channel Four Television Corporation (in this Part referred to as “the Corporation”).
- (2) The Corporation shall consist of—
 - (a) a chairman and a deputy chairman appointed by the Commission; and
 - (b) such number of other members, not being less than eleven nor more than thirteen, as the Commission may from time to time determine.
- (3) The other members referred to in subsection (2)(b) shall consist of—
 - (a) persons appointed by the Commission; and
 - (b) ex-officio members of the Corporation;and the total number of members appointed by the Commission under subsection (2)(a) and paragraph (a) above shall exceed the number of ex-officio members.
- (4) Any appointment made by the Commission under subsection (2)(a) or (3)(a) shall require the approval of the Secretary of State.
- (5) For the purposes of subsection (3) the following persons shall be ex-officio members of the Corporation, namely—
 - (a) the chief executive of the Corporation; and
 - (b) such other employees of the Corporation as may for the time being be nominated by the chief executive and the chairman of the Corporation acting jointly.
- (6) Schedule 3 to this Act shall have effect with respect to the Corporation.

24 Channel 4 to be provided by Corporation as licensed service

- (1) The function of the Corporation shall be to secure the continued provision (subject to and in accordance with the provisions of this Part) of the television broadcasting service known as Channel 4.
- (2) All the shares in the body corporate referred to in section 12(2) of the 1981 Act (activities to be carried on by subsidiary of Independent Broadcasting Authority) shall vest in the Corporation on 1st January 1993.
- (3) Channel 4 shall be provided by the Corporation under a licence granted to them by the Commission, and shall be so provided for so much of England, Scotland and Northern Ireland as may from time to time be reasonably practicable.
- (4) The licence to be granted to the Corporation by the Commission in pursuance of subsection (3) shall continue in force for a period of ten years beginning with 1st January 1993, and may be renewed by the Commission on one or more occasions for a period of ten years beginning with the date of renewal.

25 Conditions to be included in Channel 4 licence

- (1) The licence granted to the Corporation in pursuance of section 24(3) shall include such conditions as appear to the Commission to be appropriate for securing not only that Channel 4 complies with the requirements specified in subsection (2) but also—

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- (a) that Channel 4 programmes contain a suitable proportion of matter calculated to appeal to tastes and interests not generally catered for by Channel 3, and
 - (b) that innovation and experiment in the form and content of those programmes are encouraged,
- and generally that Channel 4 is given a distinctive character of its own.
- (2) The requirements referred to in subsection (1) are—
- (a) that Channel 4 is provided as a public service for disseminating information, education and entertainment;
 - (b) that Channel 4 programmes maintain—
 - (i) a high general standard in all respects (and, in particular, in respect of their content and quality), and
 - (ii) a wide range in their subject matter, having regard both to the programmes as a whole and also to the days of the week on which, and the times of the day at which, the programmes are broadcast;
 - (c) (without prejudice to so much of paragraph (a) as relates to the dissemination of education) that a suitable proportion of Channel 4 programmes are of an educational nature;
 - (d) that a sufficient amount of time is given in Channel 4 programmes to news programmes and current affairs programmes which are of high quality;
 - (e) that a proper proportion of the matter included in Channel 4 programmes is of European origin; and
 - (f) that in each year not less than the prescribed percentage of the total amount of time allocated to the broadcasting of qualifying programmes on Channel 4 is allocated to the broadcasting of a range and diversity of independent productions.
- (3) In applying subsection (2)(e) the Commission shall have regard to such of the international obligations of the United Kingdom as the Secretary of State may notify to them for the purposes of this subsection.
- (4) In subsection (2)(f)—
- (a) “qualifying programmes” and “independent productions” have the same meaning as in section 16(2)(h), and “the prescribed percentage” means the percentage for the time being specified in section 16(2)(h); and
 - (b) the reference to a range of independent productions is a reference to a range of such productions in terms of cost of acquisition as well as in terms of the types of programme involved.
- (5) The licence referred to in subsection (1) shall also include conditions requiring the Corporation not to be involved in the making of programmes to be broadcast on Channel 4 except to such extent as the Commission may allow.
- (6) In this section “programme” does not include an advertisement.

26 Revenue deficits of Corporation to be funded by Channel 3 licensees

- (1) The Commission shall, before the beginning of the year 1993 and each subsequent year—
- (a) estimate the amount of the Corporation’s qualifying revenue for that year;
 - (b) estimate the amount of the total television revenues for that year; and
 - (c) estimate the Corporation’s prescribed minimum income for that year;

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and the Commission may, on one or more occasions, revise any estimate made by them under this subsection.

- (2) For the purposes of this section—
- (a) the Corporation’s prescribed minimum income for any year shall be 14 per cent. of the total television revenues for that year; and
 - (b) “total television revenues” means, in relation to any year, the aggregate of the qualifying revenues for that year of the following, namely—
 - (i) all holders of Channel 3 or Channel 5 licences;
 - (ii) the Welsh Authority; and
 - (iii) the Corporation itself.
- (3) If, in the case of any year, the aggregate of the following amounts, namely—
- (a) the amount of the Corporation’s qualifying revenue for that year as estimated by the Commission under subsection (1), and
 - (b) any amount which, at the beginning of that year, is for the time being standing to the credit of any such reserve fund as is mentioned in section 27(3),
- is less than the amount of the Corporation’s prescribed minimum income for that year as estimated by the Commission under subsection (1), then (subject to subsection (4)) the amount of the difference shall be raised by the Commission by means of a levy imposed on all persons who are for the time being holders of Channel 3 licences.
- (4) The aggregate amount payable by virtue of any levy under subsection (3) shall not exceed 2 per cent. of the amount estimated by the Commission for the year in question under subsection (1)(b); and the amount to be paid by each of the persons subject to the levy shall be such proportion of that aggregate amount as is determined by the Commission in relation to him (and different proportions may be so determined in relation to different persons).
- (5) Every Channel 3 licence shall include conditions—
- (a) requiring the holder of the licence to pay to the Commission, by monthly instalments, any amount which he is liable to pay by virtue of subsections (3) and (4);
 - (b) authorising the Commission to adjust the instalments payable by the holder of the licence to take account of any revised estimate made by them under subsection (1); and
 - (c) providing for the adjustment of any overpayment or underpayment.
- (6) Any amount received by the Commission by virtue of subsection (5)(a) shall be transmitted by them to the Corporation.
- (7) Where, in respect of any year—
- (a) the Commission have imposed a levy under subsection (3), and
 - (b) the aggregate amount transmitted by them to the Corporation under subsection (6) exceeds the relevant amount,
- the Commission shall notify the Corporation of that fact; and the Corporation shall, as soon as reasonably practicable after receiving such a notification, repay to the Commission the amount of that excess.
- (8) In subsection (7) “the relevant amount” means the amount by which the aggregate of the following amounts, namely—
- (a) the Corporation’s qualifying revenue for the year in question, and

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- (b) any such amount as is mentioned in subsection (3)(b),
is less than the Corporation's prescribed minimum income for that year.
- (9) Section 19(2) to (6) shall have effect, with any necessary modifications, for the purpose of enabling the Commission to estimate or determine a person's qualifying revenue for any year for the purposes of this section.
- (10) The Secretary of State may by order amend subsection (2) or (4) above by substituting a different percentage for the percentage for the time being specified there; but no such order may be made before the end of the year 1997.
- (11) An order shall not be made under subsection (10) unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

27 Application of excess revenues of Corporation

- (1) Where the qualifying revenue of the Corporation for any year exceeds the Corporation's prescribed minimum income for that year, the Corporation shall—
 - (a) pay one half of the excess to the Commission; and
 - (b) apply the other half in accordance with subsection (3).
- (2) Where the Commission receive any amount under subsection (1)(a) in respect of any year, they shall distribute that amount ("the relevant amount") between the holders of Channel 3 licences in such a way that each of them receives such proportion of the relevant amount as corresponds to the proportion of the aggregate amount referred to in subsection (4) of section 26 which he would, in the opinion of the Commission, have been required to pay if a levy had been imposed for that year under subsection (3) of that section.
- (3) Where subsection (1)(b) has effect in relation to any amount—
 - (a) half of that amount shall be carried by the Corporation to the credit of a reserve fund established by them under this subsection, and
 - (b) the other half may be applied by the Corporation towards meeting current expenditure incurred by them in connection with the provision of Channel 4, but to the extent that it is not so applied shall be carried to the credit of that fund;
 and (subject to the following provisions of this section) the management and application of that fund shall be as the Corporation may determine.
- (4) Subject to subsection (5), no part of that fund shall be applied otherwise than for the purposes of Channel 4; and no direction may be given by the Secretary of State under that subsection with respect to the application of any amount for the time being standing to the credit of that fund which has been taken into account by the Commission for the purposes of section 26(3)(b) or (8)(b).
- (5) The Secretary of State may, with the approval of the Treasury, give to the Corporation such directions as he thinks fit with respect to the management and application of that fund (including directions requiring the whole or part of it to be paid into the Consolidated Fund); and the Corporation shall comply with any such directions.
- (6) In subsection (1) above the reference to the Corporation's prescribed minimum income for any year shall be construed in accordance with section 26(2); and subsections (2) to (6) of section 19 shall have effect for determining the Corporation's qualifying revenue for any year for the purposes of subsection (1) above as they have effect for

determining a person's qualifying revenue for any accounting period of his for the purposes of subsection (1)(c) of that section.

Channel 5

28 Channel 5

- (1) The Commission shall do all that they can to secure the provision of a television broadcasting service for any such minimum area of the United Kingdom as may be determined by them in accordance with subsection (2); and any such service shall be known as Channel 5.
- (2) In determining the minimum area of the United Kingdom for which Channel 5 is to be provided the Commission shall have regard to the following consideration, namely that the service should, so far as is reasonably practicable, make the most effective use of the frequencies on which it is to be provided.
- (3) If the Commission so determine, Channel 5 shall be provided under a particular licence only between such times of the day or on such days of the week (or both) as they may determine.
- (4) Where the Commission have granted a licence to provide Channel 5, they may, if it appears to them to be appropriate to do so in view of any lack of facilities available for transmitting the service, dispense with any requirement to provide the service for such part of the area referred to in subsection (2) as they may determine; and any such dispensation shall have effect for such period as they may determine.

29 Application to Channel 5 of provisions relating to Channel 3

- (1) Subject to subsections (2) and (3), sections 15 to 21 shall apply in relation to a Channel 5 licence as they apply in relation to a regional Channel 3 licence.
- (2) In its application in relation to a Channel 5 licence—
 - (a) section 15(1)(b)(i) shall be read as referring to any such minimum area of the United Kingdom as is determined by the Commission in accordance with section 28(2); and
 - (b) section 16(2) shall (except where subsection (3) below applies) have effect with the omission of paragraphs (c) and (d).
- (3) Where the Commission make a determination under section 28(3), section 16(2) shall, in its application in relation to each Channel 5 licence, have effect to such extent as they may determine to be appropriate having regard to the nature of the service to be provided under that licence.

30 Initial Channel 5 licensee required to retune equipment susceptible to interference

- (1) A Channel 5 licence which is in force at the commencement of the provision of Channel 5 shall include conditions—
 - (a) requiring the holder of the licence to make arrangements for any relevant equipment to be retuned or otherwise modified—
 - (i) at the request of the person by whom the equipment is kept (being a request made before such date as is specified in the conditions), and

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- (ii) without charge to that person,
so far as is necessary to prevent the equipment from suffering interference caused by the transmission of Channel 5;
 - (b) requiring all work falling to be carried out under the arrangements—
 - (i) to be carried out in a proper manner, and
 - (ii) to be completed within such period as is specified in the conditions;
and
 - (c) enabling the Commission to determine whether work carried out under the arrangements is carried out in a proper manner.
- (2) Any such Channel 5 licence shall also include conditions requiring the holder of the licence to publicise, in such manner as may be approved by the Commission, information with respect to—
- (a) the likelihood of different kinds of equipment suffering interference caused by the transmission of Channel 5;
 - (b) the arrangements which the holder of the licence is required to make by virtue of conditions imposed in pursuance of subsection (1); and
 - (c) the kinds of equipment in relation to which those arrangements are to be so made.
- (3) The holder of a Channel 5 licence shall not be required, by virtue of conditions imposed in pursuance of subsection (1), to make any such arrangements as are mentioned in that subsection in relation to any relevant equipment—
- (a) unless the equipment—
 - (i) is, on the date of the making of such a request as is referred to in paragraph (a)(i) of that subsection, kept by the person in question wholly or mainly for domestic purposes, and
 - (ii) was so kept by that person on the commencement date (if that date occurred before the date mentioned in sub-paragraph (i) above); or
 - (b) if the equipment would not be liable to suffer interference caused by the transmission of Channel 5 but for the installation at the place where the equipment is kept of any apparatus for enabling that service to be received there;
- and, where any relevant equipment has been retuned or otherwise modified in accordance with any such conditions, the holder of such a licence shall not be required by virtue of any such conditions to make arrangements on any subsequent occasion for the retuning or other modification of that equipment.
- (4) Any dispute as to when the commencement date occurred in the case of any relevant equipment shall be determined by the Commission.
- (5) Where—
- (a) in accordance with section 28(3), more than one Channel 5 licence is in force at the same time, and
 - (b) each of the licences includes such conditions as are mentioned in subsections (1) and (2),
- the holders of the licences shall each comply with those conditions to such extent as the Commission may determine in relation to him.
- (6) Where the holder of a Channel 5 licence is required, by virtue of conditions imposed in pursuance of subsection (1), to make any such arrangements as are mentioned in

that subsection in relation to any relevant equipment, those conditions shall be taken as requiring him in addition to make arrangements for any television set connected to that equipment to be retuned—

- (a) at the request of the person by whom the equipment is kept, and
- (b) without charge to that person,

so far as is necessary to enable it to be used in conjunction with the equipment (as retuned or otherwise modified); and subsections (1)(b) and (c) and (2)(b) shall have effect in relation to those arrangements as they have effect in relation to any such arrangements as are mentioned in subsection (1)(a).

(7) In this section—

“the commencement date”, in relation to any relevant equipment, means the date when Channel 5 began to be provided for reception in an area which includes the place where the equipment is kept on the date of the making of such a request as is referred to in subsection (1)(a)(i); and

“relevant equipment” means any equipment which is capable of transmitting self-generated electromagnetic signals for reception by a television set connected to it and which is liable, if used without being retuned or otherwise modified, to suffer interference caused by the transmission of Channel 5.

Provision of news programmes

31 Provision of news on Channels 3 and 5

- (1) A Channel 3 or Channel 5 licence shall include conditions requiring the licence holder—
 - (a) to broadcast in the licensed service news programmes of high quality dealing with national and international matters; and
 - (b) to broadcast such programmes in that service at intervals throughout the period for which the service is provided, and in particular (except in the case of a national Channel 3 licence) at peak viewing times.
- (2) A regional Channel 3 licence shall, in addition, include conditions requiring the news programmes broadcast by the licence holder in compliance with conditions imposed in pursuance of subsection (1) to be programmes provided by a nominated news provider which are—
 - (a) presented live, and
 - (b) broadcast simultaneously with the broadcasts of news programmes provided by the same nominated news provider which are made by other holders of regional Channel 3 licences in compliance with conditions so imposed.
- (3) In subsection (2) “nominated news provider” means a body corporate for the time being nominated for the purposes of that subsection under section 32.

32 Nomination of bodies to provide news for regional Channel 3 services

- (1) With a view to enabling them to nominate bodies corporate as nominated news providers for the purposes of section 31(2), the Commission shall invite bodies corporate appearing to them to be qualified for nomination to make applications to be so nominated; and any such invitations shall be issued at a time that is, in their opinion,

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appropriate for securing that at least one such body is so nominated by the time the first notice is published by them under section 15(1).

- (2) Where a body corporate—
- (a) applies to the Commission (whether in pursuance of any such invitation or not) to be nominated under this section as a nominated news provider, and
 - (b) appears to the Commission to be qualified for nomination,
- the Commission shall so nominate that body unless they are satisfied that to do so would be likely, in view of the number of bodies already so nominated, to be prejudicial to the provision of high quality news programmes for broadcasting in regional Channel 3 services (taken as a whole).
- (3) Subject to subsections (4) and (5), any nomination made by the Commission under this section shall remain in force for a period of ten years, and at the end of that period may be renewed by the Commission for a further period of ten years.
- (4) Where the Commission have refused to nominate a body corporate under this section on the ground that they are satisfied as mentioned in subsection (2), the Commission shall from time to time thereafter, at such intervals as they may determine, review the performance as nominated news providers of all of the bodies for the time being nominated under this section; and if on any such review they are satisfied, in the case of such body so nominated as they may determine, that another body corporate which—
- (a) is not a nominated news provider, but
 - (b) appears to them to be qualified for nomination,
- would offer a better service than the first-mentioned body as respects the provision of high quality news programmes for broadcasting in regional Channel 3 services, they shall (subject to subsection (6)) by notice terminate that body's nomination, and shall nominate the other body under this section in its place.
- (5) If at any time the Commission—
- (a) are for any reason dissatisfied in the case of any nominated news provider with the performance of that body as a nominated news provider, and
 - (b) are satisfied that to terminate that body's nomination would not be prejudicial to the provision of high quality news programmes for broadcasting in regional Channel 3 services (taken as a whole),
- they shall (subject to subsection (6)) by notice terminate that body's nomination.
- (6) The Commission shall not terminate a body's nomination under subsection (4) unless they have given the body a reasonable opportunity of making representations to them about the proposed termination of its nomination; and they shall not terminate a body's nomination under subsection (5) unless they have given the body a reasonable opportunity of making representations to them about the matters complained of.
- (7) Before nominating, or terminating the nomination of, any body under this section the Commission shall consult every person who is the holder of a licence to provide a regional Channel 3 service.
- (8) Any instrument by which a body is nominated under this section shall include conditions—
- (a) imposing limits on the extent to which persons of any specified class or description may be participants in the nominated news provider;

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- (b) requiring that body to provide the Commission with such information as they may reasonably require for the purpose of determining whether any of those limits has been exceeded; and
- (c) enabling the Commission to terminate that body's nomination if satisfied that any of those limits has been exceeded;

and any such instrument may provide for any of those limits to apply only after the expiry of a specified period.

- (9) The limits imposed in pursuance of subsection (8) shall secure—
 - (a) that no person is a participant with more than a 20 per cent. interest in the nominated news provider; and
 - (b) that any participants in the nominated news provider who are holders of licences to provide regional Channel 3 services, when taken together—
 - (i) hold or are beneficially entitled to less than 50 per cent. of the shares in that body; and
 - (ii) possess less than 50 per cent. of the voting power in it.
- (10) Any limit imposed in accordance with subsection (9)(a) shall have effect in relation to a particular participant as if he and every person connected with him were one person; and for this purpose the following persons shall be treated as connected with a particular participant, namely—
 - (a) a person who controls the participant;
 - (b) an associate of the participant or of a person falling within paragraph (a); and
 - (c) a body which is controlled by the participant or by any associate of the participant.
- (11) Subject to the provisions of subsections (9) and (10), the limits imposed in pursuance of subsection (8) shall be such as the Commission may determine.
- (12) A body corporate shall be disqualified for being nominated under this section if, by virtue of any provision in Part II of Schedule 2 to this Act, it would be a disqualified person in relation to any description of licence granted by the Commission; and any reference in this section to a body corporate appearing to the Commission to be qualified for nomination is a reference to a body corporate appearing to them to be both—
 - (a) effectively equipped and adequately financed to provide high quality news programmes for broadcasting in regional Channel 3 services; and
 - (b) not disqualified for being nominated under this section by virtue of this subsection.
- (13) In this section—
 - (a) references to a nominated news provider are references to a body corporate for the time being nominated under this section; and
 - (b) references to nomination under this section are references to nomination under this section for the purposes of section 31(2);

and subsections (8) to (10) shall be construed in accordance with Part I of Schedule 2 to this Act.

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Miscellaneous provisions relating to Channels 3, 4 and 5

33 Conditions requiring holder of Channel 3 or Channel 5 licence to deliver promised service

- (1) Any Channel 3 or Channel 5 licence shall include such conditions as appear to the Commission to be appropriate for securing—
 - (a) that the service provided under the licence accords with the proposals submitted by the licence holder under subsection (3)(b) of section 15; and
 - (b) the implementation of the proposals submitted by him under subsection (3)(c) and (d), or (as the case may be) subsection (3)(c) to (e), of that section.
- (2) In subsection (1) the reference to section 15 is, in relation to a Channel 5 licence, a reference to that section as applied by section 29.
- (3) Any conditions imposed in pursuance of subsection (1) may be varied by the Commission with the consent of the licence holder (and section 3(4)(b) shall accordingly not apply to any such variation).

34 Schools programmes

- (1) The Commission shall do all that they can to secure that a suitable proportion of the programmes which are included in Channel 3 services and Channels 4 and 5 (taken as a whole) are schools programmes.
- (2) Accordingly, any Channel 3 licence or licence to provide Channel 4 or 5 may include—
 - (a) conditions requiring the licence holder to produce, or finance the production of, schools programmes;
 - (b) conditions requiring the licence holder to acquire schools programmes provided by other persons;
 - (c) conditions requiring the licence holder to ensure that schools programmes included in the licensed service—
 - (i) are of high quality, and
 - (ii) are suitable to meet the needs of schools in the area or areas in the United Kingdom for which the service is provided;
 - (d) conditions specifying the minimum number of hours in term time or within normal school hours that are to be allocated to the broadcasting of schools programmes in the licensed service;
 - (e) conditions requiring the licence holder to provide such material for use in connection with the schools programmes broadcast by him as may be necessary to secure that effective use is made of those programmes in schools; and
 - (f) conditions requiring the licence holder from time to time to consult such bodies or other persons who are concerned with, or have an interest in, schools or the production of schools programmes as the Commission think fit.
- (3) In this section “schools programmes” means programmes which are intended for use in schools.

35 Subtitling for the deaf

- (1) A Channel 3 or Channel 5 licence shall include—

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- (a) conditions—
 - (i) specifying the relevant minimum number of hours in a week for the purposes of this section, and
 - (ii) requiring programmes with subtitling to be broadcast in the licensed service during not less than that number of hours in each week; and
 - (b) conditions requiring the holder of the licence to attain such technical standards relating to the provision of subtitling as are specified in the conditions.
- (2) Subject to subsections (3) and (4), the relevant minimum number of hours in a week for the purposes of this section is—
- (a) in relation to Channel 3 services—
 - (i) for the year which includes the commencement of this section, such number of hours in a week as the Commission shall determine in order to achieve an increase of at least ten per cent. over the average number of hours in a week during which programmes with subtitling were, during the year immediately preceding that year, broadcast on ITV (as defined by section 10(2) of the 1981 Act); and
 - (ii) for each successive year, such number of hours in a week as the Commission shall determine, being a number greater than that for the previous year; and
 - (b) in relation to Channel 5—
 - (i) for the year which includes the commencement of the provision of Channel 5, such number of hours in a week as the Commission shall determine in order to secure that the proportion of the programmes broadcast on Channel 5 in a week which is represented by programmes with subtitling is the same as that achieved in relation to Channel 3 services by virtue of paragraph (a)(i); and
 - (ii) for each successive year, such number of hours in a week as the Commission shall determine, being a number greater than that for the previous year.
- (3) The Commission shall make such determinations under subsection (2) as are appropriate to secure that, subject to subsection (4), the relevant minimum number of hours in a week for the purposes of this section represents—
- (a) in the case of Channel 3 services—
 - (i) for the year 1998, 50 per cent. of the average number of hours in a week during which programmes were, during the year 1997, broadcast on Channel 3; and
 - (ii) for the year 1999 and each successive year, the greatest number of hours in a week that appears to the Commission to be reasonably practicable; and
 - (b) in the case of Channel 5—
 - (i) for the year which includes the fifth anniversary of the date of the commencement of the provision of Channel 5, 50 per cent. of the average number of hours in a week during which programmes were, during the year preceding that year, broadcast on Channel 5; and
 - (ii) for the year following that year and each successive year, the greatest number of hours in a week that appears to the Commission to be reasonably practicable.
- (4) In the case of—

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- (a) a Channel 3 service provided as mentioned in section 14(4) or (5), or
 - (b) a Channel 5 service provided as mentioned in section 28(3),
- the relevant minimum number of hours in a week for the purposes of this section shall for any year be such number of hours in a week as the Commission shall determine, being such proportion of the number of hours in a week determined by the Commission for that year under subsection (2)(a) or (b) (as the case may be) as appears to them to be appropriate.
- (5) As soon as the Commission have made any determination under this section (other than under subsection (2)(a)(i) or (b)(i))—
- (a) they shall notify the holder of every licence to which the determination relates of the determination; and
 - (b) every such licence shall have effect as if for the number for the time being specified in the conditions included in the licence in pursuance of subsection (1)(a)(i) there were substituted the new number determined by the Commission.
- (6) Where any week falls—
- (a) partly within one year to which subsection (2)(a) or (b) applies, and
 - (b) partly within another such year,
- that week shall be treated for the purposes of this section as falling wholly within the earlier of those years.
- (7) The holder of a Channel 3 or Channel 5 licence shall not impose charges for providing subtitling in respect of any programme broadcast in his licensed service.
- (8) In this section—
- “on Channel 3” means in Channel 3 services taken as a whole;
 - “on Channel 5” means in the television broadcasting service referred to in section 28(1), taken as a whole;
 - “subtitling” means subtitling for the deaf, whether provided by means of a teletext service or otherwise.

36 Party political broadcasts

- (1) Subject to subsection (2), any regional Channel 3 licence or licence to provide Channel 4 or 5 shall include—
- (a) conditions requiring the licence holder to include party political broadcasts in the licensed service; and
 - (b) conditions requiring the licence holder to observe such rules with respect to party political broadcasts as the Commission may determine.
- (2) Where any determination under section 28(3) is in force, a licence to provide Channel 5 may (but need not) include any such conditions as are mentioned in subsection (1) (a) and (b).
- (3) Without prejudice to the generality of paragraph (b) of subsection (1), the Commission may determine for the purposes of that subsection—
- (a) the political parties on whose behalf party political broadcasts may be made; and
 - (b) in relation to any political party on whose behalf such broadcasts may be made, the length and frequency of such broadcasts.

- (4) Any rules made by the Commission for the purposes of this section may make different provision for different cases or circumstances.

37 Announcements of programme schedules

- (1) Any Channel 3 licence or licence to provide Channel 4 may include conditions requiring the licence holder to include in the licensed service such announcements concerning relevant programme schedules as the Commission may determine.
- (2) In this section “relevant programme schedules” means—
- (a) in relation to a Channel 3 licence, programme schedules for programmes to be broadcast on Channel 4 and, where any part of the area for which the licensed service is to be provided is in Wales, programme schedules for programmes to be broadcast on S4C; and
 - (b) in relation to the licence to provide Channel 4, programme schedules for programmes to be included in any Channel 3 service.

38 Promotion of equal opportunities in relation to employment by licence holder

- (1) Any Channel 3 licence or licence to provide Channel 4 or Channel 5 shall include conditions requiring the licence holder—
- (a) to make arrangements for promoting, in relation to employment by him, equality of opportunity between men and women and between persons of different racial groups; and
 - (b) to review those arrangements from time to time.
- (2) In subsection (1) “racial group” has the same meaning as in the Race Relations Act 1976.

39 Networking arrangements between holders of regional Channel 3 licences

- (1) This section has effect with respect to the making of arrangements which—
- (a) apply to all the holders of regional Channel 3 licences, and
 - (b) provide for programmes made, commissioned or acquired by or on behalf of one or more of the holders of such licences to be available for broadcasting in all regional Channel 3 services,
- being arrangements made for the purpose of enabling regional Channel 3 services (taken as a whole) to be a nationwide system of such services which is able to compete effectively with other television programme services provided in the United Kingdom; and any such arrangements are referred to in this section as “networking arrangements”.
- (2) Any application for a regional Channel 3 licence shall, in addition to being accompanied by any such proposals as are mentioned in section 15(3)(b) to (e), be accompanied by the applicant’s proposals for participating in networking arrangements made under this section; and—
- (a) where a person has duly made such an application, the Commission—
 - (i) shall, as soon as reasonably practicable after the closing date for applications for the licence, send details of his proposals for participating in such arrangements to the Director General of Fair Trading, and

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- (ii) (without prejudice to the operation of section 16(1)) shall not proceed to consider whether to award him the licence as mentioned in that provision unless it appears to the Commission that any such proposals are satisfactory; and
 - (b) section 33 shall apply to any such proposals as it applies to the proposals submitted by the applicant under section 15(3)(c) to (e).
- (3) The Commission may publish, in such manner as they consider appropriate, general guidance to applicants for a regional Channel 3 licence as to the kinds of proposals which they would consider satisfactory for the purposes of subsection (2)(a); but before doing so the Commission—
 - (a) shall consult the Director General of Fair Trading, and
 - (b) if he requests them to make any change in the guidance, shall incorporate the change in the guidance.
- (4) Each regional Channel 3 licence shall include conditions requiring the licence holder to do all that he can to secure—
 - (a) (in the case of a licence granted before the relevant date) that, by that date, networking arrangements have been made which—
 - (i) have been entered into by all the holders of regional Channel 3 licences, and
 - (ii) have been approved by the Commission; and
 - (b) (in any case) that, so long as he provides his licensed service, there are in force networking arrangements which have been so entered into and approved (unless there are for the time being in force any arrangements made by the Commission under subsection (5)).
- (5) If—
 - (a) no such arrangements as are mentioned in subsection (4)(a) are made by the relevant date, or
 - (b) any such arrangements are so made but cease to be in force at any time before 1st January 1995,the Commission may themselves draw up such networking arrangements as they consider appropriate; and, if they do so—
 - (i) they shall notify all the holders of regional Channel 3 licences of those arrangements, and
 - (ii) those arrangements shall (subject to subsection (6)) come into force on a date determined by the Commission;and each regional Channel 3 licence shall include conditions requiring the licence holder to give effect to any arrangements made by the Commission under this subsection as for the time being in force.
- (6) No arrangements made by the Commission under subsection (5) shall come into force at any time after 31st December 1994.
- (7) Where—
 - (a) any such arrangements have come into force in accordance with subsection (6), but
 - (b) any networking arrangements are subsequently—
 - (i) entered into by all the holders of regional Channel 3 licences, and
 - (ii) approved by the Commission,

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the arrangements referred to in paragraph (a) shall cease to have effect on the coming into force of the arrangements referred to in paragraph (b).

- (8) Where any arrangements have been approved by the Commission under subsection (4) or (7)(b), no modification of those arrangements shall be made by the holders of regional Channel 3 licences unless it too has been so approved.
- (9) Where any arrangements have been made by the Commission under subsection (5), they may (whether before or after the date specified in subsection (6)) make such modification of those arrangements as they consider appropriate; and, if they do so—
- (a) they shall notify all the holders of regional Channel 3 licences of the modification, and
 - (b) the modification shall come into force on a date determined by the Commission.
- (10) Without prejudice to the generality of their power to refuse to approve any arrangements or modification under subsection (4), (7)(b) or (8), the Commission shall refuse to do so if they are not satisfied that the arrangements in question, or (as the case may be) those arrangements as proposed to be modified, would be appropriate for the purpose mentioned in subsection (1).
- (11) Where the Commission have—
- (a) approved any arrangements or modification under subsection (4), (7)(b) or (8), or
 - (b) given with respect to any arrangements or modification the notification required by subsection (5)(i) or (9)(a),
- they shall, as soon as reasonably practicable after giving their approval or (as the case may be) that notification—
- (i) publish details of the arrangements or modification in such manner as they consider appropriate, and
 - (ii) comply with the appropriate requirement specified in subsection (12) (a) or (b).
- (12) The appropriate requirement referred to in paragraph (ii) of subsection (11) is—
- (a) in the case of any such arrangements as are referred to in paragraph (a) or (b) of that subsection, to refer those arrangements to the Director General of Fair Trading, and
 - (b) in the case of any such modification as is so referred to, to inform him of that modification;
- and Schedule 4 to this Act shall have effect with respect to any reference made under paragraph (a) above and matters arising out of any such reference, including the subsequent modification of the arrangements to which it relates.
- (13) In this section “the relevant date” means the date which the Commission determine to be that by which any such arrangements as are mentioned in subsection (4) would need to have been made by the holders of regional Channel 3 licences in order for the arrangements to be fully in operation at the time when those persons begin to provide their licensed services.

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Enforcement of licences

40 Power to direct licensee to broadcast correction or apology or not to repeat programme

- (1) If the Commission are satisfied—
 - (a) that the holder of a Channel 3 or Channel 5 licence has failed to comply with any condition of the licence, and
 - (b) that that failure can be appropriately remedied by the inclusion in the licensed service of a correction or apology (or both) under this subsection,they may (subject to subsection (2)) direct the licence holder to include in the licensed service a correction or apology (or both) in such form, and at such time or times, as they may determine.
- (2) The Commission shall not give any person a direction under subsection (1) unless they have given him a reasonable opportunity of making representations to them about the matters complained of.
- (3) Where the holder of a licence includes a correction or apology in the licensed service in pursuance of a direction under subsection (1), he may announce that he is doing so in pursuance of such a direction.
- (4) If the Commission are satisfied that the inclusion by the holder of a Channel 3 or Channel 5 licence of any programme in the licensed service involved a failure by him to comply with any condition of the licence, they may direct him not to include that programme in that service on any future occasion.
- (5) This section shall apply in relation to Channel 4 as if any reference to a Channel 3 licence were a reference to the licence to provide Channel 4.

41 Power to impose financial penalty or shorten licence period

- (1) If the Commission are satisfied that the holder of a Channel 3 or Channel 5 licence has failed to comply with any condition of the licence or with any direction given by the Commission under or by virtue of any provision of this Part, they may (subject to the following provisions of this section) serve on him—
 - (a) a notice requiring him to pay, within a specified period, a specified financial penalty to the Commission; or
 - (b) a notice reducing the period for which the licence is to be in force by a specified period not exceeding two years.
- (2) The amount of any financial penalty imposed on any person in pursuance of subsection (1)(a)—
 - (a) shall, if such a penalty has not previously been so imposed on that person during any period for which his licence has been in force (“the relevant period”), not exceed 3 per cent. of the qualifying revenue for his last complete accounting period (as determined in accordance with section 19(2) to (6)); and
 - (b) shall, in any other case, not exceed 5 per cent. of the qualifying revenue for that accounting period (as so determined);and in relation to a person whose first complete accounting period falling within the relevant period has not yet ended, paragraphs (a) and (b) above shall be construed as referring to 3, or (as the case may be) 5, per cent. of the amount which the Commission estimate to be the qualifying revenue for that accounting period (as so determined).

- (3) The Commission shall not serve on any person such a notice as is mentioned in subsection (1)(a) or (b) unless they have given him a reasonable opportunity of making representations to them about the matters complained of.
- (4) Where a licence is due to expire on a particular date by virtue of a notice served on any person under subsection (1)(b), the Commission may, on the application of that person, revoke that notice by a further notice served on him at any time before that date, if they are satisfied that, since the date of the earlier notice, his conduct in relation to the operation of the licensed service has been such as to justify the revocation of that notice.
- (5) It is hereby declared that any exercise by the Commission of their powers under subsection (1) of this section in respect of any failure to comply with any condition of a licence shall not preclude any exercise by them of their powers under section 40 in respect of that failure.
- (6) This section shall apply in relation to Channel 4 as if—
 - (a) any reference to a Channel 3 licence were a reference to the licence to provide Channel 4; and
 - (b) subsection (1)(b) were omitted.

42 Power to revoke Channel 3 or 5 licence

- (1) If the Commission are satisfied—
 - (a) that the holder of a Channel 3 or Channel 5 licence is failing to comply with any condition of the licence or with any direction given by them under or by virtue of any provision of this Part, and
 - (b) that that failure is such that, if not remedied, it would justify the revocation of the licence,they shall (subject to subsection (8)) serve on the holder of the licence a notice under subsection (2).
- (2) A notice under this subsection is a notice—
 - (a) stating that the Commission are satisfied as mentioned in subsection (1);
 - (b) specifying the respects in which, in their opinion, the licence holder is failing to comply with any such condition or direction as is there mentioned; and
 - (c) stating that, unless the licence holder takes, within such period as is specified in the notice, such steps to remedy the failure as are so specified, the Commission will revoke his licence under subsection (3).
- (3) If at the end of the period specified in a notice under subsection (2) the Commission are satisfied—
 - (a) that the person on whom the notice was served has failed to take the steps specified in it, and
 - (b) that it is necessary in the public interest to revoke his licence,they shall (subject to subsection (8)) serve on that person a notice revoking his licence.
- (4) If the Commission are satisfied in the case of any Channel 3 or Channel 5 licence—
 - (a) that the holder of the licence has ceased to provide the licensed service before the end of the period for which the licence is to continue in force, and
 - (b) that it is appropriate for them to do so,

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they shall (subject to subsection (8)) serve on him a notice revoking his licence.

(5) If the Commission are satisfied—

- (a) that the holder of a Channel 3 or Channel 5 licence provided them, in connection with his application for the licence, with information which was false in a material particular, or
- (b) that, in connection with his application for the licence, the holder of such a licence withheld any material information with the intention of causing them to be misled,

they may (subject to subsection (8)) serve on him a notice revoking his licence.

(6) Subject to subsection (7), any notice served under subsection (3), (4) or (5) shall take effect as from the time when it is served on the licence holder.

(7) If it appears to the Commission to be appropriate to do so for the purpose of preserving continuity in the provision of the service in question, they may provide in any such notice for it to take effect as from a date specified in it.

(8) The Commission shall not serve any notice on a person under this section unless they have given him a reasonable opportunity of making representations to them about the matters complained of.