



Department for
Digital, Culture
Media & Sport

Commercial radio deregulation consultation: Responses received

List of responses

This document contains 44 of the 67 responses received to the consultation. Of the responses which have not been published, this is due to the respondents not giving their consent to their representations being published and therefore these have not been included. Some of the respondents who agreed to have their responses published also requested to remain anonymous and therefore their names have been redacted. Personal details such as email addresses and postal addresses have also been redacted.

A full list of the respondents can be found in Annex A of the government response document, excluding those who requested anonymity.

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Submission from
8Radio Vision Limited
38A, Camden Row,
Dublin 8, Ireland
May 2017

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8
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Introduction:

8Radio Vision Ltd operates the Online Radio Station 8Radio.com which has been broadcasting since 2013. It is managed by Simon Maher who previously was Manager and Director of Phantom 105.2FM, the Alternative Music station for Dublin City and County which broadcast from 2006 – 2016. The 8Radio.com format is broader than that of Phantom, in that it is a mixture of Alternative Music and forgotten musical gems across a number of genres.

8Radio.com has held 3 Temporary Radio Licences (RSLs) which have enabled it to broadcast on FM for 30 days each year. The station has used these broadcasts to test its format in the cities of Dublin, Cork, Limerick and Galway to a combined population of approximately 2.5million. Online, the station is listened to approximately 50,000 hours a month by approximately 7,000 listeners, mainly based in the UK and Ireland.

As part of the stations development, 8Radio.com has been looking at ways to extend its broadcast reach terrestrially and has made submissions to the Broadcasting Authority in Ireland in this regard. The station promoters feel there is a market for small scale broadcasters such as 8Radio.com on both analogue and digital platforms.

The development of Digital Radio in Ireland has been very slow, with neither the regulator nor the large commercial radio groups anxious to progress its implementation. The national broadcaster RTE has its own MUX which covers several significant population centres but has not been rolled out to the extent of the FM network. Other MUXes have operated on Trial and Test licences from ComReg (our OFCOM) and one currently operates in Dublin and Cork but is due to cease shortly. As a result, sales of and listenership to, DAB remains small in the Republic of Ireland. Radio listenership generally is falling in Ireland and we would feel that a liberalisation is required to stimulate listenership.

As a result of the slow progress on implementing DAB in Ireland, 8Radio.com has been exploring other output options and this consultation is of particular interest to us.

8Radio.com broadcasts on a semi-commercial basis with no full time staff and generates the revenue needed to fund its operations through advertising and sponsorship, all of which is in compliance with the various Codes and Practices for Advertising.

Submission:

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

In answer to the question asked in the consultation, we believe that broadcasters from outside of the UK should be able to apply for and be granted DAB content licences subject to an acceptance of the rules as set out. We think that the addition of services such as that provided by 8Radio.com and others would add positively to the DAB proposition in the UK. The very welcome development of DAB Minimuxes provides an excellent opportunity for this content to be made available to a broad audience.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

The nature of a specialist music service like that of 8Radio.com means that it is not well suited to the provision of a News service generally, much less a News Service tailored to local areas where it might be broadcast. The station does feature music news of interest to those interested in our particular musical niche but we feel that local News content would best be provided by local operators on the MUX.

If there are queries on any of the above or further clarification is required then please do not hesitate to contact us. We feel that this consultation is a progressive one and look forward to seeing its conclusions.

Kind regards,

Simon Maher

Managing Director

8Radio.com

Further Notes:

About 8Radio.com

The 8Radio philosophy is simple – we play the music we like. Everything from 80s synth pop to brand new Irish and international gems to 70s post-punk. If the song is good, we will play it on 8Radio.com.

8Radio.com is operated by 8Radio Vision Ltd, registered in Dublin in 2012. It is managed by Simon Maher who was previously a founder presenter and General Manager of Phantom 105.2 from its early days as a pirate station through to its days as a fully licenced operation.

Following his departure from Phantom in 2011, Simon began working on putting together a group of like-minded individuals with a love of music and radio. “I had been asking people what they listen and so many people tell me they have deserted traditional radio altogether which is a great shame. People still love music though so they have replaced their terrestrial radio listening with online radio/spotify/deezer and their own playlists which are by their nature a bit less structured than traditional radio. So, when we started putting the music for 8Radio together, we have gone for a much more random selection of high quality tunes. Think Tom Waits followed by Lucius followed by The Blades at lunchtime!”

In 2013 the 8Radio.com group was formed and a formal structure for 8Radio.com was born. Apart from its online presence, which is 8Radio.com’s main broadcast platform, 8Radio has applied for, and been granted, temporary FM licences to broadcast to the cities of Dublin, Galway, Cork and Limerick at weekends.

8Radio.com has targeted 8000 app downloads as well as 10000 Facebook likes and 7000 Twitter followers by the end of 2017.

The operating company for 8Radio.com, 8Radio Vision Ltd has made submissions to the Broadcasting Authority of Ireland setting out it's views on the future of Alternative Music Radio in a changing radio environment and looks forward to the publication of the BAI's plans after the completion of their Strategic Review. 8Radio.com believes strongly that there is a market for an Alternative Music service in Ireland operating on a business model which matches it's niche appeal while providing a high-quality valuable outlet for music that would not normally be available on daytime terrestrial radio in this country.

www.8Radio.com

facebook.com/8RadioIreland

twitter.com/8RadioIreland

instagram.com/8RadioIreland

FAO Commercial Radio Deregulation Consultation

4 May 2017 at 14:57

Good afternoon Media Team -

I'm the Managing Director of 103 The Eye, the community radio station broadcasting to the Vale of Belvoir and Melton Mowbray in North-East Leicestershire / South Nottinghamshire and I'm responding to Q13-14 about the length of analogue licences between renewals and Q20 as to whether the same rules should apply to community radio as to commercial radio.

Q13-14

103 The Eye started broadcasting on 1 November 2005 as the first community station to go on the air when they were licensed by OFCOM and we are now on our third five-year licence. We are always the first station having to renew when each five year term is due to expire and by doing so we pave the way for other stations to renew as well.

There is always great uncertainty about whether the legislative process allowing renewal for an additional five years will be in place in time for us to be able to apply for a licence extension before the old one expires. This uncertainty impacts adversely on our ability to take up new projects and to make funding applications if the timescale extends beyond the life of the present licence.

Applying for each extension involves a lot of administrative work which diverts us from the core duties of running the station and moving it forward. Five years is a relatively short time and we believe that changing to a fixed period of eight years would be hugely beneficial to community radio stations - as well as reducing the workload for OFCOM.

An open-ended licence subject to a digital switchover date would create more uncertainty as this could be varied to our disadvantage and be even shorter than the current five years.

Granting an extension of an FM licence linked with a commitment to go onto DAB could also put pressure onto many community radio stations. We are very open to the idea of going onto DAB in addition to FM, but this depends on availability of a local mini-mux and the costs involved.

Q20

For the reasons given above, we don't think that the same rules should apply to community radio as to large or medium scale commercial radio.

Please could you confirm receipt of this email.

Kind regards,

Christine Slomkowska
Managing Director
The Eye FM Limited, broadcasting as 103 The Eye
Community radio for the Vale of Belvoir and Melton Mowbray


www.103theeye.co.uk

3. The Advisory Committee for Northern Ireland

C/O Ofcom NI
2nd Floor, Landmark House
5 Cromac Quay
Belfast
BT7 2JD

To whom it may concern

The Advisory Committee for Northern Ireland (ACNI) welcomes the opportunity to respond to the DCMS consultation on Commercial Radio Deregulation.

The ACNI is independent of and gives advice to Ofcom on aspects of its business that have the potential to impact on citizens and consumers in Northern Ireland.

Please find below the Committee's comments re this consultation.

Regards



Maureen Edmondson
ACNI Chair

The Advisory Committee for Northern Ireland:

- is generally supportive of allowing radio stations more freedom to choose what music they play. We assume that the market will dictate what it wants and that wise providers will respond accordingly.
- is reassured by the proposal to retain and strengthen the existing requirements around the provision of local news and that different arrangements would be in place to protect diversity and production within each nation. ACNI recognize that 'localness' is especially important to listeners in Northern Ireland as identified in Ofcom research. Currently providers respond effectively to this market demand but ACNI would not like to see that provision weakened by any UK policy changes.
- supports in principle DCMS' proposal to relax rules around out of jurisdiction radio services to be broadcast within the UK (specifically RTÉ). The Committee:
 - welcomed and noted that the carriage of RTÉ service on DAB would mean that these services would be preserved in Northern Ireland in the event of an RTÉ Long Wave switch off.
 - sees merit in having these services available to the Irish diaspora in Britain too.

- suggests radio services from other EU countries should be given the same access (parallel to TV services) provided there were equivalent regulatory measures in place.

ends

4. Anonymous

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

Whilst online and DAB only radio services continue to increase, the quality and quantity of these services is few and far between. Arqiva, who in my opinion, have hindered to a degree DAB development through excessive carriage costs, do not help in this so-called "increase in choice" as some of these smaller stations struggle to survive. Analogue AM and, particularly, FM services still provide the benchmark for what radio services are available in quality form in the majority of local licence areas in the UK.

FM radio listening in particular still provides the majority share of audience with, to a lesser extent, the DAB simulcast equivalent. Whilst there will become a point where this discussion is valid, I do not believe we have yet reached that and right now, and the foreseeable 5 yrs, I believe local commercial stations should continue to provide a range of programming and local targeted output (breakfast & drive for example) within Ofcom's current statutory role.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

Britain and Ireland have always had a close relationship and I believe there should be no issue allowing their state broadcaster, RTE, or other operators from Eire or other EU member states permission to obtain a D-SPS broadcast licence in the UK. Considering RTE have a licence to broadcast all their services via Digital Satellite and appear on both the Freesat and Sky EPG's then this abnormality of them being excluded from terrestrial broadcast media seems odd in today's day and age.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

Yes, national broadcasters should continue to provide the services and formats they are licensed for as, Classic FM in particular, provides a format no other analogue local station would dare to venture close to, yet on a national level provides a good level of revenue for Global, in it's current format, holder of the Classic FM licence.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for

listeners.

Sadly, and an area close to my heart, music in local and regional commercial radio has been on a downward trend for a number of years. Radio 1 is the only station which breaks new new music from credible artists which younger listeners want to hear and keeps some of them engaged in broadcast radio. When Global acquired Galaxy, it was, compared to Capital, in most parts of Northern England, a Dance formatted station. Global have, over successive years eroded it's format and by chipping away at Ofcom, managed to turn Capital in to another 'pop' music station which offers little difference between the comparative FM local heritage station in most parts of the UK where they broadcast.

Whilst I'm not going to sit here and suggest local analogue radio stations should all play music "off the beaten track" of little mainstream interest to listeners (which would ultimately result in reduced RAJAR and less commercial income), there is middle ground in terms of quotas of specialist output. Do you really think, given the history of "dumbing down" formats that totally removing the need to adhere to any sort of format is going to widen the range and scope of music available to listeners? Again, and similar to Question 1, looking forward to the future then I agree there will be an argument to remove these given that current and future DAB-only stations have no such commitment but whilst analogue FM listening is still the dominant format then these stations have a duty to retain a format and thus a variety between differing stations available in areas to listeners.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

Yes, commercial radio news, traffic and travel plus weather is very important and a source of public service for the public who listen to local commercial radio. If this information was left to the market to decide it would ultimately be reduced to the minimum acceptable levels or at worse, down to a basic IRN hourly news bulletin.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

For the UK's largest Radio Groups, Bauer and Global, there would sadly be job losses associated with this move as local presentation would be removed in favour of national output derived from a central location (London or Manchester) on a 24/7 basis. Whilst larger groups are making money I don't see the logic in doing this as does, in effect, reduce the unique selling point of what is local radio. We have a broad range of national commercial services on two Digital Multiplexes (a handful of

which are run as voice tracked/automated “jukebox” services), local radio being reduced to a quasi-national networked service, using Heart as an example, would limit in a lot of areas only the BBC as the sole provider of local radio. Again, when a switchover date is announced, and may not be for up to 10yrs from now, then in what would purely be a digital age where various services could co-accommodate capacity on a local multiplex, this should be re-addressed given the marketplace landscape at that time but currently feel it is too early to allow this level of freedom for groups owning swaths of these local analogue (and associated DSPS licenses on local Multiplexes).

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

The Nations are diverse from both a language and culture perspective from that of England and I believe there should be a commitment for, example, in Wales to have a proportion of output for, say, an hour a day in Welsh. This is currently the case in some local licenses in Wales and is a vital connection to the communities they serve.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

I feel the Multiplex Operator should be responsible for ensuring that a proportion of services within a Multiplex (excluding the BBC local service) are responsible for carrying local news provision. In return and under a tiered level of charges, this operator should be guaranteed a minimum bandwidth of 128kbps per service at a set cost CU rate (with RPI inflation) annually.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

A per-minute quota should be employed such that each station should provide, say, three minutes of local news between the hours of 06.00 to 19.00 weekdays and 06.00 and 13.00 on weekends.

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

I see no issue for news and other production to be produced locally in the MCA of a

station if that is still providing local news, weather, travel and other information for the particular station in question. If however local programming is still required following the outcome of this consultation and resulting legislative changes then it should be left to the individual station as to where they want to produce and present this from, be it in the MCA or further afield.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

In the Nations, I feel it should be so that local output is still produced and presented from within that “Nation”, be it Scotland, Wales or Northern Ireland as otherwise this will reduce the cultural flavour of the station’s output within that particular Nation.

Q12. We would welcome views on changes needed to Ofcom’s powers to Licence new commercial radio services as part of the proposed changes to Streamline and simplify the radio licensing regime.

I believe Ofcom should continue to licence new Analogue licences based not just on a narrower format of news and weather provision but also based on format commitment. This is in some way a rather vague question as the number of new commercial licenses to be awarded will likely be next to nil – the only exceptions being where analogue licenses are handed back by groups and Ofcom decide to re-advertise, as in the case of Glasgow Paisley recently. This makes it fair for everyone applying for such licenses.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

Yes, I broadly agree with this but depends on how long away the switchover period actually is. We could still have FM commercial services simulcasting up to 10yrs from this point onwards. There is argument that if AM is turned off before FM then Talksport and Absolute would be subject to “switchover” sooner than, say Classic FM.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

Again, this all depends up on how long the switchover period may take. I believe local analogue licenses should last for a period of time and be re-advertised as some of these licenses could feasibly last for quite a long period if FM and AM is still around for quite a while to come.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Considering we don't yet know the longevity of FM/AM then at present then I don't think smaller non-DAB stations should automatically benefit from auto-renewals. This was done to promote DAB take-up by Ofcom and led by the larger heritage stations and that purpose has now been achieved. As switchover gets closer, be it as and when, then I feel there is a place for auto-renewals to take place on current analogue licensees.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

A valid point is made that some DAB multiplexes cover a much larger area than the corresponding analogue MCA which the incumbent analogue licensee then ends up spending a huge amount of money on carriage-wise, only for their station to actually be interested, in marketing terms, to cover 15% of geographical parts of the Multiplex MCA. North Yorkshire is an example of this and the three commercial stations broadcasting on it. I feel this should be relaxed to some degree for smaller analogue stations but, and taking this in hand with Q15 above, needs to be decided closer to when analogue switchover is decided.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

Firstly, the examples given in the table are very unfair and biased towards DAB. Radio X covers circa 13m people in London and Manchester, on the Digital One Multiplex there's well over 50m population coverage so that is going to look better from a Digital rather than Analogue perspective. The only stations on there with true Analogue versus Digital listening and identical coverage are Talksport and Absolute. Digital Radio UK, and particularly Ford Ennells himself, is very good at "pulling the wool over people's eyes" when it comes to trying to showcase the glory of Digital Radio versus it's analogue counterpart. Why were BBC Radio 1-5 not used as examples alongside Absolute and Talksport above? The main reason is that the figures wouldn't have looked anywhere near as "glorified".

As *real* listening to analogue/digital benchmarked coverage stations goes in favour of DAB then, as is clearly the case for Absolute being music based and relegated to

AM, then I agree they should, in Absolute's case, be allowed to reduce the powers of main stations to reduce electricity costs which for AM broadcasting are not cheap. As for switching off analogue transmissions completely for one or more services then this should be done when their analogue licenses are surrendered for DAB only as and when that is decided.

Community Radio currently suffers from poor coverage in places so any changes to allow these stations to increase transmitter powers and utilise freed up spectrum (especially the 2.2MHz of BBC National spectrum per service if BBC Radio's 1-4 leave FM) is very much welcome from the sector which feels very much penalised compared to that of the Commercial sector.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

Ofcom require Multiplex operators to send a Digital Variation Request in for these line-up changes at present and the Mux Operator I do work with, to the best of my knowledge, has never had one refused. Each Service Provider has or needs a DSPS licence so there's no reason why, when that licence is issued, they should be free to go on any Multiplex they wish if the Multiplex Operator is happy to carry them.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

I don't feel this currently needs addressing.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

The decision on Community Radio's future in a post Digital-switchover world is yet to be decided. Whilst Small Scale DAB is seen as a way forward, legislation needs to be sought in this area and it's not yet known if enough spectrum in real terms exists to accommodate every single analogue FM Community Radio service on to its own DAB Multiplex. Ofcom released a coverage composite model in their report to Government about the SS DAB trial progress showing they could fit every service in to a new assignment of spectrum to be freed up but it isn't yet known if in reality this would be practical to achieve.

I see no issue why small analogue commercial and some community services cannot continue on FM post-switchover unless Ofcom and the Government have an

immediate need to sell off the 20+MHz of Band II which is established as an international FM broadcast band by the ITU and CCIR.

Radio Consultation feedback

8 March 2017 at 17:05

Disclaimer: I wish to be anonymous if this is mentioned for confidentiality reasons.

Dear Department for Culture Media and Sport

I believe that commercial radio should not be allowed to be deregulated 100% - what it needs is this:

- Stations must be local 6am-7pm Monday to Friday, 6am-6pm Saturday, 6am-4pm Sundays (with exemptions allowed for certain formats, like dance music stations such as Capital) and networking should not be done for large cities (see next point).
- Cities that are large (Leeds, Sheffield, Manchester, Liverpool, Birmingham, Edinburgh, Luton as examples) should not be allowed to network shows from London or Manchester unless the format is classified as specialist. There would be exemptions though - a station like Capital FM Birmingham should be allowed more leniency for networking due to its minimalist format of less chat, more music, but a station like 96.4 Free Radio should not be allowed to take any networking at all (Top 40/Hot AC) - especially as the station has a particular image as a "local, full-service station".
- Breakfast and drivetime should never be networked on a national basis - Heart and Capital should not be exempt from this rule, even though Global Radio would want this to happen in the future.
- Rock music based stations should be allowed an exemption from rules on networking although local traffic and travel should be provided (and local breakfast and drive in Scotland and Wales)
- Stations should be forced to promote local values, talking about local events - a 50/50 mix of local content and celebrity news. "More music less talk" should be prohibited, and presenters given a speech quota. Exemptions can be made for stations like Capital FM or easy-listening like Smooth Radio but in general... it should be prohibited without an Ofcom ruling.
- Between December 2001 to December 2005, radio was presented well in the United Kingdom, in the pre-social media era, you had presenters who talked about things listeners could relate to, and networking was not very common.
- In general, listeners to Top 40 stations (Wish FM, Wire FM, Tower FM, Signal 1) do not mind networking as long as it is regional, not national. These stations are networked from Stoke-on-Trent 7pm-6am but since Stoke-on-Trent is close to Wigan, Warrington, Bolton, Bradford it can be allowed.
- Networking should only be allowed if it is on a regional level, and never at breakfast or drivetime. The Wireless Group do this the right way, local shows 6am-7pm, but Global Radio do not, with only local shows 6am-4pm Monday-Friday and 12pm-4pm Sat/Sun, output coming from London rest of the time. National networking in daytime does not work for stations like Radio Aire, Tower FM, Pulse1, Viking FM, Hallam FM, any UKRD station
- Local news should be on the hour, every hour

The following stations should not be allowed any networking except for the Vodafone Top 40 or similar chart show and specialist dance music shows 6pm-1am at weekends (exceptions are denoted with an asterisk symbol, *):

- 95.8 FM London
- 96.3 FM Leeds
- 96.4 FM Birmingham
- 96.7 FM Liverpool
- 96.9 FM Hull
- 97.0/102.3/102.5/103.3 FM Glasgow *
- 97.3 FM Edinburgh *
- 97.1 / 102.6 / 103.2 FM Newcastle-upon-Tyne *
- 97.4/102.3/103.4 FM Sheffield
- 97.6 FM Luton * (station is physically in Milton Keynes)
- 103.0 FM Manchester
- 105.0 FM Southampton
- 105.4 FM Leicestershire (station is physically based in Nottingham)
- 106 FM Nottingham
- 107.6 FM Liverpool

These stations are listed due to size of TSA and cities.

* Exemptions to this would be where a program is produced within close proximity to the TSA, e.g. a station from Glasgow taking Edinburgh-produced content, or a station serving Luton but based in Milton Keynes (97.6 FM) sharing programming with Milton Keynes. However, networking from outside the area, e.g. a nationally-produced London show, or a show made in Manchester could not air under these hypothetical rules (except for a dance music show at the weekend or any show classified as being in this genre).

I use the years 2002-2005 as an example, as back then, this was an era where radio presenting was in a quasi-golden age, being defined by personality-driven presenting, and emphasis on contacting the presenter via the radio station website, with more emphasis on regionality and local content, and there was nowhere near the proliferation of national brands there is today. On social media there has been discussion over whether to bring back this era.

There is a time and a place for national brands - Capital, KISS but for Heart it does work, only less so with having two shows locally, 6am-10am and 4pm-7pm Mon-Fri, and one show local at weekends 1pm-5pm Saturday, 12pm-4pm Sunday. Heart does not really work as a national brand, more as a regional station with hot adult contemporary music.

In Canada, listeners enjoy and appreciate locally-driven, locally-produced radio, and obviously the online popularity of their radio stations will not count in our RAJAR figures.

To summarise:

- If a TSA is largely rural (North Somerset, Bath & NE Somerset, Cambridgeshire, Hampshire, Kent, Gloucestershire) then networking 7pm-6am weekdays, 6pm-6am Saturday, 1am, 4pm-6am Sunday should be allowed.
- Urban TSAs - Manchester, Leeds, Luton, Sheffield, Glasgow, Edinburgh, Newcastle-upon-Tyne, Liverpool, Cardiff, London, Birmingham should not be allowed to take networked programming unless it is the chart show Sunday 4pm-7pm or a specialist dance music show (Saturday nights 6pm-1am, Sunday nights 7pm-1am as examples)
- Listeners value locality and references to things they can relate to. A 50/50 mix of local content and showbiz should count as speech content, and speedlinks should be prohibited under any format.
- Stations cannot flip format without a public consultation.
- Stations that play rock music should be allowed to broadcast nationally, provided local breakfast and drivetime are available in Wales and Scotland, and that there is sufficient speech content in between.
- Stations can share premises / co-locate (Wish FM/Wire FM/Tower FM) but only regionally-produced content can be networked.
- Groups like Global Radio and Bauer Media should be informed that national networking can not be allowed via local licenses and can be done only via DAB or Internet radio.
- Licenses like the ones listed above should be treated as regional licenses.
- Mid-mornings cannot be nationally networked, only regionally networked and production must be from within the TSA. Only on a station with a specialist format or a rock music station should national networking of mid-morning be allowed.
- Overnight shows should be regional unless there is a compelling reason for national networking.
- Where one station has been merged (Capital FM East Midlands, 96.4/102.8/105.4) it should be split into a co-located station with different presenters per region and stronger emphasis on regional content.
- There is a strong preference for radio as it was in 2002-2005, where emphasis was on listener interactivity, regional content and networking was only done when it was a specialist show.
- Radio needs to be regulated, not de-regulated, the same as how we do not de-regulate the food or water industry.

I would appreciate it if you took the time to consider these suggestions.

Yours faithfully



Commercial Radio Deregulation consultation

7 May 2017 at 15:55

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

No - the market doesn't provide breadth of content as some listeners and thus formats are more valuable than others so commercial radio attempts to drift towards the similar rather than the diverse.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

Overseas broadcasters should be allowed subject to them meeting UK regulations regarding content, impartiality etc.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

Yes - all three have scarce resource. They could surrender the licences if they wish.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

If anything format regulation should be increased to avoid all stations targeting the same limited demographic advertisers prefer.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

There would be no local news, both commercial radio and TV are bad enough in this respect already.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

Very negative. The poor state of local radio is partially because regulation has decreased.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

Localness is needed for all local services, not just the nations.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

A requirement for local news should be turnover based (perhaps for the holding company as a whole). Mux operators could be responsible that services have news when they trigger the requirement.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

A requirement for multiple local news services to encourage newspapers to be one source.

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party

No relaxation. The current large company networking has gone too far.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

Once again, no relaxation.

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

Format requirements should not be relaxed. If they were a 5 year initial period of a diverse format should be enforced for licence renewals.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

No, same fixed period so that when switchover is delayed/stopped there are not lifetime licences.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

A fixed period.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for 34 the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

There should no be no automatic renewals for DAB carriage. DAB is now a viable platform and if stations wish to be on DAB it should be on its own merits.

The DAB network build is now sufficiently complete for other incentives to have DAB services to not be needed.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

No licence requirements to simulcast are needed. Each platform stands or falls on its merits.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

Agree with the approach.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition

The powers should be kept but generally rarely used. An increase in DAB Plus services should increase the breadth of services in the longer term as the same infrastructure will support a wider choice of services.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation

Clearly they would be were there to be any changes. In general the assessment to preserve breadth of services should be kept. Coverage promises should be a factor in the award.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

The renewal process should remain as is. Having said that, viable stations should have licence renewalls assuming there isn't a pressing reason not to.

A response in a personal capacity. This should not be published without my agreements.

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FAO Commercial Radio Deregulation Consultation
Media Team
Department for Culture, Media & Sport
100 Parliament Street
London SW1A 2BQ

27 April 2017

COMMERCIAL RADIO APPG RESPONSE TO DCMS CONSULTATION ON COMMERCIAL RADIO DEREGULATION

This submission is made on behalf of the All-Party Parliamentary Group (APPG) for Commercial Radio. The group works closely with Radiocentre, the industry body for commercial radio, which also provides us with secretariat support. We have seen Radiocentre's detailed response on behalf of the sector which we endorse.

During the consultation process the APPG held a meeting (on 25th April) in order to provide members of the group and parliamentarians with an opportunity to discuss the proposals as well as raise any issues directly with Ian O'Neill, Head of Radio at the Department for Culture, Media & Sport (DCMS).

It was clear from this meeting and the discussions we have had that there is widespread support for the changes outlined by the Government, in order to modernise the legislation that governs commercial radio. Technology has developed enormously over the past 30 years and continues to change at a rapid pace. Radio is undoubtedly consumed in more ways than ever and overall choice available to consumers has exploded in recent times.

However legislation and regulation of radio has not kept pace. Therefore we believe it is important that the Government acts quickly to bring forward new legislation to make the sensible changes proposed in the consultation, so that commercial radio can continue to provide value for listeners and the economy.

Commercial radio provides extraordinary public value to listeners across the UK. Stations broadcast an average of 13 hours 15 minutes of public service content each week (news and sport, travel, weather, charity appeals, local events) and provide 25 news and sport bulletins each day on average. In October last year the APPG held a parliamentary launch for Radiocentre's *Action Stations* report which highlights much of the public service roles carried out by stations all year round and how, for example, they attend more than 10,000 local events each year and raise over £25m directly for charity.

Alongside this public value our group is also acutely aware of the economic value provided by the commercial radio sector. Commercial radio contributes £683m in gross value added to the economy and employs around 4,410 people directly. However this economic value should not be taken for granted, with significant economic uncertainty expected in the next few years, as well as pressure on ad revenues from the continued growth of online advertising (in the last 20 years digital advertising has grown from around 1% to a more than 50% share of UK ad revenue).



Looking forward the group is keen to see the Government afford as much support as possible to commercial radio, so that it is able to face the challenges of the coming years. Therefore we echo Radiocentre's support for deregulation in the key areas outlined below.

- **Remove format requirements** – provide radio stations with greater freedom to choose the music they want to play, catering better to what local listeners want.
- **Regulate news and information output** – refocus regulation on news and information output for FM and AM stations; and develop a structure to support this content on DAB in the future.
- **Provide flexibility on where content is made** – allow radio stations to use technology to provide the best locally relevant output and shift the emphasis away from managing where that content is made.
- **Make consequential changes to licensing** – address the technical issues of licensing to support stability for existing stations and the continued growth of digital radio.

DCMS may also wish to consider further measures to help support growth and improved coverage for stations on FM and DAB.

Once the consultation has closed we see no reason why DCMS should not continue to prepare a response for Ministers to sign off at the earliest possible opportunity in the next parliament (following the upcoming General Election).

As part of this response DCMS should ask Ofcom to consider interim measures to provide greater flexibility. We understand that there are a number of areas it should be possible for Ofcom to exercise discretion in advance of legislative changes being made. For example, the guidelines on the precise number of hours of local production required could be amended and the process of format changes could be streamlined.

Government should then bring forward legislative changes at the earliest opportunity (within the next parliamentary session) in order to implement the full range of deregulatory changes, amend the existing licensing arrangements and introduce measures to support the provision of news and information on DAB in future.

After the General Election the APPG hopes to continue working directly with DCMS and Radiocentre on implementing these legislative proposals ultimately for the benefit of listeners around the country.

Yours sincerely,

Andrew Bingham MP

Chairman, All-Party Parliamentary Commercial Radio Group



Arqiva submission to DCMS consultation Commercial Radio Deregulation

Arqiva is pleased to respond to DCMS's consultation on *Commercial Radio Deregulation*. The consultation comes at an opportune time as far-reaching issues for the UK radio sector will shortly emerge on the policy agenda.

As both a provider of infrastructure services and as a DAB multiplex operator, we have a clear interest in the long-term health of terrestrial radio broadcasting in the UK. Accordingly, we are encouraged by the increasing popularity of digital radio platforms in general and of DAB in particular.

This consultation, in our view, very helpfully addresses the desirability and implications of a deregulation of commercial radio. We fully support deregulatory measures in terrestrial radio provision where they demonstrably support the long-term interests and quality of service to the listener.

A number of the proposals in this consultation relate to programme content, an area which lies outside our core business. In that respect, we expect that our customers will provide an informed view to DCMS on the best way of proceeding. However, some proposals *do* affect our role as an infrastructure provider and digital multiplex operator. In particular, those which relate to devolved regulation of local news content (questions 8 and 9). We set out below why we have some specific and significant concerns about those proposals.

Elsewhere and as a matter of sequencing, we have significant concerns that DCMS is making proposals which relate to a future digital radio switchover. While we consider that DCMS is broadly raising the right issues, we would expect any conclusions on these to be made only when longer term strategic decisions have been made on what shape a future switchover would take. As DCMS notes in this consultation, digital radio is expected to reach 50% of all radio listening by as early as the end of 2017. This milestone, as agreed previously by government, will open up further discussions on a potential radio switchover.

A number of proposals in this document, therefore, risk pre-empting those longer-term discussions and, in some cases, we believe that a number of these proposals could likely be in conflict with a future *orderly* digital radio switchover.

Therefore, we consider that there would be significant merit in DCMS collecting the views on these important issues through this consultation but leaving any firm conclusions until after the longer-term review has taken place.

Our general position is that switchover should be listener-led but set within a long term framework determined by government. This means that, first and foremost, digital radio switchover must take place in a structured way where the interests of the listener are

paramount. Any switchover, for example, has to be comprehensible and be acceptable to listeners as they move around the country, either driving between areas, in their homes as opposed to places of work and if they move home. Services need to be contiguous and, if there are strong policy reasons for why some areas or services do not make a transition, this needs to be coherent and reasonable in the demands it places on listeners.

In our responses to questions 13-17, we set out why reaching conclusions now on the proposals as set out could undermine such an orderly and structured switchover process.

Of particular concern to us is the proposal to allow stations to hand back analogue licences with no subsequent re-advertising of the vacated capacity. We set out in detail how this could lead to an impaired platform for listeners, contradict the statutory duties that parliament has determined for spectrum, and undermine wider industry incentives to maintain investment in terrestrial radio.

Equally, any proposal to allow a station to extend its analogue licence without a commitment to simulcast in DAB needs to be informed by a longer term plan for a digital radio switchover. There are risks of the unstructured approach proposed by DCMS on this issue which we set out below. Our view is that this can only be concluded upon after digital listening has passed the 50% mark and the longer term discussion on any future switchover process and date has taken place.

Finally, we would to re-iterate our support for DCMS in opening up a dialogue on the long-term future of the analogue and digital terrestrial radio platforms. Our unique industry position as the leading media infrastructure owner in the UK and digital multiplex operator (in addition to our experience from TV Digital Switch Over) gives us a unique perspective on how to best meet the evolving needs of the listener. We look forward to working in partnership with government, regulator and industry to ensure that the best interests of listeners are met over the coming years.

About Arqiva

Arqiva is a communications infrastructure and media services company, operating at the heart of the broadcast and mobile communications industry. Arqiva provides much of the infrastructure behind television, radio, mobile and other wireless communications in the UK and we are at the forefront of network solutions and services in an increasingly digital world.

Arqiva operates more than 1,450 transmission sites for radio, providing coverage to 90% of the population for terrestrial broadcasting in the UK. We are a shareholder and operator for both commercial national DAB radio multiplexes and service provider for the BBC national DAB radio multiplex. We also work with independent radio groups, such as Bauer Media and Global Radio.

Our wholly owned subsidiaries, Now Digital Ltd and Now Digital (Southern) Ltd, operate 23 DAB digital radio multiplexes. These multiplexes cover a number of regions of the UK, predominantly in the Midlands and the south of England.

Arqiva is a founder member and shareholder of DRUK, Freeview, Youview and Digital UK. Freeview is the largest TV platform in the UK delivering over 60 digital TV channels, including 15 HD channels, and 24 radio stations free to the UK public. Arqiva owns and operates the networks for all of the Freeview multiplex licence holders and is the licence holder for four of the DTT multiplexes,

Our major customers include the BBC, Bauer Media, Global Radio, ITV, Channel 4, Five, BSkyB, UKTV, Sony, AMC, Ideal World, QVC, Russia Today, Al Jazeera Networks, BT and the four UK mobile operators.

Arqiva is owned by a consortium of infrastructure investors and has its headquarters in Hampshire, with major UK offices in London, Buckinghamshire and Yorkshire and operational centres in Greater Manchester, West Midlands and Scotland.

Responses to questions

Question 1: We would welcome views on whether the increase in choice and on-line services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of national and local radio services is no longer needed?

We recognise the broad logic of the proposal as set out by DCMS. However, we are unclear as to whether this means that there will be any continuing parts of Ofcom's statutory role which will safeguard provision of local content. This is particularly the case since the proposal appears to relate to analogue services where such a role currently exists.

We would welcome clarity from DCMS on this issue and further dialogue on the potential implications of this.

Question 2: We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries.

We agree with the proposal to extend Ofcom's flexibility to license overseas radio stations on DAB. In our view this is a welcome deregulatory measure which would likely lead to an expansion of choice for listeners. It could also cater for an increasingly diverse population, many of whom are not originally from the UK nor have connections to an international community.

With that in mind, we can see no case for restricting such a deregulatory measure to the Republic of Ireland only. As long as radio stations are compliant with the terms of their licences, we can see the case for allowing such expansion more widely.

Question 3: Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five year period?

Question 4: We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

Question 5: Does Ofcom need to have a continuing role to ensure sufficient new/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

Question 6: What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

Question 7: We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue to be in the Nations themselves?

For questions 3 to 7 above, we do not offer a view as this relates principally to issues around content where our customers are best placed to give an informed view.

Question 8: We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options – eg guaranteed carriage for stations providing local news content – that might be more effective?

Option A – extending obligations to stations themselves – has the merit of maintaining the responsibility for the provision of content with the content provider itself. However and as DCMS notes, channels may want to make representations on any additional burdens that this additional task might bring to them.

Option B - passing a regulatory obligation on multiplex operators to ensure a level of news services - causes us some significant concerns. Our expertise in this industry is as an infrastructure service provider and a multiplex operator supporting the delivery of digital radio content. Our service is tightly regulated, principally under the auspices of the 2006 Wireless Telegraphy Act and (to a lesser extent) the regulatory undertakings enshrined in the Arqiva/NGW merger of 2008¹.

In contrast, regulation of radio station content sits largely under different and distinct legislative regimes – namely the 2003 Communications Act and the 1990 and 1996 Broadcasting Acts.

The demarcation between regulation of content and regulation of multiplex operators works well. It enables multiplex operators such as Arqiva to focus on delivering content efficiently in a regulatory environment it has become familiar with and that it works with government and regulator to deliver in practice. Radio stations, on the other hand, have clarity on a different set of obligations as they relate to providing high quality output serving the varied needs of listeners while meeting public policy obligations. This allows different organisations

¹ The exception to this is the award of multiplex capacity and associated fees which occurs, on current provisions, once every 12 years and is guided by the Broadcasting Act.

to focus their efforts on delivering the best outcomes for listeners in the area that they specialise in.

Accordingly, we would not support a solution whereby regulatory obligations on content and delivery effectively became blurred. More specifically, we would object to obligations on content effectively passing from Ofcom and stations to multiplex operators such as Arqiva. Such a move would represent a shift in the current regime and would inevitably place an unreasonable burden on us as we were forced to refocus on an area which is not our core business.

It is unclear to us how Option B could not lead to Arqiva having some form of responsibility of monitoring the news output of a station. For example, if a station unilaterally reduced or abandoned its news output such that the multiplex was carrying fewer than the agreed news-providing stations, it is unclear where responsibility for the non-compliance would lie. *Intuitively* and as Option B has been expressed, it would seem to sit with the multiplex operator. We would, in theory, be forced to monitor station content which, again, would be entirely inconsistent with a multiplex operator's core business.

The option of guaranteed carriage for those stations providing local news service appears to pose the same problem. We would be interested to understand whether DCMS had anything specific in mind with that proposal which may make it more workable. However, we are unclear how this approach would resolve the difficulties which we outline in the paragraphs above.

DCMS should also be aware that there would likely be complications in any situation where local multiplexes are operated by content owners themselves. The proposal as it stands to monitor and control content as a multiplex operator could introduce scenarios whereby these multiplex operators may have a conflict of interest between its own stations and other independent stations on its multiplex. DCMS may wish to investigate this possibility further in coming to a view on this proposal.

Question 9: What safeguards, if any, might be needed to protect plurality of local news provision under these options?

We repeat the points made above about the lack of clarity as to what additional responsibilities would be passed to the multiplex operator in an option B scenario or, indeed, a guaranteed carriage option.

These points are, if anything, complicated by the rigorous tests that are applied in the UK to assess the level of media plurality. DCMS will be aware of the media plurality framework

developed by Ofcom in November 2015² focussing on the factors of availability, consumption and impact. We are not aware of any alternative method of determining the effectiveness of media plurality in the UK but it is clear that this is not a straightforward concept.

It should not, therefore, be for a local multiplex operator to apply such a detailed framework in this context. It is, furthermore, difficult to see how option B could function *in practice* with responsibility for this issue implicitly residing at the level of multiplex operator. The same difficulties apply in the case of any guaranteed carriage variant of this as proposed for question 8.

Question 10: We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

Question 11: We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

For questions 10 and 11 above, we do not offer a view as this relates principally to issues around content where our customers are best placed to give an informed view.

Question 12: We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

This appears, to us, to be a circular question as the powers to license new commercial radio services would need to change only insofar as the proposed changes were agreed. We set out our views on those more substantive issues below.

Question 13: Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover has taken place?

We set out in the introduction of this document our concerns that DCMS is making proposals on a future digital radio switchover before having the formal discussions on what shape that switchover should take. Accordingly, our general view is that these issues would

² *Measurement framework for media plurality*, 5 November 2015

best be concluded on *after* the completion of the longer term review on the future of radio after digital listening has exceeded the agreed 50% level.

In this case, while we believe that this might be a helpful approach to maximise certainty for licensees, it would ideally need to be agreed within that longer-term and broader structured programme.

Part of the discussions around the longer term framework for the radio industry would need to take into account analogue services being supported on ageing transmitter equipment. The proposed flexible licencing approach could make it challenging to make continued investment in the transmission infrastructure which the services are based upon. This, in turn, increases the risk of poorer quality broadcast transmission resulting in more outages in service.

Question 14: Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

Again and as set out above, it will be difficult to assess the long-term merits of this option until we have clearer view on the process toward any switchover. This will not be known until *after* the government review of terrestrial radio when digital listening exceeds 50% of total. We would therefore urge DCMS to await the outcome of that piece of work before concluding on this policy proposal.

However, whatever the timing, we would repeat our overriding view that any decision in this respect should ensure the interests of listeners by promoting a structured and coherent approach to any switchover. This, in our view, can only be delivered by a listener-led process within a longer-term government framework.

Question 15: We would welcome views on these proposals on whether the requirements for analogue stations to simulcast on a relevant DAB multiplex for the terms of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Question 16: We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

We answer questions 15 and 16 together and reiterate our view that these decisions can only be fully informed by a view on the longer-term future of the platform, in light of the government review once 50% digital listening has been reached.

That being said, we recognise here the balance that DCMS is trying to strike between the longer –term objective for the radio platform and the particular needs of smaller radio stations. Nonetheless, we are concerned here also that the proposals being put forward may risk undermining an orderly and successful future radio switchover programme.

The reasons for this are that there should ideally be clear and unambiguous signals set out by government and Ofcom about digital radio switchover and that all parts of the value chain should have sufficient market preparation time. It is unclear to us that establishing a new process now of renewing licences on an analogue-only basis would be sending quite the right message as the radio industry starts to have meaningful discussions about how a radio switchover could be put into effect.

Moreover, this proposal and the wider process being adopted by DCMS could lead to further unintended consequences. For example, it could reduce the rate at which stations would otherwise switch to DAB. It would likely, therefore, pre-determine the discussion that needs to take place *after* the 50% level is reached, thereby undermining details of any future switchover plans.

However, we are conscious once more that there may be an array of views on this issue coming from a number of differing perspectives. Indeed, these divergent views are an example of the possible coordination failure we reference elsewhere in this response. It is an example of why the final transition from analogue to digital radio in the UK needs to take place in a framework set out by government and Ofcom.

Question 17: We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated spectrum to non-commercial services eg community radio.

Aside from our general point on the risks caused by the sequencing of DCMS's proposals, we have some very significant concerns about this particular proposal for a number of reasons, in particular:

- We believe that the approach is wrong as a matter of principle and appears to conflict with well-established and successful policy positions in other related government areas;
- It is unclear how it would work in practice; and

- It could risk undermining the commercial agreements, including those of Arqiva, which underpin the long-term stability of the radio platform with resultant risks on an orderly radio switchover.

We also note that there are no parallel proposals to provide increased regulatory certainty for our national Digital One multiplex to ensure that DAB capacity is available as and when existing analogue stations require it. We would argue that this should be one consequence of agreeing such a proposal.

We address each point in more detail below.

The approach is wrong in principle

One of the drivers of success in the TV DSO programme was selling to the public the improvements in the viewer experience from moving to analogue to digital. While the improvements are, to some extent, less pronounced with radio switchover they are nevertheless very real. Enhancements to choice and quality sit at the heart of radio switchover for listeners. Spectrum efficiency gains are secured for the government and regulator for wider benefits of citizens and consumers.

In our view, whatever the final future decision on switchover, an unambiguously positive case for taking the initiative forward would need to sit at the heart of a successful process and one which listeners and industry will support.

In contrast, this proposal appears to rest on an alternative approach whereby moves toward a digital radio switchover can be incentivised by effectively degrading the analogue platform. By allowing analogue licences to be handed back and not subsequently re-advertised, the intention appears to be to reduce the experience of analogue listeners in the hope that they will move more quickly to DAB.

We would strongly caution against this view of a digital radio switchover. A successful transition should be robust, assured and confident and based on listeners and industry being persuaded of the positive case for DAB and other digital platforms. Reducing listener choice as a tool to promote radio switchover risks causing controversy and squandering public goodwill. It is, in our view, an unnecessary step. We would welcome any further discussion of this in the context of the longer-term review of the terrestrial radio platform after the 50% listening threshold has been reached.

Importantly when considering a policy such as this, the Government has not yet actually concluded that digital radio switchover will take place. Until the Government makes such a decision and sets out the process that will be followed there is no justification for removing radio services from listeners.

We also note that this proposal appears to be in conflict with the established principle of promoting optimal use of spectrum, as Parliament has enshrined in Ofcom's statutory duties³. By withholding spectrum capacity where there is a clear and substantiated demand from radio stations, spectrum would deliberately be left fallow when there are potentially valuable alternative uses. It is, we note, also unclear how such a refusal to supply is consistent with Ofcom's primary duty to promote competition and ensure a plurality of TV and radio providers.

We are equally unclear which of Ofcom's duties would be consistent with awarding capacity to community stations ahead of other demand which may exist in the market.

It is unclear how this would work in practice

As we note above, Ofcom has a statutory duty to promote optimal use of spectrum. There are no provisions that we are aware of which could enable it to withhold spectrum capacity which had evidenced alternative demand which was prepared to use it. Equally, we are unaware on what basis Ofcom could give preference to community radio stations ahead of other demands for spectrum.

In the absence of a government Direction, in other words, we are unclear that Ofcom could carry out this policy in its current form.

Such a significant move could only take place, in our view, in light of a wider and structured approach to radio switchover set within a government-established framework. This, in turn, could only be fully informed by the longer-term review of the terrestrial radio platform after the 50% listening threshold has been reached.

Commercial agreements would be undermined, increasing risks for switchover

As we set out in our introduction, the radio value chain relies heavily on long term certainty to justify significant investments. These are underpinned by long term and stable commercial agreements which are part of a balanced and successful eco-system. This in turn sustains terrestrial radio broadcasting in the UK and would be a key part to ensuring an orderly radio switchover.

The proposal in question 17 introduces unnecessary risks to these arrangements. Effectively, operators' business models would need to change in response to the unexpected introduction of significant uncertainty in the radio industry. This could have some significant adverse knock-on effects to the radio eco-system in the UK.

³ A principle, moreover, which is also enshrined in EU legislation through the 2012 Radio Spectrum Policy Programme.

We believe that the impact on Arqiva alone represents a commercially iniquitous outcome, given the background to discussions that have taken place over the nature of a future digital switchover. Our view is that while the interests of listeners should be paramount for government, it also has a duty to support industry and minimise the adverse impact to all players in the radio value chain.

DCMS, in that respect, needs to be aware of the risk of unintended consequences that question 17 proposal represents. Briefly they are:

- Sub-optimal outcomes for our customers where we are unable to plan our operations to take account of a planned switchover and/or any planned expansion of DAB;
- ☒; and
- ☒.

These risks would come about as a consequence of what we see as an arbitrary and unstructured approach to a digital radio switchover as set out in this proposal. We would, therefore, urge DCMS to alternatively view this discrete issue within a future structured framework for any digital radio switchover set out by government and with the full involvement of industry.

Question 18: We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impact on competition.

We broadly support these proposed changes given the additional radio capacity available to the market. In our view, the market is generally best placed to serve the needs and tastes of listeners as opposed to the regulator as long as there sufficient network capacity to support diverse content.

However, the removal of this power should relate to its overseeing of content as opposed to other powers that Ofcom's holds. Elsewhere in this response we set out the importance of Ofcom's and government's role in establishing a stable framework in the UK radio industry – particular as plans develop for an orderly transition toward a full radio digital switchover.

Question 19: We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplexes also need to be updated in line with the wider proposals for deregulation set out in this consultation.

If the proposals set out in DCMS's consultation are confirmed then the criteria for Ofcom to determine such applications would necessarily have to be changed.

Question 20: We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Question 13) in the run up to a future radio switchover should also apply to community radio?

We do not offer a view on this issue.

Annex – Additional detail in response to Question 17

We set out in our main response to this consultation the high level concerns we have on the proposal to allow stations to return analogue licences with the capacity remaining unadvertised. While we recognise the superficial attraction of this approach in incentivising a digital radio switchover, we see a number of risks inherent for industry in such an approach.

Aside from our concerns relating to the general regulatory approach which has been proposed, there are, we believe, some tangible risks which could flow from this proposal. These would likely lead to sub-optimal outcomes throughout the value chain and prevent any orderly and successful digital radio switchover.

In this Annex, we set out in more depth the following:

- A description of the radio services which Arqiva provides in order to provide some context to the risks which will likely be faced by the broader value chain as a result of the Question 17 proposal;
- The likely direct impact of these proposals on Arqiva and why these unfairly run counter to our own commercial expectations, given the previous discussions on any future digital radio switchover; and
- The indirect impact on our customers as a result of the proposal put forward by DCMS on allowing the handing back of analogue licences in an unstructured way as opposed to within a broader and coordinated switchover process.

We repeat the point made elsewhere in this submission that the radio industry works in a complex way. It accesses shared infrastructure under long-term contracts. There are a number of assumptions that sit behind this sharing and underpin contractual arrangements between parties. If digital radio switchover is not handled in a controlled manner, there is a risk that the model for accessing the shared infrastructure could be undermined with potentially negative consequences.

The services that Arqiva provides and how sharing works

Arqiva essentially has two distinct parts to its radio business. The first of these is our radio transmission business which provides terrestrial radio transmission services as well as contribution and distribution services (Arqiva Radio TransCo). The second is our radio multiplexing business which has interests in Digital One, SDL and Local Radio Multiplexes (Arqiva Digital Radio Platforms).

The radio transmission services provided by the Arqiva Radio TransCo business is regulated by the 2008 Undertakings¹ in terms of the pricing and contract terms it can offer customers. Regulated pricing is comprised of a mix of shared infrastructure and shared operating costs, namely:

- Return on existing and new assets;
- Return on existing and new operations;

¹ Undertakings to the Competition Commission by Macquarie UK Broadcast Holdings Ltd, Macquarie MCG International Ltd, Macquarie European Infrastructure Fund II, Macquarie European Infrastructure Fund III and Macquarie Capital Funds (Europe) Ltd, August 2008

- Pass-through costs; and
- Electricity

Arqiva operates a nationwide field force supported by central operations functions, including monitoring, customer service, scheduling and logistics. The regulated business is further supported by specific business units and central functions such as client management, engineering and finance.

The operating costs described above are apportioned to the services provided by Arqiva according to agreed regulatory principles. ✕

The apportionment of site specific assets and operating costs (such as rent & rates) are based on ✕ and these are apportioned between the numbers of services which benefit from the assets at any given site. These site specific charges are then added to the apportioned operating charges to arrive at the regulated charge per service.

On any given site we may have a mixture of FM, AM and DAB services. ✕

As a result of this proposals of the kind set out by Ofcom in Question 17 can only take place within an agreed and coordinated switchover process to manage the impacts on members of the radio value chain.

The direct impact on Arqiva of these proposals

We recognise that government's principle objective in developing its policy is to maximise the benefits to listeners of a future radio eco-system. We fully support this objective and have engaged constructively with all stakeholders over the last few years both to drive the take up of new DAB services as well as ensuring that analogue and digital radio infrastructure can meet the evolving demands of listeners.

That being said, we also believe that DCMS should be seeking to minimise any adverse impact to the various players in the value chain as they relate to any switchover-related proposals. This is not only because government should be seeking to support industry as a matter of principle wherever it can. But also because there is a significant risk that sub-optimal outcomes in the value chain could be passed on to listeners.

It has always been our expectation that any future digital radio switchover would be listener-led but within a government established framework to ensure that the move from FM/AM to DAB would be seamless for listeners and industry. In 2012, for example, DCMS produced a detailed cost benefit analysis² to assess the options for a digital radio switchover. This clearly envisaged an orderly approach to any future process with a defined timetable. The methodology adopted explicitly did *not* make any mention of an unstructured switchover scenario whereby analogue licences could be handed back, at a time chosen by the licensees themselves, and capacity left unadvertised.

Previous to this in 2010, the DCMS commissioned a report *Digital Radio Switchover: what is in it for consumers?* from the Consumer Expert Group. That publication, welcomed by

² <https://www.gov.uk/government/publications/cost-benefit-analysis-of-radio-switchover-methodology-report>

Government, clearly envisaged an orderly switchover process stating that “the responsibility for bringing all parties together to forge solutions ultimately lies with government”.

It is also worth noting that the radio licensing regulatory framework sits within Ofcom’s broader statutory duties which, amongst other things, provide for optimal use of spectrum and securing a plurality of providers in TV and radio. These duties would appear to be inconsistent with a regime where access to radio multiplexes was denied to stations who had a demand for them.

✂

These impacts can be mitigated or managed through the structured and orderly process that we had envisaged the government would establish *after a review of the market when the total of digital listening had exceeded 50%*. Our expectation was that that regulatory review would allow for a structured approach to minimising adverse impacts across the broader radio value chain.

Clearly, however, there are more risks to the future health of the terrestrial radio platform than those which impact directly on Arqiva. We explore these in more depth below.

The indirect impacts on the broader value chain and increased risks for an orderly digital radio switchover

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The overarching point made throughout our consultation response on establishing the correct sequencing for these decisions would effectively de-risk this issue. Moreover, our view is that a future radio switchover needs to be managed and structured to ensure that listeners gain the maximum benefits from a vibrant and forward-looking value chain. We would therefore, urge DCMS to take a view on these switchover-related licensing issues *after* it has undergone its longer-term switchover review.

Consultation response

8 May 2017 at 15:51

Dear Sir or Madam,

I'm writing in response to the Commercial Radio Deregulation consultation.

I have over four years of experience managing the Local DAB operations of GCap Media, Global Radio and Arqiva. I have been a Trustee for Portsmouth based Angel Radio for over two years, one of my roles managing their DAB multiplex as part of the DCMS/Ofcom Small Scale DAB trail.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

Placing obligations on multiplex operators would not be in the interest of listeners or individual radio services. Aside from general requirements over the genre of a particular station, multiplex operators do not usually have any influence over the programming of services. In many areas of the UK there is only one multiplex operator, and it would not be fair on services if it was the multiplex operator that had control over which services had to provide local news.

Obligations on multiplex operators to carry stations providing local news would also not be in the multiplex operator's own interest. In some locations, local multiplexes consist of only services provided by the BBC and one commercial radio service provider, this might give the commercial radio service provider undue influence over the multiplex operator. There may not be a mechanism to change contracts between the multiplex operator and service providers (or the service provider may not wish to provide news), leading to the situation whereby the multiplex operator either commits a licence breach, or the viability of the multiplex is affected by the multiplex operator having to provide its own token news service.

To ensure the continued provision of local news in a digital only radio landscape, DCMS may wish to consider a system whereby more successful radio are obligated to provide news, with struggling services spared the obligation. For example, national services with a minimum audience reach to provide national news and local services with a minimum audience reach to provide local news. There may even be a sliding scale as to the length or frequency of bulletins depending on the length of time a station has maintained a particular reach.

My suggestion would be managed in a similar way to how Ofcom manages Television Access Services. The majority of radio services on DAB are currently in RAJAR, and for those stations not in RAJAR, Ofcom could conduct periodical research to identify services that are likely to hit the minimum threshold. A minimum reach of 5% would encompass those FM radio services that currently provide local news on DAB, although DCMS and Ofcom may want to maintain some flexibility over this figure.

Regards,

Ash Elford

Commercial Radio Deregulation

**A response to the DCMS consultation by Bauer Media
Group**



MEDIA GROUP

May 2017

Context

Bauer Media UK is an entertainment network of iconic, multi-platform brands. The business became part of the Bauer Media Group, Europe's largest privately-owned media group, in 2008. Founded in Hamburg in 1875 and now in its fifth generation of family ownership, the Bauer Media Group operates in 19 countries including the UK, Germany, Poland, Australia, New Zealand and the USA and has 11,000 employees worldwide.

In the UK we reach over 25 million consumers. Our radio portfolio includes national stations such as Kiss, Magic and Absolute Radio alongside 22 strong heritage local radio stations around the UK such as Radio Clyde, Radio City, Metro FM and Key 103, while our magazine brands include heat, Grazia, Empire, Motor Cycle News, TV Choice and Take a Break. Our scale, coupled with the breadth of our portfolio, gives us an advantage over pure play magazine or radio competitors.

In an era where audiences are ever harder to categorise, we build strong cultural connections, drawing people together with the things that they really care about. Our brands become the lens through which our audiences see the world.

Our radio services reach almost 18 million listeners every week and account for 32% of total commercial radio listening. Within that total, our local services, operating from 22 bases around the UK, reach almost 7 million listeners a week.

They are attracted to our services not just by the range of music we play but by the strong line-up of presenter talent, both locally and nationally, and our commitment to local news and information. In an era of fake news and unverified stories on social media, listeners value and trust the news we provide, which is required to be accurate, balanced and truthful.

Our stations employ 80 journalists who live and breathe the areas they cover. We break stories, and we undertake investigative local journalism e.g. "Scratching the Surface" which looked into plastic surgeons and cut price procedures which left some victims in the North East of England mutilated, and the "Hidden Homes" where we found people living in wheelie bins in Sheffield. We provide lots of local news and will continue to do so, regardless of any regulatory requirement. Indeed we are happy to accept new regulation to protect provision by the industry in this important area.

We have invested heavily in digital radio, operating 12 local multiplexes with a share in three more, and becoming a major shareholder in the second national multiplex, operating nine national DAB radio services and expanding the output of our local services to provide spin-off services, each of which provides local news and information.

We also make an important contribution to the local and national economy, not only by providing employment but also by supporting local businesses with for example a "million pounds of work" working with local business and jobseekers to our work with independent producers and the broader creative industry. And we support the UK economy by paying our company and all relevant taxes here in the UK.

Our stations employ well over 1100 people across the UK and we are committed to developing our talent through training and to reflecting the diversity of the UK, bringing new people into radio.

In 2014 we launched the Bauer Academy, a government registered training provider with the Skills Funding Agency and is recognised as a Centre to deliver AIM Award qualifications, providing multimedia training at 22 sites across the UK. Our team of leading academics work alongside media

professionals to design and deliver training programmes that make a remarkable difference to individuals, communities, and businesses. Our training is immersed inside one of the biggest media companies in the world, providing exciting and meaningful work based learning. Our approach is refreshing, and it works.

As well as training we also seek to provide support to the communities we serve. Cash for Kids is Bauer Radio's network of local charities, which operate across 21 areas around the UK. Our mission is to respond to the needs of children in our communities, and we aspire to enable all children to live life to the full and achieve their individual potential. In 2016 we raised over £21m. We support national appeals, such as the recent DEC appeal for East Africa.

We do all of this as a company which is a morally robust commercial enterprise, seeking to grow its business.

But in order to continue to thrive and grow, we need a regulatory regime which is fit for the third decade of the 21st century and beyond, and not set in the aspic of an analogue-only world with limited choice. We need a regulatory framework that is flexible and one that can adapt easily to changing commercial conditions and new technology.

We welcome the thrust of the changes proposed by DCMS in their consultation and agree with many of the proposals. In some cases we make our own suggestions as to how the legislation should change, particularly as regards the regulation of local news and information. Here we suggest a new approach based on the very simple and equitable principle that any station benefitting from advertising discretely targeted at a particular area should be required to give something back to that area by way of local news and information.

We look forward to engaging in further debate and urge Government and Ofcom to make the changes suggested at the earliest opportunity.

Response to consultation questions

Ofcom's role and duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed.

The existing duty on Ofcom "to do all that they can to secure the provision within the UK of a diversity of national analogue services each catering for different tastes and interests and a range and diversity of local analogue services" dates from 1990 and the radio landscape has changed out of all recognition over the past thirty seven years. When the legislation was drawn up, it was envisaged that there would only be three national commercial services and a limited number of local commercial services in each area. There were also strict limits on radio station ownership at the time. Hotelling's law would suggest that in this situation, without regulation stations would tend to cluster around the middle ground, all playing the most popular music, so limiting diversity. This is why the requirement on Ofcom was put in place.

Three major changes have taken place since then:

Firstly, as new platforms have developed, there is now a large number of commercial radio services, both at national and local level in almost every part of the UK. This means that as the middle ground becomes ever more competitive new stations will increasingly seek to differentiate themselves from competitors by playing different genres of music in order to win audiences.

Secondly, in addition to the advent of DAB, many thousands of radio stations are now available online and through apps from the UK and around the world, while streaming services such as Spotify and Apple Music mean that audiences can choose to listen to the sort of music they like whenever they want.

Thirdly, ownership rules for broadcast radio have been removed, so that a few large players each now provide a number of services in any given area. It makes commercial sense for each owner to differentiate its own services from each other, so as to maximise their audience. For example in Manchester, Bauer currently offers five services on the local DAB multiplex and nine on the national DAB multiplexes with formats ranging from rock to dance, to easy listening to current hits. In the same market Global offers five national services and three local, including speech, classical and contemporary music. Other providers in the same market offer ethnic services, religious services, talk radio, sport and other mainstream music formats.

The market will therefore deliver diversity by itself without the need for regulation. This can be seen in other markets, such as New York, where there is no format regulation, or online where thousands of stations offer a wide variety of music and other genres without the need for any regulation.

In fact, the removal of Ofcom's duty may actually lead to an increase in diversity and better services for audiences as stations would be free to adapt to changing music tastes without the need to ask Ofcom's permission and the resulting lengthy consultation process.

We also note that the programming restrictions for commercial radio are far more onerous than for commercial public service television (except for Channel 4 which is publicly owned). The only specific content requirements remaining for the channel 3 and channel 5 licensees are for national news and

current affairs and (in the case of channel 3) regional news and a small amount of non-news for the Nations. All other requirements were removed in 2003, when requirements on commercial radio were actually increased. This is anomalous and unfair, particularly as the combined advertising revenues of ITV, STV and Channel 5 were over four times larger than the total revenue of UK commercial radio in 2016.

For these reasons we believe that Ofcom's statutory duty in this area is no longer required. We have indicated in our response to each question below which specific sections in the legislation we believe should be repealed. It could be argued that simply by having licensed a large number of analogue and digital service, Ofcom has already carried out its duty under section 3 (2) (c) of the Communications Act 2003, but if that is not deemed to be the case, this duty should be amended or repealed. In any case, some of the more detailed provisions in the Broadcasting Act 1990, the Communications Act 2003 and the Digital Economy Act 2010 which spell out how Ofcom should carry out this duty should be repealed:

- Section 85 (2)(b) and 85 (3) (a) of the BA 1990.
- Sections 312, 313 and 315 of the Communications Act 2003
- Section 34 of the Digital Economy Act 2010

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries.

We agree that broadcasters based in other countries should be allowed to hold licences to broadcast services based overseas into the UK, as this could extend choice for listeners, particularly ex-pats from other countries. As on television, such licensees should be subject to the Ofcom Broadcasting Code.

Format requirements for national analogue radio stations

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five year period (up to 2023)?

As the consultation argues, a significant but declining number of people still only listen to radio on analogue frequencies. A significant proportion of the listening to the three INR stations is also still on analogue. Given the limited number of national analogue frequencies, and the very specific format requirements on these national services, there is a risk that the removal of these requirements would deprive large number of listeners of listening to these services.

We therefore agree that in order to maintain some diversity on commercial radio for those listeners who only have access to analogue services, the formats of the three national analogue commercial services should remain in place until switchover.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available to listeners.

As we argued in our answer to question 1, we do not believe that there is still a need for commercial radio to be regulated to provide a range of choice. In fact, as the consultation suggests, removal of the requirement on Ofcom to ensure such choice may actually increase the range of choice available as station operators will be able to experiment with new formats and change existing formats more easily to cater for changing consumer tastes without the need to ask Ofcom's permission and the resulting lengthy consultation process.

The removal of music formats would also allow operators to provide more consistent brands across the UK. Despite Ofcom's simplification of Formats in 2015, at present some station operators are constrained from providing a consistent offering across their stations with the same brand in different areas by the wording of the Formats. This cannot be in the interests of listeners. Removal of music formats would allow for greater consistency.

Sections 312 and 313 of the Communications Act 2003 relating to changes in the content of local services should therefore be repealed.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

At present local news is secured by licence conditions in the majority of analogue licences. Most FM stations have the licence condition that local news must be provided "At least hourly at peak-time weekdays and weekends. Outside peak, UK-wide, nations and international news should feature." This is backed up by Ofcom localness guidelines which statute requires Ofcom to publish.

We agree that it is important that commercial radio continues to deliver news and local news and information, as research continues to show that it is particularly appreciated by listeners and provides significant public value. For Bauer, local news and information is a key element of the output of our local stations. We believe it is one of the reasons that listeners choose our local stations and we are proud of the services we provide. We would therefore continue to broadcast local news on our local stations even were the regulatory requirement to do so was removed. However we recognise that not all local stations share this view.

Local news and information is expensive to produce and market forces may lead some broadcasters to conclude that they would be prepared to see audiences drop a little if removing local news resulted in a large cost saving. This may especially be the case in areas where there is only one commercial radio station providing local content, and so no competitive driver to maintaining local news. This would leave listeners in those areas with nowhere else to go on commercial radio for local news and a consequent reduction in the plurality of news providers. Therefore there is a significant risk that without regulation some areas may no longer have access to local news and information on commercial radio. Because of this risk, we agree that continued regulation to ensure the provision of local news and information is desirable.

We are happy to include local information (such as travel and weather news) as well as local news in this requirement, but in order to avoid adding detailed rules about local information to the existing news rule, we suggest that the current requirement for local news bulletins "at least hourly at peak times" should be replaced by a requirement for "at least 15 minutes of local news and information

in peak times on weekdays and 7 minutes at peak times at weekends". This would allow stations the flexibility as to how to package and broadcast local news, traffic and weather in the way that most suits their audiences, while ensuring that it is broadcast at times when audiences most desire it. This should be backed-up by Ofcom localness guidelines as today, including the need for there to be appropriate journalistic resource in each station's area. We address in our response to question 8 which stations we believe should be required to provide local news and information.

On the other hand, national and international news is much cheaper for stations to provide as its costs are much lower, being shared across a large number of stations. We note that many DAB-only stations provide national news, even though they are not required to by their licence. Therefore we believe that the market would continue to provide national news on commercial radio without regulation.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

As outlined above, we believe that if the requirement on Ofcom to ensure a range and diversity of local services was removed, there would be no reduction in choice and may even be an increase as station operators would have greater flexibility to adapt quickly to changing audience tastes. However, news and local information remain important to listeners but may not be provided ubiquitously without regulation to require their provision.

News and information on commercial radio provides significant public value and is a vital part of the UK's public service broadcasting ecology. As such it is important that it remains free from any future spectrum charging, which would simply divert resources away from public service programming.

We agree with the Ofcom research which shows that the provision of other local programming, such as local presenter chat is less valued by audiences and we believe that whether or not a station provides it should be left to the market. Some operators may decide to continue to provide local programming throughout daytime, while others may choose networked output with local news and information inserts.

The changes proposed in the consultation, together with our suggested changes would secure the provision of local news and information, as it would secure stations' viability. It would allow stations to focus on serving their audiences' changing tastes and allow the sector to grow, leaving Ofcom to focus on securing standards via the Broadcasting Code.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements should continue within the nations themselves

Bauer currently operates a number of local stations in Scotland and Northern Ireland. We recognise the different needs of the nations in terms of the news agenda and the importance of producing our services in the nations with the needs of their audiences in mind. Not to do so would be commercially damaging for us and would not provide the public benefit that such services currently deliver.

We note that there is currently no regulatory requirement for local news in each nation to be presented from within that nation and we do not believe it would be helpful to introduce such a requirement.

However news organisations based in London are sometimes criticised for not recognising the importance of the devolved administrations or the lack of relevance of some English political matters, such as health or education to audiences in the nations.

If this is to be avoided we suggest that it should be a licence requirement for those broadcasting groups operating stations in the nations as well as England to ensure that there is separate editorial responsibility within each group for the news output in each nation. This should be sufficient to ensure that the news output appropriately reflects the news agenda in each nation.

We do not believe there should be a regulatory requirement for local output beyond local news and information in the nations. It should be left to each broadcaster to determine how best to serve their audiences. Audiences are discerning and if it makes commercial sense, for example, for Scottish stations to have Scottish-focused output beyond news and information, then that is what the market will provide.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news / core information by commercial radio in the longer-term after a switchover. Are there other options – e.g. guaranteed carriage for stations providing local news content – that might be more effective?

The requirement for local news only applies at present to FM stations and exists on DAB by virtue of stations being simulcast on FM and DAB. At switchover however, the existing requirement to provide local news for those stations which become digital-only would disappear. As things stand, after switchover no local station (except small stations remaining on FM) would be required to provide local news.

As we argued above, we do not believe that left to itself the market would provide local news and information in every part of the UK. Therefore after switchover, if it is desirable for local news and information to continue to be provided by commercial radio ubiquitously around the UK, then some form of regulation will be required.

The consultation suggests two options:

- A. Extending the national and local news and information requirements to DAB-only stations (with some exemptions); or
- B. Placing obligations on local DAB multiplex operators to ensure that a proportion of stations carry local news services.

We do not believe that either of these options is workable or proportionate.

Option A would dramatically increase the number of services required to carry local news and information, even with exemptions for religious, ethnic or community stations. If music format requirements have been abolished as suggested in the consultation (a proposal we agree with), then there is no mechanism for defining specialist stations other than religious, ethnic or community stations. This option is therefore a blunt instrument, is inconsistent with the general deregulatory approach of the consultation and is undesirable. Similarly any exemption by size of station would be arbitrary and open to constant lobbying for the threshold to be changed.

As for option B, the requirement on multiplex operators to provide a specified line-up of stations has been shown not to be enforceable at either local or national levels. (This is demonstrated by Ofcom's inability to ensure the continued provision of the OneWord "books, plays, comedy" service or of a Jazz service on national DAB, or of a whole range of local services on DAB multiplexes over the years.) The multiplex operator may not themselves be a station operator and in any case has no power to force anyone to offer and contract to provide a particular type of service, even if there is a multiplex licence requirement to provide it. As most local multiplexes have spare capacity, the suggestion that an offer of guaranteed capacity on that multiplex would be an incentive to stations to provide local news would simply not work. Another suggestion, that the requirement for the number of stations on a multiplex providing local news should be set at the number currently providing news on that multiplex is also unworkable; if for example an existing station which provides local news decided to cease broadcasting on a particular local multiplex in favour of providing a service on a national multiplex, the local multiplex operator would be left with the obligation to provide a service with local news, but no way of delivering on that obligation.

We would instead like to propose a third option which we believe would provide a market-driven incentive for the provision of local news. Under this option any station (or stations) which carry advertising discretely targeted (i.e. local or regionalised advertising) at a particular licence area (or combination of licence areas – for example in the case of a regional FM station which covers the same area as FM via a number of local DAB multiplexes) should be required to provide a minimum amount of local news and information for that same area at key times of day.

This is based on the very simple and equitable principle that any station benefitting from advertising in a particular area should be required to give something back to that area by way of local news and information. (There is a parallel here with the BBC which collects the licence fee from every nation or area of the UK and is expected to provide content of relevance to every nation or area of the UK.)

If a station does not carry advertising discretely targeted at an area (or combination of areas) then it would have no obligation to carry news and information for that area.

Under our proposal the level of local news and information required on these stations would be set by Ofcom. As we set out in our response to question 5, we suggest this should be 15 minutes a day on weekdays during breakfast and drive time and 7 minutes on weekend late breakfasts. We believe this obligation should be the same for all stations, regardless of size, as setting different levels of provision would be overly complicated.

The size of the local advertising market is currently over £166m (Radiocentre) per annum (even excluding nationally-sold advertising which is for particular regional campaigns – e.g. Tesco running a campaign bespoke to the North East). The cost of producing local news for the whole of commercial radio is, we estimate, c£25m per annum. The revenue from local advertising and regionalised national campaigns therefore far exceeds the cost of providing local news. The attractiveness of the local advertising market is sufficient to ensure that the incentive works and that local news and information is provided on those stations which are the most popular as they will be the ones with the ability to sell local advertising.

The operator of adjacent local stations would be free to merge those stations and provide a combined local news service across those areas, in a similar way to how the approved area policy operates today, but only if they also ceased to provide discretely targeted local advertising for each of the stations.

In this way the size of the area served and the number of stations providing local news is determined by market forces and can change over time in response to market forces.

The aim of this option is to mirror, as closely as possible, the existing level of delivery of local news and information and secure it for the future, albeit by a completely new mechanism. This is a very simple mechanism and one that is easy to regulate – a station either carries advertising discretely targeted at an area or it does not; there are no grey areas and no need for complicated thresholds.

Conversely, stations which are providing a quasi-national feed of a single service across a number of local multiplexes with no discretely targeted advertising for particular areas would not have to provide local news and information. For example, of our five stations broadcast on the Manchester local multiplex, three (Key 103, Key 2 and Key 3) carry local advertising and so would provide local news while two (Absolute Radio 90s and Kiss Fresh) are quasi-national services which carry no local advertising and so would not be required to provide local news.

This regime would be flexible and would adapt to local commercial conditions. So for example, if in future we decided to carry local advertising on Kiss Fresh in the Manchester area, then it would be required to provide local news for that area. At present Bauer services occupy 117 slots across 25 local DAB multiplexes. Of the services on these 117 slots 56 carry local news and discretely targeted local advertising, while 61 are quasi-national services which do not carry local news and which do not (except for Magic and Kiss in London) carry discretely targeted local advertising.

There would be no need to ask Ofcom's permission to make any changes to local news and information provision in future as circumstances change, as the decision as to whether or not to take local advertising and so provide local news would be in the hands of the station itself. In the event of a complaint to Ofcom that a station was not providing local news when it should, Ofcom could simply ask to see the advertising logs.

The requirement would apply to all stations on analogue or on DAB, except for community stations (not-for-profit stations with licence conditions requiring them to provide community benefits). We suggest that a new class of digital sound programme service licence should be created for community stations.

Our proposal outlined above would also work for analogue stations, allowing stations to determine whether to merge certain areas together, so removing the need for the current arbitrary system of approved areas. In this way the regulation of local stations across analogue and DAB would be completely consistent.

As one of the options in the consultation would involve adding new obligations to multiplex licences, while the other would require changes to all Digital Sound Programme Service, we assume the Government sees no problem in adding additional obligations to existing licences. If the Government accepts the third option we set out above, it is obviously for them to decide how best to amend the legislation, but we believe this could be achieved relatively simply by extending the provisions of section 314 of the Communications Act 2003 to include Local Digital Sound Programme Services (as defined by sections 60 and 61 of the Broadcasting Act 1996), remove references to locally made programmes and amend the term "local material" to local news and information. It would then be for Ofcom to set out which services the rules applied to by reference to which carry discretely targeted local advertising. (*see the end of this document for our suggested changes to s314*)

Finally we believe that waiting to introduce local news requirements on digital stations until switchover has been announced may have a disincentive effect on switchover, as some stations seek

to delay the changes. We believe the provisions should therefore apply from the introduction of any legislative change.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

We do not believe that any guarantee of plurality is desirable for local news within commercial radio. In large markets, competition between operators will ensure plurality, while in small markets, only one provider may be commercially sustainable. Almost all markets also have provision of local news by the BBC (albeit at a nation-level in Scotland, Wales and Northern Ireland) and local press/online. We believe that these provide a sufficient plurality within a given area.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news / critical information, which would need to be sourced and produced locally and can be provided directly or by a third party.

In recent years, with improvements in technology, the location of a station's studios, as opposed to the local content it provides, has become increasingly irrelevant.

Ofcom recognised this in the case of news some years ago. Local news and information on commercial radio does not currently have to be produced locally as news hubs have been allowed for many years.

It is important in this context to distinguish between the "production" of news, which is done by journalists on the ground, newsgathering and editing their own news packages, usually away from the studio, and "presentation" which is done by the newsreader in the studio, linking together these packages and combining them with national and international stories to produce a coherent bulletin.

We do not believe that a requirement for local news presentation (i.e. where news bulletins are compiled and read from) should be introduced (although see q11), although we do agree that it is important to have appropriate journalistic resource on the ground in each area to ensure that newsgathering and editing are done by the person who has the knowledge of the local area.

We suggest Section 314 of the Communications Act 2003 should be amended as we set out below, and section 34 of the Digital Economy Act 2010 should be repealed.

We recognise that the removal of local production requirements and local material other than news and information will require these changes to the existing legislation and that this may take some time to be passed by Parliament. In the meantime however, we suggest there should be some form of transitional arrangements. We note that Ofcom has the flexibility to re-define approved areas under the Digital Economy Act 2010 and so we would request that DCMS ask Ofcom to undertake such a review as it relates to studio location, as a matter of urgency. This would provide considerable extra flexibility for stations to take advantage of new technology.

Pending the passage of legislation we suggest that Ofcom should reduce the number of approved areas to seven, based on the nations and the boundaries of Government regions for England. These areas should be:

- Scotland,
- Northern Ireland,
- Wales,
- Northern England (North West England, North East England, Yorkshire and the Humber),
- the Midlands and East of England (West Midlands, East Midlands and East of England),
- Southern England (The South West and South East of England) and
- London



The requirement under Ofcom’s localness guidelines for each station to have appropriate journalistic presence in each licensed area should continue.

We do not suggest these changes should apply to the requirements for stations to provide local material. This should await the introduction of new legislation to put in place a new requirement for local news and information. Otherwise, if stations were allowed to share all programming within the enlarged approved areas, existing local news provision would be at risk and then would have to be reintroduced by new legislation.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

As set out in our response to question 7, we recognise the different needs of the nations in terms of the news agenda and the importance of providing our local services with the needs of local audiences in mind. We note that there is currently no regulatory requirement for local news in each nation to be presented from within that nation and we do not believe it would be helpful to introduce such a requirement.

However we suggest that in order to ensure the news agenda in each nation is properly covered in the interests of audiences that it should be a licence requirement for those broadcasting groups operating stations in the nations as well as England to ensure that there is separate editorial responsibility within each group for the news output in each nation. This should avoid stories with little relevance to a particular nation from being carried, or at least ensure that they are presented in context, and should be sufficient to ensure that the news output appropriately reflects the news agenda in each nation.

We do not believe there should be a regulatory requirement for local output beyond local news and information in the nations. It should be left to each broadcaster to determine how best to serve their audiences. Audiences are discerning and if it makes commercial sense, for example, for Scottish stations to have Scottish-focused output beyond news and information, then that is what the market will provide.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

We do not believe that Ofcom should licence any more analogue commercial radio stations or re-advertise any which are revoked or surrendered.

Ofcom has repeatedly stated in recent years that there are no more available frequencies to licence FM commercial radio services, whilst the demand for new AM frequencies is negligible. Ofcom has said that the FM frequencies that are still available are only suitable for small-scale community stations. We cannot see that there will be any new analogue commercial radio services.

For existing analogue stations, under the proposals set out above, all format restrictions will have been removed, and the provision of local information will be driven by access to the local advertising market, a struggling local station would be free to change its format to maximise its commercial potential, or could merge with an adjacent service to cover a more viable area, or even (if it stopped taking local advertising) stop broadcasting any local material and become a relay of a quasi-national station. There is no reason why a service for a particular area should go out of business. There is already a market in the sale and purchase of stations; in fact the majority of stations have changed hands since Ofcom was formed. The deregulation proposed by this consultation would create even more of a market and any station that is struggling will simply be sold. As a result, no licences should need to be returned to Ofcom for re-advertisement.

In addition, we believe that all analogue stations' licences should be automatically extended to the date of switchover, so removing uncertainty for all analogue stations, negating the need for existing licences to be re-advertised.

In these circumstances, if a station ever does close down, it will be either because the area simply cannot support any station, even as a relay of a larger station - In this situation, no station is likely to be viable on that frequency and Ofcom should not re-advertise the licence – or because Ofcom has revoked its licence for a serious licence breach. While this is possible, we note that hardly any licences have been revoked in the history of commercial radio and so this is an unlikely eventuality.

Given all of these circumstances, there is no need for Ofcom ever to advertise an analogue licence again. It would not therefore be sensible to change the existing regime or to develop a new licensing

regime for analogue commercial radio. The existing licensing provisions simply become redundant and Sections 104 (1-4), 104B, 105, 106 and 106A of the Broadcasting Act 1990 could be repealed.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We believe that all analogue licences, national and local should be automatically extended until the point of switchover. This should apply to all stations both before and after a switchover has been announced.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed periods or an indefinite period?

As we set out in our response to question 12, we believe that all analogue licences should be automatically extended up until the date of switchover.

Smaller stations whose licensed area covers less than 40% of the area of the relevant local DAB multiplex licensed area and who are not broadcasting to substantially the same area on DAB (either via an existing local multiplex or a new small-scale DAB multiplex) should be extended for a period of ten years beyond switchover, with the option for them to be further extended subject to a suitable review by Ofcom.

However, should they begin broadcasting on DAB after the date of switchover, they should cease broadcasting on FM or AM within three months of the start of their DAB service. In line with our response to question 12 no new small-scale licences should be advertised.

The same rules on the provision of local news and information would apply to these small stations remaining on FM as in our proposal set out in response to question 8.

Any FM spectrum released by digital switchover should not be used to extend or improve the existing coverage of small stations, except where such increases would not be significant, and there should be an absolute limit for the coverage of such stations of 40% of the population relevant local DAB multiplex area.

The market will then consist of a continuum of stations from international and national stations, through regional stations, to large local, small local and community services. Our proposal set out in response to question 8 would ensure that all stations carrying local advertising, no matter how large or small, and regardless of whether they broadcast on analogue or DAB would have the same requirement to provide local news and information.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply to stations that have benefitted from previous renewals.

The proposal in the consultation is that analogue stations which have had a renewal for providing a service on a relevant DAB multiplex would be required to continue to provide a service on DAB to

maintain their analogue renewal, but any station not on DAB could get an automatic renewal up until that date of switchover.

This incentive system has worked well and has allowed DAB to develop to the point it is today and we would not want to do anything to undermine the progress towards switchover.

However, as set out in our response to question 12, we believe that all analogue stations should be eligible for automatic renewal until switchover, and so the incentive for those stations which have not yet commenced broadcasting on DAB becomes irrelevant.

Therefore we agree with the initial view set out in the consultation.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

As set out in our response to question 15, we believe that the incentive created by allowing automatic renewals for analogue stations which have taken carriage on a relevant local DAB multiplex has worked well in supporting the transition to digital and that it should be retained for all stations which have so far taken advantage of it. The provision becomes unnecessary for any remaining stations not currently on DAB as they would be entitled to automatic renewal up until the date of switchover regardless of whether they choose to be carried on DAB in the future or not.

The only true simulcast requirements relate to the three analogue INRs. We believe these conditions should remain in place until switchover to encourage the switchover process.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated spectrum to non-commercial services – e.g. community radio.

Stations should be allowed to adapt to market conditions. If it makes sense to close certain analogue services in advance of, this should be allowed and the frequencies released should not be re-advertised for commercial services, as this would undermine the progress towards switchover.

As digital take-up continues, it is likely to become increasingly commercially unviable to maintain the existing analogue transmitter networks, particularly on AM. So in addition, we believe that any national or multi transmitter services should be allowed to close individual analogue transmitters comprising the network provided any area covered by a transmitter to be closed is also substantially covered by DAB.

Any released frequencies should only be used for community services or for other non-broadcast radio uses such as machine-to-machine networks.

Consequential changes

Q18. We would welcome views on removing Ofcom’s powers to oversee changes to station line-ups on national and local multiplexes and whether these changes have any impact on competition.

In line with the removal of music formats (see Question 1), such requirements are no longer necessary, given the number of stations now available – almost every area now has at least one local multiplex and two national commercial multiplexes alongside the BBC. Competition law and FRND requirements would still apply to multiplex operators.

The existing regulation has proved ineffective in securing promised services (for example the “books, plays and comedy” service or the “jazz” service on Digital One) has only got in the way of innovation.

We believe such a relaxation may actually lead to increased innovation and competition on DAB as operators will be able to change the line-up of services more rapidly to cater for new ideas and changing audience demands.

Accordingly we believe that section 315 of the Communications Act 2003 should be repealed.

In the meantime, we note that on television, Ofcom does not exercise its powers to oversee such changes, even though the legislation is similar to that in radio.

Q19. We would welcome views on whether the criteria for Ofcom to determine application for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

No more national or large local multiplex licences are expected to be licensed for the foreseeable future. The vast majority of existing local multiplex licences are eligible for renewal until 2030. In order to provide certainty as to the long-term future of DAB, we suggest a provision should be put in place to allow for the Secretary of State to extend local DAB multiplexes for a further 10 years beyond 2030, subject to his or her review at the appropriate time.

As for national multiplexes, Digital One’ licence runs until 2024 and SDL’s until 2028.

In 2024 the UK could well be in the middle of a process to switch off larger analogue commercial radio services. That would not be a good time for digital radio to face the uncertainty of a contest for the national multiplex with the widest coverage.

For SDL, a longer licence period would encourage investment in the network to bring coverage levels closer to those of Digital One.

Therefore we suggest a provision should be put in place to allow for the Secretary of State to extend national DAB multiplexes for a further 10 years beyond their current expiry date, subject to his or her review at the appropriate time.

The process for licensing small-scale DAB multiplexes should be based on statutory criteria, which should be amended to consider whether an applicant provides an appropriate balance of community, specialist and commercial services appropriate to the area. We expect to respond fully to the consultation on small-scale DAB in due course.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

The process of advertising small-scale DAB licences has yet to commence and it would make sense to provide community services with more certainty while that process is underway. We believe that community services should therefore be offered the same extension of their licences until switchover as should be offered to commercial licensees. We expect to respond fully to the consultation on DAB in due course.

Bauer Radio
London
May 2017

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

Over the past five years we have seen an evolution in both listening habits and the variety of listening platforms whether DAB, internet radio stations or subscriptions services which have expanded consumer choice beyond that provided or indeed envisaged at the time of the regulation of commercial analogue radio stations.

As we progress towards a digital future these choices will only expand further and therefore the purpose of the original regulations to regulate choice have significantly diminished to the point where the current level of regulation is no longer appropriate and is acting as a constraint on commercial radio competing against newer unregulated competitors for a share of listening. We believe the breadth of choice now available to listeners through multiple channels obviates the need for Ofcom to continue to regulate choice in the commercial radio industry.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

No comment.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

No comment.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

For the reasons given in Q1 we would welcome the removal of all remaining music formats.

In terms of the consequences of change and therefore listener choice, the survival of a commercial radio station depends on commercial revenue and therefore the attractiveness of its audience to advertisers. Unprofitable radio stations with non-commercial formats only survive by the generosity of their owners and generally will not survive in the long run. In removing format requirements there may be some opportunity for radio station operators to rebrand unprofitable stations to more popular music genres but this would also contain a degree of risk from losing both existing audiences and from the additional costs of rebranding and finding a new audience, particularly when up against stronger more established radio station players in the

same marketplace. We therefore do not see necessarily any significant movement in the variety of music choice from commercial radio operators, we do however see some opportunity for radio stations to change existing shows and schedules to more closely mirror their audience requirements.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

News and local information are important ingredients of a local radio station increasing overall news plurality as well as being shown as highly valued in listener surveys. Consequently, commercial radio stations have a vested commercial interest in maintaining news, travel and local information regardless of regulation.

Left to the market, without some form of regulation we may see some reduction in the frequency or length of bulletins across different day parts, which more closely match audience listening preferences at those times. So, whilst we agree with the government's position that a level of regulation is required to maintain plurality of news and local information we would like to see this delivered in a way that would allow flexibility outside of prime listening times. Additionally, the cost of providing a news service can be a disproportionately high cost for a smaller station and so we would also welcome in any new regulation recognition of this cost impact and perhaps a criteria driven approach, e.g. audience/turnover, being applied before a news service is required. In any new or revised regulation, we would also like to see this focused on output rather than production and for it to be no greater a burden than existing regulation.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

The removal of existing regulation on formats and local production would enable the commercial radio industry to compete more effectively with online competition. We do not see any significant consequences for other UK local media organisations.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

In regard to news and local information we would not envisage enhanced criteria for the Nations as any news and local information provided would already be relevant to its target audience and location.

Extending requirements to produce news to DAB-only stations on national and Local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

Option (a) extend to national/local digital only stations

Many local services on DAB are currently a simulcast of the local analogue services and therefore already carry local news. DAB-only stations have so far enjoyed lighter regulation and we would expect this to continue until such time as audiences are at a pre-defined tipping point/size on DAB at which point we would expect that any news/information requirement on analogue stations would be applied to DAB-only stations and that the news provision reflect its audience coverage whether national or local. We would also expect to see some priority of access to DAB slots to those stations that provide local news content.

Option (b) place obligations on local DAB multiplex operators

We are not in favour of local multiplex operators enforcing guidelines for news or acting in a regulatory role given the conflicting ownership of a number of multiplexes by other radio groups, combined with the issues of devolving authority to a non-regulatory body.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

See Q8.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

We welcome the DCMS view that local content and production could be produced outside of the 'expanded approved area' to enable radio stations to make better use of technology and source content centrally. As a radio station operator our focus is on our output to our listeners including its local relevance, with modern technology this no longer requires it to be sourced or produced locally or in-house whether as content, news or local information. We believe that any regulation on news/critical information should be focused entirely on the output not the source of production thus enabling radio operators to maximise efficiencies.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

We believe that any regulation should be applied consistently across all Nations whether news or content and should be no greater than existing requirements.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

We recognise that with the proposed changes to formats and local production that it would be more difficult under the current process to assess new FM/AM only licences at the point of renewal.

The radio industry and government have made a significant financial commitment to DAB and the transition from analogue services. It would therefore seem appropriate to prioritise the renewal of services based on their commitment to DAB, in the case of the incumbent this would under current legislation allow them to rollover their licence and in the case of a 'beauty parade' prioritise any opposing applicant willing to make a commitment to DAB, where there no such application exists then the licence should remain with the incumbent operator. Given the financial commitment to DAB of all parties we do not believe that any new FM frequencies should be licenced without a DAB commitment.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We would like to see the existing legislation extended for analogue licences that have been renewed with DAB carriage to the point of switchover or say, 2030 if earlier. Stations without associated DAB carriage but with a renewal date after switchover has been announced should be renewed until actual switchover.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

After switchover has taken place there should be a limited timeframe, say 2-3 years, dependent on contractual obligations, in which those stations without DAB, but where DAB or indeed small- scale DAB are available, should be wound down and the FM frequency removed. A continued perpetuation of FM will only serve to undermine DSO.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

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Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

The radio industry has spent hundreds of millions on dual transmission to migrate radio stations and audiences to DAB. The most compelling reason for audiences to migrate to DAB is content. To ensure the best possible migration of listeners DAB should have all the of content they currently have on FM as well as all the new stations that are DAB-only. At present, we have a two-tiered system with a number of stations retaining an FM only presence. The impact of this is a slower transition to DSO and millions of pounds in extra transmission costs for those already simulcasting on DAB. We would therefore like to see that as FM only stations come up for renewal that it would be a requirement for them to be on DAB, though we would expect exceptions to this for example stations that do not have a relevant multiplex option or where the overlapping multiplex is less than 40% of the station's current MCA.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

We would welcome the flexibility to reduce costs in the future as digital audiences grow though this may be subject to contractual arrangements with transmission providers. We would also like to ensure that any vacated FM frequency is not simply used to create another tier of commercial radio and we would welcome more information from DCMS and Ofcom on their plans for the vacated FM frequencies.

Consequential changes

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station lines ups on national and local multiplexes and whether these changes have any impacts on competition.

It would seem counterintuitive to de-regulate format choice on analogue services only to then retain them on DAB whether nationally or locally.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

We would like to see some priority of existing analogue services on multiplexes to enable a smoother transition to DAB. In Manchester for example one of the joint multiplex owners has 5 stations on the Manchester multiplex but only one on FM in Manchester. In order to create a level playing field we would like to see some stricter rules around ownership of multiplexes to ensure competition isn't crowded out of the marketplace.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

No comment



community media association
www.commedia.org.uk

**Response to the DCMS
Consultation on Commercial
Radio Deregulation**

May 2017

The Community Media Association (CMA) is the recognised sector body for community radio broadcasters, and we seek to expand our role in order to represent other grassroots community-based media organisations. The CMA is a non-profit making organisation founded in 1983 to support community radio – and our remit has expanded to now include community television and community-based Internet projects that deliver positive benefits for society through using media for social development. The CMA represents the concerns and interests of the community media sector to Government, industry and the regulator.

Our membership brings together established organisations, aspirant groups and individuals within the sector. The CMA provides a range of advice, information and consultancy, offering support to anyone with an interest in the sector.

The CMA welcomes this consultation from DCMS to update the regulatory framework for licensing radio and help support the industry to meet the challenges ahead posed by a range of new platforms, formats, and technologies that provide new opportunities for audio consumption in the UK.

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

Ofcom's general duties as described in s3 Communications Act 2003 and the more specific requirements of s85(2) Broadcasting Act 1990 have, over the years, successfully delivered a range and diversity of radio services in response to different tastes and interests. However, the rise of digital audio consumption, whether through the Internet or via digital broadcasting, has considerably changed the environment in which the radio industry currently operates and which Ofcom must attempt to regulate looking forward.

The wide range of audio services currently now available means that the market - more or less - is delivering far more choice than Ofcom is able to regulate under the existing framework. The government may hold the belief that Ofcom should no longer be required to have such a wide responsibility for regulating radio markets but the CMA remains to be convinced that the range of diversity and choice of broadcast radio would be continued and sustained were format choices left to market forces alone.

Evidence from overseas where the radio industry has been exposed to a greater influence of market effects suggests that excessive deregulation of the industry has the potential to result in an adverse experience for listeners, for the creative industry, and for the wider radio sector.

The Future of Music Coalition reported in 2002 that the radical deregulation of the radio industry in the USA, facilitated by the Telecommunications Act of 1996, resulted in few benefits for the public or musicians. Instead, it led to reduced competition, fewer viewpoints,

and less diversity in programming. The report concluded that “Deregulation has damaged radio as a public resource”(Refs: <http://bit.ly/2qcXvgu>, <http://bit.ly/2qA0xyp>).

The DCMS consultation paper is unfortunately lacking in detail in some areas of grave concern. “The government supports a listener-led transition to digital” but no definition of what “listener-led” has been provided. The consultation paper repeatedly uses the term “switch-off” and “switchover” without affording further clarification of what those terms actually mean - and when the term “migration” would be more accurate with regard to the possibility that any transition to digital radio is likely to be gradual and a significant number of stations will choose not, and may not be able, to transfer their service to an appropriate digital radio platform.

However, the CMA does recognise that the state of the sector now dictates that there is a pressing need to streamline some elements of existing regulation for commercial radio balanced against a requirement to ensure that local news and similar public service programming continues to be delivered, or indeed is enhanced, since there is no current requirement for this on the DAB platform.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

One of the present requirements of holding a radio licence is that radio stations have to be UK-based. With a scarcity of broadcast spectrum this approach has hitherto protected the development of UK national and local commercial local FM services, and community radio. With digital audio broadcasting (DAB), and small-scale DAB (SSDAB) in particular, more broadcast spectrum would be available for broadcasters which could open up UK broadcasting to overseas broadcasters - as has been the case with audio visual services.

However, the CMA has taken comment and advice from some of our member stations who hold the belief that widening access to digital spectrum to overseas broadcasters might possibly disproportionately impact community radio broadcasters as there is a potential threat to existing community stations (and programmes on community stations) that might serve a particular cultural community. Also, aspirant cultural groups looking to establish a station on SSDAB as an option to engage with their underserved community could be dissuaded from entering the sector for fear of competition from a well-funded competitor.

Overseas broadcasters are likely to seek to target diaspora communities, in particular, which have a clearly defined market of potential interest and high market worth to niche advertisers. Many of these communities are currently served, or could be potentially better served, by a community radio station. This potential threat to UK-based broadcasters is, of course, mitigated by broadcasters in the UK having to comply with the Broadcast Code for which there are no plans to review at this moment in time - but, of course, could be revised at any point in the future.

Expanding access to UK radio broadcasting to non-UK broadcasters is most likely to see the arrival of strongly branded format music channels based in the EU or EEA competing with similar indigenous services, at least in the initial stage, on national and local digital radio.

However SSDAB is a lower-cost platform for accessing niche communities and the CMA, therefore, believes that permitting non-UK broadcasters to access digital spectrum is likely to result, in the main, in those broadcasters exploiting SSDAB and competing specifically with community radio stations or niche/specialist stations broadcasting, on analogue or digital, to their respective communities.

Careful consideration is therefore required as to the potential adverse impact on local communities of non-English speaking heritage or other Anglophone cultures from overseas broadcasters that achieve a UK licence. Community radio works very hard to serve a variety of communities across the UK and a number of stations have specifically been set up to cater to communities of non-English speaking heritage or English-speaking minorities underserved by the wider media industry, and the service that these community stations provide must be safeguarded.

Therefore, the CMA would caution against allowing overseas broadcasters from holding UK broadcast licenses and we would recommend that the current restrictions are kept in place. The case for allowing RTE to broadcast in the UK is indeed strong, especially in Northern Ireland. However, opening up the UK broadcast market to Irish broadcasters could establish a legal precedent that might allow the wider restrictions on non-UK based broadcasters to be challenged and overturned. Listeners that have a particular interest in accessing these services are already very well serviced by existing provision online.

This is a complex issue which may require further research and consultation. There may indeed be a case for DCMS and Ofcom to consider permitting time-limited, transnational collaborations that deliver community benefits. An example of which was the Radio Revolten Festival in October 2016 which was broadcast on Resonance Extra in Brighton for a month as well as across Germany.

The intention to foster transnational radio collaborations would have to be considered against the potential for non UK-based long-term broadcasts which could have a detrimental effect on local and community radio services. It could be that exceptions might be made for novel projects that fulfill a specific broadcast time-limited niche (e.g. 'pop-up' stations) that are of high quality and deliver tangible community outcomes. This is to recognise a rising trend in transnational community radio collaborations (Refs: <http://bit.ly/2r9PusW>, <http://bit.ly/2pFuCaT>).

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

The CMA agrees with the consultation proposal and believes that the current format restrictions should remain as such a measure could narrow the range of choice of analogue services for those listeners who have not yet switched (or yet switched all of their radio listening) to digital. If the current format restrictions were to be lifted, then potential format changes to the incumbent stations could remove very successful and cherished brands from the airwaves and therefore reduce plurality in the radio broadcast landscape.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

The CMA notes that this question refers to “local analogue licences” and we wish to make clear our position that Ofcom’s regulation of community radio should continue using each station’s published Key Commitments as the regulatory benchmark.

Community radio services are small-scale operations provided primarily to deliver social gain to their communities, rather than for commercial reasons. They are operated on a ‘not for profit’ basis, often by volunteers and enthusiasts, with profits reinvested in the service or for delivering social gain benefits to the target community. Community radio has a higher level of regulation than much larger commercial services and that degree of regulation has served to create a unique community radio network that remains quite distinct from other areas of the radio broadcast industry.

We believe that what has contributed to the enormous success of community radio, under some very difficult economic circumstances especially in recent years, has been three key factors: the single ownership model, the not-for-profit status, and regulation of the sector via key commitments.

Current regulation of community radio strikes the right balance in setting Key Commitments with a pragmatic approach that benefits the sector and the communities it serves, which is both workable from a regulatory perspective and consistent with the legal framework. The CMA would therefore be opposed to any diminution of Ofcom’s regulatory role with regard to community radio.

The British radio broadcasting industry is one of the most respected and envied in the world in terms of its choice and diversity of content. Having considered examples from countries where deregulation of the radio industry has occurred, the CMA has noted that deregulation of radio in the USA has contributed to a reduction in variety of radio content and a reduction in the number of small broadcasters (Ref: <http://bit.ly/2qas2gu>).

However, the premise of the argument is accepted that the radio broadcast environment has developed considerably in the last two decades and the CMA recognises that changes are required for the industry to compete with new forms of audio consumption that have emerged in recent years.

The CMA would therefore not oppose those changes that would allow commercial radio licensees to adjust their music formats in order to better cater for their audiences, as audience tastes and needs change and radio stations should have the ability to change and cater for those tastes.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

A strong and healthy democracy with engaged and empowered citizens relies on quick, reliable, and unfettered access to well-resourced and trusted news and information services. Good quality news and information is expensive to produce and the CMA agrees with Ofcom that without clear regulatory requirements, there is a significant risk that provision of local news content would be reduced. Indeed, the consultation document itself cites evidence that changes to the requirements on local AM services resulted in a loss of news provision on this platform.

We therefore agree with the government's preliminary position that there should still be requirements for national and local commercial radio to provide news and that this should be extended, particularly on local commercial stations, to essential core information such as local news weather, travel, traffic and "what's on" information and (where necessary) emergency information.

Such content is highly valued by listeners, according to research commissioned by Ofcom (2016). Removing the requirements to provide national and local news and other information services would weaken media plurality in general and local media plurality in particular. The government and Ofcom have a duty to safeguard and extend this key resource of news and information for the listening public.

Whilst preserving the special nature of community radio, it is important to maintain the current light touch regulation of the sector recognising that this sector is significantly under-resourced when compared to other broadcasters and with regard to the availability of funding that was available when the third tier of radio broadcasting was first established in the early years of the new millennium. It is important, therefore, to permit community radio stations to broadcast in a format that can allow the sector to innovate, take creative risks, explore non-traditional radio, and challenge mainstream radio formats.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom’s duty and the requirements on local radio services was narrowed to cover just news and key local information?

The CMA notes that this question refers to “local radio services” and we wish to make clear our position that Ofcom’s duty to regulate community radio services should continue using each station’s published Key Commitments as the regulatory benchmark as we have put forward in Question 3 above. “Local radio services” might include both community and commercial radio services which have very different characteristics. We do not support any contraction of Ofcom’s role in monitoring the social gain commitments of community radio.

We believe that it is possibly more important than ever that community radio stations should remain a central and integral feature of their neighbourhood in creating direct links with their listeners. Stations should continue to operate on an inclusive basis ensuring that community members can contribute to running their station and take up training opportunities offered by the station. We see that community radio plays an enormous role in supporting a more inclusive, media literate, democratically engaged, tolerant and diverse society and these social gain benefits are accomplished through the monitoring of the Key Commitments.

However, for local commercial radio, the CMA agrees that Ofcom’s powers in this area should be revised to allow the regulator to set clear guidance on how the requirements for news and other relevant public service content are set - and to be able to tailor requirements based on the size of the target audience for each station. Additionally, the CMA agrees that these requirements are adapted for certain types of stations such as those aimed at an ethnic audience and religious stations. It should be made clear that community radio, on analogue or digital platforms, will be made exempt from the requirement to create news and other core information on the basis that community radio stations have a clearly defined remit of delivering social gain and have limited opportunities to earn commercial income under the terms of their licence (per: Communications Act 2003, Community Radio Order 2004, Community Radio Amendment Order 2010, Community Radio Amendment Order 2015).

If Ofcom’s regulatory role of the commercial sector was refocused to secure a wide range of high quality national and local news and other core national/local information, the result is likely to have an overall positive impact on the radio listening public. By removing Ofcom’s role in maintaining a diversity of music formats in local commercial analogue radio, with respect to the range and availability of choice of music genres available for listeners, the regulator’s resources can be better deployed towards ensuring that high quality national and local news and other core information will be broadcast to the listening public via the most trusted and valued media platform.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

The CMA notes that this question makes no specific reference to community radio services in the Nations and for reasons mentioned throughout our response to this consultation, we

would wish it to be made explicit that community radio stations and smaller radio broadcasters, including all not-for-profit stations, are exempt from any requirement to provide enhanced local news/core information services.

The Nations of the United Kingdom should be recognised as unique with regard to their own defining democracies, heritage, culture, and language. Ofcom should be given the flexibility to set enhanced requirements for national and local news and other core information for local commercial stations operating respectively in Wales, Scotland, or Northern Ireland as the important contribution that local commercial radio makes to local media plurality is greater in those territories. The CMA therefore agrees that Ofcom should be required to consult on these arrangements and on any future changes to these arrangements. Consultation should occur with the communities of those Nations and representations should be taken from their own devolved governments.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

The CMA believes that the most appropriate solution to securing the provision of national and local news/core information by commercial radio might be to consider a modified version of Option (a) and extend the national and local news/core information obligations to larger broadcasters on DAB. It would be the CMA's recommendation that these requirements are not extended to community radio or smaller niche/specialist radio services operating on any digital platform which should be excluded from this provision.

A significant proportion of the stations carried on the two national multiplexes are already providing national news and information. Therefore extending and formalising this arrangement - as Option (a) seeks to do - would not be a significant change and would not be difficult to administer, especially if special provision is made for specialist stations.

Smaller stations catering for niche or specialist audiences should be exempt from a requirement to provide enhanced news and core information services. Furthermore, wider exemptions should be implemented to include community radio, specialist music stations and ethnic and religious stations, as well as stations below a certain size.

We recommend that the emerging SSDAB platform is examined and consulted on separately. The specific intention of establishing small-scale DAB was to recognise that the current costs and licensing scheme of digital radio broadcasting are not conducive to allowing small-scale/community radio stations and radio services access to the DAB digital radio network. Therefore provision of national and local news/core information on SSDAB should be distinct and different from the requirements to broadcast on national and local digital radio (Ref: Second Reading Previous Broadcasting (Radio Multiplex Services) Bill <http://bit.ly/2qzQFES>).

Producing content that could be identified as local news/core information, in the form of hourly or regular local news bulletins, is highly resource intensive and quite often beyond the affordability of most community radio stations and many small niche or specialist radio stations. This means that caution needs to be exercised to protect this tier of radio broadcaster as any requirement to produce local news and information could prevent these services from operating, thereby reducing radio diversity and plurality. This could result in certain communities being under-represented in and underserved by broadcast radio.

It is not thought that this would create a complex regime in practice as not-for-profit stations and those stations below a certain size - using possible threshold criteria as potential audience size, or Net Broadcast Revenue as used by the copyright agencies - could be exempt from the local new/core information requirements.

The CMA would advise against Option (b) as this option would place onerous regulatory obligations on the local multiplex operators to secure that a sufficient number of local DAB services carried local news/core information on the local multiplex. This would confuse the well-established separation of the distinct roles of transmission and carriage versus content which works sufficiently well across the rest of the communications industry. The regulatory responsibility devolved to the multiplex operators is likely to be too burdensome, especially for operators on small-scale DAB, alongside their responsibility to manage the operational side of the business, and would probably result in fewer entrants to the nascent SSDAB sector. Indeed, the need for Ofcom to formally set requirements for each local and mini-multiplex would make for a very complex licensing regime that would be difficult to understand and to implement.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

This is a complex question that probably has no simple answer. The CMA has received a suggestion that a potential solution to safeguard, protect and ensure the plurality of local news provision would be to use an ownership test - setting a limit that no more than 60% of services on a multiplex can be owned by the same company, and perhaps reducing that to 50% if the company owns the multiplex. There is certainly more scope for further research in this area and to perhaps look to examples of best practice where this has been successfully implemented elsewhere.

The CMA has also received another request to ask that there should be some consideration of the regulation or, at least, a review of the pricing structure of local DAB. Since its inception, this platform has operated within a narrow set of parameters, open to few market influences due to the limited number of local multiplex operators, with the result that there has been little competition to encourage fair and sensitive pricing.

Local content and production requirements

Q10. We would welcome views on the proposal that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

The CMA agrees with the findings of the research from Kantar Media that audiences are less concerned about where the content is produced than its quality and local relevance. Therefore, we recognise that commercial radio should be allowed to change and take advantage of new and developing technologies to best suit the different business needs of local stations. Accordingly, we agree that relevant local news and information should be locally produced and sourced and this does indeed need to be safeguarded to support local journalism.

However there needs to be a consideration of the localness of advertising. If commercial radio operations are permitted to withdraw from their local area in terms of producing core content and hours - presumably into centralised content creation hubs - this would probably see a large number of stations and services co-located to make use of new technology and to also save costs on programming and overheads..

The resulting situation likely to arise would place advantageous business conditions over those stations and groups that would choose to consolidate their operations. And this would confer significant market disadvantage to those commercial stations that would opt to stay locally based for the production of their core hours. Furthermore, community radio stations have no option other than to continue to stay locally-based to serve their community.

Therefore, Ofcom should be empowered to regulate the amount of local versus national advertising that is permitted on those stations that choose to move content production out of their local broadcast areas. The suggestion has been made to the CMA that the greater the number of hours of radio content that is produced locally, the greater the ratio of local to national advertising revenue that a station is permitted to take. If nothing else this would give the market more power to influence the production of local content, and in those areas with strong local advertising, stations would be encouraged and empowered to produce more content locally.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

The CMA notes that this question makes no specific reference to community radio services in the Nations and we would wish it to be made unambiguous that community radio stations and smaller radio broadcasters, including all not-for-profit stations, are exempt from the proposed changes.

The CMA agrees with Ofcom's view that radio stations in the Nations should be required to continue to produce local content within those territories. There may be more opportunities

to broadcast network content services across each Nation but Ofcom should have the power to ensure that national, local news, and other core requirements in place for each of the Nations are met. Ofcom should be required to consult with audiences and representatives from those Nations to consider the right framework and broadcast obligations that suit each Nation's needs.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

The CMA would encourage government and Ofcom to desist from referring to a "switch-off" of analogue or "switchover" from analogue to digital but instead use the preferred term "migration". We believe that analogue broadcasting has a long life ahead and the word "migration" is more accurate and less contentious.

If smaller commercial stations are not permitted to renew their analogue licence without taking carriage on a relevant DAB multiplex, this would have the unfortunate effect of pricing many of them out of the market unless there was the option to migrate to a small-scale DAB multiplex in the locality.

A flexible indefinite extension of analogue licences up to a point when the BBC and large commercial services decide to migrate wholesale to the digital platform is too uncertain and only allowing a two-year period for analogue licences to terminate would be too short to facilitate an orderly migration to digital.

We therefore agree that small commercial radio stations - whose coverage is defined as less than 40% of the measured coverage area (MCA) of the overlapping DAB multiplex - should be allowed to continue broadcasting on analogue after larger stations have chosen to migrate to digital. We believe that this will reduce the likelihood of the creation of a two-tier radio environment in which only non-commercial radio services such as community radio will be found on analogue spectrum.

Accordingly, we agree that it would be indeed prudent to ensure that Ofcom is sufficiently empowered to be able to extend licences for analogue services up to and beyond any future migration of large broadcasters to digital, and to subsequently continue licensing those smaller commercial stations that will decide to carry on broadcasting on analogue after a significant cohort of large stations have migrated their services to digital.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

The CMA notes that this question refers to "local analogue radio services" and we wish to make clear our position that licences for community radio, not-for-profit, and small

broadcasters continued to be renewed for fixed terms and that the length of the community radio licence is extended to at least 8 years or 12 years for parity with commercial radio licences.

Given the uncertainty inherent in the notion of extending licences for an indefinite yet flexible period, and no definition of what “switchover” (or migration as we prefer) means precisely, the CMA would recommend that more work is undertaken in this area to provide all broadcasters and the public with more certainty as to when a likely migration to a digital platform will take place and the nature of the participants involved.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

We note that this question refers to “local analogue services” and the CMA wishes to clarify that smaller stations, including community radio services, choosing to continue to broadcast on analogue after a point when ‘digital migration’ is deemed to have occurred that licences are for fixed periods and that the length of the community radio licence is extended to at least 8 years or 12 years for consistency with commercial radio licences.

After a definition of the criteria for a digital migration has been published and those criteria are agreed to have been met, the CMA believes that those small stations choosing to remain broadcasting on analogue should continue to be licensed on 12-year fixed period licences to foster continuity, stability, and certainty in the radio sector and amongst the listening public as there could be a transitory period of disequilibrium as migration to digital listening gains widespread acceptance.

As we mention above, we propose that licences for community radio stations are increased from the present 5-year period to at least 8 years if not the full 12 years to bring them into some degree of equivalence with analogue commercial radio licences. This will reduce the administrative burden on both the community radio stations having to renew their licence on a relatively frequent basis and Ofcom who has to process them.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital. Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

We recommend that the emerging SSDAB platform is examined and consulted on a separate basis and we understand that there will be a DCMS consultation and an Ofcom consultation regarding this platform later this year. We have noted that Q15 and Q16 do not refer to explicitly refer to community radio and small niche/specialist radio stations. Therefore it should be made unambiguous that the requirements for community radio and smaller analogue stations to simulcast on a relevant DAB multiplex should be placed outside the scope of this consultation at present.

We would ask for clarification as to why analogue broadcasting is referred to here as being “expensive” since FM broadcasting has provided an affordable platform for community radio and smaller broadcasters to reach wide audiences, and the costs of accessing the upcoming small-scale DAB platform are considered to be similar to broadcasting on FM.

The CMA would cautiously welcome more flexibility for commercial stations to reduce analogue broadcasting by transferring vacated spectrum to non-commercial services such as community radio. However there is a risk that ongoing transfer of spectrum from commercial to community radio might create a two-tier system of radio with commercial stations on a well-funded and supported national/regional DAB network with community radio isolated on a platform considered to be outdated and declining in popularity.

We would therefore encourage government and Ofcom to refrain from referring to a “switch-off” of analogue or “switchover” from analogue to digital but rather use the term “migration” in preference. And we would further urge government and Ofcom to examine, support, and promote ‘platform-agnostic’ methods of consuming radio that are not dependent on the technology of carriage - be it the various flavours of analogue versus digital transmission - but provide a transparent interface for listeners to access the content they seek regardless of the method that it reaches them (viz., the Radioplayer Car app <http://bit.ly/2q9sN9X>).

Consequential changes

Q18. We would welcome views on removing Ofcom’s powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

We recommend that the emerging SSDAB platform is examined and consulted on a separate basis and we understand that there will be a DCMS consultation and an Ofcom consultation regarding this platform later this year. We note that this question does not specifically refer to SSDAB. It should be made clear that Ofcom’s powers to oversee line ups on the emerging small-scale DAB platform have yet to be decided and responses to this consultation should not apply to SSDAB multiplexes which will be examined under a different consultation process.

It would be in accord with the spirit of the proposals in this consultation to lighten the regulatory role of Ofcom with respect to commercial radio, facilitating simpler arrangements and fewer contacts between the multiplex operators and the regulator. Ofcom should, however, retain its powers of ensuring fair competition and treatment so that multiplex operators act appropriately and do not unfairly discriminate against any station requesting access. Ofcom should also have the remit to regulate the maximum number of services broadcast on any multiplex from the same owner (or the owner of the multiplex) to encourage a diverse makeup of services provided to audiences.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

There is likely to be a DCMS consultation and an Ofcom consultation on small-scale DAB later this year and we propose that SSDAB platform is specifically excluded from the current consultation in order to ensure that this new platform is given due and thorough process in the consultation procedure. The CMA requests that it is made clear that revisions to Ofcom's duty to determine applications for national and local multiplex licences will not apply to the burgeoning small-scale DAB platform which will be considered under a full and different consultation procedure.

Due to the length of existing local commercial radio multiplex licences, there is no urgent need to update Ofcom's criteria to evaluate the basis for national and local multiplex licence applications. However, future licensing of national and local multiplexes will still need careful consideration of the makeup and variety of services provided and also of ownership of services. The criteria used to assess the award of new multiplexes should not be limited to only coverage and service reliability or financial investment but the makeup of proposed services still needs to be considered in order to ensure diversity and plurality of content for the listener.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

The CMA would encourage the government to not refer to a "switch-off" or "switchover" of analogue radio, in the broad sense, as we believe that analogue radio still has many decades of life ahead. We suggest that "migration" is a better and more accurate term to use. We would hope that the migration of the BBC and national and large commercial radio stations away from analogue to digital platforms could free up analogue spectrum for a diverse range of community radio stations providing a rich radio environment for the listening public.

The CMA takes the view that the same arrangements of extending the duration of commercial radio stations should apply to community radio. It has been rather inconsistent that commercial radio stations have been allowed longer licence terms and more favourable

renewal terms than community radio stations whilst community radio stations are still held to the same obligations of s.105 Broadcasting Act 1990.

Our membership advises that the current five-year term licences are too short and create a high degree of uncertainty in the sector, particularly for those stations that are the first to renew. Concern about licence renewal impacts negatively on the capacity for stations to begin new projects if project delivery extends beyond the life of the current licence.

Licence renewal places a huge administrative burden on stations that are already under-funded and diverts resources away from delivering the business of the station. It is therefore only reasonable that the length of community radio licences is extended to at least 8 years and possibly up to the full 12 years permitted for local commercial analogue radio stations. The argument that was set out in Ofcom's 2014 consultation on the length of local commercial analogue radio licences that "particularly short licence durations of less than 5 years might significantly diminish the commercial viability of broadcasters" applies equally to the community radio sector (Ref: <http://bit.ly/2psEV77>).

Community radio seeks to 'symbiotically' co-exist with commercial radio yet the CMA regularly receives reports of friction between the two sectors where it is felt, by a commercial radio operator, that community radio is competing for commercial advertising revenue. There are still a number of community radio stations who choose not to take commercial advertising and generate income from delivering grant-funded projects, service level agreements with the local authority, training, education, and employability schemes, donations and, of course, are supported by their volunteer base.

In Ofcom's last published annual Communications Market Report (Ref: <http://bit.ly/2q9fB59>) - the most comprehensive study of the UK's communications industries - there was a small (0.5%) increase in the past year in total revenue (£11.6m) for the community radio sector. However, the increase in the number of licensed radio services operating has had the effect of lowering the average income per station to £53,500 (down by 4.2%). The median, or midpoint, income level for 216 stations fell by a greater amount (8.5%) year on year, to £32,500.

As in previous years, most community radio stations' income was, in 2015, less than £50,000; this was the case for 62% of all stations in 2015, compared with 66% in 2014. Around a quarter of stations reported total income of between £50,000 and £100,000, with the remaining 14% earning above £100,000 in 2015 - a rise of 2% on the previous year.

The largest single source of income for community radio stations (30%) in 2015 was on-air advertising and sponsorship, bringing the sector back into line with its 2013 reported share. Grant funding and income from donations appear broadly flat, with both down by 1% over the year. 'Other' income, which includes revenue from the provision of training, fundraising and events, and merchandising income, reduced over the year from 28% to 25% of total income.

However taking a closer look at the figures, an average income of £53,500 in 2015 would only have been worth £44,452 in 2008 when adjusting for inflation using Bank of England RPI figures. Had average income been maintained at the 2008 level of £84,000 and

additionally had risen in line with inflation at an average of 2.7% per year (using Bank of England figures), income for community radio stations in 2015 would have averaged £101,098 - graphically illustrating that community radio stations are struggling on approximately half the resources available to them 8 years previously.

Furthermore, as mean income for the sector has consistently decreased each year since 2008 (except for 2014 when it rose by a meagre 0.8%) and median income has also consistently fallen each year since 2008, commercial revenue in real terms has therefore similarly declined. Average commercial income in 2015 was £16,050, an apparent increase of 10.7% on 2014 but lower than the reported figure of £16,800 in 2008 and the high of £17,365 achieved in 2009. When commercial income is adjusted for inflation using Bank of England RPI figures, commercial income in 2015 would have been worth only £13,336 in 2008, in real terms.

It can therefore be argued that community radio operates in a different environment to commercial radio, a sector that has seen UK advertising revenue record in 2016, at £645.8 million, its highest ever figure representing a 5.4% increase on the previous record-breaking year (Ref: <http://bit.ly/2psz7KC>).

The community radio sector should therefore no longer be considered a threat to commercial radio but to play a vital role in adding to a culture of radio listening and increasing both interest and participation in the media industry, and the media literacy of radio audiences.

The CMA therefore welcomes Ofcom's recent response to its "Community radio: future licensing and technical policy" consultation to licence new community radio stations, address interference issues, and extend coverage areas and we look forward to working with DCMS, Ofcom, and our colleagues at Radiocentre in developing radio in the UK whether digital or analogue, commercial or community.

Department for Culture Media & Sport

Commercial Radio Deregulation – 13 February 2017

Consultation response to the following questions by Daniel Rose, Media Consultant

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

Section 245(1) of the Communications Act 2003 prohibits the issue of digital sound programme (DSP) licences unless the service is provided from a place within the United Kingdom or if the service is provided from elsewhere, the service provider has its principle place of business within the UK. In either case, the origin of the content (UK or elsewhere) is not relevant to the issue of the licence as Section 362(2) of the same Act states:

*.....the person, and the only person, who is to be treated for the purposes of this Part as providing the service is the person with general control over which programmes and other services and facilities are comprised in the service (**whether or not he has control of the content of individual programmes or of the broadcasting or distribution of the service**).*

The s245(1) licensing restriction is an anomaly for a number of reasons:

- i) A totally foreign language and foreign-content sourced service could be licensed if the service provider fulfils the criteria in s245(1) but the identical service could not be licensed if the service for example, was streamed to the UK for broadcast. As discussed elsewhere in the consultation, views are being sought as to whether restrictions should be relaxed as to where certain content is produced as listeners *....attach more value to the quality of presentation and entertainment over where the content is physically produced.*
- ii) As mentioned in the consultation, this restriction does not apply to TV under the Audio Visual Media Services Directive and notwithstanding UK's exit from the European Union in due course and its future adherence to the AVMS provisions or otherwise, under the current freedom of movement of goods and services whether the restriction has validity in the European Court for services origination in the EU or EAA remains in question.
- iii) The restriction does not apply for the issue of Radio Licensable Content Services (RLCS) licences for satellite broadcast whereby any service UK or foreign, can qualify for such a licence as the service provider will have UK jurisdiction for licensing by virtue of the fact the service is uplinked to the satellite from a place within the UK (as all Sky and Freesat radio services are). The restriction of RTE holding DSP licences as mentioned in the consultation, does not apply to RLCS

licenses as RTE currently have four licensed services on the Sky and Freesat platforms.

The UK has an extremely diverse population with wide interests and there are many ethnic, cultural, niche and religious services currently broadcasting on analogue and digital platforms licensed by Ofcom. With hundreds of un-regulated radio services being available from the internet, the restriction should be removed and legislation enabled to allow EU, EEA and other foreign service providers to apply for DSP licences. With the UK exiting from the EU in some two years time, to enact legislation to allow just Irish or EU/EEC to apply for DSP licences would be arbitrary and therefore the legislative change should enable all foreign services to apply to replicate the diverse population and interests of the UK population. All services would be regulated by Ofcom and their content by the Ofcom Broadcast Code (as opposed to internet services which are un-regulated). These services could also attract new audiences, advertisers and sponsors to the UK commercial radio sector. As mentioned elsewhere in the consultation:

As part of Ofcom's general duties in section 3 of the Communications Act 2003 - this requires Ofcom to ensure the availability throughout the United Kingdom of a wide range of television and radio services which (taken as a whole) are both of high quality and calculated to appeal to a variety of tastes and interests.

a change to the legislation would further facilitate a wide range of services.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

The INR licences were originally awarded under the 1990 Broadcasting Act by auction with on-going payments made to the treasury for the spectrum comprising cash bids and percentage of qualifying revenue (PQR). Subsequent automatic renewals of the licences with new financial terms have seen the financial payments greatly reduced. When the financial terms for these licences were last determined by Ofcom in 2011, they were set at a nominal amount of £10,000 per annum for each of Classic FM, Absolute Radio and talkSPORT with a nil PQR. It is acknowledged in this consultation that *there is still considerable commercial value in holding the national analogue licences.* Ofcom's Reviews of the financial terms payable by Classic FM and Absolute Radio – determination 03 February 2017 – has set Classic FM's and Absolute Radio cash bid to remain at £10,000 with nil PQR and with talkSPORT's financial terms to be reviewed at a later date.

Due to the automatic renewals of the licences, the commercial value still held within the licences and the reduced payments to the treasury, the current format restrictions on the three national analogue stations should remain.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in

the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

Placing the obligation on service providers to provide local news/core information would be, as stated, a burden on smaller digital stations and especially on some new entrants to the market. If criteria were placed on certain stations of a certain size and/or format, stations could vary their formats and/or choose multiplexes of a smaller size to exclude the news/core information obligation.

Placing the obligation on the multiplex operator would be the alternative but this also would not be without issues. Guaranteeing carriage for stations providing local news content may be more effective but if the multiplex was full there would be a difficulty for the operator to comply. If a multiplex operator had reached its news/core information quota on one multiplex but not on another, a station could be discriminated against if it was obliged to provide a news service on one multiplex to fill the quota but not on another where the quota had been reached.

Another option could be as part of the negotiation between the multiplex operator and the service provider as to the carriage fees for the multiplex. Where the multiplex operator was required to increase its local news/core information quota, a fee reduction could be given to the service provider in lieu of providing the local news/core information service.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

The duration of national and local analogue licence renewals after switchover has been announced should last for a flexible period with the 2-year termination clause. This will provide more certainty for stations during the transition period for planning purposes.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

Service providers on DAB only have security of tenure on multiplexes according to the terms of their carriage agreements either being to the end of the multiplex licence or less, if a shorter term has been agreed to. Renewals of carriage tend to be based on 'good faith' negotiations but without guarantee.

As such, duration of local analogue licences for qualifying smaller stations should only be renewed for a fixed term which would allow for the possibility of a new broadcaster to take over the frequency under a new licensing regime.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a

condition of its renewal should only apply for stations that have benefited from previous renewals.

The requirement for analogue stations to simulcast on digital should apply to all stations whether they have previously benefited from renewals or otherwise.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

As stated in the consultation there are already some 280 UK-wide and local digital commercial radio stations providing a wide range of programmes appealing to a variety of tastes and interests. Whilst it is not known as to how many multiplex line-up variation requests have been refused by Ofcom as failing to meet the relevant local or national legislation criteria as this information is not in the public domain, my understanding is that it may be relatively small and as such, the requirement to continue to oversee change is not required.

The recent public advertisement from Sound Digital Limited advertising capacity included the following with reference to applicant stations.....*While it'll be replacing Share Radio, it doesn't need to be a money/financial channel.* As such, the new national commercial multiplex will already consider and seek variation for a different format to that of the station it will be replacing.

There will be little or no impact on competition on removing Ofcom's power to oversee changes as these additions and removals will be market-driven by service providers.

Daniel Rose
8th May 2017

Unregulated low power Long Wave use

10 March 2017 at 09:59

Dear sir / madam,

I am an ordinary interested member of the public, and am pleased to see Ofcom leading an approach to less restrictions and red

tape regarding local radio stations.

You may be aware that in the USA, any member of the public is now allowed completely free transmitting access to the Long Wave

broadcast band by the FCC, with a power limitation of 1 Watt and a maximum antenna length of 50 foot. This has been introduced

to tackle pirate radio on the other broadcasting bands including incoming DAB. The reasoning is, that allowing this, gives individuals

incentive to learn radio skills and most important -gives them NO excuse to use the other bands for pirate activity. I have heard here

that some established VHF radio pirate stations are planning to venture on to DAB, and that could create serious interference problems

and spoil DAB's reputation and many advantages for the ordinary listening public.

If this Long Wave access were allowed here, it would 'direct' any new pirating urge away from VHF FM and incoming DAB.

There could be an understanding that any advertising and political stuff would be strictly forbidden -the playing of music (as long as it

is of a non-offensive sort) would be freely allowed. Many would soon tire of this (it would be got this 'out of their system'), and the

remaining ones would go into Amateur Radio and / or take up radio as a serious profession, and not become future DAB pirates

I feel that this would tackle the oncoming problem of pirate radio on DAB, and with the Long Wave freedom, there would be no excuse

whatsoever for any pirate radio on any other radio bands,

I hope you will consider this before pirating on DAB becomes the established 'norm' in the UK!! Please let me know your thoughts on

this suggestion.

With very kind regards, David.

Fwd: commercial radio

4 May 2017 at 16:31

-----Original message-----

From : [REDACTED]
Date : 04/05/2017 - 15:43 (GMTDT)
To : co0mmercialradio@culture.gov.uk
Subject : commercial radio

It has come to my notice ,having been away ,hence late e mail
According to various transmission on Irish Radio that there is the possibility that Irish People and their
descendants and anyone else who may choose to listen to the Irish Radio Stations broadcast from Ireland in
Great Britain may loose this privilege.

According to Radio Broadcasts on the Irish Radio only Radio Stations based in Great Britain will be able to
broadcast in Great Britain.

If this is true then on behalf of a great deal of listeners which can be verified by the fact that the Irish Government
were going to cease broadcasting in Britain but due to the outcry from people in Great Britain this decision has
been deferred for a number of years yet to come.

A survey instigated by Irish Radio was done in Britain in the past year where Irish residents in Britain were asked
to complete forms and return them (myself included) regarding their feelings towards the possibility of loosing Irish
Radio Transmissions in Britain

again the majority of people who replied figures were shown in the Irish Paper in Britain " The Irish Post" not to
remove this facility from the Irish Radio listeners in Britain.

Many people pf Irish Descent rely on this form of communication to keep "tabs" on what is going on in their local
part of Ireland and no doubt would feel a great loss if this little facility was taken away from them.

Having perused the DCMS.gov>uk website I am sure many people of Irish descent would not have the time or the
ability to read and understand the contents so would thus not perhaps know how to inform this website of their
feelings.

I am sure RTE Radio in Ireland will be able to verify both the survey and the fact that Irish Transmissions in Britain
will continue for the next few years due to the fact of the responses received by them concerning the removal of
transmission in Britain.

Thank you

Regards

David Stack

[REDACTED]

[REDACTED]

Deregulation

14 February 2017 at 12:00

Good Morning my name is Declan Anderson McGrath, and I have been interested in commercial radio for over 10 years now. I am very grateful that you have accepted the first stage of deregulation of the radio industry. I fully accept deregulation as I feel that full networking to major commercial radio station's will increase choice, radio presenters will be able to choose the music that they want, and engage more with their listeners.

Regarding of local news prevision on fully networked stations, I accept this also due to the fact many listeners like my self are only interested in local news and are not too bothered about where a radio show comes from.

I also want to see a relaxation of the developed nation's rule as well which includes stations in Wales, Scotland and in Northman Ireland so they can take full advantage of networking as well.

I shall look forward once the consultation ends.

Yours Faithfully

Declan McGrath

17. Dee Radio Group

FAO Commercial Radio Deregulation Consultation

Media Team

Department for Culture, Media & Sport

100 Parliament Street

London

SW1A 2BQ

By email: commercialradio@culture.gov.uk

5th May 2017

Dee Radio Group response to DCMS consultation on Commercial Radio

The Dee Radio Group is a member of Radiocentre and we broadly support their submission on commercial radio deregulation.

The Dee Radio Group operates radio stations Chester's Dee 106.3, Dee on DAB, Cheshire's Silk 106.9, Love 80s Liverpool and Love 80s Manchester. These are a mixture of smaller locally focused commercial fm stations (with and without current digital migration paths) and part simulcast and stand-alone DAB stations. The Group also co-owns the multiplex operator Muxco NE Wales and W Cheshire Ltd.

We have a strong interest in the regulation of our industry and have followed developments on the review of legislation in recent years. We sit on the Radiocentre Policy Group. We also engaged in the consultation round table discussion in Manchester with Ian O'Neill.

We believe it is important that the Government acts to bring forward new legislation to make the sensible changes proposed in the consultation, so that commercial radio stations can continue to provide value for listeners and the economy.

Commercial radio provides extraordinary public value to listeners across the UK. Stations broadcast an average of 13 hours 15 minutes of public service content each week (news and sport, travel, weather, charity appeals, local events) and provide 25 news and sport bulletins each day on average.

Ian O'Neill very clearly illustrated the importance of local radio news in the round table debate highlighting its number one media platform position in terms of listener trust. Our locally focused stations currently over deliver on their format required news provision. We are concerned that potentially rapid changes in the radio landscape may upset what is a relatively fragile ecosystem. The advent of a significant increase in community stations or increased power for existing community stations may make marginal small scale commercial broadcasting uneconomic and the very news providers the public so highly value may be lost.

We are keen to see the Government afford as much support to commercial radio as possible so that we are able to face the challenges of the coming years. We welcome Ian's suggestion that business rate relief should be extended to local radio (something the local press currently enjoy) We further

suggest that local radio provides significant public service provision and in a landscape where potentially there won't be a level playing field in terms of news provision those that do supply highly valued local news and public service broadcasting should enjoy a share of the public service broadcast purse. We note that recent public purse journalism and programme initiatives have either favoured the press or not focused on this valued programme content rather children, religious and the arts.

We echo Radiocentre's support for deregulation in the key areas outlined below.

- Remove format requirements – provide radio stations with greater freedom to choose the music they want to play, catering better to what local listeners want.
- Regulate news and information output – refocus regulation on these most valuable elements of output on FM and AM stations, with a structure to support this on DAB in the future. But be minded to support the smaller operators where the larger burden and value may fall.
- Provide flexibility on where content is made – allow radio stations to use technology to provide the best locally relevant output and shift the emphasis away from managing where that content is made.
- Make consequential changes to licensing – address the technical issues of licensing to support stability for existing stations and the continued growth of digital radio.
- Provide a package of measures to help achieve growth for all – in the short term, consider making lapsed FM frequencies available and ask Ofcom to examine the possibility of FM coverage improvements; in the longer term, review the best use of DAB spectrum in major markets with the option of licensing new additional local multiplexes if there is sufficient demand. To that point In London, the public can hear over 80 radio services – up from just 18 services under analogue radio – enabling a wide variety of new services to engage new audiences, from jazz to children, country to religious, Asian to Polish. Where there is significant choice like this, digital radio's share of listening is significantly higher than the UK average – in London, over 50% of radio listening is digital. London manages this because it's the only city in the UK with more than one local digital multiplex. Other metropolitan areas, like Birmingham, Manchester and South Yorkshire, only have one local multiplex which is restricting the ability of the sector to grow.

It is interesting to note that in Liverpool, where a second multiplex (through the choice of its transmitters) does provide opportunities. Through a transmitter at St John's Beacon, MuxCo North East Wales & West Cheshire delivers significant coverage across Liverpool. The multiplex currently provides 13 services (using a mix of DAB and DAB+), of which 31% are analogue simulcasts and 69% are community / new services. This highlights that local commercial multiplexes are not necessarily too expensive or cover the wrong areas to enable new services to launch and flourish, and that Liverpool has benefitted from having coverage from a second local commercial multiplex.

We would encourage DCMS to ask Ofcom to consider interim measures to provide greater flexibility. We understand that there are a number of areas it should be possible for Ofcom to exercise discretion in advance of legislative changes being made. For example, the guidelines on the precise number of hours of local production required could be amended and the process of format changes could be streamlined.

Chris Hurst

CEO

Dee Radio Group

AMBASÁID hÉIREANN, LONDAIN



EMBASSY of IRELAND, LONDON

17, GROSVENOR PLACE
SW1X 7HR

Telephone: 0207 235 2171

Parliamentary Relations
Dept

16 MAY 2017

DEPT: T&N - DFCMS
REF:
DUE: MLN/19975/2017

REF: FCO /02/17

The Embassy of Ireland presents its compliments to the Foreign and Commonwealth Office and has the honour to refer to the matter of commercial radio deregulation in the United Kingdom.

The Government of Ireland would be very grateful if the attached letter from the Irish Minister for Communications, Climate Action and Energy and the Minister of State for Diaspora Affairs could be conveyed to the Department for Culture, Media & Sport.

The Embassy of Ireland avails itself of this opportunity to renew to the Foreign and Commonwealth Office the assurances of its highest consideration.

London 11 May 2017

Foreign and Commonwealth Office
Kings Charles Street
Westminster
London SW1A 2AH





Roinn Cumarsáide, Gníomhaithe
ar son na hAeráide & Comhshaoil
Department of Communications,
Climate Action & Environment

Office of the Minister



Rt Hon Matt Hancock, MP
Minister of State for Digital Culture and Radio
Department for Culture, Media & Sport
100 Parliament Street
London SW1A 2BQ
United Kingdom

27 April 2017

Dear Minister Hancock,

We are very glad to have the opportunity to write to you concerning the issue of commercial radio deregulation in the United Kingdom.

This is an issue which has the potential to have an impact on members of the large Irish community in Britain, which numbered over 500,000 according to the 2011 census. Many of these community members are active listeners to Irish radio. We think it is important to support the means by which Irish communities abroad, especially in Britain, stay connected to Ireland.

Ireland's national public service broadcaster, Raidió Teilifís Éireann (RTÉ), has since 2004 transmitted its most popular radio station, RTÉ Radio 1, on Longwave 252kHz. This service has significant spill into the island of Britain. RTÉ is planning the shutdown of this service by June 2019.

It will be important to find an alternative, in particular for older members of the Irish community, who rely very heavily on the current Longwave service both to maintain a sense of Irishness and a link with Ireland and to keep up to date with news and current affairs 'back home'. Research carried out by the 'Irish in Britain' organisation has indicated that most listeners are retired Irish, long-settled in Britain, who listen to the service every day and view it as a lifeline.

It has been proposed that the DAB+ network would be a suitable alternative for this purpose. We consider that it would be most welcome if Ofcom were to have more flexibility to license overseas radio stations carried on DAB+. We would strongly support and hope to encourage the licensing of Irish broadcasters and radio stations on DAB+ in the UK.

We hope that you and your colleagues will be able to take our views into account as you consider the future of the radio sector in the UK.

Yours sincerely,

Denis Naughten TD
Minister for Communications, Climate
Action and Environment

Joe McHugh TD
Minister of State for Diaspora Affairs

www.dca.gov.ie | www.dca.gov.uk

Dear Sir or Madam

17 May 2017

I wish to express my concern regarding the latest deregulation of commercial radio and the impact on the listener.

Local radio is already losing its identity due to the increase of radio networking. In some cases networking does improve quality but there is a loss of individuality resulting in a bland service with no local content offering nothing more than music.

Listeners connect with local radio and have done so for many years in the UK. Radio loyalty still exists along with the local presenter, who knows the area he or she serves. With the broadcast licence comes a responsibility to serve and inform the locality.

In terms of careers and job opportunities, it is important to keep stations with local output. This helps to improve the overall quality. I believe radio stations should at least broadcast local programmes at peak times, breakfast and afternoon drive as part of their remit.

I believe that stations can make money and still have an aspect of locality. I understand that sometimes it doesn't matter where a service comes from, but in peak times when travel information is necessary independent local radio stations are key, not national radio.

Taking away local radio won't just take away the jobs of presenters, but will also take away the jobs of radio sales staff, who work locally to provide stations with their revenue. The buildings they have will be useless, and all will be networked from London to a national scale.

It is my opinion that stations should be required to keep the current number of local broadcasting hours in the schedule. I appreciate that all stations can't be local around the clock, seven days a week but there should be a requirement to provide a service in line with the licence.

Yours faithfully

Diane Green (Mrs)

Re Commercial radio

7 March 2017 at 16:48

I feel that a minimum percentage of Welsh medium material should be provided by radio operators in Wales as part of their licence agreement

Kind Regards,

Dr Dafydd Williams

--

Cyfarchion / Regards,

Dafydd Williams

Response to DCMS Consultation on Commercial Radio Deregulation

Dr Paul D Groves, University College London

April 2017

Executive Summary

The government's proposals on commercial radio deregulation [1] need to be modified as they are based on out-of-date assumptions about radio digital switchover (DSO) made back in 2010. It is becoming increasingly clear that a single switchover date (or short switchover period) for national and large local services is not viable and that a gradual switchover, spread over many years, is much more realistic. The main reasons are as follows:

- Listeners are not migrating from analogue to digital radio at a uniform rate. Listeners to some services are migrating much faster than others. Although approximately 45% of radio listening in 2016 was via digital platforms, a lot of this was to digital-only services, services with greater coverage on DAB than FM, and AM services. Digital listening shares in 2016 ranged from 59% for Absolute Radio down to only 25% for BBC local and regional radio [1, 2]. At current migration rates, the digital share of listening for radio as a whole is likely to reach 50% by 2018. However, the digital share for many popular FM stations is likely to stay below 50% until the mid 2020s. DSO plans need to account for this.
- There are vast differences between AM and FM. AM accounts for only ~5% of listening in the UK (compared to over 30% for DAB), is not receivable by many radios and has been abandoned by many European countries. FM accounts for about 50% of UK radio listening, is receivable on almost all radios and is the dominant radio platform in almost every country in the world. FM also offers better sound quality than AM, better coverage at night and, in general, a much lower transmission cost per listener. Consequently, most AM transmitters will need to be switched off well before most FM transmitters.
- A single switchover date for a particular service is more expensive as full coverage must be maintained on both DAB and FM (or AM) at the point of switchover. A gradual switchover is cheaper as it allows analogue coverage to be gradually reduced as DAB coverage is expanded.
- The government proposal that small-scale commercial and community services remain on FM while national and larger local services become digital only is no longer tenable. Many of these services will soon be able to broadcast on the forthcoming small-scale DAB multiplexes. Small-scale DAB is likely to be confined to the major cities initially, but should gradually expand to smaller population centres over the next decade. Meanwhile, radio manufacturers have ignored the government's proposals to integrate FM and DAB services into a common menu. Remaining FM-only services would therefore struggle to attract an audience once the most popular services become digital-only. Thus, small-scale radio services need to migrate to digital at the same pace as the larger services.

Radio Centre has expressed the view that there should be no compulsory switch-off of local commercial FM transmitters [3]. Similarly, the BBC Trust has expressed the view that radio DSO should be audience-led [4]. DAB is now a success in the UK, accounting for over 30% of listening. Some digital-only stations, such as BBC 6 Music, are now more popular than some stations available on FM or AM, such as Radio 3 [5]. Thus, there is no need for a government-mandated DSO in order to ensure the continued success of DAB. Instead, broadcasters should be free to gradually reduce AM and FM radio coverage as their listeners migrate to digital platforms.

The regulatory environment for commercial radio should therefore be based on the following assumptions:

- Digital radio listenership, coverage and programme choice will gradually expand over the next ten years. During this time, some listeners will have access to many more services than others, depending on where they live.
- Most AM transmitters will be decommissioned over the next 10 years.
- FM radio will continue throughout the next 10 years, either in its present configuration or with a limited reallocation of some spectrum from national to local and community services. In most areas, around 10 different FM services will be receivable (including from the BBC).
- FM radio listenership will still be significant, potentially 20% of the total, in 10 years from now. This will comprise listeners with inadequate DAB reception of their chosen service, listeners in cars and commercial vehicles without DAB receivers or with poorly-installed DAB antennas, and listeners using FM by choice (including on old radios outside vehicles).

Radio regulation is needed to ensure that the radio spectrum, a public resource, is used to provide as wide a program choice and population coverage as is practical, not just to ensure provision of news and information. To support a gradual DSO, radio content regulation should be as platform-neutral as possible. However, there is also a continuing need to protect listeners who have a limited choice of services, both FM users and those with limited DAB reception.

The following changes to the government's proposals are therefore recommended:

- To support harmonisation across platforms, all non-BBC radio services should be classified as commercial, community or specialist.
- News and information requirements should be platform-independent. All services should provide national news, subject to a revenue threshold. All services that carry local advertising should provide local news and information, again subject to a revenue threshold. The revenue thresholds for community and specialist services could be higher than for commercial services. To avoid creating barriers to entry, BBC news services could be made available for a fixed percentage of revenue.
- Music formats should be retained for all FM radio licences, not just the national analogue licences. Choice is very limited outside London. It is not just the classical music audience that needs protection. Services targeting the under 25s or over 55s should also continue to serve those audiences.
- Some programme format regulation should be maintained for DAB multiplexes. However, it is not necessary to regulate every programme service. Instead, there should be a minimum service requirement for each multiplex that can realistically be maintained through the licence term. For example, national multiplexes might each be required to provide two speech services, two music services for the under 35s, two music services for the over 55s and a classical or jazz music service.
- New commercial FM licences should be awarded for areas with limited choice. These services should be required to simulcast in DAB or DAB+ where suitable multiplex capacity is available. This will help to support DAB multiplexes in more sparsely populated areas as with the proposed removal of networking restrictions, FM/DAB services will be more commercially viable than digital-only services.
- Upon licence renewal, all existing commercial FM services should be required to simulcast on DAB or DAB+ where suitable multiplex capacity is available. Small-scale commercial stations should be required to simulcast on small-scale DAB in areas where

a multiplex is available, but not be forced to broadcast on a county-scale multiplex. This would support DAB take-up.

- To support a gradual decommissioning of AM, including coordination between different broadcasters using the same transmission sites, coverage requirements for AM licences should be substantially lowered. Broadcasters that wish to renew their licences should serve at least 65% of the population within their licensed areas by day. Broadcasters that do not wish to renew their licence beyond the current term might be permitted to reduce coverage to 35%. Vacated AM spectrum should not be reallocated.
- Coverage requirements for FM licenses should be linked to the proportion of listening to that particular service on FM. Small reductions might be permitted when FM listenership drops below 50% and more substantial reduction when it drops below 25%.
- How to use vacated FM spectrum should remain at Ofcom's discretion. However, Ofcom could assist broadcasters by maintaining a list of which frequency allocations would be re-advertised for commercial services in the event of being vacated.

Introduction

Regulation of commercial radio is needed to ensure that the radio spectrum, a public resource, is used to provide as wide a program choice and population coverage as is practical, not just to ensure provision of news and information. For reasons explained here, radio digital switchover (DSO) needs to be a gradual process. To support this, radio content regulation should be as platform-neutral as possible. However, there is also a continuing need to protect listeners who have a limited choice of services, both FM users and those with limited DAB reception.

To support harmonisation across platforms, all non-BBC radio services should be classified as commercial, community or specialist. A community service might be defined as a service that is mainly produced locally and provides access to local people via listener interaction and the opportunity to broadcast. A specialist service might target an ethnic group, members of a religion, a minority language community or other minority group. It could also target a specialist music community. A specialist music service might be required to devote at least 50% of its output in any 3-hour period to non-mainstream music, where mainstream music is defined as top 20 hits from the past 50 years together with new releases from artists that have had a top 20 hit within the last 2 years.

This consultation response first explains why the government should move away from a single switchover date (or short switchover period) for national and large local radio services and instead support a gradual switchover from analogue to digital radio. Responses to the consultation questions are then presented, organised under the same headings as Section 6 of the consultation document [1]. Finally a list of references and short author biography is provided.

Digital Switchover

The government's 2010 proposals for radio DSO, were for all national and large local radio services to become digital only at some point (after 2020) with all of their FM and AM transmitters switched off either at the same time or over a period of a few months [6]. However, there are major problems with this approach:

- Listeners to some services are migrating from analogue to digital much faster than others.
- There are big differences between AM and FM; AM is rapidly becoming obsolete in Europe while FM remains the dominant platform for radio listening in most parts of the world.
- A single switchover date for a particular service is expensive as full coverage must be maintained on both DAB and FM (or AM) at the point of switchover.

Instead, it is recommended that the government support gradual switchover, spread over several years. The reasons for this are explored in more detail below.

Listeners are not migrating from analogue to digital radio at a uniform rate. Although approximately 45% of radio listening in 2016 was via digital platforms [2], a lot of this was to digital-only services, services with greater coverage on DAB than FM, and AM services. The digital listening shares for the most popular radio services are shown below.

Service	Percentage of listening via digital platforms	Share of overall radio listening
Absolute Radio	59%	1.7%
BBC Radio 5 Live	54%	3.5%
Talksport	47%	2.0%
BBC Radio 4	46%	11.8%
Classic FM	43%	3.5%
BBC Radio 2	39%	16.7%
BBC Radio 1	33%	6.0%
Local commercial radio	30%	28.7%
BBC local and regional radio	25%	7.1%

Digital listening for popular radio services (3rd quarter of 2016) [1, 2, 5].

The national AM services have the highest digital share, followed by the national FM services and then local services. Absolute Radio is available on FM in London and the West Midlands, which accounts for more than half of the analogue listening, so the digital share in the non-FM areas is much higher than shown. The lower figures for local radio partly reflect the fact that many local stations are not available on DAB or have poorer coverage than national services. However, the local commercial figures in the table will also be boosted by a higher digital share for AM services.

Listeners migrate to digital radio for a wider programme choice, better reception and/or better sound quality (compared to AM; DAB generally sounds no better than FM). Those listeners who are satisfied with the choice, reception and sound quality available on FM/AM are much less likely to migrate to digital radio. A further barrier is the difficulty of installing digital radios in cars and commercial vehicles. Replacing a car radio can be expensive because it is typically built into the dashboard and an additional antenna for DAB is needed, which must be installed correctly. Where the vehicle is not owned by the driver, there is little incentive to upgrade the radio. Add-on DAB radios that connect to the vehicle's existing radio are available, but these often suffer from poor antenna installation.

Migration from analogue to digital radio is likely to continue at the current rate of ~3% per year in the medium term. At this rate, the digital share of listening for radio as a whole is likely to reach 50% by 2018. However, the digital share of listening for services that are available on FM will grow more slowly due to some listeners switching to digital-only services when they migrate to digital. Thus, the digital share for many popular FM stations is likely to stay below 50% until the mid 2020s. The government should not be mandating the switch off of FM (or AM) transmitters until the digital listening share *for that particular service* is well above 50%.

The next thing to consider is the vast differences between AM and FM. AM accounts for only ~5% of listening in the UK (compared to over 30% for DAB), is not receivable by many radios and has been abandoned by many European countries. FM accounts for about 50% of UK radio listening, is receivable on almost all radios and is the dominant radio platform in almost every country in the world. FM also offers better sound quality than AM and better coverage at night. Conversely, AM services have much higher digital listening shares than FM services, particularly for music. The transmission cost per listener is also generally lower for FM. Although more transmitters are required to serve a given area on FM, FM transmission antennas are ~10 times more efficient than AM, the sites are generally smaller and site costs are shared across many more users (including DAB, television and communications). Furthermore, FM services are generally more popular than AM services.

Therefore, most AM transmitters will need to be switched off well before most FM transmitters.

The final factor to consider is switchover costs. A single switchover date for a particular service is more expensive as full coverage must be maintained on both DAB and FM (or AM) at the point of switchover. A gradual switchover is cheaper as it allows analogue coverage to be gradually reduced as DAB coverage is expanded. It is much easier for listeners to switch to digital radio indoors than in a car. However, indoor listening generally requires a stronger signal (for all types of radio) than in-car listening. Thus, the low-power relay transmitters that boost national FM coverage in several towns and cities could potentially be switched off well before the main high-power transmitters, releasing frequencies that could be used by community radio or local radio.

Radio Centre has expressed the view that there should be no compulsory switch-off of local commercial FM transmitters [3]. Similarly, the BBC Trust has expressed the view that radio DSO should be audience-led [4]. DAB is now a success in the UK, accounting for over 30% of listening. Some digital-only stations, such as BBC 6 Music, are now more popular than some stations available on FM or AM, such as Radio 3 [5]. Thus, there is no need for a government-mandated DSO in order to ensure the continued success of DAB. Instead, broadcasters should be free to gradually reduce AM and FM radio coverage as their listeners migrate to digital platforms.

There is also a need to reconsider the government proposal that small-scale commercial and community services remain on FM while national and larger local services become digital only [6]. Many of these services will soon be able to broadcast on the forthcoming small-scale DAB multiplexes. Small-scale DAB is likely to be confined to the major cities initially, but should gradually expand to smaller population centres over the next decade. Meanwhile, radio manufacturers have ignored the government's proposals to integrate FM and DAB services into a common menu. Remaining FM-only services would therefore struggle to attract an audience once the most popular services become digital-only. Thus, small-scale radio services need to migrate to digital at the same pace as the larger services.

The government plans to update its radio DSO proposals once digital radio's listening share reaches 50%. The current DCMS consultation concerns commercial radio regulation, not DSO. However, the regulatory environment for commercial radio over the next 10 years needs to be based on a realistic view of DSO. It should therefore be based on the following assumptions:

- Digital radio listenership, coverage and programme choice will gradually expand over the next ten years. During this time, some listeners will have access to many more services than others, depending on where they live.
- Most AM transmitters will be decommissioned over the next 10 years.
- FM radio will continue throughout the next 10 years, either in its present configuration or with a limited reallocation of some spectrum from national to local and community services. In most areas, around 10 different FM services will be receivable (including from the BBC).
- FM radio listenership will still be significant, potentially 20% of the total, in 10 years from now. This will comprise listeners with inadequate DAB reception of their chosen service, listeners in cars and commercial vehicles without DAB receivers or with poorly-installed DAB antennas, and listeners using FM by choice (including on old radios outside vehicles).

Ofcom's Role and Duties

Q1. In the medium term, many listeners will have a limited choice of radio services due to poor DAB reception or listening in cars or commercial vehicles without DAB receivers or with a poorly-installed DAB antenna. This group is likely to remain significant for around 10 years. Without regulation, there is a risk of listeners under 25 and over 55 being neglected in areas with limited choice as commercial broadcasters focus on the 25-55 age group. Even where there are lots of radio services available on DAB, there is typically much more choice for 25-55 year olds than other age groups and the over 65s are often neglected altogether. There is thus a need for Ofcom's role in ensuring a choice of *different* radio services for consumers.

Q2. No comment.

Format requirements for national analogue radio licences

Q3. The current music format restrictions on the national FM licence should continue in the medium term. Otherwise, choice could be significantly diminished for listeners unable to switch to digital due to poor reception or difficulty installing DAB equipment in a vehicle.

However, for the AM licences, format restrictions are probably unnecessary. Talksport is unlikely to change format as sport is already the most viable format for AM in the medium term. Absolute Radio's AM listenership is barely large enough to justify the transmission costs, so the ability to change format could, in theory, delay closure of the AM service, though building an audience for a new service on AM is potentially difficult.

Local radio non-news format requirements

Q4. The current music format restrictions on local FM licences should continue in the medium term. Londoners have access to 9 local commercial services on FM, while 4 or 5 services are available in some other major cities. However, half the population is only served by 1, 2 or 3 local commercial stations on FM. This includes major cities, such as Belfast, Edinburgh, Leeds, Nottingham and Sheffield. Consequently, format changes have the potential to significantly diminish choice for listeners unable to switch to digital due to poor reception or difficulty installing DAB equipment in a vehicle, particularly those under 25 or over 55. The current simplified formats already provide a lot of flexibility and services are still able to change format with Ofcom's permission.

For AM licences, removing format restrictions could delay the closure of some AM transmitters.

National/local news and other public service content requirements

Q5. Ofcom's survey has shown that listeners value local news and information [7]. This is also an important public service. To facilitate a gradual digital switchover, news and information requirements should be platform-independent. All services should provide national news, subject to a revenue threshold. All services that carry local advertising should provide local news and information, again subject to a revenue threshold. Higher revenue thresholds might be set for community and specialist services, compared to commercial services, as they are providing other forms of public service. Where a broadcaster provides multiple services to the same locality, the revenue threshold might be applied to the combination of services as the costs of providing news on several services is only slightly higher than the cost of providing news on one service. To avoid the news requirements creating a barrier to entry, an option to carry BBC news services at the cost of a fixed percentage of revenue might be offered.

Q6. Some form of music format regulation is needed to ensure that a wide range of ages and tastes are catered for, particularly for listeners with poor DAB reception or difficulty installing DAB equipment in a vehicle. The present system works effectively for FM, while there is scope for simplification of DAB regulation. See Q3, Q4 and Q18 for details.

Q7. No comment.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. This question assumes that digital switchover will occur at a specified time; this is unlikely as already discussed. DAB now accounts for over 30% of listening, compared with 5% for AM and some digital-only services are now more popular than some analogue services. Furthermore, many services are digital-only in some parts of the country and analogue-simulcast in others. Therefore, the news requirements for digital services should be the same as for analogue services right now. Platform-independent news requirements are compatible with a gradual digital switchover and avoid imposing complex rules on the digital multiplex operators.

All services should carry national news, subject to a revenue threshold and all services that sell local advertising should carry local news, again subject to a revenue threshold. The revenue thresholds should be higher for community and specialist services than for commercial services. To avoid the news requirements creating a barrier to entry for new digital radio services, an option to carry BBC news services at the cost of a fixed percentage of revenue might also be offered.

Q9. No comment.

Local content and production requirements

Q10. Ofcom's survey has shown that most listeners do not mind where music programming is produced [7]. In practice, local or regional music programming tends to be more valued in some places than others. In general, listeners further away from London value local or regional programming more. Providing local or regional programming in places where it is valued will attract larger audiences and thus more advertising revenue. Therefore, it should not need to be mandated by the government.

For local news and information, regional news hubs should be permitted as a compromise between production costs and listener experience, particularly in less densely populated areas. Requirements for where news is produced might be linked to advertising revenue.

Q11. Regional programming in Scotland, Wales and Northern Ireland is likely to attract larger audiences and thus more advertising revenue, so there is probably no need for it to be mandated. However, any changes to FM programming requirements should be delayed until after the new Scottish independence referendum. Regional programming requirements for AM should be removed to help broadcasters maintain services at minimum cost.

Revised licensing arrangements

Q12. With the proposed removal of networking restrictions, local FM services will become more commercially viable than at present. In the medium term, local services broadcasting on both FM and DAB will also attract much larger audiences than those on DAB. New commercial FM licences should therefore be awarded for areas with limited choice. Priority should go to areas of significant population that only have one local commercial service on FM. These include Ayrshire, Bedfordshire and Milton Keynes, Cumbria, Lincolnshire, Northampton and Stoke-on-Trent. These services should be required to simulcast in DAB or DAB+ wherever suitable multiplex capacity is available. This will help to support DAB multiplexes in more sparsely populated areas. To ensure that these new services increase listener choice, Ofcom should retain the power to regulate music formats on FM.

To support these additional FM services, the 87.6-88.0 MHz sub-band should be reallocated from temporary to permanent services once small-scale DAB is established as a suitable alternative platform for temporary radio services. This FM-band spectrum should be used for

community radio in areas which already have several commercial services on FM, such as London, North West England and the West Midlands.

Small-scale FM stations should also be given the opportunity to expand on FM to neighbouring areas that are not already served by a similar service, subject to frequency availability and simulcasting on a suitable DAB multiplex, where available.

Q13. A digital switchover for local commercial radio is one of several possible medium-to-long-term scenarios. This would clearly require synchronization of FM licence expiry dates in a given area so that competing services leave FM together.

Another likely scenario is that local commercial FM broadcasting continues. In this case, there will effectively be a larger number of local DAB services competing for a smaller number of FM simulcast slots in most locations (see Q15 and Q16). Re-awarding the FM licences to the incumbents in exchange for supporting DAB ceases to be fair once stand-alone DAB broadcasting is profitable, as it already is for some services. A competitive re-advertisement of FM licences can be managed more efficiently if all licences serving a particular area are advertised together. Similarly, if the number of commercial FM licences serving a particular area are reduced (see Q17), all broadcasters should have an equal opportunity to compete for the remaining licences. Reasons for reducing the number of licences might include making room for more community radio or for more small-scale commercial services. Thus, these scenarios also require synchronization of FM licence expiry dates in a given area.

Therefore, it is proposed that Ofcom be immediately given the power to offer commercial FM licence renewals and re-advertisements of varying lengths between 4 and 8 years in order to achieve synchronization.

Q14. Now that the feasibility of small-scale DAB has been demonstrated, there should be no need to treat smaller commercial stations differently from larger stations. In the long term, any market that is large enough to sustain a commercial radio service should also be able to support a small-scale DAB multiplex. Although DAB multiplexes for smaller populations are not viable at the moment, they will become viable as the DAB platform share increases and equipment costs drop as DAB expands internationally. DAB enables smaller broadcasters to grow their business by offering several music formats. Many small-scale broadcasters have also taken the opportunity to broadcast to a wider area on DAB.

In the long term, a service broadcast on FM only will struggle to attract an audience if the most popular services in that area are broadcasting only on digital platforms. Radio receiver manufacturers may cease to support FM if only one or two services in each area are provided (noting that this also depends on developments elsewhere in Europe). A critical mass of services is needed to maintain FM as a viable platform. Without government intervention, smaller commercial stations may choose to leave FM before larger stations as it is more difficult to sustain the costs of simulcasting to a smaller audience.

No broadcast licence should be renewed for an indefinite period. The government and Ofcom need to be able to respond to changes in listening habits, culture, broadcasting technology, markets and economics. A periodic licence renewal cycle enables this.

Renewals and requirements for simulcast on DAB

Q15/ Q16. The simplest way of supporting the transition to digital is to require all analogue services to simulcast on DAB or DAB+ from the point of licence renewal (or award) where capacity on a suitable multiplex (or multiplexes) is available. This removes barriers to listeners switching to digital and it treats all services equally. Smaller stations should not be required to broadcast on a county DAB multiplex if they serve less than 40% of that multiplex area's population on FM. However, if they choose not to broadcast on a county multiplex, they should be required to broadcast on a small-scale multiplex if one is available.

Broadcasters should be free to use the DAB+ standard if they choose in order to save money.

Dealing with commercial stations that may want to vacate analogue licences

Q17. The government should support a gradual reduction in analogue radio coverage of individual services, initially focusing on AM. From the listeners' perspective, this enables services to be maintained for some listeners when it is no longer commercially viable to maintain current coverage levels. From the broadcaster's perspective, this enables them to apportion resources between different broadcast platforms according to their popularity and balance reductions in analogue listening due to transmitter closures with growth in digital listening such that large drops in listening levels are avoided.

For AM broadcasting, a gradual reduction in coverage also enables the closure of different radio services broadcast from the same site to be coordinated to avoid the closure of one service resulting in increased costs for another service due to the site costs being shared between fewer users. This is less of an issue for FM broadcasting as most of the FM transmission sites are used for other purposes, such as DAB and television.

For most AM services, digital listening exceeds 50% and many AM transmitters are already uneconomic. AM radio clearly has no long-term future in the UK and is already obsolete in many European countries. Therefore, coverage requirements should be reduced straight away. Broadcasters wishing to renew their AM broadcast licence beyond the current term should be required to serve 65% of the licensed area during daylight hours. Broadcasters that do not wish to renew their licence beyond the current term should be permitted to reduce coverage to 35%.

For most FM services, digital listening is well below 50% and likely to remain so for several years. FM broadcasters should be required to maintain current coverage levels until digital listening *for that particular service* reaches 50%. After that, FM coverage requirements should be linked to the FM share of listening for that service. Small reductions might be permitted when FM listenership drops below 50% and more substantial reduction when it drops below 25%. As with AM, coverage requirements for broadcasters that wish to renew a licence should be higher than for those who do not. In addition, Ofcom should have the power to vary the licensed power levels and available frequencies at the point of licence renewal. This is of particular relevance to Classic FM, for which a gradual reduction in FM coverage might be coordinated with BBC national radio.

Moving on to vacated spectrum, AM frequencies should not be re-allocated at all. Demand for AM spectrum from community radio is very low and many community stations licensed on AM have failed to launch. DAB/DAB+ is a much better platform for new services that cannot be accommodated on FM. The re-allocation of vacated FM spectrum should remain at Ofcom's discretion. However, Ofcom could assist broadcasters by maintaining a list of which frequency allocations would be re-advertised for commercial services in the event of being vacated.

In the longer term, Ofcom should also have the power to withdraw commercial FM and AM licences at the end of a licence term instead of renewing or re-advertising them. In the case of AM, this would provide a means to end the last few AM services once the majority of AM transmitters have closed. On FM, this could be done to provide more spectrum for community radio. This is of particular relevance to London where there is high demand for community radio spectrum and a large number of commercial FM stations, some of which have similar formats. To ensure fairness, affected commercial stations should have the opportunity to apply for other FM frequencies. This requires the synchronization of licence expiry dates in a given area (see Q13). In practice, FM licences should not be withdrawn from the commercial sector until the BBC has started to reduce FM coverage.

Consequential changes

Q18. Although listeners in major cities have an extensive choice on DAB, many listeners in smaller towns can only receive Digital One and/or a local multiplex with only a few services. Even where there is a large choice of services available, there is little available for the over 65s and only a few services for the under 25s. Therefore, some content regulation is needed to ensure that DAB multiplexes, which use public spectrum, serve as many people as is practical. However, it is not necessary for Ofcom to regulate every change in station line-up. Instead, a minimum content specification should be established for each multiplex that should be maintainable for the duration of the licence. For the two national commercial multiplex licences, a reasonable minimum specification would be:

- Two music services that predominantly target the over 55s, of which one predominantly targets the over 65s;
- Two music services that predominantly target the under 35s, of which one predominantly targets the over 25s;
- Two speech-based services;
- One classical or jazz music service.

Multiplex operators would be free to use DAB or DAB+ for these services and would be free to set lower carriage fees for them if appropriate. In addition, the second multiplex, currently Sound Digital, would be required to reserve 30% of its capacity for specialist services, as is currently the case. As the second multiplex has lower coverage requirements than the first, it is fair to specify more content requirements.

For the county multiplexes, the coverage requirements are relatively demanding, so the minimum content specification might be limited to at least one music service for the under 35s and at least one for the over 55s, plus the continuing requirement to reserve space for the BBC. Small-scale multiplexes will have less onerous coverage requirements, so should be required to reserve 40% of capacity for specialist and (geographic) community services. Otherwise, there is a risk of these services being squeezed out in some areas.

Q19. If the minimum content specifications (see Q18) were to be determined by Ofcom at the time a multiplex licence is advertised or re-advertised, then content would not need to be an assessment criterion. Applications could then be assessed based on coverage, service reliability and coverage costs. At present, some DAB multiplex operators, such as Muxco, appear to be much more open to new service providers than others. There is a potential conflict of interest where a multiplex is controlled by a commercial broadcaster. Therefore, to ensure fair competition for multiplex capacity, the government may wish to limit individual broadcasting companies to a 49% share of the ownership of any DAB multiplex.

Q20. Community radio licence terms should also be varied to achieve synchronization of licence expiry dates in a given area. This is because, in the medium term, small-scale DAB capacity will be available in some areas, but not others. Therefore, there is an argument for reallocating FM frequencies from community radio services that broadcast on small-scale DAB to new community services in neighbouring towns that are not served by small-scale DAB. Managing this efficiently and fairly requires community FM broadcast licences in a given area to be allocated together.

In the long term, small-scale DAB is likely to be viable wherever commercial radio on the same scale is viable. However, community radio is viable in places where commercial radio is not. Consequently, a situation could arise where some community radio stations are stuck on FM when nearly all other broadcasters have left. FM cannot continue with just a handful of community radio stations and maybe a few BBC local transmitters (serving areas without local DAB). Radio receiver manufacturers might not support FM under those circumstances. There are several possible long-term solutions. One is simply to expect services that cannot be accommodated on DAB to broadcast online only. The second option is to maintain a

critical mass of services on FM in order to keep the platform viable. The third option is to licence small-scale DAB multiplexes in relatively remote areas that carry only one service, potentially subsidising them if they cost more to operate than FM (which may not be the case by 2030). Finally, other radio broadcast technology might become available during the 2020s, such as the incorporation of one-to-many transmissions within the mobile phone system.

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About the Author

Dr Paul D Groves is a Senior Lecturer in Engineering at University College London. He is an internationally-recognised expert in navigation and positioning technology, including radio-based techniques, such as GPS. He has a side interest in radio broadcasting and his 2014 proposal to use VHF channels 7D, 8A, 8B, 9A, 9B and 9C for small-scale DAB was adopted by Ofcom the following year.

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Dear Sirs,

Commercial Radio Deregulation

We welcome the Government's review of the overall regulatory structure for commercial radio and the options for reform that will help to further support the development of the commercial radio sector.

To be fit for purpose, though, any new regulation needs to be fair – for both broadcasters and listeners. Therefore, any changes to regulation needs to apply to all broadcasters, irrespective of how they broadcast. Regulation that is suitable for commercial services should be equally suitable for community services, and vice versa. There is no reason for community and small scale services to operate under a 'light touch' environment, whilst operators providing more commercially focused services face additional regulation.

We also believe that any proposed changes should also reflect broader questions and proposals around a future digital radio switchover. A number of the proposals risk pre-empting such a broader discussion and could conflict an orderly digital radio switchover. There may be merit in DCMS collecting the views through this consultation but leaving any firm conclusions until after a future digital radio switchover has taken place.

And in addition to a review of the regulatory structure, we believe that there needs to be a review of Ofcom's strategy for growth and development of the entire commercial sector.

Over the last ten years, Ofcom's strategy for commercial radio (which has been developed through their interpretation of how Government wants the sector to grow and be regulated) has focused on:

- Development of DAB radio, with a second national multiplex and 14 new local multiplexes to fill 'white areas'
- Trialling of small scale DAB multiplexes to enable smaller analogue services to migrate to DAB
- Re-advertisement of analogue licences where local operators either haven't been able to secure DAB carriage or where local DAB doesn't exist.
- Further licensing of community services on analogue.

There has been very limited development of the FM spectrum for commercial radio despite spectrum being available (as evidenced by the expansion of community radio).

Nor has there been development of commercial DAB in markets where demand exceeds supply (especially in a number of metropolitan areas where opportunities were removed when the regional multiplex licences held by MXR were returned to Ofcom).

In London, the public can hear over 80 radio services – up from just 18 services under analogue radio – enabling a wide variety of new services to engage new audiences, from jazz to children, country to religious, Asian to Polish. Where there is significant choice like this, digital radio's share of listening is significantly higher than the UK average – in London, over 50% of radio listening is digital. London manages this because it's the one of only three UK cities with more than one local digital multiplex (Glasgow and Edinburgh being also served by a regional multiplex). Other metropolitan areas, like Birmingham, Manchester and South Yorkshire, only have one local multiplex which is restricting the ability of the sector to grow.

It is interesting to note that in Liverpool, where a second multiplex (through the choice of its transmitters) does provide opportunities. Through a transmitter at St John's Beacon, MuxCo North East Wales & West Cheshire delivers significant coverage across Liverpool. The multiplex currently provides 13 services (using a mix of DAB and DAB+), of which 31% are analogue simulcasts and 69% are community / new services. This highlights that local commercial multiplexes are not necessarily too expensive or cover the wrong areas to enable new services to launch and flourish, and that Liverpool has benefitted from having coverage from a second local commercial multiplex.

MuxCo is supportive of small scale digital multiplexes but as these multiplexes are "to meet the needs of ultra-local commercial and community radio stations" (Kevin Foster MP) and should be "no more than 40% of the size of current local services" (Dr Rosena Allin-Khan MP on Ofcom's rule), we believe that every major metropolitan area (which we define as areas with populations over 1m) in the UK should have a second local commercial multiplex in addition to any small scale multiplexes. This would best ensure that commercial radio can maximise choice to listeners across the country, whilst also assisting the commercial radio sector to grow.

We therefore urge DCMS to require Ofcom to undertake a full and proper review of analogue and DAB spectrum - ahead of ANY new licence development - to assess and develop a licensing plan that meets the need of the whole industry rather than a sub-section of the sector. Commercial radio can only grow and mature if there is a level playing field of opportunities.

Turning to the Consultation, we submit comments for those areas that relate to digital radio.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and, if so, whether Ministers should need powers to allow licensing to be extended to other countries?

We support the proposal for greater flexibility for overseas radio services to be broadcast on DAB.

Q8. We would be grateful for views on which of the options set out would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

We do not believe that it should be the responsibility of the multiplex operator to ensure the provision of national and / or local news. We remind DCMS that a multiplex is simply a means of distribution and is not the entity responsible for the provision of content output on individual stations (or indeed stations themselves). In addition, multiplex operators have detailed contractual obligations with their service providers. Under many existing service provider carriage agreements, which in the case of Muxco can run through to 2028, multiplex operators are unlikely to have a legal right to impose requirements on local content prior to any renewal.

We do not agree with the statement that “without any requirements for the provision of news, and especially local news” that news would be underprovided by the commercial market. We believe that in any market, a number of local stations would continue to provide news in a digital-only world as a ‘differentiator’ to other commercial services, whilst others will choose not to provide a news service as it might not fit their format or there is no financial case to fund the provision of such services.

We also do not believe that there should be a requirement for the provision of news on all services, as such news provision on some services may not be appropriate or financially viable. One such service is Fun Kids – a radio station for children and their families. Fun Kids would not be able to take an off the shelf news service from providers such as IRN whose news bulletins are written and delivered for an adult audience and therefore by their nature might not be appropriate for young children. If there was an obligation, Fun Kids would therefore to source a bespoke news service, which is likely to be expensive and financially unviable (and also unwanted by its listeners). It is for similar reasons that we believe most children’s TV services do not carry news bulletins. We are aware that the BBC provides a daily Newsround programme; however, the cost of this service can be shared across BBC News and is funded by the BBC licence fee. For Fun Kids to be able to afford a bespoke news service, it would need to be able to access grants or be able to seek sponsorship of its news supply (requiring a relaxation of news sponsorship regulations).

Whilst not creating ‘news’, Fun Kids broadcasts significant public service speech content each day. This is delivered in line with the format, enjoyed by the listeners and funded through an innovative commercial model. Insisting on news for Fun Kids would result in resource being switched and providing a less optimal service with regards to the content it knows its listeners like.

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

As the consultation identifies, there are a number of digital only services which broadcast a common programme across a number of multiplexes. These are known as ‘multi-cast services’ and they save engineering costs by only requiring one feed from their studio base to the multiplex network.

Such services would incur substantial additional costs to provide local news in each multiplex area – not just the cost of the news service itself but also additional engineering costs to enable localised versions of each service to be delivered to each multiplex, which could amount to £10,000 per annum per multiplex.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We support this proposal.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

Local analogue licences that choose to continue to broadcast on analogue after a switchover should only be renewed for a fixed period.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

We support the continuation of the policy of allowing commercial radio stations to secure a renewal of their FM or AM licence in return for a commitment to simulcast on a relevant DAB multiplex. This policy has been very successful in underpinning a significant level of investment from commercial radio in DAB, whether in terms of content, coverage or expansion of radio station brands. Removing this incentive would risk destabilising the radio industry, create uncertainty in the market and have a negative impact on listeners, who could lose access to their favourite radio stations. Given the extent of this potential disruption, as well as the need to continue to reward and support investment, we support the continuation of the DAB incentive and the granting of renewals until switchover takes place.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

We support the proposals that would allow for much simpler arrangements between multiplex operators and Ofcom and reduce the number of contacts between them, for example in requiring discussion about name changes and bit rate variations. Such changes could be registered with Ofcom through an online portal.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

We believe that any such changes need to be considered as part of the broader analogue switch-over proposals to ensure that there is no de-stabilisation on multiplex operations which may arise through higher Network Access costs being applicable to multiplexes.

In relation to limiting the use of vacated analogue spectrum to non-commercial services, we refer to our request for Ofcom to undertake a full and proper review of analogue and DAB spectrum to assess and develop a licensing plan that meets the need of the whole industry rather than a sub-section of the sector.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

Whilst we do not identify any immediate pressure to remove Ofcom's powers to oversee changes to station line ups on DAB multiplexes, we accept that it would be consistent with other proposals in the consultation to allow for a simpler process. It also makes more sense to consider choice and competition of services available overall rather than purely the range of commercial stations on a particular multiplex.

In addition, any changes will need to be flexible to work in parallel with other proposals. Ofcom may therefore need to retain some powers to regulate where a multiplex line-up changes.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

We believe the current criteria remains relevant for the award of local and national multiplex licences.



Overall, we welcome a review of the regulatory environment for commercial radio. We believe though that there needs to be regulatory fairness between commercial and small scale radio services, with the same rules applicable across both sectors, and for Ofcom to undertake a full and proper review of analogue and DAB spectrum ahead of any new licence development to assess and develop a licensing plan that meets the need of the whole industry rather than a sub-section of the sector. Commercial radio can only grow and mature if there is a level playing field of opportunities.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "G. Watson".

Gregory Watson

**For the Attention of:
Commercial Radio Deregulation
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08th May 2017

Dear Sir / Ms,

As current operators of the Ofcom licensed trial localised (small-scale) DAB multiplex for the Greater Norwich area and seeking to operate this multiplex on a long-term basis in future, please find below our response to the above consultation.

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

We believe that Ofcom's current statutory role to ensure a range of choice of national and local radio services should be maintained. We base this view on the continued dominance of broadcast radio services.

Simply because a diverse range of services is being delivered under current regulatory structures does not mean that such delivery would be continued without it. Considering other broadcast radio markets internationally, there are various examples, not least the United States of America, where a lack of content regulation has resulted in the creation of stations competing over a limited number of formats whilst leaving listeners interested in other formats under-served.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

The current limits on the broadcasting of services originated in other countries is an anachronism that should be removed, such that the licensing of international radio services on DAB (from the Republic of Ireland and elsewhere) should be permitted in the same way that is already the case for externally originated television services.

Given that any such internationally originated service would still be required to meet the requirements of Ofcom's Broadcasting Code, services from outside the EU (or EEA) should also be allowed to be broadcast on UK DAB multiplexes.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

We agree with the Government's view that, at present, the risks associated with making changes to the current licensing regime for national analogue networks outweigh the possible benefits of any such changes.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

We do not believe that stations that operate more specialised music formats should be allowed to abandon these without prior consultation and agreement. As per our answer to Q1 (above), we believe that the consequence of such a change to regulation would be a diminution in the range of services available to listeners.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

As the consultation document suggests, news provision on commercial radio is highly valued by listeners. We are not convinced that a market-based approach to its provision would be sustainable. We agree that without a clear regulatory requirement for such provision the temptation to save money by making cuts to news provision could well prove irresistible.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

We believe that any such move would dilute the character of commercial radio's local content and thereby weaken the sector's "public value".

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

Being based in East Anglia, we do not feel it appropriate to answer this question.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core

**information by commercial radio in the longer term after a switchover?
Are there other options - e.g. guaranteed carriage for stations providing
local news content - that might be more effective?**

[Option A] Whilst we fully support the provision of news and information on services delivered via DAB, we do not believe that this requirement should be placed upon specialist services intended for reception by minority audiences. We agree that this would "add significant the costs and burdens for smaller stations, especially those which cater for specialist or niche audiences".

We urge the Government to ensure that "community radio, specialist music stations and ethnic and religious stations as well as stations below a certain size" are excluded from any such requirement. We agree that stations of these types would be discouraged from broadcasting on local multiplexes. We would go further and suggest that any radio station established with a non-profit-maximising structure, regardless of its Ofcom licence category, should also be excluded. This would allow small-scale commercial stations, particularly those in rural Scotland, to be excluded.

We disagree with the suggestion that such a framework "would make for a very complex regime". Community Radio services are licenced as such, making their exemption straightforward. The potential audience served by each multiplex is also known, such that it would be simple to exempt stations reaching a potential audience of below a defined number. Specialist services broadcasting to ethnic and religious groups are also clearly defined. The only area where an element of regulatory judgement would be required would be in relation to specialist music services.

[Option B] We certainly do not believe that a requirement for local news provision should be placed upon multiplex operators (of any size). Moreover, we do not believe that any such requirement would be workable in practice. Multiplex operators are, effectively, telecommunications platform providers; they should be treated as such, i.e. as conduits for third-party content, over which they do not maintain day-to-day editorial control.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

We suggest that stations targeting a general audience that are currently required to provide news on analogue platforms should be required to continue with such provision as and when they migrate to digital only platforms. Such an approach would provide continuity and minimise additional burdens on the wider industry.

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

We agree that the quality of local news and information is more important than where it is produced. However, we suggest that the lack of a local staff presence could well degrade the range and quality of such material.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

Being based in East Anglia, we do not feel it appropriate to answer this question.

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

We have no particular comments here.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

Any "flexible" licence term requires a minimum duration to provide for stability of investment plans etc.. More broadly we suggest that, primarily, the termination of analogue simulcasting should be a decision for station management rather than the regulator. The only potential issue here might be "frequency squatting" by stations wishing to prevent the re-use of spectrum by potential competitors.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

We do not support the open-ended licensing of radio stations.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

We agree that analogue stations that have not previously broadcast on DAB should be allowed to renew their licences without a requirement to operate on DAB going forward.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

We have no particular comments here.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

Whilst we may question the concept of local analogue (FM) broadcasting being "expensive", we strongly support opportunities for Community Radio services to be able to improve their coverage through the use of spectrum resources vacated by commercial operators.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

From the perspective of a localised (trial, small-scale) DAB multiplex operator, we question the need for Ofcom's powers to oversee changes to station line-ups. We believe that a general requirement to provide a diverse range of services on a multiplex (wherever practically possible) should be adequate.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

We have no particular comments here.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

We take the view that, when compared to commercial stations, Community Radio services should not be placed at any material disadvantage in terms of licence durations. Although, by definition, community based services operate on a not-for-profit basis, they still require the stability of a long-term licencing regime. We consider the existing five year licence term for community radio services to be inadequate and that, in future, this should be extended to be brought into line with commercial radio licensing parameters.

If you have any queries in relation to the above, please do not hesitate to get in touch.

Yours Sincerely,

Dr. Lawrie Hallett.
[Technical Director
Future Digital
Norwich, Limited].

Department for Culture, Media and Sport

Commercial Radio Deregulation Consultation



Confidential

May 2017

Introduction

1. Global is one of the leading media and entertainment groups and is the UK's biggest commercial radio company and home to the country's biggest commercial radio brands Capital, Heart and Classic FM. Together with Capital XTRA, LBC, Smooth, Radio X and Gold, these brands reach 24 million people every week on the radio, 10 million unique users every month on Global's digital platforms and 6 million people on Global's social media channels.
2. Global holds 75 local analogue licences and one national analogue licence, operated by Classic FM. Global broadcasts from 23 broadcast centres across England, Scotland and Wales and provides local and national news from 21 news hubs.
3. Global is a strong supporter of digital radio and all our analogue stations are simulcast on DAB.
4. Consumers in 2017 have an unprecedented choice in how they can listen to music and access news and information. It is very clear that the current legislation was created in and for a very different era. This explosion in choice means it is even more important that stations can be free to adapt and innovate to reflect changing consumer habits in an increasingly competitive market. Global welcomes the opportunity to contribute to this important consultation process.
5. Change is long overdue. In 2013 Ed Vaizey committed to look at the regulations governing commercial radio, "to ensure they are fit for purpose in a digital age"¹. In September 2015, Ed Vaizey wrote to Ofcom asking that it undertake a review of the current regulation with a view to assisting the Department undertake a consultation on future options. Ofcom responded with

¹ Ed Vaizey, Go Digital Conference Speech, 16 December 2013.

its analysis in February 2016. The publication of this consultation was delayed several times and was finally published in February 2017.

6. We are keenly aware that the current political landscape means that securing parliamentary time to amend radio legislation is unlikely to be forthcoming for quite some time but we are now four years on since Government first proposed looking at regulation and wish to maintain the current momentum. We would therefore ask that Government works with industry this autumn to support our conversations with Ofcom, to proceed immediately with any changes to the current regime which don't require legislation to enact.

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

We agree with the Government's position that there is no longer a requirement for Ofcom to regulate the range of services available to listeners.

It is very apparent that the regulatory system was designed in and for a different era. The ways in which consumers access and enjoy music has changed beyond all recognition in recent years. The rapid growth in broadband access and smartphone and tablet penetration is well documented, as is the growth in usage of streaming services. Consumers have an extraordinary choice in how they can access and enjoy music, whether on a free or paid-for basis, in a way which would have been unimaginable when the current statutory framework was put in place in the 1990 and 1996 Broadcasting Acts and the 2003 Communications Act.

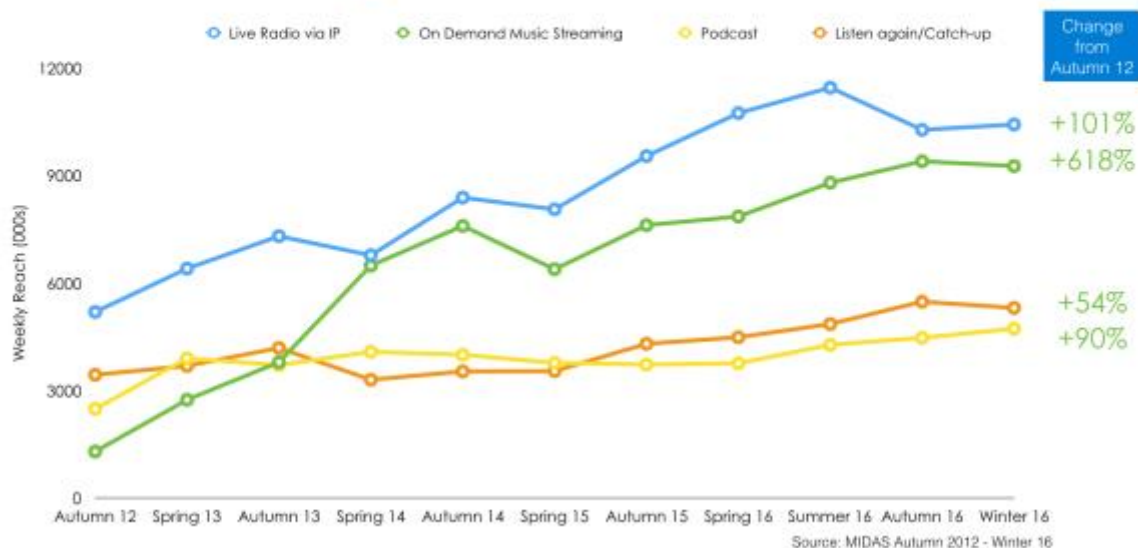
The internet provides the market with almost infinite capacity to create seemingly endless options for audiences to consume music, entertainment and news. In a world of almost limitless choice, it is wholly anachronistic for a regulator to have a duty to ensure a range of radio services exists.

Last year in the UK, there were an incredible 45 billion audio streams, served through digital services such as Spotify, Deezer, Tidal and Apple. This is an increase of 500% from 2013². This figure excludes video streaming services such as YouTube and Ofcom’s own research shows 40% of UK adults used YouTube to access music in a 3-month period in 2013³, so the actual figure would have been considerably higher.

Audio streaming in the first quarter of 2017 is up 55.6% on the same period last year in the UK⁴. Figures from the Entertainment Retailers Association, show a 65.1% increase in music streaming subscriptions between 2015 and 2016, against decreases in downloads and physical retail⁵.

Deezer, Spotify, Apple Music, Tidal, Google Play Music, Amazon Prime Music and Amazon Music Unlimited all offer Radio services in addition to their music streaming features, not to mention the almost limitless choice of radio stations available on services such as TuneIn Radio.

Online listening Reach Has Grown Over Time



² BPI official UK recorded music market report for 2016

³ Ofcom Communications Market 2013

⁴ Official Chart Company figures and BPI Trade Income Report 2017

⁵ <http://www.eraltd.org/news-events/press-releases/2017/entertainment-sales-reached-63bn-in-2016/>

As well as the growth of digital music services, there has also been a significant increase in the number of broadcast radio stations which consumers can receive which has been driven by the increasing uptake of DAB digital radio.

National commercial digital listening hours continue to grow following the launch of 19 new national services on the second national DAB commercial network last year. 58% of the population are now tuning in to radio via digital devices (DAB, DTV, online) each week and 90% of new cars now come with DAB radios as standard⁶.

Listening via DAB digital radio now accounts for over a third of all radio listening and nearly three quarters of all digital listening. 31 million adults in the UK now own a digital radio.

The explosion of choice is a boon for listeners. For radio stations it is both an opportunity and a threat. YouGov's report, *New Generations and the Future of Radio* found that of 16-24 year olds who regularly listen to music, only 35% use radio stations, 54% use online video, 50% use online streaming services and 38% use smartphones.

The report says, "for the moment, radio is in a relatively strong position, and does command a solid degree of loyalty among its listeners. The slow transition to digital has meant that those tuning in have greater choice than ever before. However, radio organisations must be mindful of the changing listening habits of younger age groups, and need to work out how they can once again become a central part of their lives."

Radio's ability to adapt to these challenges and make the most of the digital opportunities is constrained by the current regulatory regime. Regulatory change is overdue.

⁶ http://www.rajar.co.uk/docs/news/RAJAR_DataRelease_InfographicQ42016.pdf

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

This isn't something on which Global has a strong opinion. However, should there be any changes to the current system for overseas operators it is imperative that there be an entirely level playing field. Overseas operators should comply with exactly the same standards and conditions as domestic operators.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

As the operator of Classic FM, we recognise that the national analogue licences are a special case and we are not calling for changes to the format restrictions for these licences as part of this process.

During Government's consultation on licence renewal in 2014, we strongly argued that all analogue licences, including nationals, should be extended until switchover, or at least for 12 years to ensure we reached switchover without having to repeat this process again.

It is worth noting that the five-year licence period referred to here for Classic FM is only actually for four years as the relevant date of February 2017 became the new licence start date on renewal. This licence therefore expires in February 2022, not 2023.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in

terms of the range and availability of choice of music genres available for listeners.

In April 2015, Global responded to Ofcom's Review of Music in Radio Formats, arguing that music formats should be removed from local commercial radio licences. We attach a copy of this response. Whilst there were some positive changes made by Ofcom as a result of this, Ofcom felt unable to go further under the current legislation. We believe that the arguments remain the same, and that music formats are no longer necessary, especially when you consider the growth and impact of digital services and the fact that over a third of all local analogue commercial radio stations currently have "broad music" licences with no stipulations on music content.

We are not aware of any compelling evidence that if music formats were removed there would be a reduction in choice or diversity. The argument is sometimes put forward that without music formats all stations would lurch into "the middle ground" and play the same mix of chart music. However, in areas where there are a significant number of FM licences, such as London and other metropolitan areas, there is significant choice on FM even before taking into account the choices available on digital and on other platforms. It seems hard to justify maintaining music format regulation where there is so much choice and diversity.

In less populated areas, where there are fewer local analogue commercial stations available, there are strong reasons to believe that diversity will be maintained and probably enhanced by giving operators more flexibility. The industry has undergone significant consolidation in recent years. Operators with more than one licence serving the same area self-evidently have a strong incentive to differentiate their stations rather than cannibalise their own audience by providing two very similar services.

Even in the small number of areas where there are only a limited number of FM licences, and these are under separate ownership, analogue commercial radio stations face intense pressures to attract audiences and operate in an increasingly competitive environment, competing against the BBC, national stations, digital radio stations, online and mobile services. Every operator has to work tirelessly to

differentiate their output and their brand to remain competitive and do so in many different ways, not solely through the music the station plays.

This explosion in choice makes it even more important that stations are free to adapt to changing audience demands - to be able to innovate and experiment.

We don't believe there is any point in trying to define music by genre or a written music format. It is simply not the way people listen to or consume their music. People will listen to, buy and stream the music they like. Nor does it reflect the way artists think about their music. They do not accept being constrained by genres, the boundaries between which have become increasingly blurred.

We don't programme our stations by simply selecting music from one or more genres. We provide a rounded package of content, in which music may be one of the most important ingredients, but which seeks to create a unique environment with a clearly defined style and feel which is consistent with the station's brand and which is designed to appeal to the station's target audience.

Capital, for example, is young, fast paced and contemporary in feel. It plays music predominately from the past 6 months flavoured with songs from the past couple of years. It is gender neutral. Heart, by contrast, is female focused, fun, family and feel good. It has a strong link to the current contemporary music scene but is not as fresh or fast paced as Capital.

From time to time, Heart and Capital may share many individual tracks on their playlists at the same time but the environment in which the music is played and the overall content mix are very different. The relationship between the music a station plays and the audience it attracts is complex. There is no simple correlation between overlap in station audiences and the music mix.

Music formats can be an unreasonable regulatory burden upon stations. In 2009 Ofcom listened to three-day's worth of output and determined that we were falling short of our licence by playing 53% of music older than two years old, rather than the two-thirds that Ofcom felt was more in line with our character of service for a contemporary and chart music station. In 2011, Ofcom undertook a similar investigation, this time considering the definition of 'rock' and how it related to the

Capital Scotland playlist. The full examples are set out in the attached response to Ofcom’s music format consultation in 2015. Ofcom has since de-regulated music formats as far as it feels able to do under current legislation. Ofcom should now be given a clearer statutory remit which is fit for the digital age.

Six of our stations, Heart North East, Scotland, Yorkshire, North West, South Wales and Cornwall also carry an additional requirement to additional speech content – as these stations were originally licensed as so-called “full service” stations. For the avoidance of doubt, as these “speech quotas” are not explicitly mentioned in the consultation, we believe that all format regulation except for news should be removed.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

From Global’s perspective, there would be no continuing requirement on Ofcom’s part to ensure that we continued to provide news. We don’t provide local and national news just because we are required to, we know it is important to our listeners and our research supports this⁷.

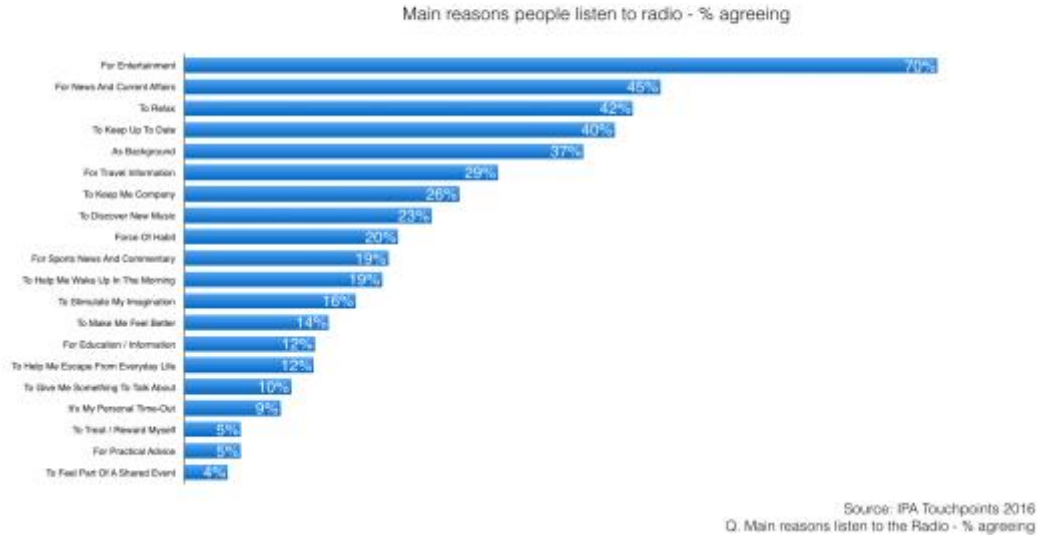
RADIO NEWS

NEWS RANKS SECOND IN TERMS OF
WHAT PEOPLE ARE MOST
INTERESTED IN

1	Music
2	National / International News
3	Local News
4	Competitions
5	DJs
6	Sports
7	Phone-ins

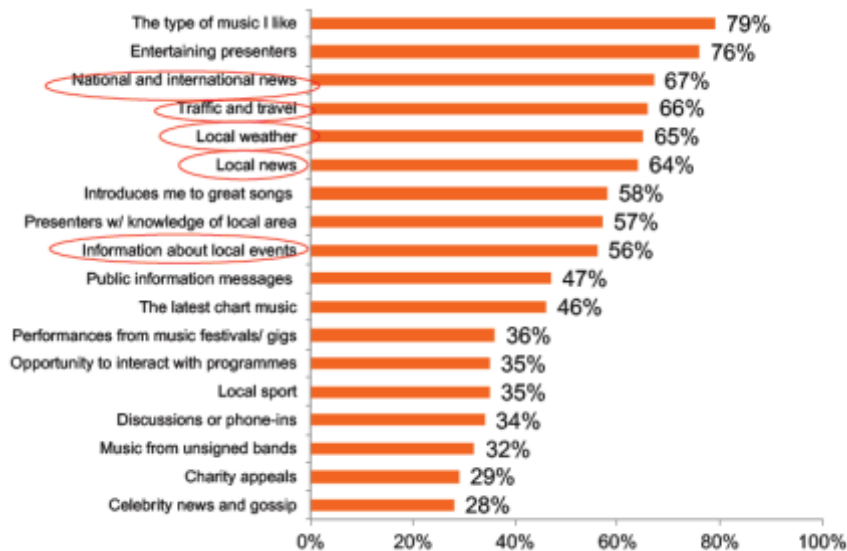
⁷ Global Labs – September 2014

45% say news is one of the main reasons they listen to radio

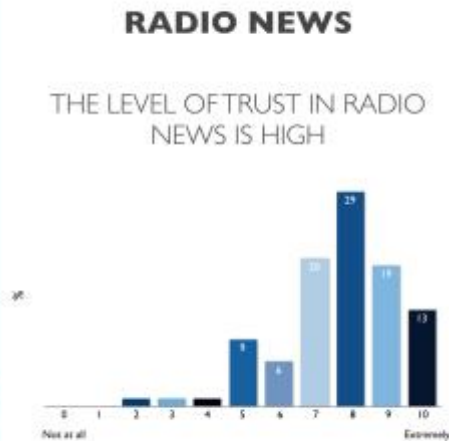


Kantar Media undertook a piece of research for Radio Centre which clearly demonstrates just how important local news, information and travel are to listeners⁸.

Q. How important or unimportant is it that <COMMERCIAL STATION> provides each of the following things?

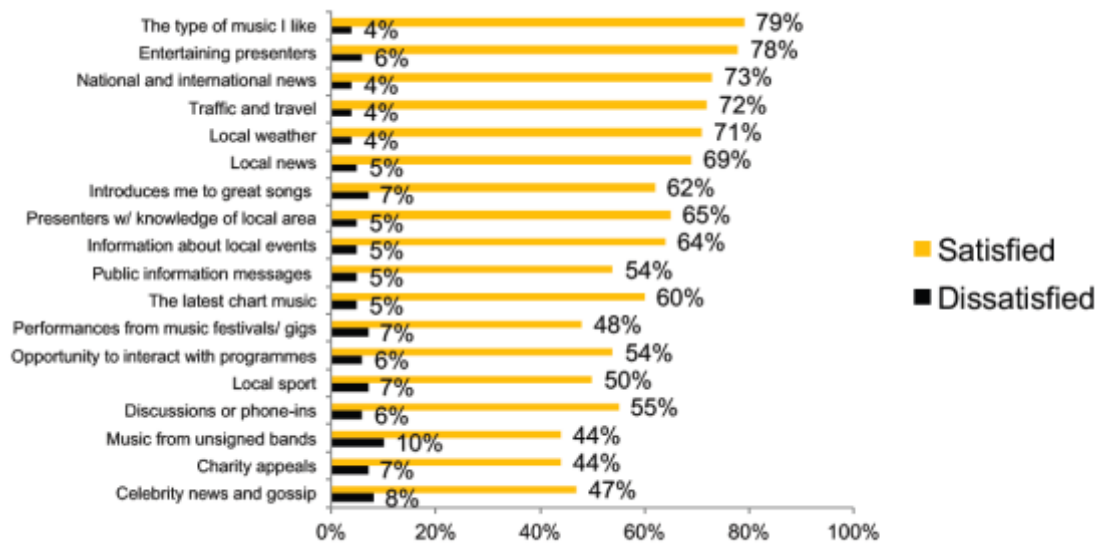


⁸ Source: Kantar Media, Audience Research for Radio Centre.



This research also demonstrates that there are high levels of satisfaction (and low levels of dissatisfaction) of the output that listeners deem important⁹.

Q: How satisfied or dissatisfied overall are you with the following on <COMMERCIAL STATION>?



We don't believe that operators would cease to provide local news as the majority understand the importance that listeners place on commercial radio's news output. We produce 5,000 news bulletins a week, 4,000 of which are locally produced.

However, we recognise that there is a need to protect news and local information in a digital age and we are entirely comfortable with the current regulatory requirements

⁹ Source: Kantar Media, Audience Research for Radio Centre.

for the provision of local, national and international news remaining in place for FM licences and with steps being taken to ensure appropriate requirements also apply in the event of a future digital switchover.

We are very clear however that we do not believe that Ofcom should be creating any additional requirements regarding news over and above those that already exist or that Ofcom should have a role in setting minimum or maximum bulletin lengths. This runs counter to the ambition of deregulation and would not reflect the different approaches taken by stations with different audiences. We believe the current system works well on FM whereby formats specify the frequency of news bulletins, for example, local bulletins should be at least hourly during daytime weekdays and peak-time weekends. At other times, the format states that we should be providing UK wide, national and international news but does not stipulate how frequent these bulletins should be. There is nothing in the current formats relating to bulletin duration.

We comment below on how the current requirements for news on FM, which we believe work well, can be applied to the DAB platform following a future digital switchover.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

The current legislation requires Ofcom to ensure that commercial stations are providing an appropriate level of locally made programmes and that programmes include local material. The guidance is specific to each licence but for the most part sets out that local programmes should be made within the licence area and that there should be 7 hours each daytime weekday, including breakfast and 4 hours each weekend daytime which are locally made. This guidance does not place any limit on the amount of automation stations can employ during those hours, so stations can choose to simply play out music without anyone running the studio.

Stations should be free to make their own decisions on how best to serve their audiences and run their businesses, not a regulator. By removing music formats, localness guidance, and speech quotas we will see investment in content and technology across the sector. We'll see different and more profitable business models developing. Businesses will become more innovative whilst maintaining the needs of the listener at the heart of everything they do.

Technology allows us to deliver local content wherever and whenever we need to, using split links technology regardless of the location of the studio. On an average weekday, we deliver around 70 tailored links during peak hours. Ofcom's own research determined that, "listeners are familiar with the concept of networked stations and welcomed the continued provision of local news and travel updates, regardless of where the output originates."¹⁰

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

Our view is that the market is sufficiently well served that there is no longer a requirement for a London based regulator to impose requirements on operators regarding how many hours of programmes must be produced in the region or nation served by the station. We fully recognise the sensitivities in the devolved nations but we believe that ultimately it is audiences, not operators and not regulators, who will decide. It is not in any operator's commercial interest to provide content that people don't want to listen to.

Ofcom's research¹¹ into news consumption in the UK, shows that radio is the third most popular way of accessing news about the nations, after TV and printed

¹⁰https://www.ofcom.org.uk/__data/assets/pdf_file/0026/81467/local_commercial_radio_content_research.pdf

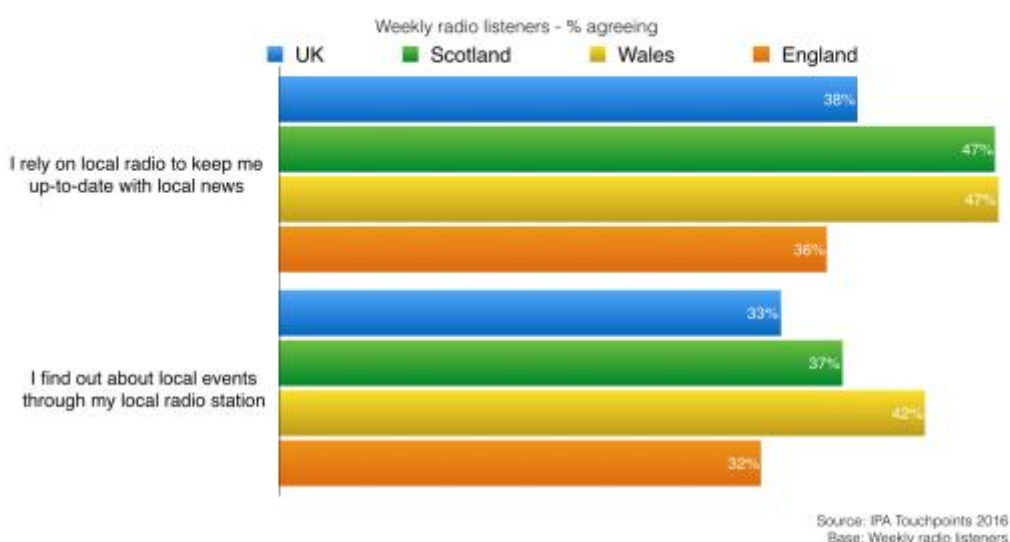
¹¹ https://www.ofcom.org.uk/__data/assets/pdf_file/0020/77222/News-2015-report.pdf

newspapers and ahead of websites, social media and word of mouth. The figures are significantly higher in Scotland and Wales than they are for England.

The same research shows that the level of interest in news about the nations is higher in Scotland and Wales. 45% of those in Scotland and 37% in Wales are very interested, compared with 28% in England.

Research undertaken by the IPA shows that listeners in Scotland and Wales are more reliant on local radio to keep up to date with local news and events than their English counterparts.

Scotland and Wales are more reliant on local radio for local news



Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

As discussed above, audiences value local news and information and advertising revenues and therefore we consider that, in the event of a future switchover, strong commercial incentives will remain for operators of local commercial stations on DAB to provide local news and information. Nevertheless, we recognise there is a concern that there are currently no licence requirements which would ensure the continued provision of local news on DAB following a future switchover.

Requiring all stations broadcasting on local DAB multiplexes to provide local news, Option A in the consultation document, would, as DCMS note, be a significant departure from the current position and a substantial increase in the regulatory burden. In our view, Option A could result in a number of stations currently broadcasting coming off local DAB multiplexes. This would be a retrograde step.

We therefore cautiously support Option B.

If there is to be a requirement to ensure that local news is provided on local DAB multiplexes, this obligation can only be placed on local DAB multiplex licensees as it is licensees to whom spectrum is made available. Even Option A, which we do not support, is really a regulatory burden placed on local DAB multiplex licensees in that it would prevent them from contracting for capacity with any operator who did not provide local news.

The question is, therefore, what would be a reasonable and proportionate obligation on local DAB multiplex licensees? In our view, requiring a licensee to take all reasonable steps to ensure that a minimum number of services on the multiplex provide local news could be appropriate subject, however, to the following caveats:-

- Local DAB multiplexes are platforms not necessarily station operators and the obligation can only be to take all reasonable steps to ensure provision eg by inviting bids for carriage from local operators. Ultimately, however, if no operators came forward willing to provide a station with local news and able to contract with the multiplex licensee on reasonable terms (which we consider to be a highly unlikely outcome), then the multiplex licensee should never be obliged to operate a station themselves, or be at risk of being found in breach of their licence conditions.

- The number of stations likely to be able to provide local news and remain commercially viable will vary substantially across the UK and there is no basis for increasing the overall regulatory burden above current levels in the analogue world. We therefore agree that the minimum number of stations providing local news for each multiplex licensee should be set by Ofcom at a level no higher than that currently provided on FM.
- The definition of local news should encompass regional stations broadcasting on FM. There should be no new direct or indirect requirement for regional stations broadcasting across more than one local DAB multiplex to provide separate local news for each local DAB multiplex area. Heart North West, for example, currently provides local news for the north west region but broadcasts across the Manchester, Liverpool and Central Lancashire local DAB multiplexes. It should count as a local station on all of these multiplexes and not be required, directly or indirectly, to provide separate news for each multiplex area.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

We believe option B above will ensure continuing provision of local news on commercial radio post switchover. In terms of plurality, commercial radio represents a small share of news references (5%) against other providers (BBC radio 12%, TV 40%, newspapers 10%, internet 32%)¹².

We do not believe that additional plurality safeguards specific to commercial radio are appropriate or necessary. Indeed, such media specific ownership rules were removed via the Media Ownership (Radio and Cross-Media) Order 2011 as they were often acting against the public interest, leading to station closure and a reduction in choice.

¹² Ofcom – News Consumption in the UK 2015

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

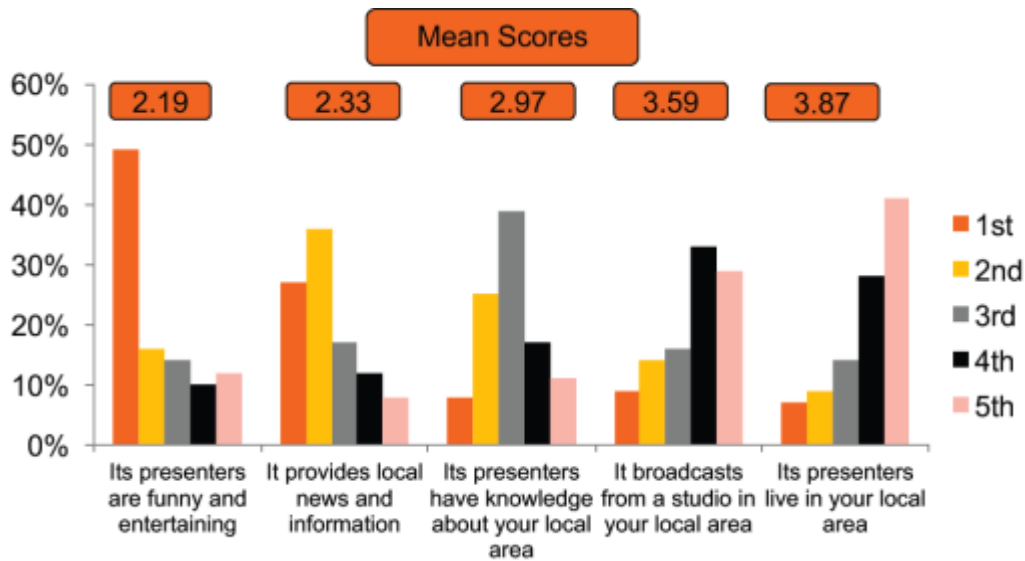
We are firmly in favour of the Government's proposals and support its argument that it is for stations to choose how best to deliver content to its audiences. The notion of a mandatory seven hours is outdated and doesn't take into account the impact of technology or the variety of operating models.

As set out in our answer to question 6, we deliver targeted news using split links technology, developed in-house. What is most important in the provision of a high quality news provision is having the appropriate journalistic support in the area, on the ground, not where bulletins are 'produced'. Technological developments have also impacted on how journalists operate. With a smart phone, they can produce broadcast quality audio to send through to our internal news system or be connected to their local on-air or LBC studios via Global Connect, an app we've developed specifically for this purpose.

Having a physical base in an area doesn't necessarily make the output more local. Even if it did, Kantar Media found that listeners cared more that presenters are funny and entertaining, over where it was broadcast from or where the presenters lived.¹³

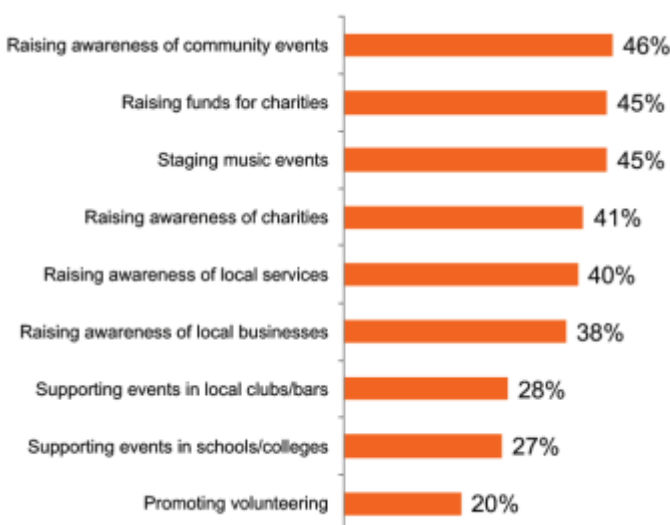
¹³ Source: Kantar Media, Audience Research for Radio Centre.

Q. Thinking about <MAIN COMMERCIAL STATION>, please rank the following in terms of importance.



Radio stations play an important role in their communities and local economies that shouldn't be underestimated.¹⁴ A station's local presence isn't about the bricks and mortar of a physical studio, it is about being visible within the area, whether that is through marketing, attending local events or street team activity, all of which are important for trust with local advertisers and a point of commercial differentiation.

Q: In which, if any, of these ways are you aware of commercial radio being involved in the community?



¹⁴ Kantar Media, Audience Research for Radio Centre.

We are supportive of Ofcom's current approach in terms of the sourcing of local news and information, as referenced above, having appropriate journalistic cover in the area is absolutely key. No additional requirements are necessary and, with modern technology, it is no longer meaningful to talk about where a news bulletin is "produced". It is the journalism and what comes out of the speaker that matters, not how or where a bulletin is produced.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

In the last few years, we have seen increased regionality and demand for devolution of power from Westminster to the nations. MediaCom¹⁵ carried out a study into the identity of the UK population and how that impacts on brands. It shows that there is higher national pride in Scotland and Wales which would seem to correlate with the higher levels of interest in national news demonstrated in our response to question 7 and the media that people in the nations choose to consume. The report suggests that media brands need to invest in being part of the communities that consumers inhabit.

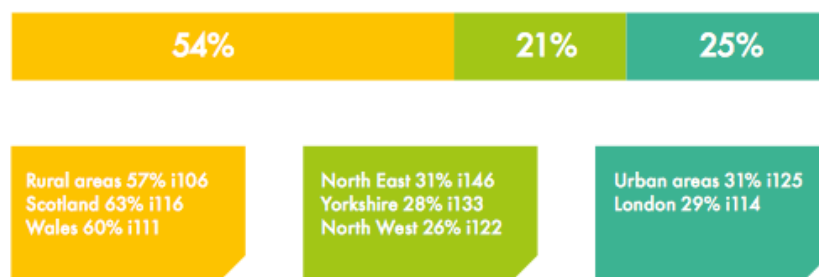
As set out above, we believe it is for stations to determine how it delivers its output, through meeting the demands of local listeners. Lose that and you lose the revenue essential to your survival within that local marketplace.

We are therefore not convinced of the need for different regulatory arrangements to be put in place for stations broadcasting in the devolved nations. If, however, such arrangements were deemed necessary they should focus on the provision of local and nations news, and not on local production quotas. In our view, it is not in the interests of listeners in the devolved nations for their local stations to be subject to potentially costly regulatory requirements to which other UK stations are not.

¹⁵ MediaCom Britain Decoded January 2017

Which of these is most important for defining your personal identity?

■ National Identity ■ Regional Identity ■ Local Identity



Real World Britain – Q9. Thinking once again about your personal 'identity', which of these would you say is most important to you?

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

The proposed streamlining of radio regulation will reduce the format conditions placed upon commercial radio and in turn, the factors that Ofcom would ordinarily use to assess new licence applications. Without localness and music programming, only news requirements would remain and therefore it must be this element that Ofcom should focus on, along with financial viability and the ability of applicants to continue to provide the service.

As the consultation document states, it is very rare for an incumbent not to either renew their licence through DAB or to be re-awarded it in a fast track process.

The proposed changes would not require a fundamental change to the current licensing process. In future, Ofcom could judge a beauty parade on the basis of the remaining criteria, that of the provision of news, travel and local information. In addition to this, financial viability, support in and from the local community and a history of relevant experience in the provision of news could also be incorporated.

We believe that these are appropriate and workable criteria on which Ofcom could judge a beauty parade for a new analogue licence award in the very rare circumstances in which the incumbent licensee does not renew through providing a service on DAB or be re-awarded the licence via a fast-track process.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We didn't believe that 5 years offered a sufficient period of certainty to licensees and by Government's own admission it was unlikely to be a sufficient period of time to take us through to switchover. We are therefore pleased that Government are revisiting this issue.

As set out in our answer to question 3 above, we argued for renewals to digital switchover when Government consulted on this matter in 2014. Our position remains the same, regardless of when switchover may be announced or take place, all analogue licences providing a DAB service should be renewed until this point.

Government's principle has been and should continue to be, to encourage and facilitate investment in digital – something the industry fully supports. Limiting renewals undermines the investment case to support this ambition but also means companies with an uncertain future will be less willing and able to invest in content or new services, including digital radio. It would also discriminate against those licences which happen to expire in the early 2020s.

We are firmly in favour of licence renewals through to digital switchover to provide stability for operators who have renewed licences on the back of providing a service on DAB, and we do not think that a switchover date needs to have been set before putting this policy into effect. Indeed, the need to provide clarity to licensees and a strong incentive to continue to invest in DAB is greater before a date has been set.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

We believe that all operators need clarity on their future in order to continue to invest in the future of their businesses. First and foremost, station operators need to know whether, in the event of a switchover, their station will transition to digital or remain on FM.

A key priority is therefore to set out a long term future for the small-scale DAB trial so that all stations, regardless of size, know whether there is a DAB transmission option appropriate for them.

It may well be that no DAB option, either on local or small-scale DAB multiplexes, will be available for some local commercial analogue stations. Stations which would therefore remain on FM would require licences of a reasonable duration. Few if any spectrum licences are granted in perpetuity or indefinitely but we would support fixed licence durations of 12 years for analogue stations which are not providing a DAB service.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

We agree with DCMS that the existing licence renewal regime has broadly worked well.

As discussed above, not all analogue stations will necessarily make the transition to digital but for those that will, we believe it is essential that they be able to continue to renew their FM licences by providing a service on a relevant DAB multiplex.

Renewals should be available up until the time of a switchover rather than for a fixed

duration as currently. The fixed duration of current renewals simply serves to create unnecessary uncertainty.

We support the idea of granting similar renewals to smaller stations who are going to transition to digital and who are providing a service on small-scale DAB. We do not, however, see the logic for granting renewals to licensees that have not invested in DAB carriage. Indeed, this would undermine the entire rationale of the renewals which have been secured to date and would reward those stations that have chosen not to invest in DAB while continuing to require those stations that have supported DAB for many years to play by different rules. This is simply unfair.

Operators of stations transitioning to digital should continue to be required to provide a service on DAB in order to renew their analogue licence. Stations that are not going to transition to digital should be able to re-apply for their licences for a term of 12 years, as discussed above. In practice and as noted above, such licences are invariably re-awarded to incumbents on a fast track process. We would support Ofcom formalising this process for smaller stations which have been identified as not transitioning to digital (for example if no appropriate DAB multiplex has been licensed) to give operators of such services greater certainty that they will be awarded their licences on expiry.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

We believe that analogue operators providing a service on small-scale DAB should have the option to renew their analogue licence in the same way as larger stations. We think all analogue renewals for stations providing a service on DAB should, in future, be of open duration up to switchover.

We believe it is important for station operators to know whether their future lies on FM or digital and for all stations which will transition to digital to be treated in the same way.

In all other respects, we believe the system of renewals has worked well, and will continue to do so.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

If services are transitioning to digital, we believe that they should be permitted to hand their analogue licences back, with a commitment from Ofcom not to impose any sanctions for doing so or to re-advertise the spectrum to other commercial stations.

When Global launched Radio X on digital in 2015, Ofcom would not allow the station to deliver networked content on FM in Scotland. As we were unable to find a buyer for the FM licence, we handed it back to Ofcom. Ofcom then advertised the licence with a much greater coverage area. It was awarded to another commercial radio operator. This acts as a disincentive to the industry to continue to invest to deliver a smooth listener-led transition to digital.

Consequential changes

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station lines ups on national and local multiplexes and whether these changes have any impacts on competition.

Yes, we think Ofcom's powers should be removed with a view to simplifying the current arrangements, which would be unnecessary if Ofcom have no responsibility for ensuring a broad range of services.

The arguments made in both the consultation document and our response regarding the huge range of choice across analogue, digital and online apply equally at the multiplex level. The market and audiences will act as the arbiters of provision.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

The criteria for mux licences should be coverage, reliability, efficiency and cost. If an operator commits to low charges they should get credit in a beauty parade.

There is no immediate requirement to revise the existing criteria given the current length of multiplex licences and indeed decisions around this should be taken in light of the impact of digital switchover.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

In principle, we believe that community radio licensees should continue to be able to benefit from licence renewals. All licensees, whether large or small commercial stations or community stations require a degree of certainty over their licences in order to continue to invest in programming.

INTRODUCTION

Please accept this as my contribution to the Consultation on the future regulation of Commercial Radio in the United Kingdom.

Having been in this Industry sector in Northern Ireland since 1975 when I joined Downtown Radio, working in technical, commercial production, and then senior programming management roles at Downtown Radio/Cool FM, before moving to MD level at Citybeat and U105 in Belfast, I welcome the opportunity to express some views on the proposed changes.

I have experienced at first hand the environments created by the various degrees of regulation, from the days of the Independent Broadcasting Authority when stations were contractors and every element of their operation required permission, to the Radio Authority and now Ofcom.

In a purely personal capacity I offer responses to those questions where I feel I can add some useful input. To summarise, I believe in the lightest necessary regulation, with the emphasis being on the *necessary*,

John Rosborough

List of Questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

A broadcast radio licence will remain a desirable commodity into the foreseeable future allowing as it does ready access through ubiquitous and numerous radio receivers to a potential listening audience. Frequencies, be they on FM or in the new digital multiplexes, are a public resource, and should be used for the common good.

Experience in other countries suggests that when left to the market alone there is a tendency for stations to compete for the middle ground rather than offering choice to a wide range of ages and tastes.

In recent years, deregulation was sought for financial reasons, with widespread networking and commercial material being integrated into programming. Measures such as these have affected the quality and integrity of output, and while smaller stations may have needed such flexibility for survival, others have simply regarded this as a welcome way to reduce costs and boost revenues. RadioCentre recently announced that income in the sector had reached its highest ever figure in 2016, so finance is no longer the justifying issue.

Therefore, a statutory role for Ofcom should remain to safeguard public purposes in the use of radio spectrum.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

Inclusion on a DAB multiplex should be based on its operator identifying an audience need, and not be limited to services from just one country. The output would, as has been pointed out, have to conform to UK regulations. RTE has been specifically mentioned, but contrary to what was stated, its radio services have not been carried in the UK on long wave since the 1930s (or on medium wave or FM either). Reception has been possible through overspill from powerful transmitters based in the Irish Republic. It is worth noting that while RTE may be seeking DAB carriage in the UK, there are other Irish national services that could well regard themselves as being similarly eligible – Today FM and Newstalk. If such access is deemed desirable, it should be on the basis that these other countries would offer a reciprocal opportunity for any UK services that may wish to broadcast in their territory.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

Yes, it is important that these are maintained in their present form.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

Music provision has always been a difficult means by which to regulate radio stations, but removal of all differentiating requirements runs the risk of a

scramble to the centre, lessening rather than expanding choice.

There also needs to be a mechanism in place to determine that a station is honouring the commitments to serve an audience made at the time of licence award, in fairness to unsuccessful applicants for that licence.

Character of Service including target listener age range is a way of defining a station's licence obligations, with RAJAR providing the ongoing means to establish adherence to these.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

I very strongly agree that the provision of high quality accurate and reliable national, international and local news is essential for the communities that commercial radio serves, and that Ofcom's purpose in terms of securing this along with guidance on how the requirements are met should be refocused and revised. This would be put in jeopardy if left to the market.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

Such a move would further erode the character of local radio, and would inevitably lead to a reduction in employment throughout the sector particularly in areas outside London and the larger metropolitan centres. In tandem with the decline of the local press in many places, there will arguably be a weakening of the voice of society at this level. Local radio would then become subject to a 'postcode lottery' where the quality of service provided will depend on where the listener lives.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

The statement that 'Commercial radio plays a different and arguably more important role in Scotland, Wales and Northern Ireland' is to be highly welcomed.

Speaking from a Northern Ireland perspective, local radio has always had a strong sense of identity, relevance and closeness, giving it a special place in listeners' lives, and through serving them well the stations have built up audiences that are the envy of radio practitioners in other parts of the UK.

According to the latest RAJAR (for Q4, 2016), in Northern Ireland commercial local and BBC local services together attract 56% of all listening hours. This heritage should not be endangered, not least because the BBC benefits from the stimulus of competition, and Radio Ulster has changed markedly over the years in response to the success of commercial stations. Also of note is the fact that BBC Northern Ireland has significantly more funding available for its local services (almost twice the income of all 11 commercial stations combined).

It is my firmly held view that the existing arrangements should be maintained as they work well, and would in effect represent enhanced requirements for news and localness. Ofcom should thus set different conditions for local commercial radio stations in Wales, Scotland and Northern Ireland as proposed, along with consulting on these.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

DAB has enjoyed a lighter regime to encourage 'loss leader' take up on the part of service providers, but as has been pointed out, this position is not sustainable as the platform becomes the public's main radio listening choice.

Option (b) would be the preferred one, with the requirement after switchover for local multiplex operators to maintain the number of local news providers that were previously available on analogue. Guaranteed carriage would act as an incentive for this form of continuation of provision.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

Plurality is important, and the transfer of the existing range of (analogue) news providers to DAB should maintain this.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

This proposal potentially allows for the sidelining of meaningful local radio. Different operators will take differing views based on their circumstances and resources, but a removal of the obligation to provide a minimum number of hours of locally based output is a retrograde step.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

It follows from the answers given in response to Q7 and Q10 that different arrangements are absolutely needed in Scotland, Wales and Northern Ireland, with appropriate safeguards. Anything less would weaken the sector and under serve audiences. Local content should be produced in each nation, and stations in Scotland and Wales would no doubt seek to share programming on a network basis within each territory. In Northern Ireland, only one operator currently 'networks' content across their seven stations.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

By way of comment - the footnote in the accompanying narrative points out that in the life of Commercial Radio only 4 incumbent licence holders have failed to win their licence following re-advertisement; but fear of losing one is a good imperative to keep operators on their toes.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

This seems to be a sensible approach.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

The context of this may well change with the recent go-ahead given to the widespread licensing of small scale DAB multiplexes. Instead of having to be on a large coverage multiplex, a small commercial station could be carried on one that more closely replicated its analogue coverage area.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

Ceasing analogue broadcasting in favour of digital-only should be a business decision for station owners to make. The vacated spectrum will still have a purpose given the sheer number of FM sets in existence, and non-commercial services such as community radio would doubtless welcome an opportunity to occupy potentially better, as in clearer, frequencies.

Consequential changes

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

If community radio is able to continue on analogue after switchover, then this sector seems to stand independently of the relicensing conditions relating to commercial services.

FAO: Commercial Radio Deregulation Consultation

8 May 2017 at 17:25

KMFM's RESPONSE TO DCMS CONSULTATION ON COMMERCIAL RADIO DEREGULATION

Dear Sir/Madam,

KMFM is a network of small commercial stations (7fm and 1DAB) serving the people of Kent. We are a member at the Radiocentre, the UK's industry body for commercial radio and we support their submission to the Department of Culture, Media and Sport (DCMS) consultation of commercial radio deregulation.

We are keen to see the Government afford as much support to commercial radio as possible so that large and small in the industry are able to face the challenges of the coming years supporting the sector's financial health and vibrancy enabling it to continue to grow and serve diverse communities. Therefore we echo Radiocentre's support for deregulation in the key areas stated in their submission.

We would encourage the DCMS to look at the introduction of Small Scale DAB alongside any other changes it decides to make through this consultation so that the industry can progress to DAB in an integrated way giving due consideration to all available options to take the industry forward.

With best wishes and thanks

Geraldine Allinson

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Geraldine Allinson
Chairman



Helping to make Kent a better place to live and work

We've got Kent covered

 1 million+ adults reached	 164,600 weekly listeners
 370,504 weekly readers	 2.4 million monthly browsers

 **News you can trust**



Lincs FM Group Limited

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4 May 2017

FAO Commercial Radio Deregulation Consultation
Media Team
Department for Culture, Media & Sport
100 Parliament Street
London
SW1A 2BQ

By email: commercialradio@culture.gov.uk

LINCS FM GROUP LIMITED RESPONSE TO DCMS CONSULTATION ON COMMERCIAL RADIO DEREGULATION

Lincs FM Group Limited is a member of the Radiocentre, the UK's industry body for commercial radio and we support their submission to the Department for Culture, Media & Sport (DCMS) consultation on commercial radio deregulation.

The Lincs FM Group provides eight services in Yorkshire and Lincolnshire, four of which are simulcast on DAB. The Group is also the major shareholder in the Lincolnshire Multiplex as well as a significant shareholder in the Suffolk Multiplex, on which it also provides a DAB only service. We also attach our own individual response to the consultation questions.

We have a strong interest in the regulation of our industry and have followed developments on the review of legislation in recent years closely. We regularly engage with Radiocentre on the impact of the current rules, as well as the potential benefits that deregulation could bring to both listeners and our sector.

Technology has developed enormously over the past 30 years and continues to change at a rapid pace. Radio is undoubtedly consumed in more ways than ever and overall choice available to consumers has exploded in recent times. However legislation and regulation of radio has not kept pace. Therefore we believe it is important that the Government acts quickly to bring forward new legislation to make the sensible changes proposed in the consultation, so that commercial radio stations can continue to provide value for listeners and the economy.

Commercial radio provides extraordinary public value to listeners across the UK. Stations broadcast an average of 13 hours 15 minutes of public service content each



week (news and sport, travel, weather, charity appeals, local events) and provide 25 news and sport bulletins each day on average. Radiocentre's *Action Stations* report highlights much of the public service roles carried out by stations all year round and how, for example, our sector attends more than 10,000 local events each year and raise over £25m directly for charity.

The Lincs FM Group's commitment to local news and information has been recognised many times – with longer, more detailed, local bulletins than are found on many commercial radio stations. Out of 39 broadcasting staff, 13 are journalists working solely on the presentation of news and sports bulletins. Each of the Lincs FM group stations maintains its own unique speech output at all times (rather than sharing off peak output) so that local information is always tailored precisely for the individual locality.

Alongside this public value, commercial radio provides an important level of economic value to local communities. Overall, commercial radio contributes £683m in gross value added to the economy and employs around 4,410 people directly. However this value should not be taken for granted given significant economic uncertainty expected in the next few years, as well as pressure on ad revenues from the continued growth of online advertising (in the last 20 years digital advertising has grown from around 1% to a more than 50% share of UK ad revenue).

We are keen to see the Government afford as much support to commercial radio as possible so that we are able to face the challenges of the coming years. Therefore we echo Radiocentre's support for deregulation in the key areas outlined below.

- **Remove format requirements** – provide radio stations with greater freedom to choose the music they want to play, catering better to what local listeners want.
- **Regulate news and information output** – refocus regulation on these most valuable elements of output on FM and AM stations, with a structure to support this on DAB in the future.
- **Provide flexibility on where content is made** – allow radio stations to use technology to provide the best locally relevant output and shift the emphasis away from managing where that content is made.
- **Make consequential changes to licensing** – address the technical issues of licensing to support stability for existing stations and the continued growth of digital radio.
- **Provide a package of measures to help achieve growth for all** – in the short term, consider making lapsed FM frequencies available and ask Ofcom to examine the possibility of FM coverage improvements; in the longer term, review the best use of DAB spectrum in major markets with the option of licensing new additional local multiplexes if there is sufficient demand.

Once the consultation has closed we see no reason why DCMS should not continue to prepare a response for Ministers to sign off at the earliest possible opportunity in the next parliament (following the upcoming General Election).

As part of this response DCMS should ask Ofcom to consider interim measures to provide greater flexibility. We understand that there are a number of areas it should be possible for Ofcom to exercise discretion in advance of legislative changes being made. For example, the guidelines on the precise number of hours of local production required could be amended and the process of format changes could be streamlined.

Government should then bring forward legislative changes at the earliest opportunity in order to implement the full range of deregulatory changes, amend the existing licensing arrangements and introduce measures to support the provision of news and information on DAB in future.

Michael Betton
Chief Executive

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

We agree that the increase in choice available to listeners means that Ofcom no longer needs to have such wide-ranging duties to ensure a range of services are available. It is important that Ofcom continues to give a high priority to making sure, taking a more active role, that potential service providers have fairly priced, equitable access to digital multiplexes and that community radio remains firmly distinct from commercial radio, truly not for profit and not able to transform into small scale commercial radio whilst enjoying the privileges of community radio. These two factors with a clear responsibility for local services to provide appropriate local information and/or news will allow the commercial radio sector to thrive despite the hugely increased choice available.

Q2. We would welcome views on whether Ofcom should have more flexibility to license overseas radio stations carried on DAB and whether it should be limited to Irish broadcasters or more widely. If so, should Ministers need powers to allow licensing to be extended to other countries?

We believe that the added flexibility should be restricted just to Irish broadcasters. Whilst DAB has massively expanded choice, it is not limitless. Allowing non-UK broadcasters (beyond the Irish) will reduce the choice of services provided from the UK. If further freedom for non-UK based services is allowed it should be restricted to national DAB multiplexes.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

We agree that it would not be appropriate to lift the format restrictions on the current national analogue stations as it would allow a significant narrowing of choice for those listeners who have not yet moved to digital.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

We agree that it is no longer sensible to require stations to play a particular kind or kinds of music. Almost all analogue services which carry local information already fall into the description of main stream popular music with the local material being the defining factor of most such stations – restricting these stations by any remaining music controls will not help these stations thrive, potentially reducing the local material that the majority of listeners to such services so clearly value.

Most stations with a more specialist approach to music are more national in style and giving greater flexibility is likely to increase experimentation and therefore breadth of choice.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

Ofcom does need to have a continuing role to ensure sufficient local news and information. We do not think that there is a need to ensure national news on national stations as we believe that the market will provide sufficient choice. As there is only limited space on each digital local multiplex it is important that there is a mechanism to make sure that there is proper provision of local news and information.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom’s duty and the requirements on local radio services was narrowed to cover just news and key local information?

We do not believe that the radio industry nor the wider UK local media will be adversely effected by this change. In fact we believe that the extra flexibility will allow the industry to thrive. We suggest that there has never been a case for regulating the commercial radio sector except by actual output – input regulation has been a wholly unjustified burden – by finally removing all aspects of this inappropriate form of regulation and restricting regulation to the provision (not how it is provided) of local news and information.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

We suggest that the same regulation should apply to all parts of the UK and that the requirement to provide local news and information will be sufficient.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

- Option (a) extend to national/local digital only stations
- Option (b) place obligations on local DAB multiplex operators

We think it is too early to determine whether specific requirements for local DAB multiplexes to carry services carrying local news will be necessary after switchover, however it might be appropriate to require local multiplex operators *to do all they reasonably can* to ensure that there is a minimum provision of local services carrying local news and information – these levels would need to lower in more rural multiplex areas acknowledging that it is unlikely that there may only be commercial one service carrying local news and information.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

On metropolitan multiplexes it would be reasonable to require that there were at least two independent (of each other) providers of local news and information in addition to the BBC.

Q10. We would welcome views on the proposal that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

We suggest that Ofcom is best placed to stipulate what meets the requirements for local news and information and that these requirements can be updated in line with experience. We urge the removal of all requirements relating to production – operators should be free to produce and their material without restriction with regulation being confined to output. Restrictions on the level of income from on-air advertising and sponsorship that community radio stations can obtain because they overlap with a small local commercial radio station should be maintained where local news and information continues to be a requirement or commitment from the small commercial radio station.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

We do not believe there is a need for any additional requirements.

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

We suggest that Ofcom should advertise any lapsed FM licences and any available new frequencies, where there is an indication of interest, ahead of any changes to legislation. The current powers and requirements are still appropriate until any further reduction in format requirements are introduced.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We agree that any licences renewed (as a result of DAB transmission) should be renewed automatically for a flexible period following the announcement of switchover.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

As there will no longer be an appropriate mechanism for advertising such licences it is appropriate that the licences are renewed indefinitely unless they select appropriate DAB coverage at a later date. Where DAB coverage does not provide full coverage of the analogue area simulcasting should also be allowed indefinitely or until DAB coverage is appropriately enhanced.

Q15. We would welcome views on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

The much slower development of DAB, combined with the greater frequency provision than at first suggested, has resulted in extremely burdensome, and in some cases overpriced, DAB carriage commitments. Before legislative changes to formats Ofcom should allow any licence which wishes to remove its DAB carriage commitment to enter a re-advertisement process of the appropriate analogue licence.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

There should be a mechanism for analogue licences to be handed back at the point that an operator considers analogue is no longer viable, however such frequencies should not be reallocated. The only exception should be where there are existing coverage limitations for local analogue stations that this new resource could solve. Current regulations already allow community stations to conduct significant commercial activities – any future use by the sector of vacated frequencies could drastically undermine the ability of DAB services to provide the local services that listeners so welcome.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station lines ups on national and local multiplexes and whether these changes have any impacts on competition.

Ofcom will need to retain some powers to ensure the provision of local news and information.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

Existing local multiplexes run until 2030 and the national multiplexes until 2023 and 2028. How these licences should be renewed or re-advertised should be reviewed following switchover.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

For both commercial radio and community radio it is important that their different mission and purpose is retained. Community radio stations that simulcast on DAB to any significant extent should also have to meet all the community radio requirements. We suggest that community radio stations without DAB coverage should be re-advertised at least once every 10 years – this is the most effective way to prevent a gradual drift away from the original purpose.

Michael Betton
Chief Executive, Lincs FM Group

28. Marc Webber

Dear Sir,

My name is Marc Webber. I am currently Senior Lecturer in Journalism at the University of Northampton. However, as a previous employee of UK podcasting firm Audioboom and a radio journalist of over two -decades experience, I would like to make this personal submission to the consultation on commercial radio deregulation. It in no way represents the corporate views of my current or previous employers.

Starting as a reporter on Red Dragon Radio in Cardiff, I have gone on to work as a reporter, producer and presenter for several UK radio stations, ranging from Kiss 102 in Manchester (now Capital) to LBC and KMFM. I was the co-founder of Bridge FM, the ILR station for my home town, Bridgend.

I currently work as a matchday football reporter for BBC Radio Five Live and BBC 1 TV's Final Score, however my full-time position is as Senior Lecturer in Journalism at the University of Northampton, which is a co-owner in community radio station, NNBC.

I will answer the questions you have published, but first I would like to make three short points about the structure of the consultation.

- 1) The main concern is the consultation makes a big presumption on the types of content consumed at a local level and will therefore not support development of local business and culture.

The report, and I would say OFCOM overall, presumes people are only interested in news and weather as sources of local engagement. I would highly dispute this.

As a former Sports Editor of a local radio station, there is a dismissal of the interest level and decreasing coverage level of live commentaries on live local sport. This genre has been destroyed not because there is no interest, nor that there is no ability to make commercial revenue off such events, but because it does not fit in to the homogenised music formats that now define the national brands that the confluence of local frequencies has become.

Local cultural events have received less attention under the merging of local stations to create a national radio brand. It has become harder for local bands to get the exposure to turn themselves into national superstars as there are fewer radio shows for them to get airplay.

The merging of frequencies has caused there to be less of an open market for local advertising spend and, arguably, has created a monopoly for advertising in some areas.

I will suggest remedies for this in the questions, but I am concerned the consultation has not recognised that localness is defined in many other cultural ways, not just news.

- 2) I believe there is a real need for localness to be defined quite tightly geographically after this consultation.

There are varying definitions of what define localness. And whilst I do not really care where a news report is read from, I think there needs to be a return to the defined former TSAs of local radio stations, as opposed to a bundling of local frequencies together to create a region which very few people feel an attachment to. If these stations can still sell ads by those old TSAs, then they should be able to deliver relevant local content to them. I totally disagree with OFCOM when they say there has been no market failure in local news provision -there has been absolute market failure in many areas as markets have been removed completely.

- 3) Deregulation should bring a level playing field to all market participants.

The report mentions small commercial local radio stations that continue to offer bespoke local content and comments about the Community Radio sector stepping into that local coverage. However, as those smaller stations have taken up the opportunity that exists in that locality, they have done so with one hand tied behind their back financially as they have been unable to sell advertising whilst the bigger brands get to keep the ability to sell local advertising without making local programming.

At the same time, the radio industry has seen a decline in job opportunities in the past few years as staff have been made redundant as stations' local operations have closed. There are very few roles in commercial radio outside of London now and many people who once called radio a career are now unpaid volunteers on community radio. That's not growth of a sector, that's decimation of it.

To be clear, I am happy to see market forces play a greater role in developing audio locally and nationally in the UK in this multi-format 21st Century. But whilst it is important to grow the UK's biggest brands in radio, it is important to ensure that is not done to the detriment of developing the smaller stations or the diverse elements of culture in towns and cities throughout England.

My answers to your questions are as follows: -

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

I would state it is important for OFCOM to have a light-touch role in the flagship provision of blue-chip services to protect diversity of choice and voices – especially at a local level.

In terms of the national licences, I think the statutory requirement for Non-Pop, all-speech and alternative programming genres helped create the diverse, British-made content we have today. But that is the only level of regulation that should be put into place. There should be no restrictions on specific music types or on a fixed music to speech ratio.

In terms of local, I think the narrow definition of news and weather as local content should be redefined. I think OFCOM has a duty of care to protect other cultural aspects of local life, such as provision of local sport, local music or other content. Local needs to be defined to a transmitter TSA, not left at the behest of the stations to define.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

I would support access to another nation's State Broadcaster/ Commercial broadcaster of note through small scale DAB in areas where there is a natural ex-pat population (e.g. Manchester for RTE; London for Radio France International) if:-

- a) The broadcaster funds the full fee of the transmission
- b) They DO NOT sell advertising to any local businesses within a 30 mile radius of the defined TSA
- c) They are NOT prioritised over a UK-based company which promises to employ UK-based staff to create content/manage station that also want space on that Small Scale DAB.
- d) They agree to adhere to OFCOM guidelines.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

Only to the same level as point 1. There should be a loosening on restrictions on advertising in relation to product placement, alcohol and gambling during daytime hours to open new revenue streams for them.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

I think all music-based format requirements should be moved from all local licences. These stations should be allowed to play whatever music they want. The focus on format requirement at a local level should just be about representing/ reflecting the local culture beyond news and information. Yes, that may include local bands, but that does not have to be a music-defined format.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

Yes. OFCOM has already failed in this area and we are already paying the price for this. OFCOM's belief there is no market failure in local news coverage is beyond belief. For example, most 'local' news on Heart network stations in England is irrelevant because it comes from a place which has been sucked into a region (e.g. Four Counties where people from Sandy, Beds hear stories about Wellingborough) which many in that area do not recognise or care about. Stories are substituted by stories from another part of this new manufactured region to add to a story count to prove all parts of the region are being covered.

It is an artificial monitor of how truly locally relevant news on commercial radio has become. Whilst most schools have issued a parent alert app for school closures, many parents still find out their children's school is closed through local radio. This has become a harder task when your station covers four busy urban TSAs instead of one. The quality of information in the time available decreases.

The decline in awareness of local democratic issues can be tracked to the decline in coverage of council meetings and the number of MPs given airtime on that station since the merger of local TSAs to create hyper centres.

If OFCOM continues to let this slide, news on local radio will become irrelevant and then you may as well let it go.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

As stated in my intro, the narrowing of definition of localness just to mean road crashes, court cases and what an MP says would be a real loss to the overall culture of this country. Many people in Northampton define their 'localness' by their rugby team. It's the Northampton Saints that make them feel they are from Northampton, not the council or the MP. Yet there is zero coverage of the Saints on commercial local radio in Northamptonshire. There used to be – but that was removed when Heart took over Northants 96 and merged the TSA into three other counties.

For many young people in South Wales, they define themselves by the local bands they go out and see and the local music scene – not who is setting their council tax. Their link with local radio has been eroded over time because their culture is not represented locally.

I am not suggesting Heart FM in Northampton should be forced to do ball-by-ball commentary of the Saints, or Bridge FM in Bridgend should do a local music show – they clearly do not fit in their formats.

But I think there could be an onus on the local DAB Multiplex owner to ensure space is left at a lower cost for local non-news events or information of significance?

Or instead of stick, let's try carrot? Could a financial incentive be supplied to local DAB multiplex owners to either generate OR create space for local non-news content? Could they be rewarded with lower MUX fees if they oblige?

The decreasing amount of local sport on local radio is becoming a huge issue, not only around listener choice, but also in terms of potential market manipulation and monopoly.

As commercial local radio stations pull out of covering ball by ball sports commentary because it does not fit into their music formats, it leaves the BBC with a monopoly or, even worse, a BBC monopoly on FM or being forced to pay for a subscription-service of biased commentary from the official club digital products.

This has already occurred in major conurbations like the West Midlands, Liverpool and Manchester where football has left the commercial local airwaves and the areas are culturally weaker for it.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

Localness still needs to be protected in the nations, just as much as an enhancement of national political and non-news issues needs to be protected. With a decline in local printed media in Wales, especially, the remaining local commercial stations could have become even more of a powerhouse in delivering quality local content. Wales has a high proportion of radio listening and community radio is appreciated there more than anywhere else in the UK.

In Wales, there are enough 'national' radio stations providing national news (Heart, BBC Wales, Nation). The number of locally-relevant content streams has decreased since takeovers have been allowed of the former ILRs all over Wales and community radio stations – despite becoming a strong entity in Wales – do not have the resources to fully replace those lost ILRs.

The locally-relevant content (say content on Radio Pembrokeshire) should not be traded off for a promise to cover more All-Wales issues. At that point, there is an argument the station has become irrelevant as a local entity and is just trying to be a small, national station.

As digital media and hyperlocal bloggers are yet to make significant inroads into mass audiences or commercialisation, then retaining a strong local content base in a local radio station is imperative.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

I think there must be a realisation now that the power of this situation lies with the MUX owners and not the individual stations. So, any future regulations on diversity of content or localness must be placed on the multiplex operators as well as the individual stations. That way, if the stations break the promises, the multiplex operator not only has the power to kick them off the MUX, but they also have a duty of care to replace like-for-like in terms of licence demands.

They should also be responsible for the holistic development of new services in that TSA. So, for example, they should be asked to leave space for pop-up stations (either commercially viable ones

or ones that fit the local content criteria placed on them). These can be suggested by the MUX owners or the MUX companies can accept applications for them.

Also, as stated in a previous answer, maybe there needs to be a “more carrot than stick” approach to encouraging more local content. Maybe MUX operators or stations could receive financial incentives to run certain content (e.g. a reduction in their fee payable to OFCOM for running a Welsh Language service to rival BBC Cymru; a right to raise advertising minutes if that money is used to fund a service which might not be as commercially viable).

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

As suggested in previous answers, the stations/MUXs concerned should be held to a defined restriction about the types of local content required (defined by minutes of airtime per week and the hours broadcast should take place).

Current punishments for not delivering on localness promises are weak and ineffective.

I suggest the following sanctions:-

- 1) To be banned from selling advertising to any business based within the TSA where the offence took place.
- 2) Handback of all licences for that TSA (DAB, FM, AM)
- 3) A minimum fine of £1m for repeated (more than one) offences by a single company across multiple TSAs over a period of 12 months.

However, I also suggest the following INCENTIVES for companies : -

- 1) A scalable reduction in either the licence cost of the station and/or the operating MUX if they promise to deliver notable local content opportunities (e.g. Providing free DAB bandwidth to an important/significant local sports teams for them to run commentaries of games or a local commercial station promising to play a dedicated local music show or that xx percent of their output contains local artists).
- 2) A scalable reduction in the MUX licence fee for the operator, if: -
 - a) They allow Pop-Up stations of local significance to be created by current station operators or other groups of interest.
 - b) They create permanent space for local good causes to have a permanent fundraising channel on the MUX, without cost to the charity or good causes.
 - c) They invest their own money to run a continuous radio station for a genre which may not be considered to be commercially viable (under a closely-defined station description and terms of broadcast e.g. 80pc Welsh Language station playing mainstream music aimed at 14-24 yr old Welsh speakers and learners in the UK).

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

I disagree wholly with this overarching concept. As highlighted throughout my submissions, many places in the UK are not defined by their council meetings or car crashes, they are defined by their sport, their music, their culture. The lack of such content on FM/DAB local frequencies due to the homogenisation of local radio groups means this has been eroded away and cannot be protected under the proposal here.

By not having a general entertainment at a local level, jobs are being lost in the local media community at a far higher rate they are being lost in the radio industry overall. This influences the local economy.

Having said that, what is important to me is WHAT that local content is, as opposed to where it is delivered from. So, I'm not concerned if local radio news is read from a studio in Timbuktu if the content is full of Peterborough people talking about issues that are active in Peterborough now.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

My knowledge of the situation in Scotland and Northern Ireland local radio is not as strong as my Welsh knowledge. But I do believe as market forces have brought radio groups to merge in those areas, the groups have maintained a local/regional feel to who they are – employing presenters and staff familiar to that area who feel they belong in that area. When rival companies have come into their TSAs, that seems to have only strengthened their belief that local people providing local content is the way forward and that belief of the station's localness remains.

However, I cannot say the same about Wales.

The sale of the Guardian Media Group stations and stations like Red Dragon and Marcher FM to Global (or Communicorp) over time has given Global an unbreakable monopoly which has caused market failure for plurality in Wales.

It has allowed them to remove local voices and content from much of their output, causing many local media employees to lose a career path in the country. It has allowed Global and Communicorp to have a monopoly on news provision, advertising airtime and marketing voice.

Listeners of these networks in Wales only get a volume of content about a nation at breakfast and drivetime – the rest of the time they are getting UK voices talking, mainly about events or issues surrounding London or the UK as a whole.

This has been a market failure – the plurality of voice and information in Wales has gone.

The smaller competitors in what is left in this market such as Town & Country Broadcasting and community radio – are in no equal or fair position to compete with Global/Communicorp in Wales. They do not have the money or resources to even challenge in the way they could have when there were separate owners for Real Radio and Red Dragon FM/Marcher.

My remedies to fix this would range from:-

- 1) Restriction of airtime sales on all Global/Communicorp properties. Only allowing them to sell to the local TSAs they occupy during peak hours and not to be allowed to sell Wales-wide campaigns.
- 2) Those stations to fund free space for current community radio stations to broadcast on the DAB MUX they occupy.
- 3) For Global to fully fund a new Welsh Language station aimed at 14-24 year olds and it's transmission to be available to 99% of FM receivers and 90% of DAB receivers in Wales, with a remit and Promise of Performance defined by an independent advisory board.

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

I think the regulation of commercial radio services should now switch to the regulation of the DAB mux as opposed to the licensing of individual channels. It should be a free-market activity for what type of music/speech content or companies supply channels to the MUX.

The MUX license should force the license holder to:-

- 1) Offer a diverse range of content and honour the defined station promises unless exceptional circumstances arise.
- 2) Should promise 'open access' opportunities for pop-up offerings to cover special events/causes.

- 3) Promises to meet agreed levels of local content demands (see previous answers)
- 4) Has provided sound financial proposals and has ensured the same from content providers.
- 5) Has agreed to OFCOM regulations in the broadcast code.

OFCOM should not award any further FM or AM licences (except to community radio, RSLs, hospital radio etc). Although, OFCOM should have a defined strategy as to how it would help move community radio to digital platforms, as they should not be the poor relation left on unloved frequencies.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

Yes. OFCOM should automatically renew all ongoing analogue licences until digital switchover starts. The only exception to that would be revoking a licence due to serious breach of terms.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

An indefinite period. OFCOM should automatically renew all ongoing analogue licences until digital switchover starts. The only exception to that would be revoking a licence due to serious breach of terms.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for 34 the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

All current or future analogue licence holders should be obliged to simulcast on DAB where possible. DAB space should be found for them at the earliest opportunity. Once the station is on DAB, it should be up to the individual station to decide when it quits its analogue frequency. However, OFCOM should be able to overrule that decision if the channel fails to present a viable marketing plan on how to inform listeners of the switch.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

As stated earlier, I think the station has an obligation to convince OFCOM they have a credible marketing plan to inform listeners of the specific switch of their frequencies. I do not think it is the job of the DCMS or OFCOM to fund this marketing campaign.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

Community Radio must be given equal access to the digital spectrum as commercial local radio does. We cannot have a two-tier system where the rich encourage migration to DAB and the poor stay on a delivery system which is being phased out.

If DAB is to fly, it needs all participants to be on it. The development of Hyperlocal MUX will help with this and this needs to be a priority. Community Radio is looked on by many as filling the holes left by commercial stations, if that is the belief, then it needs to be given the same platform to provide those services.

OFCOM should be winding down its role on analogue offerings and should not be handing out new FM licences whilst we are trying to switch to digital delivery.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

OFCOM should only oversee changes to content on a MUX on specific and previously-defined requests on local content. Otherwise, market forces and consumer choice should decide MUX station formats.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

Yes, I think it does. My belief now is there is no need to licence individual stations on DAB, but only to licence the MUX they are on. OFCOM should continue to manage the license process for FM/AM – but only in terms of current license holders.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

Community Radio stations or RSLs of community interest should be allowed free space on the relevant local MUX as soon as possible. If that is not possible, then they should only pay their current fm/am transmission costs and no more. The stations should run in parallel on FM and DAB. Funding should be sought from a central fund to cover the marketing costs of switchover for Community stations.

I am happy to be contacted on the email this submission was delivered through for further comments.

Regards

M Webber

(no subject)

13 February 2017 at 23:51

Hi there

I completely disagree with the deregulation.

I tune into local radio (Gem) here in the East Midlands, to hear content for here.

I'm not interested at breakfast to hear that a Manchester mum kicked up a fuss over child tax cuts or Londons M25 is busy.

I tune into Gem and local station Takeover because I want local information, which they provide.

If deregulation happens - all stations will be exactly the same, so no choice at all, and content for London only, no thanks.

All the poor old djs loosing their jobs, how do you work in this industry, if all the stations are closed down.

Ridiculous.

Government should be ashamed of themselves, let's sort the bigger things out, like getting out of the EU?

Mat King

Sent from my iPhone 📱

Radio Eireann (Irish Radio)

7 May 2017 at 09:12

Dear Minister,

I am contacting you in response to the draft document on commercial radio. I grew up in the West of Ireland, where my mother frequently had our radio tuned into the BBC World Service. She was mainly listening to the news, but we also enjoyed listening to Clement Freud on Just a Minute and Christopher Martin Jenkins reporting on the cricket. I now live in Cheshire and fortunately I can listen to RTE Radio Eireann- Ireland's national radio station on long Wave 252. Like many Irish people living in the UK, I follow events back home closely by listening to the news, sport and music programmes on Radio Eireann. I do have an ipad, but I rarely listen to podcasts, as I prefer to switch on the radio and listen spontaneously. I think there will be many fellow emigrants who also tune into LW 252. If there is a possibility that Radio Eireann could become available on digital radio, then I think it would be enthusiastically received throughout the UK, particularly those areas in the South and East where the LW signal is weak. I don't think there is much awareness of this draft document among the Irish emigrants, so you may not receive many responses, but I hope you will give due consideration to the possibility of granting a license to RTE to broadcast on UK digital radio with best wishes

Michael Fallon



Sent from my iPad



DCMS Commercial radio deregulation consultation

RESPONSE FROM NATION BROADCASTING

8 May 2017

Nation Broadcasting
St Hilary Transmitter
nr St Hilary
Cowbridge
CF71 7DP

About us

Founded in 2001, Nation Broadcasting is a successful media business based in Wales. It has grown through licence applications, acquisition and organic growth and operates a number of UK local and regional radio stations on FM and DAB. It also has investments in digital media, broadcast software and a number of local digital radio DAB multiplex businesses.

Executive Summary

- We support the removal of music formats on analogue stations.
- We support local news and information being the regulatory benchmark, as long as there are no additional requirements on operators than at present.
- Ofcom has a continuing duty to make best use of radio frequencies and we request it prioritises and commences a development strategy for commercial radio's use of remaining FM spectrum, alongside for use by community radio.
- We also believe Ofcom should prioritise additional local DAB multiplexes in major conurbations to complement the development of small-scale DAB.
- FM remains an important development platform and pathway to DAB switchover for commercial radio.
- We believe that FM licences should remain contestable under the existing 'beauty parade' system for the foreseeable future. We suggest that licence awards can be made to aspirant services that promise (and continue to deliver) local programming in addition to committing to DAB carriage.
- There should be no forced FM switchover in any UK region/nation until DAB listening has reached defined targets for coverage and listening within that region/nation.
- There should be equal status for UK nations with no additional news/programming burden.
- News specific to devolved powers should be considered part of local news commitments on stations within each nation.
- Additional format requirements for wholly DAB services is unnecessary and could stifle innovation and limit investment.
- Radio ownership rules should be revisited. Regulations previously allowed for 2 operators + the BBC, yet today there is a more onerous benchmark with different markets having different parameters. Referrals have occurred when markets moved from 3 or 4 operators to 2 or 3. This is inappropriate and inconsistent, with damaging consequences in some local media markets.

General comments on the consultation proposals

Despite commercial radio being in good health, having enjoyed record revenues in 2016 (<http://www.radiocentre.org/commercial-radio-enjoys-biggest-advertising-revenue-figures-in-2016/>), there are few development opportunities for small and mid-sized operators. Absent from this consultation is a strategy for future growth in the industry and, without new opportunities, we will be left with a UK commercial radio market that is dominated by just two players and lacks any short or medium term competition.

The fact is too much FM spectrum rests with just two companies giving them a powerful and overwhelming grip on the industry. The proposals in this consultation would see that advantage become further entrenched since it gives ongoing and guaranteed access to what remains as the most important terrestrial distribution platform.

The current FM spectrum plan was designed for local radio – not national brands. To continue to combine local FM spectrum to create UK wide services is not an efficient or sensible use of such a scarce public resource. Yet, currently the overwhelming share of the industry's spectrum, revenues and audiences are held by just two owners. In the majority of local markets, they own **all** of the FM capacity and it is impossible to launch a viable competitive radio business against them.

We encourage DCMS and Ofcom to conduct an FM audit, overview and development strategy. We need incentives to free up FM and re-use it for truly local commercial and community services.

Alongside the limited development of the FM spectrum for commercial radio despite spectrum being available (as evidenced by the expansion of community radio), there has been no development of commercial DAB in markets where demand exceeds supply (especially in key markets where local opportunities were removed when the regional multiplex licences held by MXR were returned to Ofcom).

In London, listeners can receive nearly 100 radio services, giving news entrants and existing providers the opportunity to trial demand and the business case for a wide range of services.

It is notable that, where there is significant choice like this, digital radio's share of listening is significantly higher than the UK average – in London, over 50% of radio listening is digital. London manages this because it is the only city in the UK with more than one local digital multiplex. Other metropolitan areas, such as Cardiff, Birmingham and Manchester have just the single local multiplex, severely restricting the ability of the sector to grow.

The evidence in Wrexham and Chester, where we are a shareholder, proves that more capacity really does drive more choice. Through the choice of its transmitter at St Johns Beacon, the multiplex delivers good coverage of Liverpool. The multiplex currently provides 13 services (using a mix of DAB and DAB+), of which 31% are analogue simulcasts and 69% are community / new services. This highlights that local commercial multiplexes are not necessarily too expensive or cover the wrong areas to enable new services to launch and flourish, and that Liverpool has benefitted from having coverage from what is effectively a second local commercial multiplex.

Nation is supportive of small scale digital multiplexes but as these multiplexes are “to meet the needs of ultra-local commercial and community radio stations” (Kevin Foster MP) and should be “no more than 40% of the size of current local services” (Dr Rosena Allin-Khan MP on Ofcom's rule), we believe that every major metropolitan area in the UK should have a second local commercial multiplex in addition to any small scale multiplexes. This would best ensure that commercial radio

can maximise choice to listeners across the country, whilst also assisting the commercial radio sector to grow.

We therefore urge DCMS to require Ofcom to undertake a full and proper review of analogue and DAB spectrum - ahead of ANY new licence development - to assess and develop a licensing plan that meets the need of the whole industry rather than a sub-section of the sector. Commercial radio can only grow and mature if there is a level playing field of opportunities.

If the largest groups wish to have greater regulatory freedom by creating large scale brands, they could and should be encouraged to forfeit some FM capacity. At the same time, commercially useful spectrum must be identified, advertised and licensed (or re-licensed) by Ofcom. Since FM spectrum is the main driver of innovation, we submit that if more FM capacity is released, more new and innovative services will develop and migrate to DAB, escalating DAB take up and encourage the development of new and innovative operators.

We believe that existing FM licences should remain contestable. We suggest that the award of a licence should go to services that promise and continue to deliver local programming. There is a clear advantage in having an FM frequency and some competitiveness in the market may help to drive innovation and benefit listeners.

We recognise that regulatory change could be beneficial, particularly the removal of music formats in favour of more obviously measurable indicators such as locally produced programming or content.

The current approved areas, in relation to programme sharing and location, should be reduced to England, Scotland, Wales and Northern Ireland.

We also take this opportunity to submit that Wales is considerably behind the UK as a whole in relation to a drive to DAB listening and any roadmap for switchover should take this into account.

The table below from the latest available RAJAR figures demonstrate less than 30% of listening is through DAB. Commercial radio listening to DAB in Wales currently delivers only 25% of listening hours and it is commercial radio hours that drive advertising effectiveness and revenue.

TSA: BBC Radio Wales

Audience: Adults 15+

Weight: Each station is weighted by its own weight

Layer: Adults 15+

		All, not filtered	DAB	%
All Radio	Reach (000's)	2385	1038	44
	Hours (000's)	53727	15124	28
All BBC Radio	Reach (000's)	1796	677	38
	Hours (000's)	29829	9111	31
All Commercial Radio	Reach (000's)	1618	665	41
	Hours (000's)	22921	5814	25

We are concerned about implementing new format requirements on DAB services. We believe that digital only stations should be free to do as they wish. There is a significant commercial risk in launching any new venture on DAB only – a risk that we believe will continue for many years ahead and borne out by the number of DAB stations that have launched and closed. The DAB market is operating more effectively than FM currently. Proposals to introduce format requirements on DAB

only stations could restrict the number of new services launching and undermine the potential for local DAB multiplex operators, in particular, to offer space to UK wide providers.

We do not believe DAB stations should have any additional regulations at this moment in time. FM switchover is many years away and we believe additional regulation on DAB services will stunt development and innovation.

Taking our own service Chris Country, a niche station playing country music which is currently carried on multiple DAB multiplexes around the UK including Suffolk, London and NE Wales, the inference from the consultation is that this service could be required to broadcast separate news bulletins in the future. The additional cost burden of programming and distribution would almost certainly mean the service would withdraw from a number of multiplexes.

In closing our general comments, Nation Broadcasting today competes against the UK's largest radio groups. In 15 years, we have grown from a start-up at one of the smallest stations in the UK to become the largest operator in Wales.

Our story demonstrates how FM frequencies are a necessity for smaller companies to develop their businesses. Without companies such as Nation Broadcasting, there would be fewer jobs in radio, less competition for local businesses and less choice for listeners.

That is a future we face, if these proposals are adopted without additional thought and subsequent policy proposals on the development and future use of the FM spectrum.

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

We believe there is no need for Ofcom to take an ongoing role in ensuring a range of music services.

However, it should have an ongoing role in the allocation of analogue spectrum and this duty should be based on firm local programming commitments from licensees and applicants. This will secure a range of national and local services, maintaining Ofcom's key statutory duty.

We agree with the BBC that FM switchover is unlikely any time before the early 2020s. In areas such as Wales, where DAB penetration is slower, FM will exist for many more years to come beyond that.

This summer we are launching new FM transmitters in West Wales, underlining our own commitment to the FM platform. These transmitters will, in all probability, still be in use towards the end of the 2020s. Against this background, this consultation appears premature and it suggests that there is more than enough time ahead to launch and establish new local services on FM.

If spectrum is released through an audit of available spectrum, or through the incumbent choosing to forfeit (to migrate to DAB), we suggest spectrum could be offered to aspirant commercial operators and awarded on local content commitments which would be fixed for an initial period.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and, if so, whether Ministers should need powers to allow licensing to be extended to other countries?

We support the idea that Ofcom should have more flexibility to license any overseas radio stations/operators on DAB.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

We do not agree that these restrictions should continue.

We believe that the restrictions should be lifted and that each of the three licences should then be auctioned, in line with the original premise of the awarding of them, at the next possible opportunity.

Each INR licence has a significant advantage through its analogue spectrum and we believe they do not pay a fee that represents the true value of the spectrum they use.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

We support a move to remove all music requirements. We suggest this would lead to local content becoming the more important and objective factors, enabling Ofcom to continue awarding licences on a contestable basis in the future and regulate existing operators.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

Local news should be considered part of local programming and Ofcom should be responsible for overseeing that local programming is delivered based on more widely defined UK nations and regions as we have outlined.

We submit it is unfair to burden the UK nations with greater regulatory burdens. The rules should be fair and consistent.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

The proposals, if implemented in their current form, would result in the closure of a significant number of radio studio locations around the UK and a narrowing of opportunity for broadcasters to a handful of broadcast centres, predominantly in London. We also believe that listeners would see their programming choice on FM narrowed and local advertisers might also lose the opportunity to advertise on individual local transmitters.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

We do not see why UK nations should have a greater level of regulation than stations based in England. The populations of the UK nations outside England are considerably smaller and the radio spend per of population is lower, making it doubly unfair that they should be considered for enhanced requirements.

Additionally, if these proposals were to proceed it appears unfair to us as a committed local broadcaster, that whilst our colleagues at local stations in England can benefit from a national brands competitor effectively moving out of town, in Wales we will not have the same benefit.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

We submit that neither option outlined by DCMS is workable.

The DAB mux operator should not be responsible. Beyond any FM switchover, we believe the market will – but should not be forced to - provide this on local mainstream music services.

In the existing market there is evidence that commercial providers act responsibly. This is demonstrated by Nation Broadcasting's 'News for Wales' bulletin and the decision to run relevant and local news on digital only services such as Dragon Radio, Thames Radio and Chris Country.

DCMS should be aware that the main news provider for UK / International news Sky news (contracted by IRN) is based in London. It would be cost prohibitive to prevent stations using this service in the future solely because of the provider's location.

With regards digital only genre stations, they would close and/or become less attractive if they were forced to provide a local news service as we have indicated with the potential challenge to our existing service Chris Country in our general submission.

The only option we can identify is that FM is retained by any operator which continues to provide local programming/news but is forfeit if they choose to move to DAB and drop these requirements – this is again consistent with our general submission.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

Consistent with our general submission we believe that plurality of provider is protected by retaining the current format requirements and expanding approved areas.

In the current regulatory environment, news about devolved powers within the nations is not considered to be 'local' in the context of local news requirements on analogue services. This approach is inconsistent with encouraging plurality and relevant news for the nations.

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

We are wholly unconvinced by this argument. We believe good arguments remain for maintaining the requirement for local commercial analogue stations to produce content locally as per Ofcom's guidance in order to protect local production centres, given the station has the benefit of access to local advertising (as a result some stations have a considerable share of local advertising in their markets). We do not believe that the location of production of programming items (such as news, travel or features) is as important as the location of programmes (i.e. the studio, presenter, playout system).

To demonstrate this point, Nation Radio's travel news service is currently produced from England using information collated and relevant to Wales. We do not think that listeners are at all interested in the method or location of insertion of this information into our output, and yet, potentially this arrangement might not be allowable in the future.

We use this example to demonstrate two points we make consistently in this submission: operators in the nations should not be unfairly disadvantaged and no station should be under a greater regulatory burden than it is currently.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

We do not believe that the nations require different arrangements, particularly if these place additional burdens on operating a commercial radio business compared with England, where advertising revenue is historically higher and transmission costs are generally far lower per head of population served.

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

We believe that where licensees commit to maintain local programming existing FM licenses should only be terminable on 2 year's notice of FM switch off (i.e. an industry event) or through sanction (failure to provide the service). Any FM licenses forfeited by operators migrating to DAB to remove local programming commitments should be re-advertised with a 5-year moratorium on format change. Format change for existing licensees should continue on the current basis.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We agree with this with the caveat that implementation should only take place once the area covered has reached a measurable indicator such as 95% coverage and +75% listening.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

We believe license durations should be indefinite when based on the continued commitment to provide local programming we have outlined.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Stations that have previously committed to DAB should be rewarded since there is a significant cost to duplicate carriage. They have made an investment in the future and there is a listener benefit. We have suggested an alternative method for the indefinite renewal of FM which is not linked to DAB carriage. We suggest Ofcom determines the minimum bit rate requirement for services to prevent operators simulcasting in DAB at the lowest possible bit rate. We also believe Ofcom should allow existing operators who have renewed on DAB to use DAB+ subject to a minimum bit rate requirement. In Mid and West Wales, regulatory restrictions on our services have prevented some of our services moving to this platform which stifles innovation and maintains cost burdens based on the theoretic disenfranchisement of an unknown number of people who do not have access to DAB+ compatible radios.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

We believe that FM stations should only get a licence renewal if they are on, or have made best efforts to be carried on a relevant local multiplex.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

This should become a commercial decision for each licensee. Newly released FM spectrum should be used for a mix of commercial and community broadcasting, in line with our comments elsewhere in this paper.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

Multiplex operators should be free to innovate and have new services as they see commercially relevant. Ofcom should oversee programme output and where DAB is linked to FM rollover that the relevant format requirements are being met.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

We believe the current "Beauty Parade" criteria remains relevant for the award of local and national multiplex licences.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

We favour a wholesale change to regulations surrounding community radio in order to create a more level playing field between community radio and local commercial radio.

Consistent with the de-regulation of commercial radio, we believe community stations should be free to become wholly commercial services – a more dynamic sector and encourage investment and therefore be owned and operated by existing commercial stations.



**Jason Bryant
Executive Chairman
Nation Broadcasting**

32. New Wave Media

DCMS Commercial radio deregulation consultation

RESPONSE FROM NEW WAVE MEDIA

8TH May 2017



NEW WAVE MEDIA (NWM)

Founded in 2007, NWM is the largest Scottish based radio broadcaster overseeing three analogue FM licences, one of which simulcasts on the Central Scotland DAB multiplex, and nine internet radio stations.

Executive Summary

- We support the removal of music formats on analogue stations.
- We support local news and information being the regulatory benchmark, so long as there are no additional requirements on operators than at present.
- Ofcom has a continuing duty to make best use of radio frequencies and we request it prioritises and commences a development strategy for commercial radio's use of remaining FM spectrum, ahead of any further consideration for use by community radio.
- FM remains an important development platform and pathway to DAB switchover for commercial radio in the future which we estimate for Scotland is likely to be in the mid to late 2020's, some ten years away.
- Scotland has further capacity to support a number of FM ILR operations.
- That these FM licences should remain contestable under the existing 'beauty parade' system for the foreseeable future and must adhere to their licence conditions for a minimum of two years from first date of broadcast.
- There should be no forced FM switchover in any UK region/nation until DAB only is +75% within that region/nation.
- There should be equal status for UK nations with no additional news/programming burden
- UK nations news should be considered part of local news within each nation.
- Additional format requirements for wholly DAB services is unnecessary and could stifle innovation and limit investment.
- Radio ownership rules should be revisited.

General comments on the consultation proposals

Despite commercial radio being in good health, having enjoyed record revenues in 2016 (<http://www.radiocentre.org/commercial-radio-enjoys-biggest-advertising-revenue-figures-in-2016/>), there are few development opportunities for small and mid-sized operators. Absent from this

consultation is a strategy for short to medium growth in the industry and, without new opportunities, we will be left with a UK commercial radio market that is dominated by just two players and lacks any short or medium term competition.

The fact is too much FM spectrum rests with just two companies and too many community radio operators, the proposals in this consultation would see that become further entrenched since it does not directly give the 'middle' ground operators access to either under used or some cases misused FM spectrum.

The current FM spectrum plan was designed for local radio – not national brands or community radio stations. To continue to combine local FM spectrum to create UK wide mainly networked services is not an efficient or sensible use of such a scarce public resource. Nor is it fair that almost exclusively any spare FM spectrum has been awarded to community not for profit radio operations. Yet, currently the overwhelming share of the industry's spectrum, revenues and audiences are held by just two owners or one of over 250 community radio stations. The 'middle' sector operators have been detrimentally disadvantaged to the benefit of the two largest radio operators and at the other end of the scale, community radio stations.

We encourage DCMS and Ofcom to conduct an FM audit, overview and development strategy, with a particular focus on the nations. We need the opportunity to reassess the best use of what remaining FM spectrum there is until a viable tipping point is realised for DAB .

Businesses, such as our own, have limited options to grow. No strategic commercial radio FM licencing has been undertaken by Ofcom in 10 years, whilst the largest and most dominant operator in Scotland has carried out wide scale networking vastly reducing local radio programming across most of the nations main cities and populated areas. We submit that any regulatory changes/industry review must go hand in hand with changes to Government policy surrounding the plan for the future of FM spectrum, including a future licensing regime when space is vacated through the migration to DAB.

DAB digital radio is not yet developed enough to compete against the significant market advantage the dominant players enjoy on FM. Even were it to be so, the most dominant commercial radio group in Scotland also owns almost all the multiplexes across the major cities. This has created an almost impossible so called 'market price' for DAB access which will further hamper Scotland's drive towards a DAB future. We suggest the charging mechanism be revisited as part of the review.

As an example, if a radio company wished to launch an Edinburgh local service it could not as there is neither any FM spectrum being made available for commercial use nor any large scale DAB spectrum available in the city,

even if it were it is economically unviable due to the carriage costs. Meanwhile, a variety of community stations have continued to be awarded FM licences. These barriers to entry should have no place in the modern world and the changes being proposed by DCMS do not include solutions towards this problem.

If the largest groups wish to have greater regulatory freedom by creating large scale brands or sizable networks behind 'local brands', they could and should be encouraged to extend a selection of FM licences whilst forfeiting some FM capacity at the same time. Commercially useful spectrum that would otherwise be under used by networking and large scale content sharing could then be reused by other operators. Since FM spectrum is currently the main economic driver and will be so for several more years to come, we submit that if more FM capacity is released, more new and innovative services will develop and more likely to be able to migrate to DAB in the future.

We believe that existing FM licences should remain contestable.

For example, Heart Scotland occupies two frequencies across Scotland, 100.3 FM for the West and 101.1 FM for the East. It could be allowed extend the reach of 100.3 whilst releasing 101.1 to better use for a grossly underserved radio market across East Central Scotland. We suggest that the award of a licence should go to services that promise (and continue to deliver) local programming. There is a clear advantage in having an FM frequency and some competitiveness in the market may help to drive innovation and benefit listeners.

We recognise that regulatory change could be beneficial, particularly the removal of music formats in favour of more obviously measurable indicators such as locally produced programming or content.

The current approved areas, in relation to programme sharing and location, should be reduced to England, Scotland, Wales and Northern Ireland.

Scotland is considerably behind the UK as a whole in relation to a drive towards DAB listening and any roadmap for switchover should take this into account. According to the OFCOM SCOTLAND COMMUNICATIONS report Scotland has remained at just 36% for DAB listening for five years in a row. According to the in-depth research those people who do not listen on DAB are increasingly less likely to choose buying a DAB radio in the future. However, regardless of this insight we believe listeners will continue to be exposed to DAB via the 'secondary purchase' journey. For example by way of buying a new car or in the future a second hand car that already has DAB in its entertainment offering. We also remain doubtful that DAB will have any serious growth through the listeners fitting aftermarket products.

We are concerned about implementing new format requirements on DAB services. We believe that digital stations should be free to do as they wish. There is a significant commercial risk in launching any new venture on DAB only – a risk that we believe will continue for many years ahead and borne out by the number of DAB stations that have launched and closed. Proposals to introduce format requirements on DAB only stations could restrict the number of new services launching and undermine the potential for local DAB multiplex operators, in particular, to offer space to UK wide providers.

We do not believe DAB stations should have any additional regulations at this moment in time. FM switchover is many years away and we believe additional regulation on DAB services will stunt development and innovation.

In closing our general comments, NWM competes against the UK's largest radio groups. In less than 10 years, we have grown from a start-up at one of the smallest stations in the UK to become the fourth largest operator in Scotland. A position achieved through the rescue of struggling radio stations that had already been in existence, whilst not being afforded any real growth opportunities via licence awards. It has been immensely frustrating watching a raft of community stations take up valuable FM spectrum across Scotland at the expense of middle sector commercial operators such as ourselves.

Our story demonstrates how FM frequencies are a necessity for smaller companies to develop their businesses. Without companies such as NWM, there would be fewer jobs in radio, less competition for local businesses and less choice for listeners.

That is a future we face, if these proposals are adopted without additional thought and subsequent policy proposals on the development and future use of the FM spectrum.

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

We believe there is no need for Ofcom to take an ongoing role in ensuring a range of music services.

However, it should have an ongoing role in the allocation of analogue spectrum and this duty should be based on firm local programming commitments from licensees and applicants. This will secure a range of national and local services, maintaining Ofcom's key statutory duty.

We agree with the BBC that FM switchover is unlikely any time before the early 2020s. In areas such as Scotland, where DAB penetration is slower, FM will exist for many more years to come beyond that.

If spectrum is released through an audit of available spectrum, or through the incumbent choosing to forfeit (as a result of being allowed to increase an existing FM frequency or migration to DAB), we suggest spectrum could be offered to aspirational and committed local commercial operators and awarded on local content commitments which would be fixed for an initial period.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and, if so, whether Ministers should need powers to allow licensing to be extended to other countries?

We support the idea that Ofcom should have more flexibility to license any overseas radio stations/operators on DAB.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

We do not agree that these restrictions should continue.

We believe that the restrictions should be lifted and where a national radio station is occupying valuable local FM frequency that the same spectrum audit should be carried out and considered for local alternative use.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

We support a move to remove all music requirements. We suggest this would lead to local content becoming the more important and objective factors, enabling Ofcom to continue awarding licences on a contestable basis in the future and regulate existing operators.

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

Local news should be considered part of local programming and Ofcom should be responsible for overseeing that local programming is delivered based on the relevance of its content rather than some meaningless quota of locally made content.

It is unfair to burden the UK nations with greater regulatory burdens. The rules should be fair and consistent throughout the UK.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

The proposals, if implemented in their current form, could result in the closure of a significant number of radio studio locations around the UK and a narrowing of opportunity for broadcasters to a handful of broadcast centres, predominantly into major cities. We also believe that listeners could see their programming choice on FM narrowed further if the FM band width is not repurposed as has been suggest earlier in this response.

It cannot be underlined or emphasised enough that as part of the process more FM must be made available and existing FM spectrum must be re-purposed to existing local radio operators.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

We do not see why UK nations should have a greater level of regulation than stations based elsewhere in the UK. If these proposals were to proceed with any special consideration or enhanced arrangements for the nations this would be grossly unfair.

That any concern for a reduction in local programming would be mitigated against the re-purposing of under used FM spectrum.

. Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

We submit that neither option outlined by DCMS is workable.

The DAB mux operator should not be responsible. Beyond any FM switchover, we believe the market will – but should not be forced to - provide this on local mainstream services.

DCMS will be aware that the main news provider for UK / International news Sky news (contracted by IRN) is based in London. It would be cost prohibitive to prevent stations using this service in the future solely because of the provider's location.

With regards digital only genre stations, they could close and/or become less attractive if they were forced to provide a local news and this should be at the behest of the licence holder.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

Consistent with our general submission we believe that plurality of provider is protected by retaining the current requirements and expanding approved areas.

In the current regulatory environment, news about devolved powers within the nations is not considered to be 'local' in the context of local news requirements on analogue services. This approach is inconsistent with encouraging plurality and relevant news for the nations.

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

We do not think that listeners are at all interested in the method or location of where their local content comes from, but more so the relevance and value of its content to them locally.

For example – Wave 102 which broadcast to both Dundee and Perth now has an arrangement to produce and share news with the local ILR for Pitlochry and Aberfeldy. The fact that the news is created almost fifty miles away is unimportant and the true value is in the relevance of its content and the local issues it covers.

The use of new technology, systems and evolving methodology now requires a more relaxed regulatory framework and that this will not adversely impact on local content.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

We do not believe that the nations require different arrangements, particularly if these place additional burdens on operating a commercial radio business compared to elsewhere in the UK.

However, we would use this opportunity to press the point that we believe Scotland is underserved in many markets by the lack of sensible use of FM spectrum, in particular, Ayrshire, East Central Scotland, Angus county, the North east of Scotland and Morayshire.

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

We strongly believe that there is now an overwhelming need to reconsider lapsed, past or previously failed use of FM spectrum. And that many of these radio licences would become economically viable in a future radio landscape afforded deregulation. That these licences would still be awarded on the 'beauty parade' basis and that successful applicants are held to their formats for a minimum of two years.

That these awards are based on the relevance of local content and their commitment to local programming in terms of output and that the geographic position of where this content is created become an irrelevance.

For example – we firmly believe we could resurrect River FM in its entirety in West Lothian with a wide variety of local content delivered from the purpose built state of the art studios in neighbouring town of Stirling enjoyed by Central FM.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

We agree with this with the caveat that implementation should only take place once the area covered has reached a measurable indicator such as 95% coverage and +75% listening.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

We believe license durations should be indefinite when based on the continued commitment to provide local programming we have outlined and that any future switchover point be a commercial consideration by the operator as opposed a listening static or a point in time decided by a statutory entity.

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

We believe that the dual transmission on FM and DAB as a licence requirement has, with hindsight been a crippling financial issue within the radio sector. Either the carriage costs of DAB must be seriously reviewed or for stations with TSA's under 500k an amnesty be considered.

We believe that the existing tariff and carriage charging system is fundamentally flawed and that a % of revenues or income tariff is considered rather than the fixed rates set up currently being used. The radio sector cannot have a market rates system based on free market prices when the largest radio operators also operate DAB Multiplexes. It is simply impossible and to regulate a price structure equally difficult. We would strongly suggest this be reconsidered and either the conflict of interest between radio operators and MUX owners be addressed or a simple % of revenues tariff system be considered. The status quo is not sustainable or workable as is evidenced through the failed switchover date of 2015.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

We believe that all FM stations should be allowed to make DAB as part of its licence renewal offering but that should not be a condition of renewal. That the rollover process be abolished and all FM licences be re-advertised on a normalised basis, which could include a DAB offering.

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

This should become a commercial decision for each licensee. Newly released or previously vacated FM spectrum should be in the first instance considered for commercial use before being advertised to community broadcasting, in line with our comments elsewhere in this paper.

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

Multiplex operators should be free to innovate and have new services as they see commercially relevant.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

We believe the current "Beauty Parade" criteria remains relevant for the award of local and national multiplex licences.

An auction or price led process would be grossly unfair to the vast majority of radio groups, in particular the 'middle' sector operators.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

We favour a wholesale change to regulations surrounding community radio in order to create a more level playing field between community radio and local commercial radio. Consistent with the de-regulation of commercial radio, we believe community stations occupying FM spectrum could in certain areas be re-advertised on a commercial basis to create a short to medium term growth opportunity.

Yours sincerely

**Adam Findlay
Managing Director
NEW WAVE MEDIA**

Commercial Radio Deregulation DCMS Consultation



Consultation Response – Niocast Digital

Niocast Digital operates the Trial DAB multiplex in Manchester. Our 19 digital radio stations (3 DAB and 16 DAB+) broadcast from the heart of the northern powerhouse to a city where more than 1 million people live, work and play every day.

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

We believe that consolidation of ownership has enabled the larger broadcasting groups to establish a range of clearly-defined, complementary services, bringing an end to the practice of chasing the same 'centre-ground' audience. Also, the explosion in on-line audio providers and the diversity of content that is available from them means that there already exists 'a free market' which is outside the reach of Ofcom's statutory role. Nevertheless, radio remains loved by the public because it continues to offer a wealth of dynamic and innovative programming catering for a range of tastes in both local markets and across the whole of the UK. With the advent of a third tier of localised DAB, the increased capacity facilitated by DAB+, radio's offering and a lower cost of entry, there is no longer a need for a regulator to ensure a range of choice.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

There exists in the U.K. a significant population of Irish people who emigrated in the late 1950s, 1960s and 1970s to whom the long-established RTÉ Long Wave service is a 'lifeline' to Ireland and helps them keep up with events 'back home'. There are also many second-generation Irish for whom RTÉ helps 'maintain a sense of Irishness'. However, as a medium, Long Wave has had its day as it confines terrestrial listening to an inefficient, expensive and out of date transmission platform.

Manchester has a significantly large Irish population. When Niocast was applying for the DAB licence in Manchester we opened a dialogue with RTÉ with a view to having them as a service provider on the multiplex. This would have met a strong and demonstrable demand, particularly amongst older expatriate Irish, for RTÉ radio to be available on a contemporary free-to-air mainstream platform. It is a logical progression to allow a respected State broadcaster (whose service is already listened-to free-to-air in this country) to use digital radio to reach those listeners and serve a culturally distinct audience in a major city.

The AudioVisual Media Services Directive (AVMSD) restriction is universally acknowledged as an anomaly and we strongly believe that RTÉ – and other overseas radio operators – should no longer be excluded from delivering their services to UK audiences via DAB. We agree that licensed overseas stations would need to meet the normal requirements for DSP services (including observance of the Ofcom Broadcasting Code).

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

We believe that removing the remaining 'music in radio' format requirements in local analogue station licences would further enhance radio's dynamism and dexterity - so long as the ownership structure remains balanced.

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

We believe there are fundamental complexities with defining what precisely is meant by 'news' and these complexities are increasing, not decreasing. Linking that to 'guaranteed carriage' (if that were even possible) would be a constant headache for the regulator to police. How, on an over-subscribed multiplex, could an operator guarantee capacity for all those would-be service providers that met this 'news criteria'?

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

We believe there needs to be a safeguard to prevent operators merely paying lip service to public service elements to satisfy the regulatory requirement at the lowest cost and at the expense of quality. 'Doing it' as opposed to 'Doing it well'

Consequential changes

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

We welcome the responsibility to oversee changes to station line-ups on digital multiplexes. We do not believe this will have any impact on competition beyond what already exists in the current licensing framework.

Ofcom Advisory Committee For Wales
Consultation Response:
Department of Culture Media and Sport - Commercial Radio Deregulation
Consultation Closing Date: 8 May 2017

Introduction

The Ofcom Wales Advisory Committee welcomes this opportunity to respond to the DCMS consultation on proposals to deregulate Commercial Radio within the UK. We recognise the important role commercial radio has in providing news, traffic and other information to local areas (and in some cases larger regions) within Wales, particularly as the BBC's policy has been to provide services serving the whole of the nation, through Radio Cymru and Radio Wales. Although community radio also has an important role as a third tier of radio serving small, almost hyper local areas, it currently lacks the reach and impact of commercial radio in Wales.

While we support the broad thrust of the proposed relaxation of many of the current regulatory provisions, we remain concerned about the need to ensure that stations serving localities/regions within Wales should be required to continue to provide news, information and other relevant content for listeners produced from locations based within the Welsh nation.

The provision of news is of particular importance to civic life in Wales in order to secure an informed democracy. The National Assembly for Wales and the Welsh Government have powers and functions covering key domestic policy areas including health, education, transport and economic development. It is essential to ensure there is plurality in the reporting of Welsh public life, and that this coverage is not left exclusively to the BBC. It is essential that Welsh news continues to be made in Wales.

In this document we have limited our responses to those consultation questions which raise specific issues relating to the provision of commercial radio services in Wales.

Our Response to the Consultation Questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

While the increase in choice at a UK wide level is welcome, this expansion in platforms and services has not, so far, resulted in a significant increase of provision specifically for Wales, beyond the current local and regional commercial stations serving Wales, originally licensed as FM or AM stations. In our view, Ofcom continues to have an important role in ensuring that the interests of listeners in Wales are properly served.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio format requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

We do not believe there is anything to be gained by continuing with the present regime of format regulation in this area. Generally the music output provided by stations specifically serving Welsh listeners is already very narrow in range, driven mainly by the constraints of a mass market. We believe that in this environment, there is little to be gained by continuing to impose relatively bland music format requirements and deregulation could make the stations more sustainable and therefore help secure the provision of local news and information.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

It is important to be clear about what is meant by 'national' in this context. A consequence of devolution is that along with news that applies to the whole of UK, in many areas of public life there is also a need to report news at a pan-Wales level as well as news of relevance to specific localities and regions within Wales. For example, a story about a change in Welsh Government health policy is relevant to listeners across the whole of Wales. However, if left to the market, there is a risk that in the absence of regulation, there would be no Wales news coverage. From its own research, Ofcom has concluded that, due to the costs of producing local news, there is a significant risk that this content would not be provided in the absence of clear regulatory requirements.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

As noted in the consultation, Ofcom's research shows that from the listener's perspective the provision of news and information is one of the most important contributions made by commercial radio. In our view, it is essential to ensure that journalists continue to be employed and work within Wales to best serve the interests of listeners. As part of enhanced requirements for the Nations, content production for stations based in Wales should remain in Wales. This would help protect jobs and ensure that the content remains relevant to listeners.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

The consultation document recognises the important role provided by local commercial radio in terms of local media plurality. However, we suggest that this role is also vital when considering plurality of news sources at a nation or pan-Wales level, particularly when taking account of the role of the National Assembly and the Welsh Government. We therefore welcome the proposal in the

consultation document for Ofcom to have scope to apply enhanced requirements for the provision of news and information in the nations. However, in setting criteria for this enhanced provision, the guidelines need to take account of the need to provide news not only at a local/regional level within Wales (depending on the nature of the service) but also the need to provide news coverage of stories affecting the whole of Wales.

Extending requirements to produce news to DAB-only stations on national and local multiplexes
Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

It is vital to ensure that the current stations holding analogue licences continue to provide the same level of news and information as they currently provide after digital switchover occurs and we welcome this proposed change suggested in the consultation document. These stations should also be given guaranteed access to a suitable multiplex to ensure that, taken as a whole, a sufficient range of services providing local/regional and Wales news are available on every multiplex serving Wales. Option (b) would therefore be the minimum that would be required to achieve this aim. However, in our view Ofcom should retain the discretion to extend these news and information requirements to DAB only stations as envisaged by Option (a) in some cases if, for example, future market conditions mean that there is a reduction the overall provision.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

Guaranteed access to a suitable multiplex serving Wales would need to be provided for stations carrying local/regional and Wales news and information. As in our answer to Q8, Ofcom should retain discretion to impose news and information requirements should market conditions change. These requirements could be applied to multiplex operators or to individual stations where required.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

Taking Q10 and Q11 together, we agree with Ofcom's view that there is a case to maintain the requirement for local content (including Wales news) carried on stations based in Wales to be produced in Wales, while accepting that station groups would be able to make use of networking arrangements within each nation.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

As suggested in the consultation document, Ofcom should be given the powers to extend licence terms for analogue licences and be able to continue to licence smaller stations that may choose to carry on broadcasting on analogue for a period after switchover. Given the uncertainty over future market conditions and how they might impact on the radio market in Wales, it appears sensible to allow some flexibility for Ofcom in this area.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

If commercial stations decide to give up their analogue licences in future in favour of DAB carriage this could aid the sustainability of those services by reducing transmission costs. However, particularly in mid Wales, DAB coverage is not as extensive as in other parts of the UK. Currently therefore, closure of analogue services could, in some cases, leave listeners un-served. However, where such migration does not impact on the existing services available to listeners, we would support reallocation of the vacated analogue frequencies for community radio use. However, in addition, there is a case in our view for Ofcom to have the discretion to licence services using new technologies such as DRM and DRM+ if market demand for these services emerges in future.

Consequential changes

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

As with commercial radio licensing, we believe that Ofcom should have the discretion to extend the duration of community radio licences in the run up to and following digital switchover. In addition, the development of small scale DAB offers the prospect of a viable switchover route for community radio in the future. However, it will be vital that spectrum planning arrangements ensure that, as far as possible, existing community stations will have the option to seek carriage on these new small scale DAB multiplexes.

**Ofcom ACW
May 2016**

Deregulation of Commercial Radio

30 April 2017 at 15:45

Dear Sir or Madam,

I wish to express my opinion, regarding the latest deregulation of commercial radio.

I think the listener should be at first thought . If the proposed action goes ahead, I can't see how this will benefit listeners and their lives whatsoever.

Commercial radio now already gives very little because of the allowance of radio networking, and in some cases this improves quality but losing all individuality and all local content means that the radio stations have nothing to offer but music. We lose the variety that is left.

In terms of careers and job opportunities, it's very important to keep stations with local output too. It helps the overall quality improve, and I certainly believe at the very least radio stations should have to broadcast local programs at least at peak times breakfast and drive.

Listeners have a connection to local radio and have done so for many years in the UK. Radio loyalty still exists. It's because they can tell the presenters know their local area! I think it's a privilege to have license and with that license comes responsibility.

I believe that stations can make money and still have an aspect of locality. I understand that sometimes it doesn't matter where a service comes from, but in peak times where we need travel information, a friendly local voice on our drive home, or an alternate to already national radio - we look to our independent local radio stations.

If certain groups have the freedom to network their shows, we will just have a station running adverts that is in competition only with the BBC National Radio stations.

Taking away local radio won't just take away the job positions of presenters, but it will also take away the jobs of radio sales staff, which go out in the local areas and help the stations with their revenue. The buildings they have will be useless, and it will all be networked from London to a national scale. Getting into radio for anyone this way forward will be extremely difficult.

Listeners can also tell when their presenter has no idea about the area. For example, when they get the pronunciation of their local area wrong or sound completely different. Getting rid of local radio will also lose the desire to listen to the only thing the stations. Local is the only thing they have going for them. It may also result in shutting some down. Why offer the same thing as national stations when you have the power to have better connections? Why do companies like Bauer choose to have Scottish presenters on their stations on air in Scotland, even in the networked hours? Because when they tried to broadcast the English output over there, it didn't connect.

In my view, stations should be required to keep the current number of local hours broadcasting in the schedule. I understand that all stations can't be local 247, but there should be a service you are providing for your license.

There is already so much laziness in the industry, and we can't rinse the radio stations of their locality anymore.

The news of deregulation is bad to those who enjoy local commercial radio, but a huge delight to big companies who already have dropped so many local hours. Once local radio is gone, it's gone forever.

Many thanks,

Philip Ray.

Commercial radio deregulation consultation

7 May 2017 at 11:30

Please find my responses below to the Commercial radio deregulation consultation.

If you require any clarification then please let me know.

Answer to Q 1:

I think this statutory role is still required and will continue to be so as long as non-internet platforms are dominant.

Broadcast spectrum is still rather restricted and in the case of digital multiplexes are subject to a gatekeeper and I believe Ofcom is still required to ensure a range of radio services is retained.

Answer to Q 2:

I think the licensing should be extended at the least to match that of television – radio stations can be licensed in any EU or EEA country – as long as they meeting normal requirements for licensees including the Broadcasting Code.

I would also be in favour in this being extended to non-EU or EEA countries, again subject to normal requirements being met.

Answer to Q 3:

I believe the current format restriction should remain for Classic FM/the FM national analogue licence due to the limited FM spectrum available to national commercial services. There is a danger that if the restriction was removed it would switch to mainstream popular music of some sort which would put a number of local services at danger and reduce choice.

I am flexible regarding the format restriction to the two national AM stations even though there is limited spectrum on that waveband available to national commercial radio. There has been a decline in listening through AM as a whole and I would suggest that either format restrictions could be removed for these two licences or some additional flexibility added.

I cannot imagine Talksport changing its successful service but it might add some flexibility for Bauer Media as AM only contributes 15% to Absolute's analogue audience.

Answer to Q 4

I am in favour of removing music descriptions from formats. However, I believe any existing requirements to target age ranges or certain ethnic groups should remain.

I believe that there is a danger in some areas that all stations may move towards targeting a commercially attractive 25-44 year old demographic therefore reducing the range of music available for listeners.

I believe retaining target age and groups would still allow radio stations flexibility to adjust their service while maintaining a range of choice for listeners. Any stations wishing to change their

target age or group could then apply to Ofcom who would then put the request out to consultation.

Answer to Q 5

I believe Ofcom does need to have a continuing role to ensure local information is provided by commercial radio. I believe that if it was left to the market there is a danger that some areas of the country which would be without local news and information supplied by commercial radio.

I believe this to be less of a problem with news at a national level on digital services. As well as two talk stations which broadcast news at least once every hour (every half hour in the case of LBC) a number of services chose to broadcast news at key times (and often around the clock).

Answer to Q 6

I believe there would be a danger that in some areas any local programming would not be provided by commercial radio.

There would be an opportunity for community radio and local TV to fill that gap which may turn out to be positive to their business. However not every area has local TV and community radio.

Answer to Q 7

I believe the nations should have enhanced requirements but have no suggestions of how this could be implemented apart from any local made requirements (see answer to Q10).

Answer to Q 8:

I think both of the suggested approaches would secure news and core information provision.

My preference would be Option B – the obligation would be local multiplex operators to ensure a proportion of stations carry local news and core information service with the number set by Ofcom. It should also be ensured that the proportion of stations are across a variety of age groups and targets. A similar rule could be adopted for the two national multiplexes.

In my opinion, Option A is potentially too restrictive – not every DAB service needs to carry news. In fact in some cases the interruption of news will diminish their USP.

Answer to Q 9:

I believe wherever possible there should be two non-BBC providers of local news across broadcast and print media. Both of these providers should have a reasonable share of the market.

I would be concerned if the same company who ran the local newspaper was also supplying the same local news bulletins to all the radio stations.

However, I am not sure how exactly this could be safeguarded.

Answer to Q 10:

I believe due to the decline of listening on AM all restrictions should be removed from that platform.

I believe local production requirements including locally made programmes should remain for FM stations for the moment with plans to review this when the amount of listening to digital exceeds 75% continually for a minimum of twelve months. This should be reviewed by an licence-by-licence/area-by-area basis.

However I believe there is scope for amendment to existing requirements.

Minimum amount of locally made programmes

I believe there could be an amendment to the minimum amount of locally made programmes required and where they can be scheduled.

However any changes should be made **on the condition** there is a commitment to increased local news and information provision.

In particular I would like to see stations who operate a shared service across a number of areas commit to local news and information provision in each DAB multiplex or FM licence area (whichever is bigger).

I will use two examples to illustrate my preference on what the new rules could be:

Example 1: Capital East Midlands

Current Requirements on weekdays:

- Locally made programmes – at least 7 hours during daytime including breakfast, 4 hours during weekend daytime shared across two FM licence areas – Nottingham & Derby and Leicester.
- Local news – at least hourly during weekday daytime and weekend peaktime which is shared across the two FM licence areas.

Proposed Requirements:

- Locally made programmes – at least 7 hours scheduled anytime within weekday daytime and 4 hours during weekend daytime shared across the Ofcom defined area (see below suggestion)
- Local news and information –
 - o Peaktime – Local news and information – separate for the Nottingham & Derby area, and another for the Leicester area.
 - o Rest of weekday daytime – Local news and information can be shared.

Example 2: Heart South West

Current Requirements on weekdays:

- Locally made programmes – at least 7 hours during daytime including breakfast shared across five FM licence areas – Cornwall, Exeter & Torbay, North Devon, Plymouth & South Hams.
- Local news – at least hourly during weekday daytime and weekend peaktime which can potentially be shared across the five licence areas (although it offers local news for Cornwall and a separate drivetime show to meet other format requirements)

Proposed Requirements:

- Locally made programmes – at least 7 hours scheduled anytime within weekday daytime and 4 hours during weekend daytime shared across the Ofcom defined area (see below suggestion).
- Local news and information –
 - o Peaktime – Local news and information – one for the Exeter, Torbay and North Devon multiplex area (simulcast on the Exeter & Torbay and North Devon FM licences), one for the Plymouth multiplex area (simulcast on the Plymouth & South Hams FM licences) and one for the Cornwall multiplex area (simulcast on Cornwall FM)
 - o Rest of weekday daytime – Local news and information shared regionally.

Ofcom Defined Areas

Ofcom allow stations to share output and/or co-locate in a number of defined areas.

I would suggest there is scope for these areas to be reviewed – I would suggest they could be changed to greater mirror the ITV regional news areas - including taking into account any sub-regional splits that exist such as in the Central, Anglia and Meridian regions.

For example, a new “Anglia West” area could take in the Ofcom defined areas of Cambridgeshire and Home Counties, “Anglia East” could take in the existing East Anglia defined area as well as Essex. The Ofcom defined Kent and Surrey & Sussex areas could be combined into a larger “South East” area.

A further consultation may be required for this as it may involve splitting existing defined areas.

As with above I believe stations should only be allowed to share within these larger regions if they commit to a minimum level of local news and information provision (as suggested above) in each FM licence or multiplex area (whichever is bigger).

Answer to Q 11:

I believe there should be some nation-specific requirements although have no opinion of what these should be, apart from the above suggestions.

Answer to Q 12:

I have no view on the changes needed to Ofcom’s powers only to say any firm promises made in licence applications should be enshrined in a formal document for a minimum period.

Answer to Q 13 and 14:

I believe in both of the above cases analogue licences should continued to be renewed for fixed periods.

Answer to Q 15 & Q16:

I believe the existing rules around renewals and requirements to simulcast on DAB should be retained.

Answer to Q 17:

I would support any relinquished analogue spectrum being allocated to non-commercial services although I would be concerned this may affect the growth of the Small Scale DAB multiplex scheme.

Answer to Q 18:

I would like Ofcom to keep their existing powers to station line-up on multiplexes and whether these changes have any impact on competition.

I believe multiplexes should provide services for a range of target ages and groups and for these to be supplied by a range of providers where there is more than four services.

Answer to Q 19:

I suspect the criteria will need to be updated but I have no opinions on what form this exactly could take.

Answer to Q 20:

I believe community radio licences should continue to be renewed for fixed periods.



RADIOCENTRE

**RESPONSE TO
DCMS CONSULTATION ON
COMMERCIAL RADIO DEREGULATION**

May 2017

SUMMARY

Digital technology has transformed Britain's media. Entertainment and information can now be consumed almost anywhere, at any time. Established business models have been disrupted and new players have emerged, opening up new opportunities.

These changes are exciting but also present huge challenges for media companies and their regulators. Competition for advertising revenues is intense with online platforms attracting ever greater investment, while audiences have fragmented due to the unprecedented choice on offer.

The regulation of commercial radio has not kept pace with these changes and remains largely locked into analogue-age system devised in the late 1980s. Regulatory reform is critical so that radio stations can fully embrace technological change and invest in programming, journalism, public service content and new digital services.

This response welcomes the Government's proposals to reform this pre-internet regulation and provides detailed answers to the questions raised in the key areas within the consultation document.

- a) **Ofcom, music choice and formats** – we support greater freedom for radio stations to choose the music they play, catering better to what local listeners want.
- b) **Updating the duty around news and local information** – we agree that future regulation should prioritise news and information across FM, AM and in future on DAB, rather than focus on production quotas.
- c) **Revised licensing arrangements** – we broadly support changes to licensing arrangements to help secure stability and enable investment across the sector.
- d) **Consequential changes** – we agree that other consequential changes on multiplex licensing, small scale DAB and community radio should be considered in parallel.

We also note that some commercial radio operators have asked for consideration of potential growth opportunities using both analogue and digital frequencies. Therefore we ask Government to consider a package of measures to help facilitate growth for the industry. In the short term this should include re-advertising previously unviable or uneconomic FM licences.

The commercial radio industry is committed to working with Government and Ofcom to devise a new approach to regulation and create a system that works for everyone. In order to make this happen we believe that DCMS should use its response to this consultation to a) outline plans for new legislation and b) request that Ofcom relaxes existing rules on local production and formats as part of the transition to the new regime.

Radio stations should be as free as possible to develop their business in a way that works for them and their listeners – whether they are small stations based locally, networked stations using technology to provide local output or services that broadcast nationally.

These changes represent a welcome shift in the regulation of radio and will help the UK continue to provide some of the best and most diverse commercial radio output in the world for many years to come.

OVERVIEW: UNLOCKING COMMERCIAL RADIO'S POTENTIAL

- **Background**

The regulation of commercial radio is in urgent need of reform. The current framework was put in place over 25 years ago and designed for a pre-internet age. Listener choices and habits have changed significantly since that time, with 45 % of radio listening now on digital platforms and new competition from streaming services and other ways of listening. It is time for the legislation to catch up.

In practice, this will mean providing a lighter-touch regime for stations on FM, so they can share programming in different ways and choose the music their listeners want, rather than be constrained by the terms of their format. At the same time, news and information output will continue to be at the heart of local radio programming now and in the future and should be the focus of any regulation.

Commercial radio has argued for these changes for a number of years. In 2015 Radiocentre specifically called for updated legislation, beginning with a wide-ranging review to a defined timetable. The Government responded positively to this request and wrote to Ofcom in November 2015 asking it to consider the scope to deregulate commercial radio and lay out options for reform. Ofcom's report to Government in February 2016 suggested several changes to format and local production rules. It found that relaxing these rules could a) "make some stations more economically viable" and b) see the "costs of maintaining separate studios and presenters....spent instead on producing high quality, locally-relevant content"¹.

The publication of the DCMS consultation on deregulation was delayed following the 2016 referendum on membership of the EU (and the subsequent changes within Government). When it was eventually published in February 2017 it accepted most of the Ofcom recommendations, noting that "the regulatory structure for commercial radio has not kept up with the rapid shifts in the market" and that "there is now a compelling case for reform"².

We agree wholeheartedly with the conclusions of the consultation and hope that implementation will not be delayed further due to the current General Election. Commercial radio provides significant value for listeners and the economy, but is facing unprecedented challenges. As the Government has said it is right to act so that "commercial radio will no longer be shackled to an outdated regulatory system"³.

- **Commercial radio's value**

The UK undoubtedly provides some of the best commercial radio output in the world. The range of content provided by these stations provides audiences with a fantastic choice of music, entertainment, news and information – playing a significant public service role in communities up and down the country and contributing to local economies.

The public value role of radio commercial radio is clear. Stations broadcast an average of 13 hours 15 minutes of public service content each week (news and sport, travel, weather, charity appeals, local events) and provide 25 news and sport bulletins each day on average. They attend more than 10,000 local events each year and raise over £30m directly for charity.

Commercial radio news supports media plurality, providing a choice of independent news sources alongside the BBC and local press. Radio is also consistently found to be the most

¹ Ofcom [letter](#) to Ed Vaizey, Minister of State at DCMS, February 2016

² DCMS [consultation](#) 'Commercial radio deregulation', February 2017

³ DCMS press [release](#), February 2017

trusted medium in the UK. Ofcom research found that 66 % of people trust radio content (compared to 60 % for TV, 35 % social networks, 34 % for newspapers).

The UK economy benefits from a successful commercial radio sector. It contributes £683m in gross value added to the economy and employs around 4,410 people directly along with a number of freelance workers. It provides advertisers with a £7 return on investment for every £1 spent. In addition it supports the UK's music industry through £50m annual payments in music rights and £103m of sales.

Commercial radio audiences are more diverse than the rest of UK radio. The sector reaches 61 % of the Black, Asian and Minority Ethnic (BAME) audience compared to a 45 % reach by BBC services. It also reaches 66 % of listeners considered to be in a lower socio-economic classification (C2DE), compared to 56 % reached by the BBC. In addition a quarter of local commercial radio listeners (7 million) do not tune in to any other type of radio service.

- **Changes and challenges**

Competition for listening has never been more intense. There has been a vast expansion in broadcast and online audio content in recent years with 733 broadcast radio stations now available in the UK, as well as 100,000 stations from around the world available through apps like TuneIn Radio. In addition online and on-demand services like Spotify and Apple Music now account for 23 % of listening according to Ofcom (higher among younger listeners). This fragmentation has had limited impact on total audience, but average time spent listening to radio has reduced from 24.4 hours per week in 2004 to 21.5 hours in 2016.

Commercial radio is investing heavily in digital radio and is a crucial partner in extending coverage and choice for listeners on an affordable basis. As a result digital listening hours have grown to a high of 45 %. But broadcasting on both analogue and digital platforms has cost hundreds of millions of pounds and it is not sensible for commercial radio or the BBC to sustain two broadcast networks indefinitely. So work is continuing to enable national and large local services to switch off their FM frequencies when they (and crucially their listeners) are ready.

There also been a huge shift in advertising revenues to online platforms. In the last 20 years digital advertising has grown from around 1 % to a more than 50 % share of UK ad revenue. This transition of ad-spend to online is the most significant economic trend that has put pressure on revenues across all media. Display is now the main source of digital ad growth, in direct competition to TV and radio. These changes have seen radio's share of display ad revenue decline since the early 2000s from 6.4 % to around 5.5 %.

There is considerable uncertainty in the broader economic picture that may affect spending on all media in the next few years. If there is an economic downturn ahead it is highly likely that this will have a direct impact on discretionary marketing spend, as it did so disastrously for radio in the last recession. Although industry revenues have recovered in recent years, reaching £646m in 2016, this is still 23 % less in real terms than the high point of 2004 (when RPI inflation is taken into account).

- **What needs to happen?**

Government can support the value of commercial radio by delivering on its promise of deregulation in the key areas outlined within the consultation document. These are the areas that we address in our response to the consultation and are summarised below.

- **Remove format requirements** – provide radio stations with greater freedom to choose the music they want to play, catering for what local listeners want.

- **Regulate news and information output** – retain regulation on news and information output for FM and AM stations; and develop a structure to support this content on DAB in the future.
 - **Provide flexibility on where content is made** – allow radio stations to use technology to provide the best locally-relevant output and shift the emphasis away from managing where that content is made.
 - **Make consequential changes to licensing** – address the technical issues of licensing to support stability for existing stations and the continued growth of digital radio.
 - **Provide a package of measures to help achieve growth for all** – require Ofcom to undertake a full and proper review of analogue and DAB spectrum (ahead of any new licensing for small-scale DAB) in order to assess and develop a plan that meets the needs of the whole radio industry; and in the short term ask Ofcom to consider making any lapsed FM frequencies available and examine the possibility of FM coverage improvements.
- **Next steps**

The Government must complete its consultation process. It has already taken almost two years to get to this stage due to changes in Government, competing priorities and a long consultation period. The advantage of this process is that it has provided the opportunity for any difficult issues to be considered and views to be shared, either in writing or at one of the four roundtable meetings that have taken place across the UK. While we appreciate the announcement of a snap General Election was unexpected it should have no direct impact on the ability of DCMS to complete the consultation.

A Government response should be prepared for Ministers to sign off early in the next parliament. This response should be published 8 weeks after a consultation closes. We see no reason to delay its publication, as the majority of the preparation can be completed in advance of the appointment or reappointment of Ministers. As part of this response DCMS should outline its legislative proposals and proposed timeline – and request Ofcom to consider interim measures to provide flexibility.

Ofcom should introduce interim measures to provide greater flexibility. Ofcom has a statutory duty to minimise unnecessary regulatory burdens⁴ as well as significant discretion to change the regulatory requirements on analogue commercial radio. For example, the guidelines on location and the precise number of hours of local production required could be amended and the process of format changes could be streamlined. It should be required to provide such flexibility as soon as possible, as part of the transition to the new regime.

The Government should bring forward legislative changes without delay. While Ofcom will be able to put some transitional measures in place, there will still be a need for new legislation. This is not only the case for the deregulatory changes, but also due to the requirement to amend the existing licensing arrangements and introduce measures to support the provision of news and information on DAB in future. In bringing forward these changes Government may wish to limit the amount of prescriptive detail it includes in primary legislation (particularly given the pace of change in broadcasting and media) and consider creating enabling powers where appropriate. The commercial radio sector looks forward to working constructively with Government and parliamentarians on these proposals.

⁴ s.6 Communications Act 2003

CONSULTATION QUESTIONS

A) OFCOM, MUSIC CHOICE AND FORMATS

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom’s current statutory role to ensure a range of choice of national and local radio services is no longer needed?

1. The dramatic expansion in choice available to listeners in recent years is clear and indisputable. This has been made possible by a combination of advances in technology, investment by radio and audio operators and a deliberate policy pursued by successive Governments to support the growth of different kinds of radio services.
2. This is a very different world than that which existed in the late 1980s when the current regulatory framework for radio was devised in advance of the 1990 Broadcasting Act. At that point the primary means of accessing music was through a limited number of broadcast radio services (on AM or FM) or a personal collection of records, tapes and CDs. Given this background and the scarcity of broadcast spectrum that was available for radio at that time it is perhaps understandable that the Government of the day felt it necessary to create a system designed to secure a range and diversity of local radio content.
3. However in the intervening period the increase in the number of broadcast radio services alone is staggering. Initially this was driven by the introduction of national commercial radio and the large scale licensing of local commercial radio stations throughout the 1990s. Following the 2003 Communications Act this was supplemented by the introduction of a whole new tier of community radio stations at a local level. In recent years the investment in digital radio by commercial radio and the BBC has seen further expansion of choice nationally and locally. The net effect of these changes since the 1990 Act are summarised in the table below. This shows a 372% increase in the number of broadcast radio services available in the UK from 155 in 1990 to 733 in 2017.

Fig 1: Broadcast radio services in the UK – 1990 and 2017⁵

	1990	2017
Local commercial (AM/ FM)	106	290
Local commercial (DAB only)	0	95
UK wide commercial (AM/ FM)	0	3
UK wide commercial (DAB only)	0	32
UK wide BBC networks (AM/ FM)	5	5
UK wide BBC networks (DAB only)	0	11
BBC local and nations (AM/ FM)	44	46
Community radio	0	251
TOTAL	155	733

4. Arguably these changes alone are sufficient to demonstrate that the market is now delivering far more choice for listeners than the format requirements were designed to achieve. This case is strengthened still further when taking into account the range of services being offered as part of this expansion, not simply the volume.

⁵ Excludes 122 trial services on small scale DAB and temporary RSL services

5. For example many of the stations now being made available on DAB are seeking to cater for audiences that may have been underserved traditionally whether these are religious or ethnic stations, specialist music services or speech radio. In addition the period of consolidation that followed the expansion of local commercial radio stations can also be seen to have had a positive impact of retaining choice and diversity in the market. Companies like Global and Bauer are providing differentiated services to listeners and advertisers as part of their portfolio, rather than multiple services that provide similar content in the same market. To do otherwise would cannibalise their audience and ultimately their advertising revenue.
6. Alongside these developments there has been a rapid growth in the availability of non-broadcast online audio services. These services have revolutionised the distribution and consumption of music and audio in the last few years and fall into a number of different categories, including:
 - on-demand music streaming platforms (Spotify, Apple Music, Amazon Prime, Deezer)
 - on-demand video services (YouTube, Vevo)
 - digital music retailers (iTunes, Amazon Music)
 - internet and personalised radio services (Beats 1, Pandora)
 - online aggregators (TuneIn)
7. The popularity of these services has grown significantly as high speed internet access has improved, the number of IP connected devices has grown and mobile coverage for 3G and 4G has been extended. According to Ofcom the average proportion of all listening time accounted for by online and on-demand services is 23% (with live radio accounting for 71% and a further 6% by personal music collections). For younger audiences aged 16-24 this shift is even more significant, with this age group spending almost equal amounts of time listening to live radio (29%), personal digital audio (26%) and streamed music (25%)⁶.
8. Overall these trends have undoubtedly widened the range and diversity of music available to listeners in a way that was inconceivable in 1990 when the current framework was introduced. While we appreciate that there have been some attempts by Ofcom to simplify the existing requirements that flow from the 1990 Broadcasting Act (as amended) and 2003 Communications Act as much as possible, the time has come to go further. The range and choice of audio content available to listeners in 2017 means that these rules are largely redundant and should be removed.

Q2. We would welcome views on whether Ofcom should have more flexibility to license overseas radio stations carried on DAB and whether it should be limited to Irish broadcasters or more widely. If so, should Ministers need powers to allow licensing to be extended to other countries?

9. The consultation highlights a degree of inconsistency between radio and television in terms of broadcast licensing. Radio stations must be based in the UK in order to secure a licence from Ofcom, whereas television services can be based in any EU or EEA country. The current restriction on radio has had a direct impact on RTE, the Irish public broadcaster, which has been unable to offer radio services on DAB in the UK as a result.
10. While this issue is not a priority for Radiocentre we appreciate the desire to clarify the current situation alongside the changes to commercial radio regulation. Therefore we would not be opposed to any changes that enabled radio stations based in other European countries applying to Ofcom for a digital sound programme (DSP) licence in order to broadcast on DAB in the UK, in similar way to television licensing. However we would not support extending this to other countries beyond the EU or EEA and would

⁶ Ofcom Communications Market Report 2016

emphasise that any such broadcasters must be subject to the same regulatory regime as those from the UK.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

11. As indicated in the consultation document, the process of renewing the broadcast licences of the three national analogue services (Absolute Radio, Classic FM and talkSport) is well underway and being managed by Ofcom⁷. The licences for each of these services are due to expire in 2018 but there are provisions to extend these licences by a further 5 years. That is a separate process and not formally part of the scope of this consultation.
12. However there is a related question of whether the current format requirements should remain in place for the next five years. These requirements are set out in the 1990 Broadcasting Act and specify that one service must be non-pop (currently Classic FM), one must be speech based (currently talkSport) and one must be distinct from the other two (currently Absolute Radio).
13. Both Government and Ofcom have made it clear that they believe there is not a strong case for removing these requirements. They highlight the limited availability of FM and AM spectrum available for national commercial services, along with the risk that distinctive and valuable services for listeners could be lost or changed if format requirements were removed. While we do not necessarily share the view that these services would be lost or changed beyond recognition we appreciate that Government will want to be cautious in its approach. Therefore we agree that the current format restrictions should stay in place for the three national analogue stations.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

14. As outlined in the response to Question 1 above, the range of choice available to listeners has changed beyond recognition in recent years. The number of services available and changes in the distribution and consumption of music mean that rules determining the range and diversity of local analogue commercial radio are now redundant.
15. Listeners now have access to an unprecedented range and depth of radio and audio output. This is being driven by advances in technology, market developments and consumer demand. It is not a product of legislative requirements on the type of music that a FM or AM radio station can or cannot play (as interpreted by Ofcom as the regulator). Therefore we agree with Government that the market has evolved to the point that music requirements in formats for local commercial radio 'now serve very little purpose and simply act as a barrier to stations wanting to experiment with the types of music they want to play' (p.24).
16. In practice this must mean an end to the current process of local commercial stations having to seek permission from Ofcom to change their format through a statutory format change process. Instead it should be for the operators to determine the output of their stations and make the necessary decisions on content and positioning of a radio service. For the avoidance of doubt this should include all elements of the formats of local commercial radio stations including de-facto quotas on speech content⁸.

⁷ Ofcom [statement](#) on 'Renewal of independent national radio licences', June 2016

⁸ Ofcom has argued previously that a station that is described as 'full service' must provide speech output of between 30-50%

17. DCMS highlights some concern that listeners served by specialist formats could see these stations moving away from longstanding programming as a result of these changes. However even if some such service were to change the type of content they offer, the range and diversity of content available on broadcast radio alone means that choice overall is unlikely to be diminished, even before you take the digital offering into account.
18. It is also worth noting that platforms with less regulation (broadcast or online) have tended to use this freedom to provide a broader range of formats and content. There are now DAB stations (which have no detailed format requirements) offering specialist services for the Asian community, religious stations, rock, dance, country, soul, different decades, finance, minority sport, news and discussion. In addition consumers have access to a vast amount of audio content online and the 100,000 radio stations from around the world available via the TuneIn Radio platform. Therefore we are strongly of the view that there will be no negative consequences on range, choice and availability of music and audio content from the removal of all remaining format requirements on local commercial radio.

UPDATING THE DUTY ON NEWS, INFORMATION AND LOCALLY-RELEVANT OUTPUT

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

19. DCMS is right to prioritise news, information and locally-relevant output when considering future regulation, rather than persisting with local production quotas that do nothing to ensure local output and fail to take into account modern production techniques for radio. As Ofcom advised in its report to DCMS last year, it is the quality and local relevance of this output that is valued by audiences not the location of a studio⁹.
20. Whatever happens commercial radio will retain a strong commitment to providing news and locally-relevant output overall. However there are two main reasons why we agree that Ofcom should continue to have a role and it would not be right to leave this entirely to the market in future. Firstly, the high value of news and information for audiences; and secondly the need to show clear public value in return for access to the spectrum.
21. In terms of value for audiences, both Government and Ofcom (in its report to DCMS in February 2016) have acknowledged the important contribution of commercial radio in providing news and information to large and diverse audiences. Local commercial radio stations have a very high audience reach, which makes them an extremely effective source of local news – 27 million adults (51 % of the UK population) listen to local commercial radio each week. This is significantly higher than other local media, including BBC local radio (17 %), local newspapers (23 %), local television (max reach of 10 % where available) and hyperlocal websites (less than 10 %). Local commercial radio listeners are also typically younger, more ethnically diverse and of a lower socio-economic classification (C2DE) than other radio services. In addition a quarter of local commercial radio listeners (7 million) do not tune in to any other type of radio service.
22. Radio news is more accessible than other news sources, such as press or online, where content must be sought out. Research from Ofcom found that audiences value the regular bulletins and breaking news on radio throughout the day, which can be consumed effortlessly and passively. Commercial stations also enhance media plurality by providing a choice of independent news sources, both nationally and locally, competing alongside

⁹ Ofcom [letter](#) to Ed Vaizey, Minister of State at DCMS, February 2016

the BBC and local press. Ofcom research confirms that commercial radio contributes to the plurality of local news sources across the UK by contributing to its 'share of news references'.

23. It is also worth noting at a time when the integrity of news and information sources are increasingly being questioned, that radio is consistently found to be the most trusted medium in the UK. Ofcom found that 66% of people trust radio content (compared to 60% for TV, 35% social networks, 34% for newspapers)¹⁰. This is also echoed by radio advertising, with brands that use radio being four time more trusted than those which do not¹¹.
24. Given the high value of these benefits for audiences and the importance of commercial radio as a news source at a local level we understand why Government and regulators would be uneasy about removing regulatory requirements and leaving provision purely to the market. While we believe that there would be strong incentive for operators to continue to provide news and information we appreciate that there is at least a theoretical risk that some stations might reduce their commitment.
25. In addition to this value for audiences we can see that the absence of any formal requirements on commercial radio stations in future (and leaving the provision of news and information to the market) would raise a question regarding the public value that is being provided in return for use of the analogue spectrum. This spectrum may not be as valuable as in the past, due to the availability of digital broadcast and online platforms, but it does have some value nonetheless. Moreover there are clear public policy benefits from sustaining the current system of spectrum allocation, which enables operators to invest in content and effectively enter into a value exchange with Government for access to the airwaves. We would like to see this system continue and agree that this would be easier to achieve if news and information output remains regulated in some way.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

26. For the reasons outlined in Question 5 above, commercial radio is broadly happy with the proposal that Ofcom continues to have regulatory responsibility for ensuring the core news and information on local commercial radio stations. In future Ofcom's duty and requirements should relate only to the provision of news and key local information *output* broadcast by the station and must be designed in such a way that shifts the emphasis away from production quotas as a proxy for local content or the regulation of 'inputs' in general. As a consequence of this change in approach there would no longer be a requirement for FM stations to produce a minimum of 7 hours of locally-made programmes during weekday daytime, including breakfast (or 10 hours if they are not providing regularly updated local news) or 4 hours of locally-made programmes during weekend daytimes.
27. In order to implement this shift in Ofcom's duty on news and information output (and ensure legal certainty) it will be necessary to remove the current obligations from legislation. This includes the existing requirements 'to secure a 'a range and diversity of local services'¹², ensure local radio services 'appeal to a variety of tastes and interests'¹³ and that local radio services contain a suitable proportion of local material and locally-made content 'to the extent (if any) that it considers appropriate'¹⁴.

¹⁰ Ofcom [report](#) 'Adults media use and attitudes', April 2014

¹¹ IPA Databank

¹² S.85(b) Broadcasting Act 1990

¹³ S.3(2) Communications Act 2003

¹⁴ S.314 Communications Act 2003

28. We do not believe that there is any value in including obligations on local production of news as part of this framework. The primary focus of the new regulatory regime must be on the value of the output available to listeners. At the most the new rules should be no more prescriptive than the current Localness Guidelines on news production. These outline that ‘there should be an appropriate provision of professional journalistic cover’¹⁵. This requirement does not specify the number of minutes of news that needs to be sourced, produced or broadcast locally and this should remain the case in future.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

29. The consultation document suggests that that it may be appropriate to apply additional or ‘enhanced’ requirements for national and local news on radio stations based in Wales, Scotland and Northern Ireland. In the short term we take this to mean Ofcom setting different conditions for local analogue radio services in each Nation, namely the 34 licensed services in Scotland, 14 licensed services in Wales and 10 licensed services in Northern Ireland.

30. As with local commercial radio stations elsewhere in the UK, these services in the Nations are committed to the provision of local news and information both now and in the future. The imperative to provide this content comes from audience demand and expectation, not from regulatory conditions set by Ofcom in London. This is evident from the fact that so many stations provide well in excess of the minimum news and locally-made requirements from Ofcom currently. Indeed around half of all stations (48 %) across the UK provide more locally made content than required at present, a figure that is significantly higher in the Nations¹⁶.

31. Therefore we do not believe that it is necessary to set additional prescriptive requirements for these services, based on a theoretical risk of market failure in the provision of news, information and locally-relevant content that reflects the interests of the different Nations. It would be inconsistent and counter to the approach elsewhere in the consultation document to continue with local production quotas for these stations (as a proxy to encourage the provision of local material) simply because they happen to be based outside England. It would also be an unfortunate unintended consequence of these changes if stations in Wales, Scotland and Northern Ireland were asked to maintain a greater cost burden, particularly given that transmission costs are already generally higher and digital radio expansion more challenging due to coverage issues.

32. We understand the political reality of providing the necessary reassurance for citizens and consumers in the Nations and to the devolved administrations. However any such framework should also be focussed *only* on the overall news and information output, rather than quotas for production or locally-made hours which do nothing to ensure local content. In order to support this the inclusion of news stories or events that relate specifically to the Nation should be considered as having local relevance when included as part of the news coverage on the stations within those Nations (e.g. stories on education or health policy in Wales, Scotland or Northern Ireland respectively). There may also be a particular case for considering the re-advertisement of lapsed FM frequencies in the Nations, in advance of any legislative changes, to help support the key role of local radio in providing local news and media plurality in these areas.

¹⁵ Ofcom Localness [Guidelines](#)

¹⁶ Radiocentre [report](#) ‘Action Stations’, October 2016

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

Option (a) extend to national/local digital only stations

Option (b) place obligations on local DAB multiplex operators

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

33. There are currently no direct regulatory safeguards or conditions in place to guarantee the provision of news and core information on commercial radio stations broadcasting on the DAB platform only. This light touch approach to the regulation of DAB services has been an important factor in supporting the development of the platform, as it enabled operators to minimise costs and experiment with different formats and content propositions as the technology became more established.
34. This framework has also had no detrimental impact on the overall availability of news and information on UK radio to date. This is because most DAB-only services choose to provide this content in any case (because that is what audiences expect) while many other stations on DAB are simulcasts of analogue services (so are required to provide news and information as a condition of their FM/ AM licence). In the short term we would expect this to continue to be the case.
35. In the longer term it is reasonable to question whether additional safeguards might be necessary to help secure the provision of news and information on local commercial radio stations in future. In particular if there is a switchover to DAB for major commercial services alongside the BBC at some point, but no specific content requirements in place, then there is certainly a risk that the consistent supply of news and information by local commercial radio could be affected.
36. Before considering any detailed proposals in response to this issue it is worth emphasising the commitment of the commercial radio sector to the principle of providing this sort of locally-relevant content both now and in the future, backed up by regulation. Therefore in response to Question 5 above we stated clearly that we support the concept of Ofcom's continuing role in the regulation of news and information output on analogue stations. The issue for the future, which is rightly identified in the consultation, is whether the industry is willing to make this commitment on DAB services in future. We can confirm that there is support for this principle.
37. The challenge is then to consider how this commitment can be carried forward for DAB-only services after any switchover and what mechanisms might be used to help futureproof this content. As the consultation document implies, there is no simple answer to this question and the issue will ultimately need to be worked through in more detail between the radio industry, Government and Ofcom once the consultation has closed.
38. For the time being we understand that different radio groups will be proposing different approaches to DCMS for consideration as part of this process, which are essentially variations on Option (a) and Option (b). For example, we are aware of one suggestion that would lead to obligations on local news output being introduced for DAB service providers where these services take local advertising (a version of Option (a)). An alternative approach would involve placing obligations on the local multiplex operators to *do all that they reasonably can* to ensure the retention of a minimum number of local services providing news and locally-relevant information for the duration of the multiplex licence period (a version of Option(b)).

39. Therefore there are range of different views on how best to ensure that news and information on local commercial radio is secured in future, after a possible switchover, but a willingness across the radio industry to accept the principle and work constructively on the best solution. We look forward to engaging further with DCMS and Ofcom to develop an appropriate mechanism that will protect plurality of local news for the future.

Q10. We would welcome views on the proposal that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

40. The requirement for a studio to be located in a particular area and for quota of content to be produced from this location does nothing to guarantee public value and locally-relevant output. As noted earlier in this response, localness is fundamental to commercial radio's business model and the sector will remain committed to local content regardless of regulation, economic conditions and public funding. It is this deep level of commitment that underpins localness, rather than local production rules from Government and Ofcom prescribing where content is made.
41. It is certainly the case that section 314 of the Communications Act 2003 (as revised by the Digital Economy Act 2010) requires Ofcom to decide whether a local radio station should broadcast local material and locally-made programming. Yet crucially the legislation states such content should be required 'only if and to the extent (if any) that Ofcom consider is appropriate in that case'¹⁷. Therefore we believe that Ofcom already has considerable discretion in this area to set the levels of both local material and locally-made programming, and could go further than the (welcome) changes made in 2010. As noted earlier in this response we would urge DCMS to request Ofcom to use this discretion to apply the existing rules more flexibly in advance of any legislative change.
42. In respect of news and information requirements for the future, we would repeat our support (outlined in response to Question 6) for the proposal to narrow Ofcom's obligations on localness, so that it is simply regulating the amount of local news and other core information output that is locally-relevant. These requirements should be no more prescriptive than the current Localness Guidelines for news. This specifically outlines that 'there should be an appropriate provision of professional journalistic cover'. It does not require a specific number of minutes of news to be sourced, produced or broadcast locally and this should remain the case in future.
43. To be clear, this is absolutely not a proposal to abandon local output, local news, local information, coverage of local events or even a continuing local presence within the licensed area of particular radio stations. Commercial radio continues to believe passionately that it should continue to provide all of these things. However, it is simply no longer appropriate or necessary to use the proxy of local production rules that require a radio operator to operate a studio in a particular area and broadcast from there at certain times of day. While this will continue to be the best approach for many operators, it is too inflexible to reflect the way in which some modern radio stations may choose to operate.
44. It is also worth noting that the further expansion of well-resourced and professionally run news hubs (which might occur as a result of the shift in emphasis to news output in future) can bring positive benefits for listeners. They can enable operators to focus their investment on improving the quality news and information, rather than complying with rules on production that can lead to isolated individuals reporting from a specific location with limited support.

¹⁷ S.34(4) Digital Economy Act 2010

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

45. As noted in response to Question 7 above we are not convinced of the need to set additional prescriptive requirements on the production of local content for services in the Nations. This would be counter to the approach elsewhere in the consultation document and ignores the strong imperative for local commercial stations to continue to provide local content and demonstrate a local presence in each Nation.
46. As with the rest of the UK the reality of news gathering in the Nations is that it will continue to involve a local presence, local sourcing of stories and local production. However, this is an operational requirement that flows from the need to provide this output and from audience demand, rather than regulatory conditions set by Ofcom in London.
47. As noted earlier we do understand the political importance of the Government being able to demonstrate that news and information on commercial radio in the Nations will continue to be provided in future. However any future framework should be focussed only on the overall news and information output, rather than quotas for production or locally-made hours which do nothing to ensure relevant local content.

REVISED LICENSING ARRANGEMENTS

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

48. In future it will be difficult for Ofcom to seek applications or determine licence awards on the basis of a 'beauty parade' against the same range of factors (as it does at present). Under the current regime Ofcom takes account of the statutory criteria¹⁸ and views localness and music programming as particularly crucial. Following the proposed changes there will be a narrower range of obligations on which to make any judgement on the best application.
49. In the short term (in advance of any legislative change) Ofcom will of course retain its existing powers to use the current statutory criteria to make decisions on licence allocations. A number of commercial radio operators would like to see Ofcom use these powers to make any lapsed FM frequencies available and potentially improve coverage of existing analogue services. DCMS has indicated some concern that any moves to strengthen FM in this way must not be seen as undermining the broader drive to growing digital radio. However this is not necessarily the case if it makes local analogue services more financially viable and able to support local DAB transmission.
50. Therefore in parallel with the next phase of this process Ofcom should conduct an analysis of the availability of any spectrum that could be used to improve coverage of analogue services. This review should also consider the best use of DAB spectrum in major markets with the option of licensing new additional local multiplexes if there is sufficient demand.
51. As part of this process Government must also take into account plans for further licensing of community radio and changes to technical policy that have now been outlined by

¹⁸ s.105 Broadcasting Act 1990

Ofcom¹⁹, so that the allocation of spectrum is managed in a more co-ordinated way. A key part of the justification for the expansion of these services – when challenged by commercial radio – was that Ofcom is obliged to ensure the best use of spectrum and promote choice for consumers. We would highlight that this obligation must also apply to commercial radio services, which are generally much more effective in using this spectrum to deliver high value content to audiences in a way that is sustainable. Therefore specific opportunities for commercial stations to access further spectrum must also be prioritised if Ofcom is to be compliant with its statutory duty.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

52. As we have argued in the past²⁰ we believe that any national or local analogue licences simulcasting on DAB should be renewed automatically for a flexible period until any switchover takes place, without having to enter a formal licence renewal process. This approach would help provide operators with a welcome degree of stability and security, but would also have to take into account that it will be possible for Ofcom to terminate any such analogue licence with a minimum of two years notice (using s.105A of the 1990 Broadcasting Act, as amended by the 2010 Digital Economy Act).

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

53. The consultation repeats the Government's preliminary position outlined in 2013 that 'small' commercial radio stations (defined as analogue stations covering less than 40% of an overlapping DAB multiplex) should be able to choose to continue broadcasting on analogue after a potential switchover. However it also makes it clear that the precise arrangements for smaller stations will need to be reviewed and confirmed as part of any considerations about any future switchover decision.

54. Therefore while it is reasonable to ask the question about the future licensing arrangements in this context, there are many other issues that require attention before any such policy would need to be enacted. For example the nature of any switchover and the basis on which stations decide to switchover or not still need to be worked through. That said if there is to be a group of qualifying commercial radio stations that choose to remain analogue-only after a switchover it would seem sensible to continue to renew these for a 12 year period.

Q15. We would welcome views on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

55. The policy of allowing commercial radio stations to secure a renewal of their FM or AM licence in return for a commitment to simulcast on a relevant DAB multiplex has been a consistent feature of the legislation governing radio ever since the 1996 Broadcasting Act (with further iterations of the same approach in the 2003 Communications Act, the 2010 Digital Economy Act and 2015 Legislative Reform Order). There is no doubt that this approach has been very successful in underpinning a significant level of investment from

¹⁹ Ofcom [statement](#). 'Community Radio: future licensing and technical policy', April 2017

²⁰ Radiocentre [response](#) to DCMS consultation on analogue licence renewals, Dec 2014

commercial radio in DAB, whether in terms of content, coverage or expansion of radio station brands.

56. Removing this incentive entirely would risk destabilising the radio industry, create uncertainty in the market and have a negative impact on listeners, who could lose access to their favourite radio stations as a result of the sort of 'churn' of stations on DAB that is identified in the consultation document. Given the extent of this potential disruption, as well as the need to continue to reward and support investment, we would re-iterate our support for the DAB incentive and the granting of renewals for such services up until and switchover takes place (as stated in response to Question 13).
57. That said, in exceptional circumstances Ofcom should have the flexibility to use its power to allow smaller stations to cease DAB transmission, if they have been able to demonstrate that they have done all they can to sustain a service and the viability of a business is threatened²¹. This power should be reserved only for the most extreme cases and the analogue licence in question should be re-advertised once they come off DAB.
58. In addition we appreciate that there will also need to be an appropriate and consistent approach to future licensing for the minority of smaller stations that are not and have never been on the DAB platform. At present there are around 100 analogue services not on DAB representing around 7% of UK commercial radio listening. These smaller stations should continue to have the option to renew their licences at the end of their existing term and Ofcom should adopt a policy of presumptive renewal for 12 years (in line with current policy on licence terms). We would simply add that this must not be seen as a replacement for a path to DAB for these services, as they may still wish to simulcast on an existing local DAB multiplex or on small-scale DAB in future and should have the option to do so.

CONSEQUENTIAL CHANGES

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

59. At some point in the next few years it is entirely possible that digital listening will grow and analogue listening decline to such a point on individual services that commercial broadcasters may wish to reduce parts of their analogue broadcasting network, or potentially close down certain analogue services altogether.
60. In order to support such a transition the operators should be able to enter into a managed process with Ofcom to help them make what DCMS calls 'commercially sensible choices' for the future. At present it is not clear whether Ofcom have the necessary flexibility to support this process due to some of its broad ranging requirements in the legislation to ensure a range and diversity of choice among local analogue radio services.
61. Therefore the proposed simplification of requirements would also appear to have the benefit of permitting greater flexibility in this area and supporting market changes, which will be a reflection of consumer behaviour rather than outdated regulatory requirements. Consideration should also be given to the best way to ensure that similar flexibility is provided for national commercial stations.
62. As far as the future use of the analogue spectrum is concerned after a proposed switchover, it may not be as simple as making this available to community radio stations

²¹ As permitted by s.104 1990 Broadcasting Act – amended by s.94 (12) of 1996 Broadcasting Act

on the basis that these are ‘non-commercial’ competitors with different interests to commercial radio. While this may be true of most community radio stations, some such services may well be keen to exploit any residual value that might exist from access to the most popular or well-known FM frequencies. Therefore it would be best if no such FM frequencies were awarded in the period immediately leading up to and following any switchover process.

Q18. We would welcome views on removing Ofcom’s powers to oversee changes to station line ups on national and local multiplexes and whether these changes have any impacts on competition.

63. There is no immediate pressure to remove Ofcom’s powers to oversee changes to station line ups on DAB multiplexes, but we accept that it would be consistent with proposals elsewhere in the consultation to allow for a simpler process. It also makes more sense to consider choice and competition of services available overall rather than purely the range of commercial stations on a particular multiplex.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

64. The licence terms of the local commercial radio multiplexes have been renewed by secondary legislation²² and will run until at least 2030. In addition the two national commercial multiplexes, Digital One and Sound Digital, are due to run until 2023 and 2028 respectively. Consequently there is no immediate requirement to develop revised criteria for determining the allocation of contested multiplex licences.

65. However in future (and depending on the timing of any possible switchover) it may be necessary to give more consideration to the licensing process for multiplexes. Different operators are likely to have slightly different views on this depending on their own businesses interests. Some would argue for a further renewal of multiplex licences to acknowledge the scale of the investment being made by existing licensees and avoid the disruption and difficulty associated with relicensing. Others might support re-advertisement and consideration against a range of criteria such as coverage and reliability. We are not aware of any operator who would support the introduction of charging model based on a percentage of qualifying revenue, which would risk being a drain on investment.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

66. Community radio should continue to have a different mission and purpose to commercial radio. This distinction should be retained and re-enforced across its broadcast platforms (analogue and digital) so that the purpose of these services is not conflated. The policy objective must be to ensure that both community and commercial radio stations can co-exist and thrive now and in the future, with any potential negative impact (for example, on advertising revenues) being minimised.

67. As DCMS will be aware there is growing concern among commercial radio operators that the enthusiasm for community radio in Government and Ofcom is creating a position where the distinction between smaller commercial stations and community stations is breaking down, leading to even greater competition for audiences and revenue in local markets. This was already a concern following the relaxation of rules on advertising,

²² Broadcasting Act 1996 (Renewal of Local Radio Multiplex Licences) [Regulations](#) 2015

reduction of key commitments and extensive licensing of new services. Ofcom's recent proposal to licence further services, enable larger coverage areas and support coverage extensions (without an impact assessment being conducted at any stage) is likely to exacerbate this issue.

68. As noted earlier we believe that any plans to further expand the licensing of community radio should be considered in parallel with spectrum planning for commercial services and we urge DCMS to ask Ofcom to conduct a full review of analogue and DAB spectrum (ahead of any new licensing for small-scale DAB) in order to assess and develop a plan that meets the needs of the whole radio industry.
69. Alongside this review we are not opposed to community radio stations benefiting from further licence renewals, as long as it remains the policy that community radio stations are required to provide social gain and are compliant with the regulatory framework and key commitments they are obliged to deliver. Community radio is primarily a useful instrument of social policy and has an important role to play in future, as long as it is able to remain complementary to commercial services that are on offer.
70. We would also highlight the potential consequences of the deregulation of commercial radio on the current advertising restrictions on community stations introduced in 2015. As DCMS will be aware some of these arrangements are designed to limit the impact of community radio on the revenue of small commercial stations (less than 150,000 potential audience). These arrangements differ depending on whether a station is purely based locally or choosing to share local programming costs. We would want to avoid a situation where this protection was lifted entirely as an indirect result of the changes being proposed to commercial radio regulation.



Response to Consultation on Commercial Radio Deregulation

May 2017

1. About the sector

- 1.1. The Radio Independents Group (RIG) is the trade body for the independent audio-led production sector, representing nearly 100 SMEs based around the UK. RIG provides business affairs support, policy representation, and negotiates terms of trade with the BBC. RIG also produces the annual Audio Production Awards¹, which uniquely recognise and celebrate the production skills of radio and audio producers across the whole industry. It also runs the RIGtrain² skills and CPD programme. RIG is a member of the Creative Industries Federation, and a patron of the Radio Academy.
- 1.2. The radio/audio indie production sector is at an exciting time in its history, with the opportunity now to bid to compete for a greater amount of BBC radio content - up to a level of 60% of eligible BBC hours by 2022. On the assumption that 'indie' production companies can be expected to win a reasonable amount of these bids, this will in turn help to grow the sector.
- 1.3. Indies are also working with new platforms such as Audible, Panoply, Acast, and Audioboom. They also work with organisations such as the British Council, which funds *The Selector*, produced by Folded Wing and distributed internationally. These new markets, plus the growth in producing PSB content through the BBC, will allow the opportunity to grow further capacity to develop and produce content for all relevant markets.
- 1.4. While the commercial radio market for indie-produced content is also growing, it is still relatively small in terms of PSB content. Opportunities such as the Government's proposed new public service contestable fund³ could, if widened to include radio, encourage greater innovation and experimentation in the commercial radio space, as the fund can replace advertising/sponsorship revenue around shows to which advertisers may not naturally be favourable.
- 1.5. But commercial radio could be encouraged to grow its indie-produced content even further, and therefore welcome this consultation and its aim of allowing commercial radio to be more competitive and sustainable. We believe that as an extension to the proposals described, there should be a greater freedom to provide different types of PSB content in return for the right to operate a commercial radio licence.
- 1.6. Please note we have focussed on Questions 1-11 as these are the most relevant to our sector.

¹ <http://www.audioproductionawards.co.uk/>

² <http://www.rigtrain.co.uk>

³ To read RIG's response to the consultation on the public service contestable fund go to http://www.radioindies.org/images/public_affairs/rig_contestable_fund_response_final.pdf

2. Answers to Questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

- 2.1. RIG agrees that there is a wide proliferation of services on FM, DAB and online, and that audiences do not necessarily distinguish between these, due to the widespread increase in audio listening on a range of devices. In the event of a reduction in Ofcom's current broad responsibilities, any commercial radio network will continue to need a clear listener proposition and unique identity to survive in a busy market, and in that sense it should prove to be self-regulating in terms of the quality and diversity of the services available.
- 2.2. Nevertheless plurality of voice is important and so we would not like to see any diluting of media ownership rules in respect of commercial radio.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

- 2.3. In respect of RTÉ radio we recognise the current difficulties, as described in the consultation document. Some of our members operate both in the Republic of Ireland and in the UK, and in these particular circumstances it would be a welcome step to have RTÉ services on UK DAB networks.
- 2.4. However we are strongly in favour of our radio services remaining essentially UK-indigenous and therefore would not welcome any further broadening out of licensing to other countries. It is very important that UK producers and talent have the opportunity to present as many UK ideas, voices, perspectives and talent to the audience as possible. Anyone wishing to access overseas networks can do so online to a large extent and we do not see it as necessary for them to be able to access UK DAB networks, as this may prevent UK-based networks, producing their content within Britain, from being able to do so.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

- 2.5. RIG agrees that the current format restrictions remain fit for purpose at this time.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

- 2.6. Similarly to the argument made in paragraph 2.1 above, we believe the market will regulate in terms of there being a wide choice of services available wherever there is some demand. For example we have seen the emergence of niche stations such as the childrens' station Fun Kids and or the country music station Chris Country, neither of which are the result of any regulatory intervention.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio - what would be the consequences if news/local news and types of important information requirements were left to the market?

- 2.7. We note the proposal in the consultation to 'Refocus Ofcom's purpose in terms of future radio regulation to securing a wide range of high quality national and local news and other core national/local information', and that Ofcom should be able to tailor requirements based on the size and demographic of the audience. RIG certainly supports greater flexibility in terms of the content a particular station should be required to provide, but we believe there is a greater opportunity to consider whether other forms of PSB content are more relevant to some services.
- 2.8. Whilst it is important that the public can access high-quality news on the radio, we question whether the requirement to provide regular **national** news is one which that needs to apply uniformly to every commercial radio service, given that people's ability to access news is readily available via a range of services. We would like to see a greater flexibility in simply having a requirement for *PSB content* to be provided, which can include news if it fits the station's profile.
- 2.9. Taking specialist networks such as Classic FM for example, they have a unique sound which is chosen by audiences to suit particular moods and tastes. It could be argued that having hourly news bulletins, when added to the time necessarily given to advertising slots, creates regular and discordant breaks in their service and in effect undermines their proposition more than a service such as a contemporary talk radio show.
- 2.10. Classic FM already features regular potted histories of composers during its schedules, spoken-word content which inform, educate and entertain its audience - i.e. content which has the attributes of PSB - and it would be interesting for the Government to allow greater moves towards this type of content by freeing up the time currently devoted to hourly news bulletins.

This could amount to at least 30 minutes of time per day, or 3.5 hours per week, which, could be used in any way the station wished, i.e. in 30-second 'moments' or in specific longer formats. To ensure reasonable audience exposure this should be spread across the schedule rather than, for example, confined to overnight broadcast. It can also be promoted elsewhere, for example on the commercial stations' online platform.

- 2.11. The document rightly looks forward to a time when digital switchover will require a standardisation of the regulatory measures required. This consultation process can take further steps towards achieving that aim by introducing now a greater and recognised flexibility for there to be PSB content which is not necessarily news.
- 2.12. Producing this type of content is one of our members' particular lines of expertise and greater flexibility around the required PSB content would therefore create the opportunity for greater collaboration between the commercial radio sector and the indie production sector.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

- 2.13. Clearly any loosening of requirements for local services would allow them to operate in a way that concentrated purely on the type of service their audiences wanted. Local news, as the consultation document says, is highly valued and important and therefore the assumption can safely be that this would continue. However as we argue above a removal of the obligation to carry **national** news could allow those stations to dedicate more time to locally relevant PSB-style content.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

- 2.14. With reference to our reply to Question 5, we believe any enhanced requirements should be based on a wider definition of the content to be provided, in terms of it being PSB content rather than simply national news. Taking Wales as an example, that nation has a strong indigenous production sector which produces radio content for BBC both in English and Welsh, as well as a range of media content for other suppliers, including commercial TV and online.
- 2.15. A requirement for 30 minutes per-day or 3.5 hrs per week of PSB content of direct relevance to the audience would be a significant boost to diversity of voice and again provide new opportunities for the creative production sector to work with commercial radio.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

- 2.16. We would refer to our answer to Question 5 and argue that this would be a real opportunity to encourage commercial radio to feature in its services a wider range of PSB content which did not necessarily entail standard news coverage. So to extend the suggested proposal in Option (a), we would like to see stations required to PSB content which was distinctive. This would be a good way to create an environment of creativity and new opportunities for people with original ideas and talent to bring to those networks.
- 2.17. The indie sector is working hard to increase diversity - for example RIGtrain learners are comprised of 60% women, 15% BAME and around 5% disabled, as well as a healthy range of ages. Greater flexibility around PSB content will provide more opportunities for a range of voices to create content for local as well a national networks.
- 2.18. Providing guaranteed carriage for stations providing a certain amount of local news plus some locally-relevant distinctive PSB content (in return for no obligation to carry national news) could work for local radio stations.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

- 2.19. Greater flexibility for these services can enable them to serve local audiences according to their needs and tastes. Again, given audiences' keenness to have local news this would surely be required to be delivered by local commercial radio stations in order to maintain their competitive edge. As long as the BBC is operating local services there would be at least two news sources and we believe these would provide the necessary competition and plurality.
- 2.20. It is also worth noting that 'plurality' is often taken to mean there being more than one service, but any single station or network can provide plurality, in terms of providing within their output a range of approaches to news and current affairs coverage. Independent producers can again be a useful resource in this regard, and some of our members already work with both BBC and commercial local radio networks to provide content.

Local content and production requirements

Q10. We would welcome views on the proposal - set out above - that the only local production requirements should be for local news/critical information

which would need to be sourced and produced locally and can be provided directly or by a third party.

2.21. We understand the economic difficulty of commercial stations basing significant resource in a variety of locations which they serve. When the mainly local aspect is news and information, these requirements should be slimmed down, however the quid quo pro could be in the form of a requirement for 30 minutes of locally relevant PSB-style content on a daily basis that would still mean there was a local aspect to these services beyond just news. There could be a stipulation that this was provided by a locally-based independent producer to ensure a plurality of voice and range of content provide across the week and indeed over the course of each year.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

2.22. It is important for each nations-based service to adequately reflect its local area and a greater use of independent producers to make PSB-style content from around each nation is a good way of doing so. We believe that our recommendation for local radio in Question 10 above should be extended to nations stations, although it is not clear that any further requirements are needed other than a preference to use local talent and producers.

www.radioindies.org

Commercial Radio Deregulation Consultation Media Team
 Department for Culture, Media and Sport
 4th Floor, 100 Parliament Street London SW1A 2BQ

Raidió Telefís Éireann (RTÉ) , the national public media of the Republic of Ireland welcomes this opportunity to respond to the [consultation paper](#) on Commercial Radio Deregulation from the Department for Culture Media & Sport

In response to Question 2, RTÉ notes the following:

1. Ireland and the United Kingdom share many tangible and intangible assets including a language, border, and a long history of the movement of people between our nations. Specifically with regard to this commonality and its expression in the exchange of cultural and social perspectives, the Memorandum of Understanding which followed the Belfast Agreement between our two Governments in 1998 asks *“that the possibilities are explored regarding the reciprocal sharing the both jurisdictions of public service broadcasting digital radio services.”*¹
2. As the Irish in Britain organisation put it, *the Irish community should take great pride that more than half a million people in England & Wales, regardless of their place of birth, have a strong identification with their own Irishness*². At present RTÉ Radio 1 is available to this community on a variety of contemporary platforms. Anecdotal evidence in respect of correspondence from the UK and representations from the many Irish community groups tell us that the service is valued by people of Irish descent and birth and indeed by a wider community of those interested in Irish affairs or perspectives.
3. With respect to access, strong UK demand for our online streams is encouraging in respect of future listeners but the only conventional “radio” form to now has been AM (Longwave 252)³. This is limiting in two respects. First it confines terrestrial listening to an inefficient and out of date platform and second we know that many listeners, particularly older people would like to be able to access RTÉ radio via a conventional mainstream form.

¹ Memorandum Of Understanding (MOU) regarding Digital Switchover, signed 1st February 2010

² Census 2011 The Irish Headlines, Dec 2012, Irish in Britain

³ Previously the pop service Atlantic 252 as mentioned by Minister Hancock MP in his forward!

4. In the context of material financial restraints RTÉ announced in 2014 its intent to cease Longwave transmissions. Following responses by the Irish community in the U.K. to that announcement and especially older members of that community, RTÉ agreed to defer closure until 2019.
5. Subsequent research into Longwave listening conducted in 2015 by the Irish in Britain (and funded by the Department of Foreign Affairs and Trade) showed;
 - a. There exists in the U.K. a significant population of Irish people who emigrated in the 1960s and 70s to whom the RTÉ service is a ‘lifeline’ to Ireland - helping them ‘maintain a sense of Irishness’ and to keep up with events ‘back home’.
 - b. Most prefer to use a familiar radio-type service – as opposed to listening on computers or mobile devices. Although 72% of the respondents were over 60, 46% owned a DAB digital radio.
6. It is RTÉ’s view that the natural successor to AM technology is DAB digital radio. However as the document observes, *“One of the requirements of the current structures is that radio stations have to be based in the UK to secure a licence...This restriction has had a direct impact on RTE radio, the Irish National broadcaster. Although their services have been carried in the UK since the 1930s on Long Wave, they are not able to offer services in DAB”*
7. Also as the document notes, *“This contrasts with the position on television where audio visual services can be licensed in any EU or EEA country under the provisions contained in the AudioVisual Media Services Directive (AVMSD). no such regulatory obstacles exist for television services under the AVMS directive.”*
8. Given these considerations, the DCMS consultation document and the opportunity to input are very timely and we are grateful for the opportunity.

Summary response

We believe that RTÉ Radio 1 is and will continue to be a popular and valuable service for the community of Irish people and interests in the United Kingdom.

We believe that the service has a place in promoting the exchange of perspectives and cultures between our countries

We understand and accept that the grant of a DSP will carry the requirement to meet the normal requirements for DSP services (including meeting the Ofcom Broadcasting Code)

RTÉ does not feel it appropriate to offer a view in respect of the scope of this measure with regard to other jurisdictions or broadcasters. We ask only that other parties to this consultation support our view, as and if they can.

On behalf of our organisation, the community of Irish listeners and in the interests of promoting further understanding between our peoples, we believe that the answer to “*whether Ofcom should have more flexibility to license overseas radio stations carried on DAB*” is “yes” in respect of RTÉ Radio 1.

Regards

JP Coakley

RTÉ JOHN PAUL COAKLEY - Director of Operations

RTÉ Radio

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Commercial Radio Deregulation: Response from Shetland Islands Broadcasting Company Limited

28 March 2017 at 10:37

Commercial Radio Deregulation: Response to Department for Culture Media and Sport from Shetland Islands Broadcasting Company Limited

6. List of Questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

A1: The danger of that is that it puts even more power into the hands of large radio companies, allowing them to corner even more national advertising, to the detriment of smaller independent companies.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

A2: No view.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

A3: We agree. However we believe that there should have never have been national analogue radio in the 1990 act and that commercial radio should have remained independent and local.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

A4: The danger of allowing freedom to change formats is that it gives more power to the large companies to develop, or steal, formats more attractive to advertisers, to the detriment of smaller independent stations.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the

consequences if news/local news and types of important information requirements were left to the market?

A5: a) yes and b) the consequences would be variable.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

A6: That would allow large radio companies to trample even more over smaller independent stations.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations' themselves?

A7: Localness should continue in the "nations".

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

A8: We have no view. Reason: DAB, on Band III, cannot affordably cover the whole of Shetland (equal in size of Cambridge to Brighton) in the way that FM can. This something we first raised in 1998 and has continue to be ignored since then.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

A9: No view.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

A10: Local news is essential to local radio, the rest less essential, although within-format local music is important.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

A11: There is generally no pan-Scotland consensus, Scotland is made up of numerous local areas.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

A12: No view.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

A13: No view. We will not be switching over, since DAB, even with multiple sites, will give less coverage. We will continue on FM until we are no longer viable

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

A14: Indefinite period, so we can choose the time to close in an orderly fashion when we are no longer viable.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB

multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

A15: No view.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

A16: No view.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

A17: No view.

Consequential changes

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station lines ups on national and local multiplexes and whether these changes have any impacts on competition.

A18: No view.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

A19: No view.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

A20: No view.

Inga Walterson, Managing Director
Ian Anderson, Company Secretary
Shetland Islands Broadcasting Company Limited
28 March 2017



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Proposed deregulation of commercial radio

1 May 2017 at 21:49

Hello,

I'd like to express my views over the proposed deregulation of commercial radio.

Firstly, we must remember that commercial radio is successful because it caters entirely to the local communities it broadcasts too. It's these communities that WANT to listen to, and keep their local station. 'Local' to the listener means someone who lives in their area and broadcasts from within that area. With all the will in the world you cannot relate to a listener if you broadcast from a radio hub say in London or Manchester. Your lifestyle will be very different. And believe me the listener can tell.

With various radio groups starting some networking 8 years ago, this was an opportunity to make the industry much smaller and closed the door on the next generation. We now have very few opportunities for kids interested in radio to gain real experience. Few of these late night weekend shifts exist now. Shifts that are hugely important. A place where you can learn your trade and hone your skills. Without this, we will be seriously struggling to find a next generation of broadcasters. Further networking would eliminate these types of shifts.

It's also vital to remember the whole team that makes up a radio station. The sales team, office support staff, news teams, reporters and journalists. All these roles are specialist roles. Why would a local business want to advertise on a station NOT broadcasting from where it was? They wouldn't. In the unlikely situation that they did, how would they be contacted? There would be no local sales team to organise this.

We are unfortunately talking about the death of commercial radio. Any further networking will mean no local stations, all broadcasting coming from a network centre (most likely in London), and millions of the U.K. Population upset, angry and lost. Upset, angry and lost that the local station they have built a long lasting relationship with over a number of years (and let's be frank here, generations of the same family doing this) has been viciously taken from them by a few people who are only concerned with the £ signs.

Simon Thomson



May 2017

Department for Culture, Media and Sport

Commercial Radio Deregulation

About UK Music

1. UK Music is the umbrella body representing the collective interests of the UK's commercial music industry, from songwriters and composers to artists and musicians, studio producers, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector.
2. UK Music exists to represent the UK's commercial music sector, to drive economic growth and promote the benefits of music to British society. The members of UK Music are listed in the Annex.

General

3. We note the proposals to simplify and rationalise the regulatory rules for commercial radio. We recognise the benefits of a strong commercial radio sector. However, we are concerned that the proposed deregulation of commercial radio may have a harmful effect on the diversity of music played and the extent to which these services will continue to meet the differing needs and expectations of the audiences in the future.
4. Historically the formats of individual commercial radio services have been considered in the context of other local BBC and commercial services. However, we recognise radio is part of a wider market of music services, including on demand streaming services.
5. Live radio will continue to be a significant way for people to listen to music despite the competition in particular from streaming services such as Spotify. Rights holders already provide commercial licences for all services. A competitive level playing field needs to be maintained between these different services, even if Government proceeds with deregulation.

Licensing

6. For creators, performance income and neighbouring rights income are a hugely important income stream. In the case of commercial radio, this is typically licensed by collective management organisations such as (in the UK) PRS for Music and PPL. A significant proportion of the earnings that many musicians, performers, authors, songwriters and composers receive from collective management organisations is

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attributed to radio play of their music. Live radio constitutes an important income stream and needs to be protected to support creators.

- In relation to streaming services, these are not always licensed collectively. In certain cases these are licensed through CMOs and paying direct to performers, which is welcomed by our creator members.

Distinctiveness and diversity of music

- The promotion of new music and the general distinctiveness of output is limited for commercial radio. According to figures from PRS for Music the output from the BBC's two largest national music stations played 9 times more unique songs (i.e. songs not played on sampled commercial stations) than a random sample of commercial services.

		BBC Radio One & BBC Radio Two Unique songs (not played on sampled commercial stations)	Sampled Stations Unique (not played on BBC Radio 1/BBC Radio 2)	Commercial songs
Breakfast (Broadcasts beginning 06.00-09.59)	Number	5788	886	
	Distinctiveness (%)	77.5%	34.5%	
Drivetime (Broadcasts beginning weekdays 16.00-17.59)	Number	3412	441	
	Distinctiveness (%)	89.2%	51.8%	

- While the BBC has a clearly defined remit to promote new talent and play a diverse array of music, it would not be in the interests of the music industry, or indeed the competitiveness of the radio market, for distinctiveness to be solely for the BBC. The government's consultation states (on page 14) that "commercial radio works closely with the UK's music business to provide a showcase for new talent and music on local and national stations". We wish to retain this working relationship and indeed support the commercial sector in going further in playing new and culturally diverse talent from the UK. The concern is whether the relaxation of the format restrictions, which provide minimum standards of musical diversity, and indeed formed a key criterion for the allocation of licences, will result in greater consolidation and a reduction in the different types of music available to listeners.
- We, therefore, suggest Ofcom should have a duty to annually review the diversity of music and speech on commercial music services following any de-regulation of the current localness and format restrictions. This would allow Ofcom and government to accurately monitor the future impact of the proposed deregulation of the market.

Response to specific questions

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that

Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

11. Whilst we agree that there is a choice available to listeners and recognise the requirements of a commercial market for radio on the choice of music we suggest some form of supervision on the commercial radio market to ensure a culturally diverse output of the UK radio services (rather than regulating individual radio stations). This separate consideration would not prevent deregulation as envisaged.

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

12. Yes; these format requirements are key to ensure some diversity in the output, Absolute and Classic cater for non-mainstream music. Absolute Radio plays UK independent music whilst Classic FM plays classical music. We note that BBC Radio 3 is very active in commissioning new classical music.

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners

13. Ofcom should introduce measures to ensure more distinctiveness of the output of commercial radio. New content is essential for a vibrant music industry which in turn benefits society as a whole.

Annex

UK Music's membership comprises of:-

- AIM – Association of Independent Music - representing over 850 small and medium sized independent music companies.
- BASCA - British Academy of Songwriters, Composers and Authors – BASCA is the membership association for music writers and exists to support and protect the professional interests of songwriters, lyricists and composers of all genres of music and to celebrate and encourage excellence in British music writing.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.
- FAC – The Featured Artists Coalition represents and promotes the interests of featured recording artists in the music industry.

- MMF – Music Managers Forum - representing over 500 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including producers, engineers, mixers, re-mixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union representing 30,000 musicians.
- PPL is the music licensing company which works on behalf of over 90,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK.
- *PRS for Music* is responsible for the collective licensing of rights in the musical works of 114,000 composers, songwriters and publishers and an international repertoire of 10 million songs.
- UK Live Music Group, representing the main trade associations and representative bodies of the live music sector



43. Voice of the Listener & Viewer

*Championing
excellence and diversity
in broadcasting*

Founded in 1983 by Jocelyn Hay CBE



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RESPONSE BY THE VOICE OF THE LISTENER & VIEWER TO THE DCMS CONSULTATION ON THE DEREGULATION OF COMMERCIAL RADIO

May 2017

Response by the Voice of the Listener & Viewer to the DCMS Consultation on the Deregulation of Commercial Radio

INFORMATION ABOUT THE VLV

The Voice of the Listener & Viewer Limited (VLV) represents the citizen and consumer interests in broadcasting and speaks for listeners and viewers on the full range of broadcasting issues. It uses its independent expertise to champion quality and diversity in public service broadcasting, to respond to consultations, to produce policy briefings and to conduct research. VLV has no political, commercial or sectarian affiliations and is concerned with the issues, structures, institutions and regulations that underpin the British broadcasting system. VLV supports the principles of public service in broadcasting. It is a charitable company limited by guarantee (registered in England No 4407712 - Charity No 1152136).

EXECUTIVE SUMMARY

1. VLV's concern in making this submission is that audiences should continue to be provided with existing levels of public service content which engages and informs audiences on commercial radio networks. These services provide significant public value for audiences across the UK.
2. Local news and information encourage community cohesion and local democratic debate. Commercial local radio is very popular and has a reach far higher than BBC local radio. VLV would not wish any change in regulation to provide an incentive for commercial radio operators to reduce their provision of such content.
3. VLV does not believe that Ofcom's current statutory role to ensure a range of choice of local radio services should be reduced.
4. VLV agrees that the current format restrictions on the three national analogue services should remain. If current format restrictions were removed it is likely that this would reduce the range of choice of services for listeners who have not yet switched over to DAB.
5. VLV believes that it is crucial that there should be continued regulation by Ofcom of news and local information on commercial radio. VLV agrees with the government's preliminary position that there should still be requirements for national and local commercial radio to provide news and that this should be extended to include essential core information such as traffic and weather services. Therefore we consider that Ofcom should have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio.
6. VLV is concerned that in the longer term there should be no reduction in the quality, range or volume of national, local and international news or core information available for audiences on commercial local radio stations, therefore we would want to see a 'levelling up'¹ of regulation for DAB with a regulatory solution which ensures that existing requirements on FM and AM services are carried over to their equivalent services on DAB after switchover.

¹ Letter from Sharon White to Ed Vaizey MP February 2017 pg 4 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

7. VLV suggests that the proposal to allow companies to centralise production of content other than local news and information should be reconsidered. While we understand the commercial pressures on local radio companies and the financial rationale of centralising production, we believe that doing so would have a detrimental impact on the localness of content.

INTRODUCTION

8. VLV welcomes the opportunity to respond to this consultation on regulatory reform of the commercial radio sector.
9. VLV's concern in making this submission is that audiences should continue to be provided with existing levels of public service content which engages and informs audiences on commercial radio networks. These services provide significant public value for audiences across the UK. As is stated in the consultation document *Commercial radio stations each broadcast around 13 hours of public service related content each week including news, sport, travel, weather and local information.*²
10. Ofcom highlights the public value of local news and information: *As well as informing listeners, local journalism can promote community cohesion and encourage local democratic debate. Our research suggests that the provision of local news on commercial radio in particular is of value to consumers.*³
11. VLV would not wish any incentives to be introduced for providers to reduce their provision of such content.
12. VLV understands that one of the reasons for proposing a reduction in regulation is that commercial radio has been under significant financial pressure in recent years. The explosion of digital and internet platforms where music is available with an internet connection has led to a fragmentation of the audience which has had a significant impact on the business model of commercial national and local radio. VLV also recognises that many commercial radio stations are having to simulcast on DAB and analogue longer than originally envisaged which has cost implications.
13. VLV believes that whatever changes in regulation are instituted, the government should ensure a balance is achieved whereby the quality and volume of local news and core information are not diminished while allowing commercial companies greater flexibility over content and production.⁴

² Commercial Radio Deregulation Consultation Document, DCMS, 13 February 2017, pg. 1

³ Letter from Sharon White to Ed Vaizey February 2017 pg 3 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

⁴ Letter from Sharon White to Ed Vaizey February 2017 pg 2 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

Consultation Questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

14. While VLV considers that changes are required to current regulations for commercial radio because of commercial competition from digital and online platforms, we do not believe that the growth in these platforms per se guarantee a greater range and supply of local public service content. Therefore we do not believe that Ofcom's current statutory role to ensure a range of choice of local radio services should be reduced.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

15. VLV believes that allowing Ofcom to have more flexibility to licence overseas radio stations carried on DAB could be beneficial for listeners, however we believe that spectrum allocation for radio should be prioritised for the broadcast of local UK services.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

16. VLV agrees that the current format restrictions on the three national analogue services should remain. If current format restrictions were removed it is likely that this would reduce the range of choice of services for listeners who have not yet switched over to DAB.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

17. VLV acknowledges Ofcom research which suggests that listeners would not be significantly impacted negatively if music format regulation were removed and analogue stations are free to play whatever music they wish.

18. However, we also note that Ofcom says that this change, could lead to a reduction in the diversity of supply⁵ of more specialist music if local stations which do not currently play mainstream popular music (23% currently have formats requiring specialist music) choose to play more mainstream music. While specialist music is available on online platforms VLV considers that this change could lead to a reduction in choice if listeners prefer to listen to specialist music on the radio rather than online and therefore we would oppose it.

⁵ Letter from Sharon White to Ed Vaizey February 2017 pg 2 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

19. VLV believes that it is crucial that there should be continued regulation by Ofcom of news and local information on commercial radio.
20. Accurate news and information, including national and international news, is one of the most important contributions commercial radio makes to listeners in the communities it serves across the UK. It is clear from Ofcom research that this aspect of local commercial radio is popular and important for audiences. VLV notes that commercial radio is the most used means of accessing local news with *around 50% of listeners getting news from their local commercial radio station compared with about 16% for BBC local radio.*⁶ Ofcom research shows that 45% of commercial radio listeners particularly value local news and 35% value local weather and travel services, that audiences consider local radio news to be more accessible than other sources⁷ and that it tends to attract a younger and more ethnically diverse audience than other types of radio service. Commercial radio also contributes importantly to the plurality of local news across the UK.
21. As suggested by Ofcom⁸ *it is likely that complete deregulation would result in at least some stations deciding not to provide local news.*
22. If these public service aspects of commercial radio services were left to the market to provide, it is very likely that the volume of such services would be significantly reduced and their quality would be diminished. Commercial companies are understandably driven by commercial considerations and in an effort to reduce their overheads it is likely that they would rationalise their production of news and information content to reduce costs. This would result in a reduction of the volume of such content. It is also likely it would lead to a reduction in the ‘localness’ of news and information, which is relatively expensive to provide. This would represent a significant reduction in the quality of local output.
23. VLV agrees with the government’s preliminary position that there should still be requirements for national and local commercial radio to provide news and that this should be extended to include essential core information such as traffic and weather services. Therefore we consider that Ofcom should have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

24. With the increased devolution of the nations of the UK the needs of audiences in each of the nations have changed and regulation should reflect this so that the content audiences have access to on commercial local radio stations is relevant to their lives, reflecting decisions made by the administrations in their particular nation.

⁶ *Commercial Radio Deregulation Consultation Document*, DCMS, 13 February 2017, pg. 4

⁷ Ofcom advice to government, February 2017. Letter from Sharon White to Ed Vaizey February 2017

https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

⁸ Letter from Sharon White to Ed Vaizey February 2017 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation, pg. 3

25. Therefore VLV agrees that the most appropriate approach would be to allow Ofcom flexibility to set enhanced requirements for national and local news and core information on stations operating in Wales, Scotland and Northern Ireland.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

26. VLV is concerned that in the longer term there should be no reduction in the quality, range or volume of national, local and international news or core information available for audiences on commercial local radio stations, whether listening on DAB or analogue radio. Therefore we would want to see a 'levelling up'⁹ of regulation for DAB with a regulatory solution which ensures that existing requirements on FM and AM services are carried over to their equivalent services on DAB after switchover.

27. We agree that there may need to be some wider exemptions which could include smaller stations, community radio, specialist music stations and ethnic and religious stations which do not already carry news or core information content.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

28. If, as suggested above, requirements for output on FM/AM were transferred to services on DAB VLV considers that plurality of local news provision would be maintained at existing levels.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

29. VLV considers that the arguments for maintaining production of content locally are persuasive. The current model protects local production centres, ensures employment of staff locally, encourages the development of skills locally and has the benefit of providing access to local advertising.

30. We acknowledge research commissioned by Ofcom which suggests that listeners are less concerned about where content is produced than its quality and local relevance, however, it is certainly the case that a presenter or producer who lives in the area in which they are broadcasting is more likely to engage with and understand local issues than one who is based outside that area. For example, with a phone-in show if a presenter is not local to the area where they are transmitting they will be less able to fully engage with their audience and discuss issues raised which will be geographically specific to their area.

⁹ Letter from Sharon White to Ed Vaizey MP February 2017, pg. 4 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation.

31. VLV would therefore suggest that this proposal should be reconsidered. While we understand the commercial pressures on local radio companies and the financial rationale of centralising production, we believe that centralising production in hubs which may be hundreds of miles from the audiences they are serving would have a detrimental impact on the localness of content.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

32. In light of our response to Question 10, VLV does not believe that there needs to be different arrangements in Scotland, Wales and Northern Ireland. VLV believes that content for all local radio stations should be produced within or at least near the area where it is broadcast.

Revised licensing arrangements

Q13. Should the duration of national and local analogue licences be renewed after a switchover has been announced last for a flexible period until the switchover takes place?

33. VLV believes that the duration of national and local analogue licences should be open ended for a flexible period up to the point when digital switchover takes place if renewed before the end of the existing term. This would avoid the cost and uncertainty to licensees caused by having to re-bid for their licences.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

34. VLV agrees with the government's view that the existing licence renewal regime has broadly worked well for commercial radio services. It has supported the migration of audiences onto DAB as well as investment by local radio multiplex operators in improved coverage, although this is still patchy according to VLV members.

35. We agree that stations which have previously renewed their licences with DAB carriage must be carried on an appropriate local multiplex and that smaller stations which have never had a DAB renewal should be able to renew without taking DAB carriage.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

36. VLV notes that take-up of DAB has been slower than originally expected. Ofcom research shows that the majority of listening is still via analogue radio services. While 50% of households have a DAB set only 15% of all cars on the road have a DAB radio.¹⁰

¹⁰ Letter from Sharon White to Ed Vaizey MP February 2017, pg. 2 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

37. VLV believes that it would be detrimental for audiences if current licence holders were to be allowed to hand back or vacate their analogue licences. This would narrow the range of choice of services for listeners who have not yet switched over to DAB.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

38. VLV believes that the same arrangements for extending the duration of analogue commercial radio licences should apply to community as outlined in Question 13.

Commercial radio deregulation consultation

Wireless Group response – May 2017

Executive summary

1. Wireless Group is the third largest commercial radio operator in the United Kingdom, as well as the leading operator of local radio services in the Republic of Ireland. We hold licences in all four nations of the United Kingdom, and are heavily invested in providing distinctive services at both a national and local level. Our licences span AM, FM and DAB platforms – and all three platforms remain important both to our businesses and in turn to our listeners.
2. Wireless Group welcomes this opportunity to contribute its views to DCMS’s consultation on commercial radio deregulation. Our views differ in some areas to some other groups, in that we are not one of the groups which has historically advocated further fundamental deregulation of commercial radio’s traditional music diversity and local programming commitments. This may be due in some part to the nature of the licences that we hold when compared with other groups. We are not a member of industry body Radiocentre which has led lobbying for liberalisation and are not a party to any submission which it may have made to this consultation.
3. Wireless Group agrees that UK radio listeners are currently well served with an excellent choice of services across analogue and digital radio. We also note that the sector is performing well from an advertising perspective. We would query whether there has been such a change in the operating environment for commercial radio as would justify a fundamental alteration in the statutory licensing and regulatory approach to the sector but agree that it is appropriate to review certain aspects of the current framework.
4. Wireless Group believes that in addition to investigating opportunities to remove regulatory burdens for the commercial radio sector, DCMS and Ofcom should seek to seek a positive strategy for industry growth and development. Two of our suggested key priorities areas for such a review would be a further round of DAB multiplex licensing, and effective regulation of the BBC by Ofcom:
 - **Support for the development of local radio services via a new round of DAB licensing:** Wireless Group would strong welcome the opportunity to apply for a DAB multiplex licence in each area in which we operate a local radio service that lacks DAB distribution. This is with a view to ensuring that our local services have equal prominence on digital receivers to larger national and regional services and providing these local services with a development pathway through an ability to offer additional unique services on DAB.
 - In some cases, the ability to apply for a so-called “small-scale” licence might achieve this objective, but in others the advertisement of a full commercial multiplex licence covering a wider region may offer a more appropriate solution – particularly in large metropolitan markets featuring only one commercial multiplex which is currently full. In each case, our objective will be not just to replicate our existing FM offerings

on DAB, but to establish a development pathway through a route to providing additional unique services on DAB within our FM transmission areas.

- **Effective BBC regulation:** Wireless Group welcomed the new BBC regulatory measures set out in the new Charter and Agreement. However we have some initial concerns about Ofcom's arrangements for implementing these new provisions. It is appropriate that the BBC – whose radio services enjoy vastly superior resources to equivalent commercial services – is subject to appropriately specific service conditions to secure enhanced distinctiveness and minimised market impact.
5. These issues of DAB licensing and BBC regulation are considered to be of greater significance to Wireless Group's ability to serve audiences effectively than some of the issues which are the focus of DCMS's consultation, such as the deregulation of music formats or removal of local programming stipulations. Nevertheless, we note that there is support for change in these areas in other parts of our sector. Our response generally seeks to take a pragmatic approach.

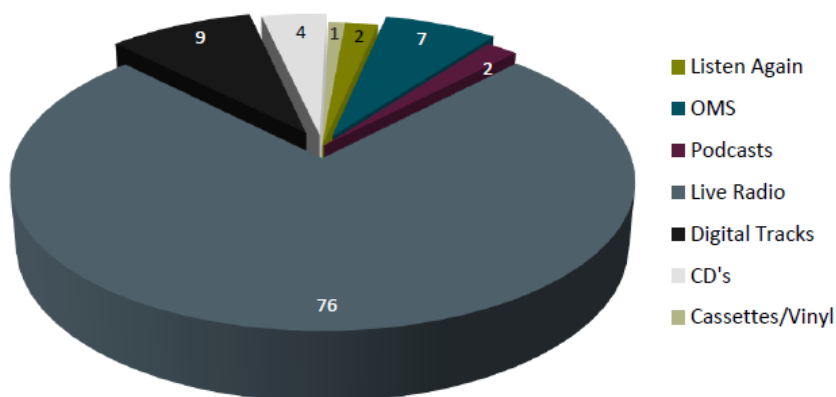
Response to consultation questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

6. Wireless Group agrees that UK radio listeners are well served with an excellent choice of services across digital radio. However, we would query whether there has been such a change in the operating environment for commercial radio as would justify a fundamental alteration in the statutory licensing and regulatory approach to the sector.
7. As demonstrated by RAJAR's MIDAS studies, live radio remains the predominant source of audio entertainment in the United Kingdom (76% share of audio), holding its own effectively against competition from on-demand music services (7%) and podcasts (2%). Moreover, the vast majority (88%) of such live radio listening is derived from broadcast platforms – which is dependent on access to the scarce public spectrum administered by Ofcom.

SHARE OF AUDIO % (excluding visual)



Source: RAJAR/IpsosMori, MIDAS Audio Survey Winter 2016

- Wireless Group would have no objection to Ofcom retaining a general duty to ensure a range of choice of national and local radio services in light of the continued scarcity of premium broadcasting spectrum and the commercial value of holding such spectrum. That said, as noted in our response to question 18, we support the removal of specific obligations applying this principle on individual multiplex operators.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

- Wireless Group supports Ofcom receiving permissive powers in this area, providing it with the discretion to grant DSP licences to international broadcasters which are able to demonstrate that they are responsible, well managed and compliant with UK broadcasting standards regulation.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

- Wireless Group supports the retention of the current format restrictions on the three national analogue stations.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

11. In Wireless Group's view, the most valuable policy development for locally focused services such as Wigan & St Helen's Wish FM or North-East Derbyshire's Peak FM would be an opportunity for to apply for DAB multiplex licences which not only afforded them equal prominence to larger services on digital receivers throughout their FM transmission areas, but also the opportunity to boost their offerings to local listeners and advertisers by providing additional unique content on DAB.
12. As Ofcom notes, there has been considerable deregulation of commercial radio music formats in recent years, with successive statutory amendments successfully mitigating the concerns of some contributors about the pre-internet origins of existing UK primary broadcasting legislation.
13. We anticipate that removing all remaining music format requirements is likely to benefit above all the holders of larger FM regional licences which were originally issued in order to provide distinctive musical offerings alongside broader formatted locally focused services. Such a change may lead to a reduction in the range and availability of choice of music genres available for listeners on local FM radio services. In turn, there are negative competitive risks to smaller services, whose musical positions risks being undermined.
14. We note that this proposal has support amongst some other commercial radio groups, but suggest that it should be balanced with other measures of support targeted at locally focused services such as Wish FM which already possess broad music formats and unlike the larger licences that would benefit from music format deregulation currently lack the benefits of appropriate DAB transmission and scope for brand development via offering additional unique content on DAB.

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

15. Wireless Group supports a continued role for Ofcom in ensuring that sufficient local and national news and information is provided by commercial radio. If such requirements were left to the market it could undermine the existing justification for the basis on which radio broadcasting licences are awarded by Ofcom, potentially leading as DCMS has noted to a requirement for spectrum charging.
16. In the case of Wireless Group local stations, there is a strong likelihood that we would continue to provide local news in the absence of format requirements, but there may be licence areas in the UK in which this would not be assured.

Q6. What would be the consequences for the radio industry and for other UK local media if Ofcom's duty and the requirements on local radio services was narrowed to cover just news and key local information?

17. We anticipate that such a change may lead to a reduction in the range and availability of choice of music genres available for listeners on local FM radio services but note that the proposal has support amongst some other commercial radio groups.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

18. We would query the consistency in a policy position that advocates different requirements in England to other UK nations. We also query the suggestion in DCMS’s consultation that local radio services in England are primarily confined to country sized services – an analysis which belies the local focus of services operated by Wireless Group such as Peak FM (Chesterfield and North East Derbyshire) and Radio Wave (Blackpool and the Fylde Coast). Such services were licensed as part of a previous wave of commercial radio licensing which specifically sought to deliver local radio provision in smaller cities and towns throughout the UK on a popular, commercially funded basis.
19. In our view it is important that Ofcom retains a consistent and proportionate approach in relating to setting local news commitments. In Wireless Group’s case, we remain committed to providing a popular commercially-funded local service in each of our licence areas and believe that we are well placed to determine an appropriate strategy for the provision of high quality local news without the need for additional regulatory interference.
20. Wireless Group currently operates local radio services in both Wales and Northern Ireland, and we also provide content on local DAB in Scotland. In the case of our FM services in Belfast and Swansea, the rationale for extensive local programming and local news remains strong.
21. In relation to AM, we note that whilst remaining an effective platform for national speech services, this platform is not ideally suited to local music broadcasting. This could support consideration being given to regulating AM services on an equivalent basis to DAB services. This could help to ensure that local AM licensees are not afforded an unintended incentive to divest of their AM licences in advance of audiences supporting such a move. It is worth noting that according to RAJAR data, AM listeners are typically less affluent and therefore able to afford to upgrade analogue receivers. They are also often older and with high radio consumption – indicating that for some it represents an important source of companionship, information and entertainment.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

22. We consider that the advantages bestowed on local radio operators who have had the historic benefit of FM licences should be taken into account when considering which services

carried on local DAB multiplexes should be considered for local news commitments. These FM licence related advantages – such as brand equity and sunk infrastructure – will continue to endure in the event that they cease broadcasting on FM.

23. With this in mind, we suggest that so-called “heritage” independent local radio services (i.e. services which formed part of the original rounds of commercial radio licensing) should be required to maintain local news commitments as a condition of being permitted to cease broadcasting on FM, and should be prohibited from seeking payments or deductions in carriage fees from the relevant local multiplex operator in exchange for making a contractual commitment to local news. In addition, we note that in many cases multiplex operators have long-term contracts in place with service providers meaning that a contractual mechanism may not exist for these operators to impose local news requirements on legacy local FM broadcasters.
24. At a national level, Wireless Group does not believe that there is justification for imposing additional requirements for news on DAB services, given the extensive cross-media availability of national news content. For instance, Wireless Group’s talkRADIO is identified by DCMS as a new source of national radio news, however this station remains in the early stages of its development and additional regulatory obligations could have a negative impact on its long-term viability. This risk is highlighted by the recent commercial failure of Share Radio – similarly cited in DCMS’s consultation – demonstrating the challenges of providing commercially sustainable competition to the BBC’s currently dominant, heavily cross-promoted and well-funded speech services.
25. We suggest that DCMS’s policy approach should take account of the role of the BBC in providing national DAB news content. This includes BBC Radio 5 live – whose remit includes the role of being the BBC’s leading national news radio outlet. In our view this role should be enhanced, and with this in mind, we note with concern that that Ofcom has substantially reduced 5 live’s news commitments in taking on regulation of the BBC. In particular, whilst 5 live’s requirement for 75% of programming time to consist of news programming has been retained, it is detached from the interpretative context which was previously provided by its BBC Trust service licence.
26. Previous BBC Trust service reviews highlighted scope for ambiguity as to how the 75% news condition is applied by BBC management. In particular, certain output appearing within “news programmes” (and therefore counted towards this quota) was highlighted as being potentially inconsistent with a reasonable definition of news content¹. In our view this supports the reinstatement – and enhancement – of the previous BBC Trust distinctiveness conditions for 5 live’s news programmes which have been provisionally excised by the Ofcom. These include the following important (and now defunct) requirements:
 - “[5 live] should be BBC Radio’s main outlet for breaking news by bringing its audience major news stories as they happen”
 - “The service should give a broader perspective on current affairs through original and investigative journalism”
 - “The weekday peak hours at breakfast and evening drivetime should comprise high-quality news programming covering the main news agenda of the day”

¹ BBC Trust, 5 live and 5 live sports extra service review, January 2012, http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our...live/5live_5live_sports_extra.pdf

- “All 5 live news programmes should clearly reflect the BBC’s mission to provide the best journalism in the world”
- “When major international stories break, BBC Radio 5 live should present live from the scene if possible with access to a network of BBC radio news reporters and producers”²

27. Wireless Group notes that in contrast to this reduction in regulatory conditions relating to news, the new BBC Charter and Framework Agreement developed by DCMS paved the way for the imposition of enhanced distinctiveness requirements – such as to address current skewed perceptions of 5 live as a sports radio station by boosting popular awareness of its news commitment (an issue previously identified by the BBC Trust)³.

28. In particular, Part 2 of Schedule 2 of the Framework Agreement states (bold added for emphasis):

“In imposing the regulatory conditions in the first operating licence, Ofcom must seek to increase the current requirements on the BBC as a whole to secure the provision of more distinctive output and services. In particular, Ofcom must-

- (a) have **a presumption against removing any of the current requirements** which would result the provision of less distinctive output and services;*
- (b) consider the case for **increasing the current requirements** in areas where the BBC has exceeded those requirements or where this would support the provision of distinctive output and services;*
- (c) consider the case for **setting requirements in areas where an improvement in performance would secure the provision of distinctive output and services;***
- (d) consider the need for the BBC to reflect, represent and serve audiences taking into account the needs of the diverse communities of the United Kingdom’s nations and regions.”*

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

- 29. Building on our concerns about the regulation of BBC Radio 5 live at a national level, we note the important role of BBC Local Radio in providing a plurality of news content at a local level.
- 30. Concerns about the role and development of BBC Local Radio have been raised by a number of industry commentators including radio executive David Lloyd (see [blog post](#)).
- 31. Given the vastly superior financial resources enjoyed by the BBC, its privileged ad-free programming environment and its unique public service remit, we support this apparent policy anomaly being corrected by Ofcom – in parallel with correcting the anomalies cited above in relation to BBC Radio 5 live. There may also be a need for DCMS to participate in these efforts at an initial stage to ensure compliance with the new Charter and Agreement.

² BBC Radio 5 live service licence, April 2016, http://downloads.bbc.co.uk/bbctrust/assets/.../service_licences/radio/2016/5live_apr16.pdf

³ BBC Trust, Service review of BBC network speech radio, August 2015, http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/speech_radio/speech_radio.pdf

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

32. Wireless Group remains committed to providing appropriate local programming in each of our local licence areas. In addition, we retain a commercial incentive to maintain an editorial and commercial base within our local markets. A local studio presence can serve to bolster the relevance of our programming and news output, strengthen our relationships with community organisations and local advertisers and maximise our audience visibility.
33. This issue is of significantly lesser importance to our locally focused radio services than other issues such as DAB licensing and regulation of the BBC, although we note that it is an area in which other groups have called for change.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

34. As noted in our response to question 7, Wireless Group supports a consistent regulatory approach across the four nations of the United Kingdom. We currently operate local radio services in England, Wales and Northern Ireland, as well as providing content via local DAB in Scotland.
35. As noted above, the business case for maintaining local programming on our local FM services remains strong in each market in which we operate, although we do not believe that this justifies services in Scotland, Wales and Northern Ireland being subject to additional regulation when compared with services in England.
36. In contrast, the timeframe for extensive local programming to remain viable on our local AM services, including Swansea Sound in Wales, is less certain, due to issues with the perceived suitability of AM as a platform for music-led services amongst some listeners. We suggest that such services should therefore be subject to light touch regulation on a par with DAB services throughout the UK. This will ensure that such licensees are not provided with an unintended incentive to divest of their AM licences in advance of audiences supporting such a development.

Revised licensing arrangements

Q12. We would welcome views on changes needed to Ofcom's powers to license new commercial radio services as part of the proposed changes to streamline and simplify the radio licensing regime.

37. Wireless Group considers that the current beauty parade regime could be retained for any new analogue commercial radio licences advertised by Ofcom, with Ofcom retaining a power

to impose additional licence commitments on licensees in line with licence application commitments for a specified period.

38. However we suggest that Ofcom’s licensing priority – above analogue licensing for either commercial or community radio services – should be to plan and implement a further round of local DAB multiplex licensing. This licensing round should be informed by a strategic review of the available spectrum, with priority given to ensuring that commercial FM services currently disenfranchised from the DAB platform have a route to expanding and growing their offerings on DAB whether via new small-scale multiplexes or secondary commercial multiplexes covering wider cities or regions where demand for capacity outstrips supply and there is currently only one commercial multiplex.

Q13. Should the duration of national and local analogue licences renewed after a switchover has been announced last for a flexible period until the switchover takes place?

39. Wireless Group is not currently persuaded that a government led switchover is in the interests of broadcasters or listeners. Of greater priority in our view is to ensure that commercial radio broadcasters have long-term licensing certainty thereby providing an environment for continued investment.
40. In our view, future decisions about the cessation of broadcasting on specific analogue platforms should be led by broadcasters, who should have the flexibility to make the appropriate commercial decision on a case by case basis with regard to the expectations of their listeners. This requirement for commercial flexibility does not necessarily apply to the BBC, in view of its public service remit and guaranteed funding.

Q14. Should the duration of local analogue licences for those qualifying smaller stations choosing to continue to broadcast on analogue after a switchover be renewed for fixed period or an indefinite period?

41. Wireless Group’s priority for its smaller commercial FM services such as Warrington’s Wire FM or Blackpool’s Radio Wave is to secure an opportunity for each of them to apply for an appropriate local DAB multiplex licence, thereby ensuring that they receive equal prominence to larger services on digital receivers as well as an additional development pathway through an ability to offer unique content on DAB.
42. As noted in our response to question 13, we believe that decisions to cease broadcasting on specific analogue platforms should be led by commercial broadcasters, who should have the flexibility to make appropriate commercial decisions. We suggest that commercial radio broadcasters should be given long-term licensing certainty in order to provide an environment for continued investment.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

43. We agree with DCMS that stations that have previously renewed their licences because of DAB carriage should continue to be carried on an appropriate local multiplex for future renewals. In addition, local services which have never had a DAB renewal should have a route to renewing or reapplying for their licences without taking DAB carriage.

Q16. We would also welcome views on the effect of any changes to the simulcast conditions for renewal on stations and on commercial radio to national and local multiplex operators and on efforts to support the transition to digital.

44. Our response to question 15 takes account of our roles both as a broadcaster and multiplex operator.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

45. We support an ability for broadcasters to make appropriate commercial decisions about which platforms to broadcast on.

Consequential changes

Q18. We would welcome views on removing Ofcom's powers to oversee changes to station lines ups on national and local multiplexes and whether these changes have any impacts on competition.

46. In Wireless Group's view, the most effective means of ensuring a diversity of services and accessibility to the DAB platform for third parties is to ensure an appropriate balance between DAB capacity supply and demand.
47. There is an important distinction to be made in this regard between those large cities and regions such as Manchester and Birmingham which currently only have one commercial multiplex with lacks any available capacity, and others such as London and Central Scotland which respectively have three and two competing multiplexes and where there is available capacity for new service providers.
48. In London in particular, there is a highly dynamic DAB market, with a number of new services having launched over the last twelve months on Wireless Group's London II multiplex such as Thames Radio, Chris Country and Fix Radio. This reflects the effective competition between multiplex operators in this market. We also note that additional capacity continues to become available in London on a regular basis and anticipate that the improved viability of DAB+ transmission is likely to accelerate this trend in the coming years.
49. In contrast, the current single Manchester and Birmingham multiplexes, each of which enjoys a monopoly position, have witnessed substantially less dynamism despite strong levels of independent demand for DAB capacity. Wireless Group would support the

advertisement of new commercial multiplexes in the Greater Manchester and West Midlands regions, with particular attention given to how these can be licensed in such a way as to provide DAB migration pathway for local commercial services such as our own Signal 107, Wish FM, Wire FM and Tower FM.

50. Whilst Wireless Group can see a rationale for Ofcom to retain an overarching duty to support the delivery a range of national and local radio services, we agree that such an obligation does not need to be applied at the individual multiplex level. As both a multiplex operator and provider of DAB services, we recognise the strong commercial incentives that exist for providers to experiment with different formats. These commercial dynamics both ensure a range of choice whilst justifying regulatory measures to support flexibility in multiplex line-ups.

Q19. We would welcome views on whether the criteria for Ofcom to determine applications for national and local multiplex licences also need to be updated in line with the wider proposals for deregulation set out in this consultation.

51. We believe that the current licensing process for multiplexes remains broadly fit for purpose.
52. In considering future multiplex licensing, we suggest that Ofcom should place significant weight on the desirability of supporting local FM services which remain committed to providing extensive local programming but which are currently disenfranchised from the DAB platform and have limited scope to diversify their offerings by providing additional unique content on DAB.
53. It is crucial that this support does not just entail a method to secure equivalent prominence for their existing FM services on digital receivers, but also an opportunity to offer additional unique content on DAB in order to develop their offerings. This opportunity to offer additional unique content constitutes a crucial development pathway for such local services to grow their businesses amidst challenging local advertising markets and increased audience expectations with regard to the level of choice available to them.
54. Such support for genuinely locally focused services would mirror the opportunity that larger broadcasters have had to extend their brands via DAB (e.g. Heart, talkSPORT, Bauer City Network). It would deliver a more level playing field and operating framework in support of the tier of commercial radio that is arguably most deserving of public policy support at the current time.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

55. Wireless Group welcomes DCMS's commitment to preserving the fundamental distinctions between the community and commercial radio sectors, and agrees that further changes to the overall structure community radio licensing are not required at this time.
56. We do not believe that it is appropriate for community radio broadcasters that cannot demonstrate a strong social contribution and clearly differentiated output to hold licences from Ofcom. In light of the precarious funding arrangements of many community radio services, as well as their reliance on volunteer support, it may also be inappropriate for

such services to receive open licence extensions. Instead we suggest that more regular reviews of their contributions are required, something which is best achieved via a requirement to apply for regular licence renewals.