



Department for
Digital, Culture,
Media & Sport

Further Renewal of Analogue Commercial Radio Licences

Consultation responses received from organisations

List of organisations that provided a written response

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3. Niocast Digital
4. Arqiva
5. Radio Clatterbridge
6. Nation Broadcasting
7. Royal Scottish National Orchestra
8. Ofcom Advisory Committee for Scotland
9. Hospital Broadcasting Association
10. The Office of the Secretary of State for Wales
11. Communicorp UK
12. DC Thomson
13. Global
14. The All-Party Parliamentary Group on Commercial Radio
15. Bauer
16. Wireless
17. Radiocentre
18. Dee Radio Group
19. Quidem
20. Voice of the Listener & Viewer
21. Sunrise Radio
22. Triple Muxco Somerset Ltd
23. Central FM
24. MuxCo



Analogue Licence

██████████@panjabradio.co.uk>
To: "analoguelicence@culture.gov.uk" <analoguelicence@culture.gov.uk>

24 December 2019 at 08:56

Allow the renewal of licences for a further eight year period for licences renewed under s103B and s104AA of the 1990 Broadcasting Act. with appropriate provisions for any stations that have not yet had licences renewed under s103B or s104AA.

Warm regards

██████████
558AM (London)
DAB Digital Radio
Sky Channel 0130
online: www.panjabradio.co.uk

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Attn: Department for Digital, Culture, Media & Sport

With regard to your consultation on the further renewal of Analogue Commercial Radio Licences

As Chairman and Chief Executive of Love Sport Radio, I wish to directly respond to the consultation regarding options for the national analogue radio broadcast licenses.

Having founded and sold TalkSport a decade ago, I have recently launched a national competitor in Love Sport Radio.

The three national license holders have been given uncontested access to these showpiece platforms. Global's Classic FM with an audience of 5.46m (3.32m listening on analogue), News Corporation's TalkSport with 2.91m listeners (1.38m who listen on AM analogue) and Absolute Radio with an audience of 2.31m (whose analogue audience actually went up by 40,000 listeners in Rajar Q4).

The analogue platform offers licensees potential access to a large established audience, and therefore, there would be no end of media owners who would want to apply and compete for coverage.

Competition

During the previous national analogue renewal in 2017 Ofcom stated, 'Our conclusion...is that a hypothetical new entrant would not be prepared to make financial payments in return for the right to broadcast nationally on analogue for the period under consideration. A new entrant...would incur significant entry costs before it was able to generate analogue profits similar to the incumbent.'

With regard to the specific analogue national speech licence, currently owned by Love Sports rival TalkSport, that is clearly no longer true. Love Sport is now firmly established as a respected UK broadcaster, having launched in London in March 2018, and started broadcasting nationally from December 2019.

Love Sport are prepared to dig deep to compete with TalkSport; and Bauer's new digital station Scala has shown with a very large marketing spend that it is more than capable of taking on Classic.

Commercial radio executives are quite used to the bidding process.

They fight over presenters, sports rights and multiplex carriage.

There have been recent tugs of war over presenters such as Nick Ferrari and Chris Evans, resulting in big money contracts and an industry boost.

TalkSport are prepared to pay eye watering amounts to compete with 5 Live for sports rights.

These companies are prepared to spend big when it benefits them. The treasury and taxpayer should also benefit.

This competitive stance should be applied to the analogue platform as well.

Cost of License

Since 2010, for the cost of just £10,000 per year, TalkSport have been allowed to maintain a monopoly over commercial sports broadcasting on analogue.

Whilst TalkSport are paying a token £10,000 per annum to reach a sustained audience across the whole of the UK, Love Sport have previously had to pay an annual fee of £35,256 for a London Only analogue AM licence.

The fact that an established national broadcaster pays a nominal amount (a third of the cost of a London licence) to reach five times that audience across the whole of the UK, is something that is surely hard to justify to the UK taxpayer.

These national stations can reach potential 55 million people, on a unique platform that gives them access to listeners that digital radio simply can't reach. This can't in anyway be seen to be fair or competitive.

To put this fee into context, Arqiva, who dominate the digital transmission world, would demand over £1million a year for a slot on their national digital multiplex.

In 2020, the commercial value of the analogue license is still vastly important in terms of revenues to TalkSport and the other national broadcasters.

Almost 50% of TalkSport listeners tune in on analogue at least once a week, 60% of Classic listeners still access the station weekly on analogue, and it accounts for 37% of Absolutes audience. This licence also acts as a marketing tool by maintaining the dominant position over its rivals as the sole commercial sports broadcaster on the platform.

In my view market forces should dictate the value of the licence. Why not decide the minimum cost based on the percentage of analogue listeners.

The market rate for a national licence on DAB digital radio is over £1million a year.

Let's place the same value on each listener on analogue.

Talksport have 1.52 million listeners on DAB, and 1.38 million listeners on analogue. They should be paying £905,000 for the right to broadcast to this large analogue audience.

Classic have 3.324 million analogue listeners, whilst reach only 2.34 million on DAB, so why aren't Classic (Global) paying £1.4million for this licence.

Rajar & Revenue

In 2017 Ofcom stated after the renewal consultation: 'Our review indicated that talkSPORT continues and will likely continue to generate profits for the incumbent licence holder, although the profits derived from analogue transmission will continue to reduce over time as analogue listening as a proportion of total listening falls.'

TalkSport make a considerable profit based on monetising their Rajar audience. Since 2010 they have consistently profited from selling a total audience massively inflated by its analogue listening, where at least half of its listeners have tuned in on a weekly basis via analogue.

Whilst TalkSport has seen a slow decline in AM listening, 2019 still saw an average of 1.495 million unique weekly analogue listeners. For a fee of only £10,000 p/a, this licence therefore continues to account for close to half of TalkSports on-air revenue.

With uncontested licence renewals in 2010 & 2017, for just £120,000 over a 12 year period, TalkSport will have been allowed to use their analogue medium to help build their monopoly over commercial sports radio broadcasting. TalkSport have monetised the audience at a rate exponentially higher than the amount paid for the license.

Rajar figures for 2019 show that an average of 743,000 of TalkSports weekly analogue listeners are aged between 15-44.

When it comes to speech broadcasting, analogue is clearly not the preserve of the older generations, and remains an extremely popular way of listening amongst all demographics.

891,000 under 45 year olds tuned into Classic every week on analogue in Q4 2019. Analogue still remains a hugely valuable platform, even when it comes to attracting listeners born into the digital age.

DMCS consultation executive summary point 31, states '66% of TalkSports weekly reach is now via digital'. This statement is somewhat misleading, as there is a crossover with listeners tuning in on more than one source during the week. In Q4 2019, AM/analogue listening accounted for 47.5% of TalkSports reach at some point during the week, and 38% of its total hours.

If Love Sport were to broadcast on the analogue platform in place of TalkSport, we would expect a dramatic increase in audience as the only commercial sports station available on AM.

Owning the national analogue licence would be a game changer for Love Sport in terms of revenue. If Love Sport conservatively estimated a pickup of even 25% of the TalkSport AM audience that would still be an additional 350,000+ listeners at some point every week, and a likely dramatic rise in hours (with a realistic reach of over 700k as the only commercial sports offering on analogue radio).

The value of an audience of 350,000+ for a newer station such as Love Sport is dramatic in terms of commercial revenue and station growth, and being locked out of bidding is completely restrictive in terms of that growth.

Broadcasting on the analogue platform over the next 5 to 8 year period, would put any new station in a position to dramatically grow its brand, benefitting from the already established medium, ahead of the digital switchover.

Commitment to Digital

Previous consultations on the analogue licence renewals have focused on a commitment to digital as a reason for maintaining the status quo.

DCMS renewal options 2 and 3, state that a benefit of the auto-renewal would be that the existing licence holders 'continue to provide commercial radio with incentives to support the development of Digital Audio Broadcasting (DAB) through their investment in new content'

Many stations now broadcast a national service on DAB, so are essentially simulcasting, a previous stipulation for renewal.

All three existing licence holders operate a large number of firmly established, successful digital radio stations. Digital is now very much the majority platform for their group output.

To further subsidise this investment in the form of a lower than market rate analogue licence fee, is vastly restricting competition from smaller and independent radio groups.

There is no reason that the original applicants should continue to reap these benefits.

DCMS Policy Options for consultation, point 37 states. Making 'licences available to potential new entrants to the market, encouraging competition between both existing and new providers' would 'at the very least...give Ofcom an opportunity to secure a stronger commitment from incumbents through a competitive bidding process.'

We believe that a rival broadcaster would actually be able to offer enhanced support to the commitment to digital. The license being open to tender would create healthy competition not only for the analogue licence, but also in obtaining a stronger extended commitment for digital content.

A new analogue broadcaster would want to build a listener base via analogue, but it would also be imperative in retaining a future audience that they invested heavily in the drive to digital ahead of the switchover.

The consultation executive summary says 'There is little prospect of digital switchover before mid 2020's.'

As outlined in point 41, DMCS state 'by 2027 on current trends digital listening may have reached 80% of all listening.'

In reality analogue will remain a powerful platform in radio until at least the end of the decade. AM is still a popular and established platform, and the switch to digital is taking much longer to integrate than anticipated.

National Reach / Community Programming

TalkSPORT has recently agreed with Ofcom to reduce the transmission coverage of its AM national commercial radio licence by 2.4%, affecting 1.3 million potential listeners.

TalkSport put these cutbacks down to a decline in analogue listening at a rate faster than it had predicted.

Whilst TalkSport are beginning to scale back on their commitment to broadcasting to all of the UK, Love Sport are taking the opposite approach with their content on national DAB.

With bespoke, individual programming focusing on over 40 unique fans show targeted at supporters of clubs in specific areas across the country, Love Sport have put a strong focus on community programming within a national platform.

In the opposite of TalkSports national cut backs, a national analogue license for Love Sport would allow further regional opt out programming, giving community sports coverage a stronger voice than ever before.

Whilst paying a nominal fee for the analogue licence, Global (Classic) and Bauer (Absolute) groups have constantly cut back on regional programming with more and more networked output across its stations. Their investment in digital output is hardly offering the variation in content or regional voice that the listener would have expected.

Formats

In 1990 the Broadcasting Act given the scarcity of broadcast spectrum available for radio, placed restrictions on the formats of the three national licences.

One service required to be speech (currently TalkSport), one service must be non-pop music (Classic), and the other must be distinct from the other two (Absolute).

There are now 728 broadcast radio services in the UK, not to mention the choice of podcast, smart speaker and internet radio content that didn't exist in 1990.

This restriction on format, is an archaic bygone of a 30 year old radio landscape.

I strongly believe and recommend that not only should rivals be allowed to bid for the national licences on the free market, but that these licences should now be offered with unrestricted format requirements.

Conclusion – Auto Rollover would be a licence to print money for the current licence owners, at the tax-payers expense

DCMS executive summary, point 32 states: 'The challenge of new competition from online audio content providers'...'and need for broadcasters to take long-term planning decisions on radio content distribution'...'both point to the necessity for a further period of stability that would help commercial radio operators plan for the changing competitive landscape.'

Why should the larger current national licence holders be given this 'help' when other national broadcasters such as Love Sport are not offered that benefit? TalkSport are already planning for digital and heavily investing, so allowing an uncontested renewal of analogue is simply maintaining the status quo and the monopolistic benefits that come with it.

These analogue licences were awarded in the 90's – the media world has moved on. The choice for a listener is incomparable to three decades ago. There were just 155 broadcast radio services in the UK in 1990. In 2019, 728 radio stations broadcast, up against and ever expanding competitive World wide multi-platform landscape.

We believe that an automatic rollover of the national licenses would be anti-competitive, and restrictive to new ambitious broadcasters. The terms are also grossly uncommercial, the current cost of the licence, under no circumstances, bears any parity to the commercial value of the license.

An open, transparent and fair bidding process for the national analogue licences is required, not in the least to ensure the taxpayer gets a proper return for its use.

The digital switchover is highly unlikely to happen in this decade. To continue to operate a closed shop approach for the next 5-8 year rollover is completely restrictive to new or independent radio groups.

With regard the national analogue licenses, I therefore wholeheartedly recommend exercising option 1, 'to allow the licenses to expire and be re-advertised by Ofcom.'

None of these national station owners had any right to believe they would hold onto the licence under all circumstances. After all this is the third time there has been a DCMS review in the last 15 years.

Global (47%), Bauer (45%) and News Corporation (6%) own 98% of all commercial radio in UK, so its hard to envisage them writing to DCMS saying they are in favour of a national free for all.

They have made fortunes by embracing the free market. So let's see a fair, free market approach to analogue licences, even as we approach the digital age.

[REDACTED]

[REDACTED] Love Sport Radio

For further information please contact [REDACTED]

[REDACTED]@lovesportradio.com

Niocast is the licensee and operator of the successful Trial Manchester multiplex.

Over the four and a half years of the trial Niocast has provided access to the airwaves for 46 services, including Community, small Commercial, Internet and new formats created specifically for the trial. We currently broadcast 24 digital radio stations.

The level of interest in the trial from existing analogue broadcasters and new entrants has been extremely encouraging for the future of DAB.

Question 1 – What is the likely impact on the radio sector if legislation is not changed? What would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

Niocast agrees with DCMS that continuing to grant analogue licence renewals in return for continued investment by commercial radio in DAB underscores the position that radio's long-term future is digital.

Discontinuing the automatic renewal of licences would be disruptive and costly - particularly for small and independent commercial broadcasters. It would also place a significant administrative burden on Ofcom – having to run a competitive process each time a licence expires. We do not believe there are overarching programming benefits that would offset the cost and impact of rebidding for licences.

Question 2 – Do you agree that a five-year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

Niocast believes that the five-year renewal period is the most appropriate option. The five-year renewal exempts licensees from the costly process of re-applying for their licence(s) but maintains pressure on broadcasters to deliver on their commitment to DAB before 2027.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

We believe all analogue licences should be treated in the same way.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight-year renewal.

Allowing licence extension periods of eight years would, undeniably, create greater certainty for licence holders. However, it is inevitable that analogue broadcasters would be tempted to exploit this period to extract additional value from their extended FM licences. A licence extension periods of eight years is likely to imbue them with the means to slow progress towards radio's digital future and thereby exert undue influence over the wider market's development.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

Niocast believes that the current route(s) do provide a workable option for most new entrants to the market. Many are already pursuing a digital-only strategy and, with the rollout of small-scale DAB, will have the option of a low cost free-to-air broadcasting platform.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small-scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

Niocast supports the government’s proposal to update the legislation to allow for licence renewals to apply where a station has taken carriage on a small-scale DAB multiplex which covers substantially the same measured coverage area served by the analogue licence. It is appropriate to allow Ofcom to take a view on measured coverage areas because this will presumably have been taken into consideration during the Polygon planning process.

Arqiva submission to the DCMS Consultation on the Further Renewal of Analogue Commercial Radio Licences

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 1,500 transmission sites for broadcasting, providing coverage to over 99% 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.

Through our wholly owned subsidiaries, Now Digital Ltd and Now Digital (Southern) Ltd, and our joint ventures Now Digital (East Midlands) and South West Digital Radio, Arqiva operates 23 DAB digital radio multiplexes. These multiplexes cover a number of regions of the UK, predominantly in the Midlands, South West 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. DRUK works to promote digital radio via liaison with the UK supply chain, business-to-business and consumer marketing.

Our major customers include the BBC, Bauer Media, Global Radio, Wireless, ITV, Channel 4, Five, Sky, 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.

Summary

Arqiva is pleased to have the opportunity to comment on the DCMS consultation considering the renewal of analogue commercial radio licences.

The UK radio industry is in the middle of a material shift in the way that listeners consume radio. Over the last decade, not least due to the leadership that the government provided through the Digital Radio Action Plan, listeners have decisively shifted their listening towards digital services, notably DAB.

However, despite the good work by all stakeholders, there is still a significant amount of listening that needs to move to digital. DCMS is right to note that the radio industry needs a period of certainty and stability if it is to continue to invest to support the growth of digital. It is also important that DCMS does not do anything to undermine the investment and growth that it has already been delivered

As result we have three overarching points that we want to make in response to this consultation.

- We support the general principle of renewal of the radio licences and believe that a longer renewal period would best deliver the benefits that the Government is seeking.
- The logic and arguments that DCMS have used to justify the renewal of the analogue radio licences apply equally to the renewal of digital radio multiplex licences in the coming years.
- The principle of allowing an analogue licence renewal for moving onto a DAB multiplex continues to be sensible. However, the conditions under which that is permitted on small-scale DAB multiplexes should be made more precise. In particular, to avoid detrimental outcomes for radio listeners, services that are currently on **local** multiplexes should not be allowed to retain their renewed analogue licence if they move to a **small-scale** DAB multiplex

Responses to the specific consultation questions are below

Responses to questions

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

Readvertising radio licences at this time would be damaging to the radio industry and to listeners. This applies to both analogue radio and digital radio multiplex licences.

The move from analogue to digital radio is, understandably, causing changes across the radio industry. To be clear much of that change is welcome. Listeners have a far wider choice of both commercial and BBC radio stations than they had in the past. Through increased listening to digital listeners have shown that they appreciate the convenience and quality that digital radio provides.

It is also clear that both Ofcom and the Government are carrying out a lot of work in order to try to support the industry's progress in its journey to digital. The most obvious example of that is the Digital Radio Action Plan over the last decade.

While that policy activity is welcome it already requires significant effort from the radio industry in order to engage, adapt to, and successfully implement those changes. A decision to not change the legislation to allow further radio licence renewals would lead to those licences having to be readvertised. From a practical perspective a rebidding process for any radio licences at this time would be costly and disruptive to the industry. This would be unwelcome at a time when investment and focus is needed to continue the good work that is being done to expand digital radio.

A wider point is the detrimental impact on radio listeners from not changing the legislation. They are also adapting to the changes in the market. However, they also want stability in some aspects of that. Individuals and households that are considering moving to digital will wish to access the long-established digital stations that they have heard about and also continue to access their existing favourites from the analogue world.

If the national analogue and digital licences are readvertised it could mean that listeners lose some, or all, of the services that they value. That would erode trust in the radio industry as a whole at a time when there continues to be a need to convince listeners to upgrade their services from analogue to digital.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

When thinking about the length of analogue licence renewals it is important to consider the need to spend money on reinvestment capex in the event of longer extensions. In particular if broadcasters are granted any extension, but in particular longer extensions, that should come with a clear understanding and commitment from those broadcasters they will need to fund the capex spend that is required to meet licence commitments

Having said that, while any renewal is sensible a five year renewal may not provide the certainty required to fully deliver the outcomes that the government is seeking. On the digital side, more meaningful investments in digital infrastructure would be possible if there was a payback period of more than five years. While on the analogue side, as noted above, the reinvestment capex that may be required may make more commercial sense with longer licences

The particular context for the Government considering renewing, rather than readvertising, these licences is the impending switch off of analogue radio. As the consultation notes, the renewed licences would be subject to the two years' notice at the point at which a switchover date was nominated. This means that a longer licence extension does not preclude any specific date for analogue switch off.

While we should not pre-empt the outcome of the Radio and Audio Review that the Government and industry is carrying out it seems unlikely that there will be an analogue switch off by 2027 (which would be the date that a five-year analogue renewal would end). It is however possible that there would be a switch off in a decade from now i.e. before 2030 (the end date for an eight-year renewal).

In 2027 the logic for renewing the analogue licences for a further few years until switch off would be even more compelling than it is today. However, the risk of losing the licences would stifle investment and create unnecessary uncertainty. It would also cause disruption to policy makers as they looked to, again, amend primary legislation. This all points to the renewal of these licences for a longer period.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

Given the challenges facing the radio industry that DCMS have identified and the need to encourage digital take up, all national radio licences, both analogue and digital multiplex licences, should be treated similarly.

The points about disruption, cost to industry, investment, consistency, signalling, and distraction that DCMS make in relation to the impact of readvertising the national analogue licences are equally valid in the case of national digital licences. Together, the national BBC and commercial radio services are the core offering that listeners expect when they move to DAB. If those are not all available to listeners then it risks confusing those listeners and is likely to hamper the UK's move from analogue to digital.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

See our answer to question 2.

We would particularly draw out here the point that that longer licence increases the likely need for further capex investment. Therefore longer analogue licence extensions should come with the associated commitment to fund the investment required to fulfil the licence obligations.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

The Government is making good progress with its small-scale multiplex programme. Once those plans come to fruition it will provide a route for a significant growth in radio through the launch of new community and local radio services targeted in ways that are not possible today. In addition to this there is space available on a number of local multiplexes for new services to launch.

To be clear, even if the national licences (analogue or digital) are readvertised it would not lead to *further* services being launched – it would simply mean that there may be *different* services. In the case of these licences this is a zero-sum game with new services having to replace existing ones. Policy activity should be focused on those areas that genuinely open up routes for new radio services. This would grow the market as a whole, rather than just reordering it.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

While the principle of allowing analogue renewal for stations moving onto a small scale DAB multiplex is sensible, the conditions under which that is permitted should be made more precise. In particular services that are currently on local multiplexes should not be allowed to retain their renewed analogue licence if they move to a small scale DAB multiplex.

This loop hole would be created where services can find a combination of small scale DAB multiplexes that fulfil the criteria of covering “substantially the same measured coverage area” as their analogue licence but that is smaller than that covered by a local DAB multiplex. If they are allowed to retain their analogue licence in these circumstances this will remove DAB services from listeners who are currently benefitting from them.

It would be a perverse policy outcome if, in some areas, this policy change led to some households receiving fewer radio services than they receive today. This all speaks again to the point about trust in digital radio. If listeners buy a digital radio and then find that they no longer get coverage of that station even though it is still on air in nearby areas they will lose faith in the technology.

While the final decision on what is meant by substantially the same measured coverage area should be left to Ofcom we would suggest that DCMS put a back stop in the

legislation. This would be to ensure that listeners are not left without the radio services that they value following an analogue switch off. We would suggest that the legislation stipulate that in order to get an analogue licence renewal the digital service should be received by a specified proportion (to be determined through discussion with industry) of the listeners that receive it today.

Analogue Licence Continuation - Radio Clatterbridge

Radio Clatterbridge <studios@radioclatterbridge.co.uk>

16 February 2020 at 00:21

Reply-To: studios@radioclatterbridge.co.uk

To: analoguelicence@culture.gov.uk

Cc: [REDACTED]

Dear Sir.

As part of the consultation into analogue licence renewal, the DCMS have asked for views on the situation. Particularly for commercial stations.

Although we are a charity, not commercial, I wish to state Radio Clatterbridge's preference for renewal of our analogue licence to Option 3 - renewal of licences for a further 5 years.

We are a hospital/health park radio station from Wirral, Merseyside broadcasting on 1386AM medium wave band.

We would not find a switch to digital beneficial to us in the medium term. Costs would affect us greatly and we prefer not to convert our charity to a CIC at this stage - which I believe is a condition of transferring to the DAB platform. To do so, would cost us what would in effect be a large sum of money for us as a small charity radio station with annual turnover of no more than circa £6k.

I hope this is of some help in noting our views from a charity radio station perspective.

Kind regards

[REDACTED]
Radio Clatterbridge
www.radioclatterbridge.co.uk
[REDACTED]

17 February 2020

The logo for Nation Broadcasting, featuring the words "nation" and "broadcasting" in white lowercase letters on a dark blue background. The background has a colorful rainbow gradient at the bottom.

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Cowbridge
CF71 7DP

Tel: 029 2141 4100

BY EMAIL ONLY TO: analoguelicence@culture.gov.uk

Dear Sirs

Consultation response from Nation Broadcasting

About us

Nation Broadcasting is one of the largest commercial radio groups operating in the UK.

Its media portfolio currently contains 15 analogue licences (13 local, 2 regional) alongside 3 digital only radio services.

Alongside the operation of radio stations, the group also has extensive shareholdings in Local DAB multiplexes, owns one small scale DAB multiplex, operates a digital media company and a broadcast software company.

The group employs over 70 employees and is headquartered in Wales.

Question 1 What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

We support the continuation of the existing 'fast-track' licensing process for local and regional licences and the automatic further extension of local and regional licences for those providing a simulcast of analogue output on a relevant local DAB multiplex.

As the industry continues towards digital changeover, evidence from recent licence renewal suggests that the existing system works well. It is time efficient for the regulator and also for licensees. Those who do not provide a digital service are open to challenge using a process that could strip an incumbent following a 'beauty contest'.

In respect of widening choice and investment of local programming we suggest that an open process for all licences could result in a perverse outcome for consumers as it is possible that licensees in the smallest areas may attract no applicants at all or alternatively, existing licensees may use the process to adopt new station formats that remove or reduce existing commitments.

We believe that alternative arrangements should apply to National licences which have considerable scale and value and have not previously been open to competitive challenge.

Question 2 Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

Given that all analogue licences have the provision for termination on two years notice in the event of digital switchover and within Nation Broadcasting we already have analogue licences that expire in 2031, we find it surprising that DCMS is not being far more ambitious in proposing much longer licence terms or alternatively suggesting a date at which every licence becomes co-terminus (for example 31 December 2035) in order to give the industry a future marker for wholesale digital transition.

Question 3 We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

At the present time there is considerable value in holding analogue licences which is broadly proportionate to the population in the coverage area of the license.

In the case of the national INR licences, we believe that these should be open to a competitive process based on a highest cash bid.

Question 4 We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

Whilst we would obviously prefer an 8 year renewal period compared to five, we do not believe this goes far enough.

Within Nation Broadcasting we already have an analogue licence issued to 2031. It seems illogical to enter periods where renewals for existing licences will terminate before this.

Longer licences periods give generally more certainty and result in less administrative burden and cost for the licensee and the regulator.

We suggest that Ofcom renews licences for the longest period possible and takes the opportunity to make all licences co-terminus, say in December 2035 so that when the matter requires review again, perhaps in a decade from now, that the industry has aligned objectives.

Question 5 We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

We believe that our proposals would reduce the regulatory burden for Ofcom and that there remain considerable opportunities for new local entrants in the digital landscape, with plenty of capacity on most local multiplexes and with small scale DAB adding further opportunities in the coming years.

For operators wanting to enter the national marketplace, opportunities are much reduced. The largest three groups operate the existing national services – with minimal opportunity for new

national entrants. Arqiva awarded the most recent capacity on its SDL multiplex through a highest cash bid basis.

Given INR licences should already be awarded by the highest cash bid, we see no reason why this should not apply at the expiry of the existing term. Indeed, an open “auction” of the existing analogue services would offer a considerable opportunity for new entrants.

Question 6 We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

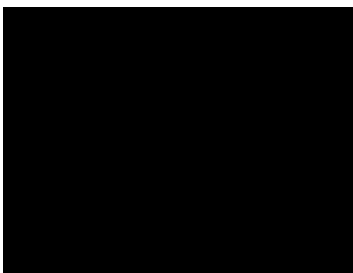
In this area we believe transparency is important and this should not be discretionary. We suggest that the definition of ‘substantially the same measured coverage area’ is not left open to subjectivity and should be based on population overlap. Stations should be able to apply for automatic renewal based on small scale DAB only if that multiplex meets the renewal requirement.

If there is a change in this area (to allow small scale DAB to qualify for analogue rollover), existing licences that have renewed on the basis of Local DAB should be able to switch to small scale DAB in the future, provided that the smaller multiplex meets the coverage requirement. DCMS should have due regard on the potential impact this change might have on the local DAB multiplex sector.

We also believe there should be confirmation that DAB+ is acceptable for licence renewal and clarity on whether any minimum bit-rate / capacity requirement applies.

Finally, we believe that stations should no longer be able to nominate alternative services for DAB renewal and that any future licence rollover should be restricted to a 100% simulcast of the relevant analogue service on the nominated multiplex.

Yours faithfully



Commercial Radio Analogue Licence Renewal Consultation

[REDACTED]@rsno.org.uk
To: "analoguelicence@culture.gov.uk" <analoguelicence@culture.gov.uk>

19 February 2020 at 16:59

FAO Commercial Radio Analogue Licence Renewal Consultation,

I am writing to support the renewal of the National Commercial radio license for one of our key partners - Classic FM.

As Scotland's National Orchestra we strive to reach every corner of the country to showcase the world-class talent and cultural offering we have here, and one of the ways we do that is over Classic FM airwaves. Not only does their support help us reach the homes of Scots - it takes us into millions of homes across the UK, often over an FM radio.

Our partnership is strong and built on mutual values such as encouraging more inclusivity in orchestral music, particularly when it comes to encouraging young people to engage with classical music. At the beginning of February Classic FM reported the fantastic news that every week 610,000 under 25s listen to their station. At the RSNO we are always striving for new ways to engage with young people whether it be through working with schools or by our generous free ticket offers for under-16s and soon to include under-18s. With great initiatives like the 'Classic FM revision hour,' there are clear ways for young people to find that as a new avenue into orchestral music which can lead them to explore RSNO concerts and activities across Scotland.

A major focus of the Royal Scottish National Orchestra is breaking down age segregation and tackling loneliness through our offers with gig buddies, social prescribing, inter-generational education projects, and so much more. Classic FM championing our work across their platforms allows us access to new people who may benefit from our support. For many older people an FM radio can be a source of company as they listen to their regular presenters across Classic FM; what can seem like a small part of a routine each day could mean a lot more to people who rely on that familiar voice and music.

The UK Government Department for Digital, Culture, Media & Sport is currently holding an [Open Consultation](#) on the Further Renewal of Analogue Commercial Radio Licences, and Option 3 in that consultation would 'allow the renewal of licences for a further eight year period for licences renewed under s103B and s104AA of the 1990 Broadcasting Act, with appropriate provisions for any stations that have not yet had licences renewed under s103B or s104AA.' We think that is the right option for the UK Government to pursue.

I am a great believer in investing in digital, especially in the arts where it can facilitate outreach on a massive scale, but we simply cannot turn our backs on FM especially when digital radio listenership only makes up 56.8% of all radio listening (RAJAR Q3 2019). Whilst strides are being made to be digital-by-default with car radios and new sound systems, we have to accept that for many people listening to music on FM is still part of their lives and that some may even find it favourable. Option 3 of the consultation, as the UK Government notes, could open opportunities for investment in digital for FM license holders.

Music brings people together and any steps to restrict access to orchestral music and classical music should be avoided wherever possible. This consultation must be given serious consideration, and I hope that as an elected Member of the UK Parliament you will join me in supporting calls for the renewal of Classic FM's license so that people across Scotland and beyond can enjoy access and resources to support their love for classical music, and to hear from Scotland's National Orchestra by one of our most loyal partners in Classic FM. If you have any questions about any RSNO activity, please do not hesitate to contact me.

Kind regards,



[Email](#)



Beethoven Revolution
Symphony No7

EDN FRI 21 FEB 2020: 7.30PM **GLW** SAT 22 FEB 2020: 7.30PM

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Royal Scottish National Orchestra, 19 Killermont Street, Glasgow G2 3NX
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Response from Ofcom’s Advisory Committee for Scotland (ACS) to the DCMS’s consultation on “The Renewal of Analogue Commercial Radio Licences”

‘The Advisory Committee for Scotland (ACS) advises Ofcom about the interests and opinions in relation to communications matters, of persons living in Scotland.’

This response from the ACS to this consultation draws on the knowledge and expertise of ACS members and is informed by our individual experience and through discussion at our meetings. It does not represent the views of Ofcom or its staff.

Background

Radio remains a popular and important medium for the people of Scotland, with over 80% of adults listening for an average of nearly 20 hours a week per person¹. There are some considerable differences in the listening habits of people in Scotland versus their UK counterparts and these are taken into account in our response to this consultation.

Historically, Scotland has always differed from the rest of the UK in its higher proportion of listening to local commercial radio, with some 35% of listening to these services. This compares to 26% for the whole of the UK.² Digital sources now account for over 55% of all radio listening in Scotland and 70% of people in Scotland now own a DAB radio in either their home or their car³. However, household coverage of DAB is lower in Scotland than for the rest of the UK on all multiplexes eg. on Scotland’s 2nd national commercial multiplex, operated by Sound Digital, DAB coverage stands at 69% versus 83% for the UK as a whole.⁴

All these factors indicate that any changes to the current commercial licences will have a bigger, and potentially more detrimental, impact on listeners in Scotland than in the UK as a whole.

Option 1: Do nothing. Not to legislate but instead to allow licences to expire and be re-advertised by Ofcom in accordance with the legislation

The ACS does not support this option as we believe that the time and money spent on any re-advertising process would be better invested in continuing to develop DAB coverage and further rollout of DAB, with a view to all radio stations being in a much healthier position to switch, as and when a date for total digital switchover is announced. Furthermore, the additional costs of this process for existing local radio stations comes at a time when commercial advertising revenues are fairly static.

We would also be concerned about the potential impact on radio listeners in Scotland who have already experienced reductions in locally produced programming, with the recent change in Ofcom’s localness guidelines, allowing local FM stations greater flexibility about

¹ <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/media-nations-2019/media-nations-2019-interactive-report>

² Ibid

³ Ibid

⁴ Rajar Q1 2019

where programming is produced & presented. This has resulted in some of the most popular Scottish commercial stations replacing local programming (and local presenters) with networked programmes hosted from London. It would be a further blow to these listeners if the licences for their current favourite stations, particularly those still offering a significant amount of local content, were allowed to expire.

Option 2: Allow the renewal of licences for a further five year OR Option 3: Allow the renewal of licences for a further eight years.

The ACS considers it difficult to judge whether the five or the eight-year option would be the most appropriate, without having any clear indication of when digital switchover is likely to happen. We assume that this will become clearer following the Government's forthcoming joint review of the digital distribution of content with the key stakeholders in the radio industry, which was announced in May 2019.

However, given the information currently available, the ACS considers that Option 3: Renewal for a further eight years, is the most desirable option.

This is for a number of reasons. Firstly, the length of time that it takes to process the required paperwork and administration relating to potential licence renewal, means the five-year option does not give stakeholders enough time to plan ahead. Secondly, many of the smaller Scottish independent stations, who may not currently be broadcasting on DAB, need the reassurance that they will be able to continue to broadcast on FM for a reasonable period, while they consider, and plan for, their DAB options moving forward.

Finally, the ACS considered the argument from DCMS that lengthy licence terms could *"disproportionately benefit existing licence holders, particularly the larger groups who could conceivably choose to try and slow progress towards a future digital radio transition, in order to extract additional value from their FM licences"*.

The ACS does not agree with this argument. The smaller independent Scottish radio licence holders who collectively broaden the range of radio listening across Scotland, favour a minimum eight-year licence extension, on the basis of cost, stability and planning/investment in DAB switchover. The ACS supports this position. Indeed, the ACS considers that the shorter five-year extension might actually favour the "larger groups", because their stations are already established on DAB and they have a clearer future roadmap for their radio stations, as compared to those who are not yet in a position to embrace broadcasting on DAB.

**Ofcom's Advisory Committee for Scotland
16 February 2020**



Response to the DCMS Consultation on the Further Renewal of Analogue Commercial Radio Licences

About the HBA

HBA is a charitable incorporated organisation supporting and promoting hospital, health and wellbeing broadcasting within the UK that provide services to patients in over 350 hospitals and other healthcare facilities, as well as a number of residential homes.

With the NHS focusing on treating people outside of the hospital environment, hospital radio is now serving, or are looking to serve, hospital waiting areas and those patients receiving care and treatment in their own homes and to promote health and well-being and the benefits of living a healthier lifestyle to the wider community. The HBA sees hospital, health and wellbeing radio stations as a huge support to the NHS in helping it achieve its objectives in their NHS Long Term Plan with many of our members planning to, or have already adopted, this new model charitable object.

(2) the advancement of health and prevention or relief of sickness for the public benefit through the promotion of the benefits of living a healthy lifestyle, and the importance of maintaining good personal mental and physical health by (mainly, but not exclusively) the means of broadcasting health education messages to people living in [stipulated area].

Consultation Questions

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

If the legislation were not changed and Ofcom went through a lengthy retendering process there could be an unintended consequence on Ofcom's ability to licence small-scale DAB and while commercial radio stations will already know their licence is up for renewal they will be expecting this and would have already planned and budgeted for it. There would be some significant changes for the radio sector with services being available on DAB and not analogue, this will happen anyway and will free up FM for community radio and small commercial radio stations which will widen choice for listeners with more local programming that has to be good for local communities. Auto-renewal will almost certainly push back any intent for a station to transition to digital.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

Surely, now is the time to ask commercial radio to think do they really need an FM frequency if they are already simulcasting on DAB, who have been preparing for this for almost 10 years. This would further progress the transition to digital and investment in the DAB network and free up FM for other uses.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

No Answer

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

See answer to question 2

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

Further licence renewals will benefit the incumbent licensees by eliminating the effort of rebidding for their licence and Ofcom from going through a lengthy retendering process which will enable them to focus on the licencing of small scale DAB enabling community, small commercial radio stations in the transition to digital and new entrants into the market giving listeners more choice and more local programming.

The downside is that it is unlikely that new entrants will bid for these commercial analogue licences as we have seen in the past smaller operators have either been bought by larger radio groups or have closed down, while the costs of operating a commercial radio licence is seen as unsustainable for most not-for-profit groups. If the switch to digital was made sooner, rather than later by those commercial radio stations on FM which are already firmly established on DAB, this would free up the spectrum earlier for more community licences to be offered and allowing new entrants and for those hospital radio stations looking to provide a health and wellbeing radio service into the market. On the other hand, the auto-renewing of commercial radio licences would push back any further rollout of community radio licences for up to eight years.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

No Answer


20th February 2020

Supporting • Informing • Representing • Developing

HOSPITAL, HEALTH & WELLBEING BROADCASTERS ACROSS THE UK

[Redacted]

Radio licence renewal consultation

TO: [Redacted] <[Redacted]@ukgovwales.gov.uk>

21 February 2020 at 10:39

Hi [Redacted],

Your email to [Redacted] has been forwarded to me for response; I am now the policy lead for Broadcasting in the Wales Office.

As you say, there is nothing specific in terms of Wales. In general terms, Options 2 and 3 would seem to be sensible approaches, with Option 3 allowing more time for smaller enterprises to make the move to DAB.

Kind regards,

[Redacted]



[Redacted]
Office of the Secretary of State for Wales
Swyddfa Ysgrifennydd Gwladol Cymru


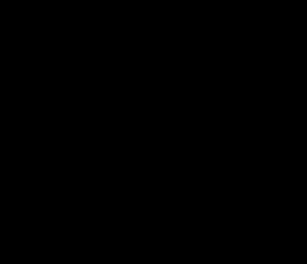
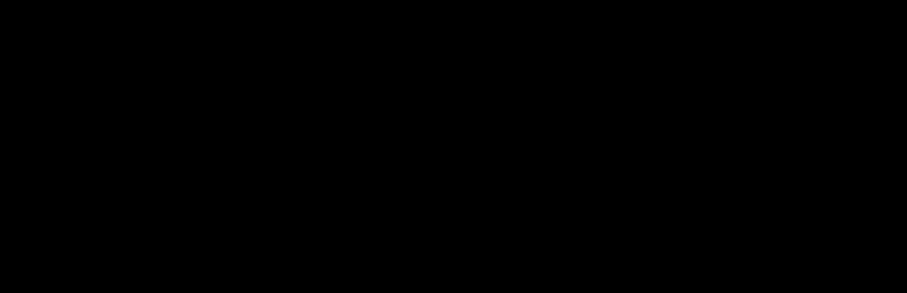
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Mae'r e-bost hwn (ac unrhyw atodiad) wedi'i fwriadu at sylw'r derbynnydd (derbynwyr) yn unig. Ni chaniateir i unrhyw un ei ddefnyddio, ei ddatgelu, ei gadw na gwneud copi ohono heb awdurdod. Os nad chi yw'r unigolyn y mae'r e-bost wedi'i fwriadu ar ei gyfer, dilêwch bob copi, os gwelwch yn dda a rhowch wybod i'r anfonwr drwy anfon e-bost yn ôl. Nid yw anfon negeseuon e-bost ar y rhyngwyd yn ddull diogel o gyfathrebu. Gallai rhywun arall agor a darllen unrhyw ymateb i'r neges hon. Cofiwch hyn wrth benderfynu anfon deunydd mewn ymateb i'r neges hon drwy e-bost. Gall y Weinyddiaeth Cyfiawnder fonitro, cofnodi a chadw'r e-bost hwn (pa un ai chi yw'r anfonwr ynteu'r derbynnydd). Mae'n bosib y defnyddir meddalwedd monitro / atal negeseuon e-bost, a gellir darllen cynnwys yr e-bost ar unrhyw adeg. Mae gennych gyfrifoldeb i sicrhau nad ydych yn torri unrhyw gyfreithiau wrth greu neu anfon negeseuon e-bost a'u cynnwys ymlaen. Wrth adael Mewnwyd Ddiogel y Llywodraeth, nid oedd unrhyw feirws yn gysylltiedig â'r e-bost hwn. Mae'n ddigon posibl y bydd unrhyw ohebiaeth drwy'r GSi yn cael ei logio, ei monitro a/neu ei chofnodi yn awtomatig am resymau cyfreithiol.

FAO Commercial Radio Analogue Licence Renewal Consultation
Media Team
DCMS 4th Floor,
100 Parliament Street,
London.
SW1A 2BQ

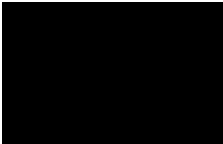
21st February 2020

Dear Sir / Madam

Reference: Commercial Radio Analogue Licence Renewal Consultation

Please find below our comments on the above consultation process. Please do not hesitate to contact me if you require any further clarification on the responses provided.

Yours faithfully



Communicorp UK response to Commercial Radio Analogue Licence Renewal Consultation

Background

Communicorp (CCUK) operates a total of 12 Ofcom analogue licences with radio stations covering primarily the North of England, Central Scotland and Wales under the brands of Capital, Heart, Smooth and XS Manchester. Our stations have a combined weekly listenership of over 3.3 million and listener hours in excess of 23 million (Source: Q4 2019: RAJAR).

As a Group of companies, we have made a significant investment in DAB over the past six years and except for 2 radio stations, Heart North Wales and XS Manchester all our stations have matching DAB coverage across 19 different local multiplexes. XS Manchester is carried on the Manchester small-scale DAB multiplex due to capacity constraints on the local Manchester DAB multiplex.

Response to Consultation

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

By way of background, in 2019 local radio revenue declined by an estimated -15% (ARRI) as revenues continued to migrate to online advertising in a trend that is likely to continue over the next few years, whilst National advertising spend on radio remained relatively stable in the same period at an estimated +1% (ARRI) growth year-on-year. The decline in local advertising and relative strength of national advertising has increased local radio stations reliance on their ability to generate national sales through strong national sales representation, whilst increased numbers of national digital only stations have provided both competition and choice for listeners.

Against this market backdrop local radio stations have come under increasing financial pressure and competition for a share of listening time across a variety of platforms whether national DAB , online, Spotify, Podcasts etc. If the legislation is not changed the additional pressure and uncertainty of a rebidding process will do little for the financial stability and investment in local commercial radio which as a sector has seen a number of mergers over the past few years as smaller stations extract value and seek financial security within larger groups such as Bauer or Global.

A new entrant to the market and potential bidder would need to consider when applying for an analogue licence: paying the upfront costs of the bid; promotion of the new station; expenditure on local DAB; the ability to generate sufficient National Sales revenue; investment in local programming and if changing its format /output, the potential loss of listeners and revenue. At the same time as meeting these challenges the industry and audiences will continue to migrate to a digital future with a reducing analogue listener

base. At this point in the analogue licence life cycle we would suggest that investing in individual local commercial radio stations would be unattractive compared to investment in other available platforms. This being the case it is most likely that any rebidding process would be either won by the incumbent licence holder (as per the majority of previous renewals) or by an existing or larger radio group which can leverage its operational support structure and network programming, in turn reducing the probability of increased local programming investment. If the incumbent licence holder retains the licence, then the process has achieved little in the way of change except uncertainty, unnecessary cost and delays in investment, whether programming or technical at a time when revenues are under pressure.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

The following graphs enable us to compare the change in audience listening hours on a national level (Figure 1) to the change in listening hours for the CCUK group of stations (Figure 2) which is made up of primarily regional and local stations. Whilst digital listening hours at a national level now exceeds 56% (Q3 2019 RAJAR) buoyed by new national DAB stations, CCUK’s local and regional station picture is of a somewhat slower conversion rate at just under 35% (Q3 2019 RAJAR)

Figure 1

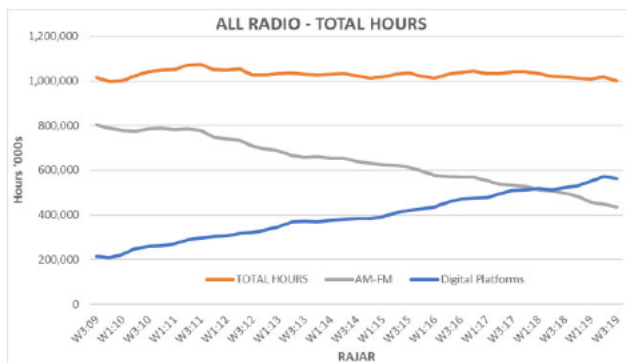
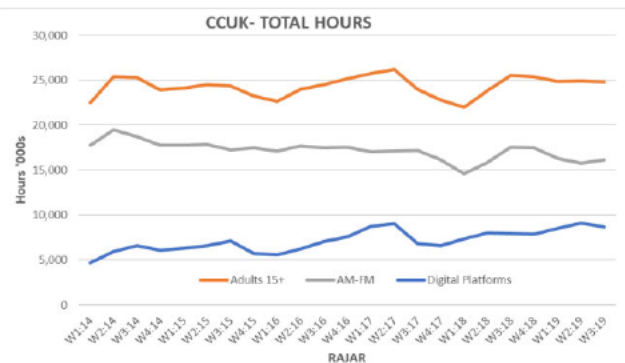


Figure 2



Whilst it is clear that CCUK local and regional audiences are transitioning, growing from 21% in Q1 2014 to 35% in Q3 2019, audience conversion is at a slower rate than the national picture and without any obvious accelerators it is unlikely to reach a tipping point in just five years, we would therefore contend that if the licence renewal period was agreed for five years it would probably end in a similar consultation process as being currently undertaken.

Given the current migration of analogue to digital it would see more appropriate to roll forward licences, providing they remain on DAB, for an indefinite period until Digital Switchover can be agreed or at the least for a sufficiently long enough time to see the migration of local commercial stations to a majority of digital listeners. If a timeframe is required, we would advocate the normal licencing period of 12 years, rather than a seemingly arbitrary 5 years.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

No comment.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

See response to Question 2 and our advocacy of a longer period than 8 years. If the choice is between 5 and 8 years, then we would urge the latter. For the reasons set out in Question 1 we do not believe there would be any disadvantage to the radio industry and more importantly to its audience of allowing a further renewal period and this would allow a more stable investment environment for local commercial radio.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market

Following the changes in localness regulations and reducing local revenue the industry has seen a considerable amount of consolidation in recent years as smaller stations/ groups of stations merge with larger industry players to maximise value and ensure the future of their stations. Given market conditions, a requirement for strong national sales representation and the cost of local multiplex DAB we do not foresee an attractive commercial route for new entrants to apply for individual analogue FM licences at the same time as their audiences migrate to digital platforms and local revenue is declining.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

The cost and commitment of providing DAB coverage on a local multiplex is significant to any radio station and smaller radio stations have been deterred from broadcasting on a DAB platform due to the high associated cost and monopolistic pricing position of multiplex owners. Widespread small scale DAB coverage would be a cheaper and more effective way for smaller local licences / stations to broadcast on a digital platform. The benefit of a small-scale DAB licence renewal would strongly encourage the adoption of the DAB platform by smaller commercial stations providing a pathway to accelerate the transition of audiences and the industry to a digital switchover.

It is not however clear which small scale DAB areas will be licenced and therefore what coverage levels of existing analogue stations would be provided. Given potential gaps in small -scale DAB coverage in any given area it may be difficult to identify a specific ratio of a licences measured coverage area (MCA) to apply and therefore some discretion should be allowed to Ofcom on deciding whether a licence can be renewed based on the given circumstances. We would also advocate the ability for licence holders to elect the use of a combination of small -scale DAB multiplexes to achieve any prescribed % coverage of the MCA as a basis of renewal, particularly where the coverage offered is anomalous to the analogue station’s MCA.

We would also ask that consideration of the licencing of small-scale DAB areas, where frequencies may be limited, are prioritised where coverage provides a closer fit to an existing FM stations MCA and where broadcasting on the local DAB multiplex is an inappropriate fit or cost prohibitive.

DCT Media Response to Ofcom Consultation on the Further Renewal of Analogue Commercial Radio Licences

D.C. Thomson entered the commercial radio market as an operator following the acquisition of Wave 102 in 2017, since then we have acquired original 106 in Aberdeen, Kingdom FM which broadcasts across Fife and in November last year launched Pure radio Scotland, a central belt DAB only station. All stations simulcast on the internet.

This consultation provided the impetus to look at a number of current listening trends, consider a variety of future outcomes and a deeper look into the management of DAB multiplexes.

Our own market analysis agreed with a number of key points in this consultation amongst other key findings viz :

1. Analogue in the short to mid -term remains a key listening platform
2. DAB coverage still needs to be improved geographically, particularly around Scotland
3. At just 42% in car DAB listening needs to be at least 70% or more before any regulated switch over is triggered.
4. We acknowledge that fact that 92.9% of all new cars sold now have DAB fitted, however with the exception of a few main stream manufacturers many in car DAB radios are far from user friendly, particularly older car models of five years or more.
5. Whilst almost 93% of all new cars are fitted with DAB as standard, the same if not higher percentage of new cars continue to be fitted with analogue radios as well.
6. There is a possibility that analogue only fitted cars could stay on the roads longer in what govt refers to as the 'hand me down' culture where cars are being given longer leases of life. This is also likely to be true of the dual radio fitted cars being produced today and the risk of both these being leap frogged by electric cars where web/stream or app based solutions are being placed smart car display I place of conventional radios. Example Tesla.

Question 1 . What is the Likely impact on the radio sector if legislation is not changed? In particular what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio and rebidding for the licenses?

We agree with the consultations observations in this regard, to allow the licence renewal as is currently structured would be costly and unnecessarily time consuming for all parties with little or no change at the end of the process to the current landscape.

So we agree with the assessment that at the very least a further five year renewal would give all commercial radio licenses the visibility to operate until at least 2027, an eight year extension would be more preferable.

Question 2 . Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital and encourage continued investment?

We feel this would be the very least workable time scale to enable a safe and co-ordinated time scale to a DAB future. Not only does this provide an extended time frame to continue investing and planning for a digital future but it would also facilitate more up-take from listeners still wedded to analogue (circa 40%) to navigate towards digital.

Question 3 we would also welcome views on whether all analogue licenses should be treated in the same way or whether the renewal of national licenses should be treated differently to local licenses?

We do not hold any particular views around this question.

Question 4 we would welcome views on the advantages and disadvantages to the radio industry and the individual stations of allowing a further eight year renewal?

An eight year time frame gives the best and most likely outcome of success with an improved coordinated migration to further DAB successes. This will also have enabled the sector to assess the true impact of SSDAB and the role it might play in the process.

Crucial to this revised time line is a route and branch review around the behaviour and administration of DAB mux owners to ensure a pathway is created to facilitate new entrants to the market or at the very least allow access to DAB access to existing/current analogue operators. For example – 'a right of passage' similar to the access having being granted to Community stations around SSDAB.

Question 5. We would also welcome your views and evidence on the impact of further license renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market?

Taking the latter part of this question first, we do not feel the current multiplex administration works or facilitates new market entrants, in fact we feel it has the direct opposite effect particularly where the area mux owner also owns the local radio service.

For example we were refused access on Morayshire DAB Mux which has been flooded mostly by the owner operators own radio services, this is not unique to this area. This was despite the fact they had recently created more space for further expansion for their own services. When combined with lack of new commercial FM licenses in recent years, we have no route to market, barring streaming which is not mature enough yet to sustain the investment.

In terms of the wider question we do not feel any of the current routes provide the opportunity for new market entrants, we feel this to be the case on FM in particular given the past twelve or so years during which licensing on FM has almost exclusively been limited to community radio. The opportunities on DAB are sparse, especially in areas where the mux owner has flooded the space with their own services. This is the case in most cases across Scotland. **Small scale DAB will not be commercially viable for most commercial operators due to its lack of scale and inability to reach a commercial/viable advertising audience.**

Question 6 . We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom's discretion?

We would agree that those small scale commercial radio stations that choose to take space on small scale DAB multiplexes should benefit from an automatic license rollover as is enjoyed by larger radio licence holders whom also TX on regional DAB muxes. However, we would reiterate the earlier view that SSDAB will for most commercial operators be too small and fail to reach a sufficient enough audience to create a viable advertising proposition.

We do not feel there should be any coverage restrictions or mapping in terms of measured coverage area and that operators should be free to take commercial decisions based on how best to reach their audiences on the muxes of their choice.

Ends



Consultation on the Further Renewal of Analogue Commercial Radio Licences

February 2020

About Global

Global is home to respected, national & local market-leading media brands including Capital, Heart, Classic FM, LBC, LBC News, Global's Newsroom, Smooth, Radio X, Capital XTRA, Gold and Global Player, which allows listeners to enjoy all of Global's radio brands, award-winning podcasts, and expertly-curated playlists, in one place in app, on the web and on smart speakers. We broadcast from 14 broadcast centres across the country, entertaining 25 million listeners on the radio across all the nations and regions of the UK every week.

Global holds 76 local analogue licences and one national analogue licence, Classic FM. Global is a strong supporter of DAB digital radio. Almost all our analogue stations are simulcast on DAB and have therefore been granted analogue licence renewals.

In the last 5 years alone, Global has invested over ██████████ on DAB transmission and digital radio services, including launching 8 new national digital DAB stations – Heart 70's, Heart 80's, Heart 90's, Heart Dance, Capital Xtra Re-loaded, Smooth Chill, Smooth Country and LBC News. In addition, over the same period we have invested some ██████████ in online and mobile applications, platforms and services including Global Player and DAX, the Digital Advertising Exchange.

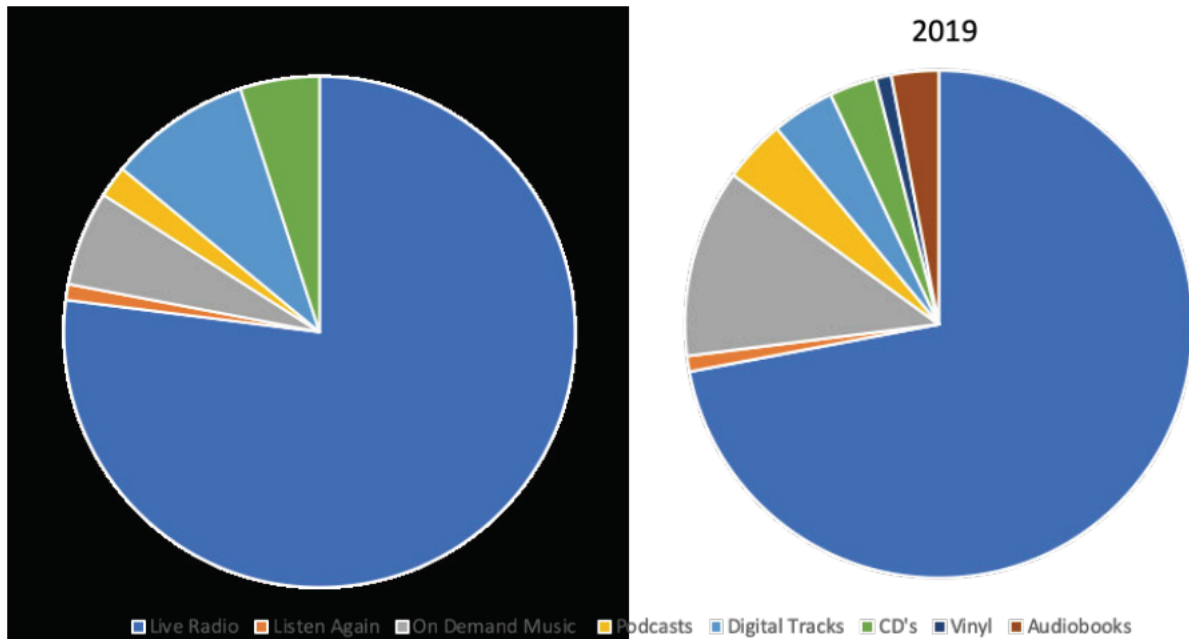
Classic FM is the first analogue licence due to expire (of all radio groups, not just Global) which has been renewed on the basis of providing a DAB service. As the UK's most popular classical music brand Classic FM reaches 5.5m listeners every week. More than that, it occupies a unique place within the commercial radio landscape. Since its launch in 1992, Classic FM has aimed to break down the barriers to classical music and in so doing, introduce entirely new audiences to the genre. The station constantly looks to grow its listener base through ground-breaking new initiatives like Classical 100 and Music Teacher of the Year with the Department of Education and partnerships with orchestras across the UK.

Challenges facing the industry

Commercial radio remains a much-loved medium in the UK, with 64% of people tuning in to a commercial radio station every week. But like all media, the UK radio sector must invest and adapt to remain competitive in the digital age.

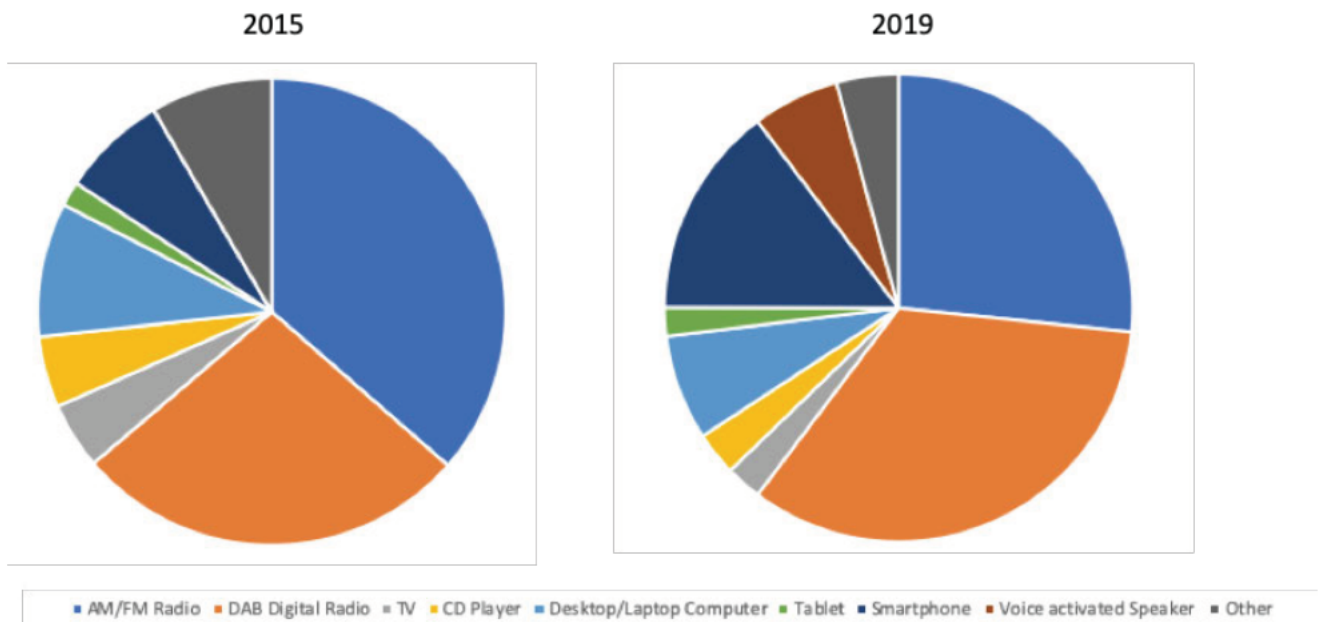
Since Government last consulted on analogue licence renewal in 2015, people are consuming audio on more platforms and more devices and there is fierce competition for audiences between on-demand streaming, podcasts, live and catch up radio. Listening to on-demand streaming services such as Spotify, Amazon and Apple Music have nearly doubled their share of total audio listening in the UK since 2015, as shown below.

Chart 1: Total audio listening by type of content (source: MIDAS)



Increased connectivity and new technologies like smart speakers and connected cars are also enabling audiences to access audio through multiple platforms and devices.

Chart 2: Total audio listening by device (source: MIDAS)



Research commissioned jointly by the BBC and the commercial sector last year suggests that these trends will accelerate in the future as more consumers adopt

new technologies. [REDACTED]

[REDACTED] The UK radio industry is working hard and investing heavily to develop content and technology to maintain and grow audiences in the face of increasing competition. This multi-platform approach is essential to ensure that UK-originated content, including high quality local, national and international news, remains available and easily accessible by all listeners.

Listening to digital radio continues to grow, but rather than a simple migration from AM and FM broadcasting to DAB, it is now clear that listeners are taking advantage of a wide range of different platforms. Digital platforms now account for 59% of all radio listening, up from 38% five years ago. Listening to IP connected devices has grown rapidly since the launch of smart speakers such as the Amazon Echo and Google Home and now accounts for 13% of all radio listening.

DAB remains a critical platform and has now surpassed FM as the largest single platform for radio listening. The research suggests DAB will continue to be the most important single platform for radio listening in the UK for at least the next 15 years, and the industry has responded accordingly and there are now 492 stations broadcasting on DAB, including the BBC and national and local commercial stations.

Summary of Global's Response

Renewing analogue licences while the commercial radio sector invests in a successful migration to digital has proven to be a highly successful policy to date and has been an essential intervention in the development of digital radio. Global alone has invested over [REDACTED] in the last 5 years in DAB broadcasting and in launching new digital stations, in addition to over [REDACTED] in online and mobile applications, platforms and services including Global Player and DAX. This level of investment would not have been possible without certainty over analogue licences.

It would be very damaging for Government to make a fundamental change in policy at this point as it would remove the financial underpinning and certainty that enables this continued investment in digital. The sector continues to invest very substantial sums in broadcasting on DAB, launching new digital stations and working together to improve coverage. Re-advertising analogue licences would be disruptive for listeners, lead to a reduction in investment in content and marketing and operators would be forced to divert resources to re-applying for licences. Failing to renew analogue radio licences at this point would do material and possibly irremediable damage to an important sector in the UK creative industries, a sector that has managed to re-invent itself and succeed in the last decade.

Renewing analogue licences will not materially impact the ability of new entrants to launch services. It has never been easier for new operators to launch radio stations either online or on DAB. As noted above, DAB is now a more important platform in terms of listening hours than FM. DAB capacity remains available on many local

multiplexes, and more will become available over time as established stations move from DAB to DAB+ (as many of our national stations now have) and as small-scale DAB multiplexes continue to develop.

Digital listening is growing rapidly but based on current trends, analogue platforms are still likely to account for c20% of all radio listening in 2026, the date by which the first analogue licence would expire (Classic FM) if only renewed for 5 years. Government last consulted on analogue licence renewal in 2015. At the time the industry argued that a 5 year renewal would not be sufficient and Global still firmly believe that licences need to be renewed for sufficient time to manage a successful and listener-led migration to digital.

We are pleased that the longer-term framework for regulatory and legislative requirements for commercial radio are being considered as part of the Digital Radio and Audio Review, and we are committed to working with Government and other industry stakeholders on the Review.

We welcome the Government's continued recognition that it is in the best interest of listeners to renew analogue commercial licences, thus avoiding a significant reduction in investment in content, marketing, and in the development of digital stations and services that would only be bad for listeners.

Global remains strongly of the view that:

- Option 1 - do nothing - would amount to a reversal of Government policy in promoting investment in digital radio and would do irreparable harm to the commercial radio sector.
- Option 2 - renewing analogue licences for a further 5 years - does not provide sufficient certainty for the sector and will result in the issue being revisited again in the near future.
- Option 3 - renewing analogue licences for a further 8 years - is the absolute minimum. Extending licences until switchover would provide the industry with the certainty needed to continue to invest for growth, particularly in digital radio but if this is not possible, renewals should be for at least 8 years.

Response to Consultation Questions

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

If legislation is not changed, then local licences and all three national analogue licences which have taken DAB renewals will be re-advertised when they expire, with the majority of licences expiring over the next few years, starting with Classic FM which expires in February 2022. Over 60% of all analogue commercial radio licences in the UK have taken advantage of these licence renewals, with a combined audience of over 29 million listeners.

In these circumstances, both listeners and the industry would face an extended period of uncertainty during which focus would be on rebidding for existing licences. It would also create an unnecessary regulatory burden on OFCOM who would have to manage the complex renewal process.

We calculated that it would cost approximately ██████ to apply for a national licence and on average between ██████ and ██████ to apply for each of the larger local and regional licences. This exercise could therefore cost the industry in excess of ██████, not including the cost of unsuccessful applications, which could be catastrophic at a time when the local advertising market is declining.

The costs associated with applying for licences in an industry with revenues of around £700m¹ is therefore very significant, but the negative impact of the uncertainty resulting from the need to reapply for existing licences would be an order of magnitude greater.

While this is hard to quantify, it is self-evident that companies with an uncertain future won't be able to invest in content or new services, including digital radio, in the way they have to date. This would reduce competition and have a profound and negative impact on listeners.

There is no evidence that there would be a widening of choice if analogue licences were not renewed. In general, where licences have been re-advertised, Ofcom and its predecessor the Radio Authority, have tended to re-award licences to the incumbent licence-holder except in exceptional circumstances.

New operators who wish to invest in launching new radio stations are able to do so on DAB and online platforms. The opportunity to build a viable business on digital platforms has become more and more attractive as digital listening continues to grow and DAB is now a more important platform in terms of listening hours than FM. Further, more DAB capacity will become available over time as established stations

¹ <https://www.radiocentre.org/the-audio-market/ad-revenues-and-forecasts/>

move from DAB to DAB+, a process that's already well underway, and as small-scale DAB multiplexes continue to develop.

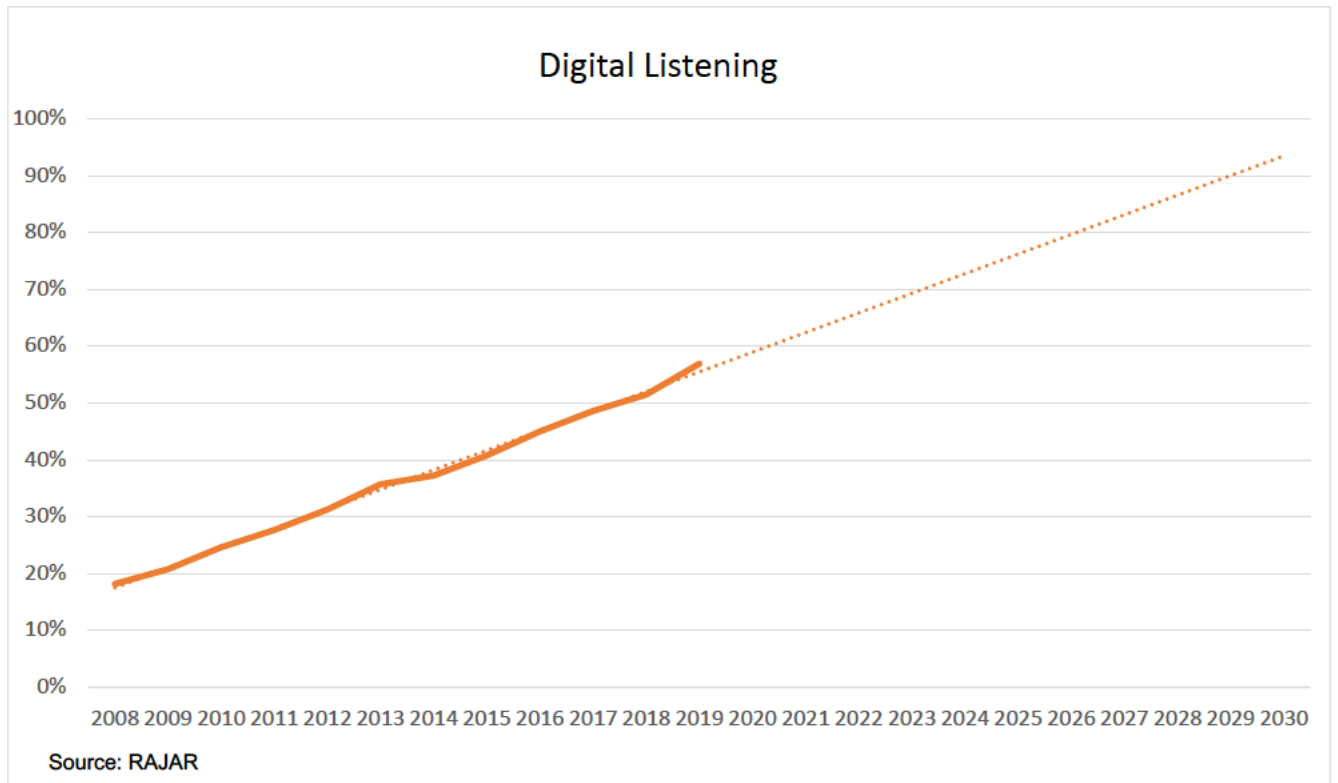
If, however, there were a wholesale shake up of licences with stations coming off air entirely or moving to a different frequency, the impact on the industry would be truly devastating. Listenership to commercial radio would collapse, as would advertising revenues, with advertiser confidence in a fragile sector permanently and irreparably damaged. With fierce competition for listeners and advertisers across all platforms and devices, listening hours and revenues lost as a result of such disruption would almost certainly not return. Listeners and advertisers would simply migrate to other services and other media. Investment in UK originated content would suffer.

Most crucially, stations taking over analogue licences would have no incentive to invest in DAB transmission, unlike today's stations benefiting from renewals which are required to broadcast on DAB as well as analogue. This would have a negative impact on the sector's ability to manage a successful migration to digital and would halt the current growth of DAB and investment in new DAB only stations in its tracks.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

We don't agree that 5 years would provide sufficient certainty.

The chart below shows that if past trends are extrapolated, digital listening will account for around 80% of all listening by 2026, which is when the Classic FM licence would next expire if only renewed for 5 years. It remains unlikely, by the Government's own admission, that a digital switchover is likely within this time frame, which means the industry, Ofcom and government would face further uncertainty and the disruption of repeating this process again in the near future.



Last year, Margot James, MP, then Minister for Digital and Creative Industries at the Department for Digital, Culture, Media and Sport, said: *“A consideration about the future of radio can no longer be seen as just a binary decision about a switch from an analogue to a digital broadcast platform. A review must have a much broader focus to reflect the growing challenges arising from IP based audio content delivery and how this affects future decisions on radio distribution.”*

Analogue licence renewals are an essential ingredient of the policy to encourage and support the sector’s investment in digital platforms and services. 5 years is not sufficient time to give licensees certainty over the transition to digital, and in all likelihood a renewal of 5 years (which in practice means 4 years since Ofcom are obliged to process renewals before the current licence expires) would necessitate a further renewal process in 5 years’ time.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

We do not think there are any reasonable grounds to treat some licences differently from others. All of the arguments above apply to both national and local licences. To provide for a further renewal of local licences but to exclude national licences would be irrational and unreasonable, not least in view of the very substantial investment the operators of all 3 national analogue licences, Global, Bauer and Wireless, have made in digital radio.

An auction of INR frequencies would be highly disruptive for the industry but also, and more importantly, for listeners. An auction process would not necessarily be straightforward or predictable. DCMS will be aware that the process for awarding the original INR licences by auctions in the 1990s was far from straightforward:-

- INR1 was initially awarded by the Radio Authority to Showtime, a showtunes station which had bid almost twice as much as Classic FM, but which was unable to secure sufficient financial backing to launch a service.
- The highest bidder for INR2, which bid approximately twice as much as Virgin Radio, was rejected by the Radio Authority as the Authority was not satisfied that the bidder could sustain the service.
- The original INR3 licence-holder, Talk Radio, was not commercially successful and the station was taken over and relaunched as Talksport.

A repeat of this process would create significant disruption for listeners and uncertainty for the sector at a time when it needs to maximise investment in digital.

The fact that national analogue licences were originally awarded by auction, rather than a “beauty parade” is not grounds for treating national licences differently. It is certainly not the case that an auction for the INR licences would raise significant sums of money for Government.

Ofcom conducted robust analyses of the likely bidding strategies of both incumbents and new entrants when the 3 national licences have been extended or renewed in 1999, 2006, 2010 and 2017. In the case of the INR1 licence held by Classic FM, these reviews resulted in the cash bid and percentage of qualifying revenue (PQR) payable by the licensee increasing in 1999 before being decreased in 2006 and 2010. The reductions in cash bid and PQR reflected the growing share of listening to the station on digital platforms (reducing the value of the analogue licence) and the significant challenges which a new entrant would face in establishing a new station in the market.

Ofcom’s analysis takes account of the fact that an incumbent would only bid just enough to outbid what it thought a new entrant might be able to bid, and that a new entrant would need to take account of set up and capital costs, including new studios and much higher launch marketing costs on top of the people, operating and transmission costs that all stations incur. It also takes time to build commercial momentum and generate advertising revenues for new stations, while a new applicant who is not an existing operator would also need to build a national sales infrastructure from scratch.

DCMS will be mindful of that fact that expressions of enthusiasm from commentators or smaller radio operators for bidding for a national analogue licence is not the same as having the financial, commercial and operational backing in place to launch and operate a station successfully, the economics of which are much more challenging than they may appear.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

Global supports renewing licences for 8 years, as the absolute minimum period of time necessary to give the industry sufficient certainty to continue to invest.

As discussed above, based on historic trends digital listening is likely to reach 80% of all radio listening around 2026, and to reach 90% towards the end of the current decade.

All analogue licences which are renewed can be terminated on 2 year's notice following a Government decision on switchover, so there is no reason to limit renewals to a short period.

Investment horizons operate over much longer periods of time than 5 years and legislation should be sympathetic to this. In order to secure the ongoing investment needed, companies need to have certainty over their medium to long-term future so that investors can have the necessary confidence in the stability of their businesses.

Government's principle has been and should continue to be, to encourage and facilitate investment in digital – something the industry has significantly invested in and continues to fully support. This means renewing analogue licences for a sufficient time to give operators the confidence to continue to invest and avoid the need for distracting relicensing processes and the uncertainty that would ensue.

We firmly believe that licence renewals should be longer than 8 years in order to give licensees confidence and remove the requirement to repeat this process again in a few years' time. Ofcom currently awards new analogue licences for 12 years. 8 year renewals should therefore be seen as the absolute minimum and we would urge government to seriously consider a 12 year renewal in this process.

There is no basis for arguing that longer renewals would give operators an incentive to limit their investment in digital or to "drag their heels" on digital. Global, and other operators, have invested far more into DAB and other digital platforms than is required to maintain their analogue licences. There is no evidence that this investment would not continue provided that operators have certainty over their licences.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

The radio sector is incredibly competitive, with even more opportunities to enter the market than there were five years ago. Whereas stations previously only competed with one or two other commercial stations plus the BBC, the audio market today is

much wider, comprising not just analogue stations but digital stations, online streaming, podcasting, online video and other new services. Smart speakers open the market up further, with literally anyone able to start a station on these platforms.

As for DAB, in 2015, there were 14 national commercial stations on DAB. By 2019, this had risen to 34, an increase of 134%. Since January 2019, twelve new digital only stations have launched which have already amassed a combined audience of over 2.9 million in the last quarter (Oct – Dec 19).

The barriers to entry for smaller operators of cost and capacity are also being removed through the rollout of DAB+ and small-scale DAB.

Given the developments in audio over the past few years and the growth of digital, there is no compelling evidence that giving stations the opportunity for a further renewal of their licence will reduce competition. On the contrary, the uncertainty of operators having to re-apply for all their licences would dramatically reduce investment in content and in the development of new services, which would in turn severely reduce competition. If a re-advertisement process resulted in wholesale changes to the availability of stations, the sector would be decimated and would be unlikely ever to recover.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

We support enabling smaller analogue stations to take advantage of renewing their licences by committing to broadcast a service on a small-scale DAB multiplex. We believe there should be parity for smaller commercial stations in benefitting from renewals in the same way as larger local and national stations do. We believe it is fair that all licensees be treated the same in this regard.

We believe that the definition of what constitutes “substantially the same” measured coverage area should be left to Ofcom’s discretion as is currently the case for larger local licences.



All-Party Parliamentary
Commercial Radio Group

FAO Commercial Radio Analogue Licence Renewal Consultation

Media Team
Department for Digital, Culture, Media & Sport
100 Parliament Street
London SW1A 2BQ

21 February 2020

Dear [REDACTED]

Consultation on the Further Renewal of Analogue Commercial Radio Licences

I write in my capacity as the newly appointed Chair of the APPG on Commercial Radio. As you know, every week over 35 million people tune in to a commercial radio station in the UK. The sector remains an important source of entertainment, news and information for audiences and supports over 12,000 jobs across the UK.

The APPG met for its inaugural meeting and AGM on Wednesday 5th February where we also took the opportunity to discuss the licence renewal consultation. In short, the group agreed that broadcasters should be provided as much support as possible and so we urge the Government to adopt renewals for both local and national stations for a minimum of 8 years.

Commercial radio is not only a popular source of music and entertainment but also a key source of trusted news and information. The significant public value provided daily by stations should not be underestimated. It is paramount that the Government gives this important and flourishing sector the confidence, stability and certainty it requires, particularly at a time of fierce competition from online audio services.

We agree that it is not the case that re-advertising analogue licences would usher in new competition and choice for listeners. Listening continues to shift to digital platforms and access to national DAB is now a viable option for new services. Ultimately the loss or change of brands risks confusing listeners who could shift away from radio altogether. This would be a disaster for our cherished radio industry.

There is a risk that the options being proposed may not provide sufficient stability to the sector. In reality, only renewing for a 5 year period is not long enough. Unfortunately the reason that the Government is in a position where it needs to legislate again now is a result of the 2015 decision to renew for only 5 years. This is a significant and unnecessary burden on the industry, Government, Parliament and Ofcom.

The Government should therefore provide the greatest degree of certainty possible to commercial radio broadcasters by providing renewals for a minimum of 8 years. This should apply equally to renewals for local and national licences, given that the risks apply to all types of services. We also support the application of this principle to commercial radio services broadcasting on small-scale DAB.

The group looks forward to reviewing the Government's response in the near future.

Yours sincerely,

Andy Carter MP
Chair

Baroness Oly Grender
Vice Chair

Steve McCabe MP
Vice Chair

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Simon Jupp MP (Conservative)

Treasurer & Secretary

Lord James Gordon (Labour)

Members

John McNally MP (SNP)

Mims Davies MP (Conservative)

Sharon Hodgson MP (Labour)

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Alan Mak MP (Conservative)

Ranil Jayawardena MP (Conservative)

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Nigel Huddleston MP (Conservative)

David Morris MP (Conservative)

Christine Jardine MP (Lib Dem)

Martyn Day MP (SNP)

Chris Matheson MP (Labour)

Rosie Cooper MP (Labour)

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Pete Wishart MP (SNP)

Greg Knight MP (Conservative)

Lord John Taylor (Independent)

Lord Stephen Gilbert (Conservative)

Nigel Evans MP (Conservative)

Karen Bradley MP (Conservative)

Michael Fabricant MP (Conservative)

Ian Paisley MP (DUP)

Consultation on the Further Renewal of Analogue Commercial Radio Licences

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



MEDIA GROUP

February 2020

Introduction

Bauer Media UK welcomes this opportunity to comment on the DCMS consultation on the further renewal of analogue commercial radio licences.

We agree with the Government's view that not introducing legislation to allow a further renewal "*carries with it a significant risk of weakening the whole radio sector at a time of change, and where certainty on the direction of travel is crucial to giving companies the confidence to continue to invest in meeting the challenge of online audio providers.*"

We believe the arguments made in the consultation for renewal are compelling.

We see no benefit in differentiating between national and local services as this would simply introduce the costs and uncertainty that government is keen to avoid in option 1.

As regards options 2 and 3, we believe option 2 would simply land us in the same situation again in five years' time as there is still then likely to be significant (albeit much reduced) listening on analogue platforms. However at that point the commercial attractiveness of new FM licences will be so diminished that government will most likely have to renew licences again to avoid operators simply not applying so disenfranchising listeners, particularly those from the most vulnerable groups who rely on FM. Option 3 is more likely to take us to a point where FM listening is so diminished that a switchover will happen naturally as licences expire, with minimal disruption to listeners.

Moreover, we do not believe FM relicensing is the most effective way to encourage new entrants to commercial radio. Re-licensing processes over the past fifteen years have resulted in hardly any new entrants, while over 80% of licences have changed hands through normal commercial processes. Meanwhile DAB and IP platforms have offered new routes to market, which are likely to be significantly augmented by small-scale DAB. These opportunities are growing as digital listening now accounts for 58% of all radio listening and analogue will increasingly become less relevant.

Finally, we support the extension of renewal provisions to small stations which gain carriage on small-scale DAB multiplexes which cover substantially the same area as their analogue service.

We look forward to the conclusions of this consultation and a secure future for the industry.

About Bauer Media UK

Bauer Media UK is an entertainment network of high-quality, high-profile, 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 Clyde 1, Radio City and Metro Radio. In the past two years we have launched several new national radio stations including Hits Radio, Greatest Hits Radio, Scala Radio and Country Hits Radio. Our services now cover a broad range of genres from jazz to rock, dance to classical, country to current hits, providing something for everyone across all demographic groups with UK-produced content. Our services have also won funding from the Government's Audio Content Fund, reflecting our ability to reflect and secure UK culture in audio. As digital take-up grows we are also implementing new funding models, through more targeted means of advertising as well as direct consumer relationships with our audiences.

We also operate magazine brands including 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 over 18 million listeners every week and account for 33.5% of total commercial radio listening. Within that total, our local services, operating from 22 bases around the UK, reach 6.6 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 across the UK employ 80 journalists who live and breathe the areas they cover. Our journalists break stories and undertake investigative local journalism. We provide lots of local news and will continue to do so, regardless of any regulatory requirement.

In early 2019 we acquired a further 44 radio stations (subject to CMA clearance), which we hope will allow us to extend our local services across the south and east of England.

We have invested heavily in digital radio, operating 12 local multiplexes across the UK (and a further three subject to CMA clearance), with a share in eight more, and we are a major shareholder in the second national multiplex, operating sixteen national digital radio services on DAB/IP and expanding the output of our local services to provide spin-off services, each of which provides local news and information. By the end of 2019 74% of all listening to Bauer stations was on digital platforms, well-ahead of the industry average of 59%.

We also make an important contribution to the local and UK 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 1,100 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 20 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 2019 we raised over £20m.

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

Consideration of options

Option 1. Do nothing: not to legislate, but instead to allow licences to expire and be re-advertised by Ofcom in accordance with the legislation.

Question 1 What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

The first policy option outlined in the consultation document is described as the 'do nothing' option. As the consultation points out, while it is technically the case that this approach would mean doing nothing, at least as far as the legislation is concerned, it would be an active policy decision with very serious consequences for radio listeners and the radio industry. In fact it would be the option with the most significant impact.

The existing policy was introduced to provide an incentive for commercial radio operators to invest in digital radio by granting renewals to their analogue (FM or AM) licence. That policy has been very successful in encouraging industry to provide a wide range of digital commercial radio services with new formats not available on analogue radio, such as jazz, soul and country music and extending analogue brands such as Kiss or Magic across the whole country. That policy was renewed only five years ago, following a full impact assessment and little has changed since then. The rationale for that incentive still applies.

That incentive has served to promote digital radio migration in the UK very effectively over the past twenty years, far more so than in almost any other European country, by creating an industry which has been willing to invest in a wide range of innovative services, with commercial services competing effectively with a strong BBC across the full range of genres and demographics.

The loss of that incentive could cause station operators to question their investment in digital, or at least to reduce it to some extent.

A re-licensing process would be a distraction for management at a time when the industry is focusing on competing with new online streaming services such as Spotify and Apple Music.

It would also be extremely expensive for industry. For the last consultation on this subject in 2014 RadioCentre produced an estimate of the costs, based on information collated from a number of operators. While costs of preparing a licence application will obviously vary significantly depending on the size of the licence and the particular circumstances the RadioCentre analysis suggested a cost of at least £30,000, even for the smallest licence, rising to £100,000 for the more competitive mid-range licences and well in excess of £150,000 for the larger local licences. This excludes the non-refundable fees payable to Ofcom which range between £5,000 and £50,000 per licence, depending on population coverage. Across the industry as a whole this would amount to many millions of pounds. Of course, much of this spend would be wasted as the majority of the applications will be unsuccessful.

In order to afford these costs, operators would take money out of their businesses which would not therefore be available to invest in content. This could result in cutbacks in the resourcing of public service content such as local news and information, or in the development and maintenance of more niche digital-only formats.

Perhaps more important is consideration of what a relicensing process is aiming to achieve. The fixed term licensing process was designed to allow new entrants a chance to take over a licence and not confer on the original licence winner a valuable asset in perpetuity. It also, in theory, keeps a licensee on its toes, ensuring that it delivers on its promises with the threat of having its licence taken away at the end of its term if a better application is made by a third party.

However, in practice the system has not delivered on its aims. Performance of a licensee is dealt with via the Ofcom sanctions process while re-licensing rarely results in a change of licensee. During the whole history of commercial radio in the UK over the past 47 years, only around six licences (out of 293) have changed hands in this way. In practice the incumbent has almost always won its re-advertised licence, not least because it has a proven track-record compared to an untried alternative.

The chances of a new entrant winning has been diminished further in recent years as a result of deregulation. The promises to which a licensee can be held are now so generic and limited in terms of formats and local programming that differentiating between applicants becomes an almost impossible task for Ofcom and this further favours the incumbent.

It is also worth considering the motives of any potential new entrant to commercial radio at this point in the development of the sector. According to work from Ofcom, most radio businesses are unlikely to break even until at least year five of operation (significantly longer in most cases, depending on the size and efficiency of the operation). This is due mainly to the level of upfront costs and capital investment required. Given the continuing declining value in FM and AM spectrum during the next few years, this is likely to become even more challenging. Therefore the real value for a new entrant bidding successfully for any licence may actually be the short term gain in obtaining an asset that could be sold back to an existing radio operator. Once again this then becomes a further drain on investment and resources in radio.

In contrast over 80% of all analogue licences (244 out of 293) have changed hands in the past 15 years, not as a result of re-licensing but as a result of being sold. So the main way stations change hands is through normal market mechanisms rather than re-licensing.

The other way that new entrants gain access to the market is through digital platforms. Existing players have significantly expanded their offering to consumers via digital stations such as Absolute 80s, Magic Soul or Jazz FM, while new players have also entered the market via DAB, both at national and local levels.

A relicensing process would also have impact on the broader industry.

In particular, it would potentially damage advertiser perception so further damaging industry revenues.

It would also damage confidence in the supply chain – manufacturers, retailers and the vehicle industry – which has been crucial in bringing the benefits of digital radio to UK consumers. The confused messaging around a longer-term potential continuation of analogue broadcasting would be likely to reduce their investment in digital devices and marketing.

For Ofcom too there would be significant cost in managing a protracted process over a number of years, while the practical impact in terms of new licensees is likely to be minimal, as explained above.

Perhaps most importantly, what would a relicensing process deliver for listeners? It is hard to see what consumer benefit a re-licensing process delivers. The likely reduced investment in content (due to resources having to be diverted into the relicensing process) and the potential loss of existing and loved local services are likely to damage listener choice.

So in summary, Bauer agrees with the conclusion reached by DCMS within the consultation document, that there would be significant disadvantages for the radio industry and to individual stations of not allowing a further renewal period.

Option 2. Allow the renewal of licences for a further five year period for licences renewed under s103B and s104AA of the 1990 Broadcasting Act, with appropriate provisions for any stations that have not yet had licences renewed under s103B or s104AA.

***Question 2** Do you agree that a five-year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?*

***Question 3** We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.*

Option 3. Allow the renewal of licences for a further eight year period for licences renewed under s103B and s104AA of the 1990 Broadcasting Act, with appropriate provisions for any stations that have not yet had licences renewed under s103B or s104AA.

***Question 4** We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.*

***Question 5** We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.*

Five or eight years? (Questions 2 and 4)

So if the “do nothing” option is rejected, the question then is whether renewals for 5 years or 8 years are more appropriate.

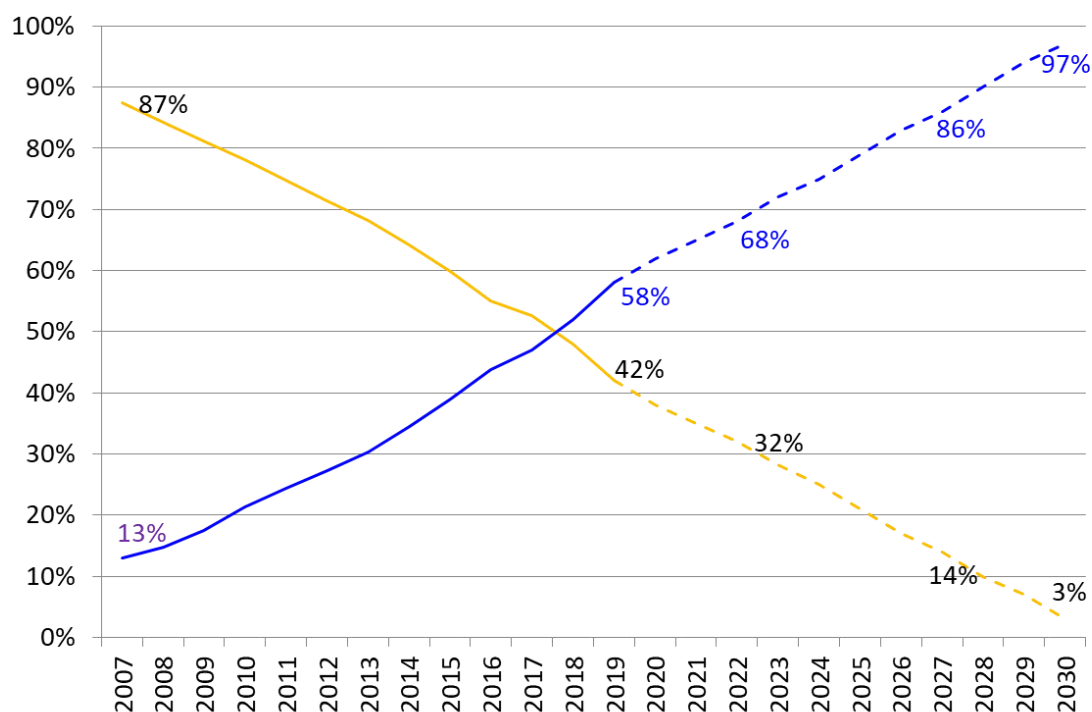
Five years would undoubtedly provide more certainty for the industry during that period, but what would happen at the end of that period?

We have not done any modelling for the purposes of this consultation although detailed modelling is being undertaken as part of the DCMS/cross-industry Radio Review. However, the trend from analogue to digital listening has been remarkably steady over the past 13 years and there is currently no reason to believe this will not continue on its current trajectory.

Under option 1 the first licences (including the three national stations) would come up for renewal again in 2027 and under option 2 in 2030.

A straight-line extrapolation (figure 1) suggests there will still be a significant proportion of listening on analogue - 14% of all listening - in 2027.

Figure 1. Straight-line extrapolation of listening trends



Source: Rajar plus extrapolation

But what would happen then? Government would face exactly the same question as to whether to extend or allow re-advertisement to take place.

At that level of analogue listening re-advertised licences are unlikely to be attractive to many new entrants, facing ever-declining audiences and so a re-licensing process at that point would simply result in increased cost for Ofcom and for incumbent stations in reapplying. In some, perhaps many cases, stations may decide not to reapply as the cost of applying will outweigh the commercial benefit of an FM licence with dwindling audiences (assuming all will also be on DAB and IP by then). The loser in that case will be analogue listeners, probably those in the more vulnerable groups of society, who cannot afford to buy digital sets or smart speakers and who will have a diminished choice of radio stations.

The alternative of 8 years straight-line extrapolation suggests that by 2030 analogue platforms will only account for 3% of listening. At that point it is unlikely that it would make sense to advertise licences as they would not be commercially viable and so switch-over will happen naturally from that point as licences expire. Some stations whose licences run beyond that date may decide to relinquish their licences early once the larger stations start to disappear from analogue.

There is a further logic to an eight year extension and a 2030 date. In rolling out coverage of local DAB the multiplex operators including all of the major commercial radio groups made a financial commitment (with government and the BBC) to fund that coverage until 2030. That financing is under-written by revenues from analogue licences. If those licences are put up for re-advertisement that is unfair to those companies who made that funding commitment.

If the extrapolation proves to be incorrect and migration is slower, there may still be a choice for Government about further extension in 2030 – if it is faster, then switchover will effectively have already happened.

Differentiating national and local stations (Question 3)

We see no reason why national and local licences should be treated differently. It is true that digital migration has been faster for national than local stations and so an argument could be made to allow local stations a longer renewal so as to preserve incentives.

However, the national stations are the first to come up for renewal and so in any case their renewed licences will expire first, whatever the extension period.

Also applying a different treatment to local as compared to national stations would have the disadvantages of the “do nothing” option, sending out a confused message to the supply chain (manufacturers, retailers, the car industry) and consumers.

Potential new entrants (Question 5)

The history of commercial radio over the past fifteen years has demonstrated that there are several routes to market for new entrants (either new operators or new stations and formats from existing operators).

DAB has seen the number of stations and the range of formats available to listeners expand dramatically. For example, DAB has allowed Bauer to launch stations such as Scala Radio (classical), Country Hits Radio, Absolute 80s, Absolute 90s, Mellow Magic (easy listening), Magic Soul, Magic at the Musicals and also expand existing brands such as Magic, Kiss and Greatest Hits Radio nationally.

Our biggest competitors, Global and Wireless Group have similarly launched new services and expanded the coverage of existing stations, while new entrants have appeared such as Folder Media’s Fun Kids Radio, Oxis Media’s Union Jack and Jack Radio and ASSL’s LoveSport.

Small-scale DAB now offers the opportunity for low-cost entry by many more players, both community and commercial.

On IP there are now thousands of stations available playing every conceivable format. The barriers to entry for IP radio are low and new devices such as smart speakers make accessing them via aggregators ever easier.

As noted above, in analogue radio hardly any stations have changed hands as a result of re-advertisement – the only recent example was in Ipswich where the Celador station lost its licence to a JV between Lincs FM and others (both Celador and Lincs FM were acquired by Bauer Media shortly thereafter).

There have also been hardly any new licences, with Glasgow being the most recent. The licensee could not raise sufficient funding to launch and the licence was sold to Nation Broadcasting.

However, over 80% of all analogue licences have changed hands in the past 15 years, demonstrating that there is a significant market in stations allowing new players to enter, or existing players to expand.

All of this suggests a re-licensing process for FM is not an effective way to encourage new entrants to the radio market.

As the consultation notes it is arguable that licence renewals of eight years would *“not have a significant impact on new entrants, and indeed any impact may diminish over time as digital radio listening and DAB radio penetration increases and becomes the default mode of radio listening.”*

Option 4. Allow local commercial stations that serve small geographical areas the option of taking a licence renewal if their services are carried on a new small scale DAB multiplex service that covers substantially the same measured coverage area as their analogue service.

Question 6 We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom's discretion.

We support the proposal for small-scale analogue commercial stations to benefit from renewals if they take carriage on a small-scale DAB multiplex which covers substantially the same measured coverage area. This will provide the same incentive to invest in DAB radio as stations taking carriage on larger local DAB multiplexes have always enjoyed. The legislation should mirror the existing requirement that the small-scale DAB multiplex should have *"a coverage area which to a significant extent includes the coverage area of the local service provided under the local licence."*

DCMS Consultation on the Further Renewal of Analogue Commercial Radio Licences

Consultation Response from Wireless

February 2020

Wireless welcomes the chance to respond to government's intention to make provision to allow analogue commercial radio licences to be renewed. Wireless supports the government's view that the negative impact of not taking action to remove the regulatory burden of licence renewals would outweigh any likely benefits and thereby cause harm to the commercial radio industry. Wireless therefore agrees that the intention to allow the renewal of all analogue licences for a further eight years, taken as a whole, strikes a fair balance between the public interest and the interests of any person adversely affected by it and therefore that the preconditions set out in section 3 of the Legislative and Regulatory Reform Act 2006 are met.

Question 1: What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

The commercial radio industry is a valuable part of the UK economy. It reaches 2 in every 3 (35 million) UK adults each week. For its participants it currently generates annual revenues of around £700m, which in turn drives £5.5 billion of ROI for its clients.

Though the commercial radio sector is at present in relatively good health, certainly when compared to some other media, it continues to face powerful structural headwinds, whilst being almost entirely at the mercy of the ebb and flow of macroeconomic conditions through its reliance on advertising expenditure. Layer in the high operating leverage of the commercial radio business model, and this means that the sector is particularly sensitive to exogenous shocks, either to the downside or upside.

While Wireless is not able to state with certainty what the future will hold, it is clear that the costs to stakeholders of Option 1 (i.e. going through a wholesale analogue licence re-advertisement process) will be large and the impact will be broad.

The critical issue, other than the obvious administrative burden, will be the thick cloud of uncertainty that will fall over the sector if this Option is taken. Uncertainty over the core building blocks on which the sector still sits will heighten risk and thereby impact investment. Indeed, when taken with the structural issues facing the radio industry from global IP-based audio competition, the probability of a very bad outcome for the UK commercial radio industry increases dramatically.

While various degrees of scale could be attributed to the absolute impact of this downside scenario, Wireless believe there is no doubt of its relative scale when balanced against any possible benefits that might accrue by allowing analogue licences to expire and relicensing to take place. Indeed, thinking through the possible benefits, it is not clear to Wireless whether there would in fact be any

net tangible benefit to consumers resulting from Option 1. The overall harm could therefore be substantial.

It is therefore Wireless' strong opinion that if the government wishes to see the UK commercial radio industry thrive and survive, Option 1 should be rejected.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

Wireless does not have a strong opinion on the length of renewal period, though a longer renewal period would negate any requirement to revisit this policy in say 3 to 4 years time, and would provide option value through enhanced flexibility. Furthermore, government policy would not in any way be constrained, as the two year notice period provided for under s97A of the Broadcasting Act remains. It therefore seems more likely that a longer eight year period of renewal would be more desirable than a five year period.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

Wireless considers that there is no rational, consistent basis for treating any analogue licence (regardless of coverage area) in a different fashion.

Government's policy objective is clear: to provide an environment that will allow stations to continue to invest in their businesses and support the transition to digital radio. Arguably, the three INR licensees have done a disproportionate amount to support the government's objectives in this regard. Therefore to treat national licences in a different way to local licences would not make sense.

Furthermore, given the extremely low valuations put on the INR licences under the hypothetical auction methodology deployed and assessed by Ofcom, it would be logically inconsistent to carve out the three national commercial analogue licences from any government action on the renewal of analogue licences. This is before any cool, impartial assessment of the financial viability of consortia that did ascribe large valuations to these licences as part of their bids.

Wireless therefore concludes that all analogue licences, where they are simulcast on DAB, must be treated the same.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

Consistent with Wireless' response to Question 2 of this consultation, an eight year renewal as opposed to a five year renewal might be preferable. Wireless would agree with government's view

that any period much beyond eight years might work to act as a drag on any incentive to migrate to digital.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

Wireless agrees that the growing maturity of digital radio means there are viable alternative routes to market for new entrants who want to launch new services.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

Consistent with Wireless’ response to Question 3 of this consultation, if the policy objective is to support the migration to digital, all analogue licences that simulcast in digital should receive a licence renewal – regardless of size of coverage area.

Given the advantageous economics of small-scale DAB technology, not requiring smaller commercial radio licences to simulcast in digital, and thereby support the migration to digital, would be nonsensical as no public value would accrue in consideration of any renewal benefit being given to these licensees.

Wireless therefore considers that smaller commercial stations must simulcast on DAB to be eligible for automatic renewal of their analogue licences.

ENDS

RADIOCENTRE RESPONSE TO DCMS CONSULTATION ON FURTHER RENEWAL OF ANALOGUE COMMERCIAL RADIO LICENCES

SUMMARY

1. Radiocentre welcomes this consultation and the general support from Government to enable analogue commercial radio licences (for AM and FM stations) to be renewed. In order to avoid unnecessary disruption to listeners it is imperative that an appropriate Legislative Reform Order is introduced without delay given the extremely tight timeframe before the first analogue licences are set to expire.
2. The Government is seeking views on three specific options for how to deal with the further renewal of analogue commercial radio licences.
 - Do nothing
 - Allow the renewal of licences for a further 5 year period
 - Allow the renewal of licences for a further 8 year period
3. In summary, we agree that these licences should be extended, as a way of supporting stability and growth of the commercial radio sector as it manages the transition of its audience from analogue to digital platforms. There is no evidence that re-advertising analogue licences at this point in the development of the industry would be of any benefit to listeners or the radio sector as a whole.
4. Therefore **we would urge DCMS to support the extension of these licences for a minimum of 8 years** (or ideally up to 12 years, so they are more in line with the current standard term of analogue licences re-awarded by Ofcom). We have responded to each of the options in detail within this document, but our views on each option are outlined briefly below.
5. **Option 1: Do nothing** – DCMS appears convinced that this should not be the favoured option. We agree. It would risk destabilising the radio industry at a critical point.
 - It would cost the radio industry many millions of pounds in direct costs just to prepare multiple bids for local and national licences.
 - It would lead to a reduction in investment and net revenue for commercial radio.
 - It would undermine consistent Government policy in support of digital radio.
 - Listeners could suffer as popular stations and brands change frequencies and go off air.
 - It would create significant difficulties for Ofcom in administering a relicensing process for no clear benefit.
 - There is no evidence that this would lead to any significant competition benefits.
6. **Option 2: Allow a further 5 years** – We are concerned that this approach will not provide a long enough renewal period.
 - It would demonstrate short-term support for digital radio, but risk making the same mistakes as in 2014/15 when the Government agreed to extensions of only 5 years.
 - Due to the nature of the renewal process – and expected trends in radio listening across digital and analogue platforms – it is quite likely that the same issues would need to be debated again in less than four years' time.
 - Debates on licence renewals at that point would not be a good use of Government and Parliamentary time, or the collective time and resources of the radio industry.
7. **Option 3: Allow a further 8 years** – We support further analogue licence renewals for a minimum of 8 years (with consideration of a longer term)
 - A longer extension will provide greater stability and certainty for the commercial radio sector and secure ongoing support for digital radio, which will benefit of listeners.
 - It would avoid having to find further parliamentary time to extend the licences further in less than 5 years' time.

- It will not prevent new entrants into the radio market – who now have more opportunities than ever through DAB and DAB+ (and small-scale DAB); rapidly growing online platforms; and acquisitions.
- These licences will still remain subject to termination at 2 years notice under the Digital Economy Act 2010, if there is a future decision on digital switchover.

BACKGROUND

8. Commercial radio is funded almost entirely by advertising and operates in a highly competitive market, generating more than £700m in revenues in 2019. Over 35 million people listen to commercial radio's mix of music, news, travel and local information every week. It also supports £683m in gross value added to the UK economy and over 12,000 jobs.
9. Commercial radio broadcasters are widely recognised as a force for good, providing significant public value through the provision of news and local information, but also through the charitable and other social value work that broadcasters support. While most radio content is made up of music, entertainment and speech, stations also provide an important role in supporting media plurality through the provision of local and national news. This output is valued highly by audiences, with radio consistently found to be one of the most trusted of all media in the UK and across Europe¹. Indeed research commissioned by Radiocentre found that 77% of listeners considered radio as a trusted source of news, compared to only 15% for social media².
10. The growth in digital and online platforms has had a significant impact on commercial radio. It has created numerous opportunities to distribute radio and audio content in different ways and has enabled radio companies to adopt new advertising models to support and monetise their content. However, it has also meant a vast expansion in competition and the shift to digital online advertising has been a driving force behind the reduction in commercial radio's share of advertising revenues and real terms decline in total revenues for the radio since the early 2000s.
11. In this increasingly competitive market commercial radio has needed to invest and expand its digital services. The Government's policy of supporting the renewal of analogue licences that are also carried on DAB has helped underpin this essential investment. Over 60% of all analogue commercial radio licences in the UK have now taken advantage of these licence renewals, with a combined audience of over 29 million listeners, including many much loved local and national radio station brands.
12. The renewal of analogue commercial radio licences was last reviewed by Government in 2014³. Following that review secondary legislation was put in place in 2015 to provide for a further 5-year renewal. These further renewals recognised the value of commercial radio and were intended to enable the industry to continue the process of managing the transition from analogue to DAB.
13. As a result commercial broadcasters have continued to invest significantly in new and innovative DAB services, expanding successful core brands with brand extensions, along with new music and genre stations. This has been possible due to the stability in the licensing regime, along with improvements in coverage, the additional capacity afforded by the launch of the Sound Digital multiplex in March 2016 and the expansion of more spectrum efficient DAB+ services. This proliferation of new services has had a notable impact on listening and supported strong growth in combined digital listening, which now stands at 58.5%⁴. Ofcom's Communications Market reports highlight that there were 425 services on DAB in 2015, which has risen to 492 in 2019.

¹ European Commission Eurobarometer study 109, 2019

² Radiocentre [Breaking News](#): How listeners value commercial radio news, 2017

³ <https://www.gov.uk/government/consultations/analogue-commercial-radio-licence-renewal-consultation>

⁴ RAJAR Q4 2019

CONSULTATION QUESTIONS

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

14. If the Government was to ‘do nothing’ by failing to introduce new legislation, this would in turn result in the licences approaching their expiry date and subsequently being re-advertised by Ofcom. The impact of this policy decision would cause significant disruption to the commercial radio sector and ultimately its millions of listeners, due to the costs, confusion and inconsistency of the approach. It is also possible, as new digital audio services and connected platforms evolve, that any disruption could result in listeners abandoning radio altogether.
15. Therefore we agree with the Government’s analysis that failing to allow further renewals carries a significant risk of weakening the whole radio sector at a time of change, when stability is crucial to giving companies the confidence to continue to invest for the future.
16. As we noted in our response to the Department for Digital, Culture, Media & Sport (DCMS) consultation on licence renewals in 2014, while it is technically the case that a ‘do nothing’ approach would mean no action as far as the legislation is concerned, it would ultimately be the most active policy decision with very serious consequences for both radio listeners and the radio industry. By choosing this approach the Government would in fact be doing the opposite of doing nothing. It would actually be the option with the most significant impact.
17. This approach would also undermine the consistent policy of successive Governments up until this point of providing broadcasters with a strong degree of certainty for their businesses, as well as an incentive to invest and continue to invest in future in DAB. Opening up these licences to re-advertisement would contradict this established policy (which has been so successful in supporting radio’s growth and digital transition) and reverse a consistent feature of the radio landscape since the 1996 Broadcasting Act, with subsequent legislation brought forward in 2003, 2010 and 2015.
18. Radio’s transition to digital platforms (including DAB) has shown great progress in recent years as a result of this policy, but it is far from complete and it would not be sensible to destabilise this positive growth. DAB is now more viable and popular, but removing a key plank of this success would be a big step backwards and send a confusing message at a time when investment is required to secure commercial radio’s position.
19. For broadcasters, it could be enormously disruptive if the Government chose to adopt this approach, especially as industry is at such a pivotal moment due to fierce competition for audiences and the seemingly unlimited choice available for listeners. The potential costs of a wholesale relicensing process are significant, particularly for such a relatively small industry. These costs would be both direct (licence applications, preparation and application fees) and indirect (reduced investment, lost revenue). In terms of direct costs, these would vary significantly, depending on the size and desirability of licences and whether they are contested. Nevertheless, we can offer some perspective on the range of costs involved and the different elements for a small or medium sized licence bid.
20. These figures (in Figure 1, below) are similar to those that were provided as part of the 2014 consultation but remain a reasonable estimate of the sorts of costs that would be involved for each applicant. That said, they come with a number of caveats. Clearly each bid is different, with the level of investment made by particular operators varying significantly according to the perceived value and importance of the licence and the extent to which external support is required. Hence the broad range of potential costs quoted for some aspects of this work.

Figure 1: Potential costs incurred in preparing commercial radio licence bid (illustrative)

Element of licence bid	Potential cost
Research with existing listeners	£5,000 – £10,000
Analysis of RAJAR audience data	£5,000 – £10,000
Market research (assessment of local tastes and interests, evidence of demand)	£15,000 – £50,000+
Local marketing, PR functions	£5,000 – £20,000+
Professional services/ consultants to prepare bid document	£5,000 – £10,000+

21. These estimates would indicate that the cost of preparing a licence bid would rarely be less than £30,000 for each applicant, even for the smallest commercial radio licences. This would be extended to nearer £100,000 for the more competitive mid-range licences. The potential complexity, competitiveness and strategic importance of obtaining the larger local licences, means that bids for those licences would incur additional legal and professional fees. In which case such applications would most likely result in a cost to applicants several time greater than the estimates provided above – with the preparation of these bids likely to cost well in excess of £150,000 each. This also *excludes* the non-refundable application fee payable by all those bidding for a licence. Ofcom's current tariff of application fees for local analogue commercial radio licences is as follows:

Figure 2: Ofcom application fees for local analogue commercial radio (2019/20)

Category	Population	FM	AM
A	4.5m +	£50,000	£14,500
B	1m – 4.5m	£25,000	£8,000
C	400k – 1m	£10,000	£3,500
D	0 – 400k	£5,000	£1,000

22. For the reasons outlined above, it is difficult to devise an aggregated figure for the total cost to the radio industry from initiating this process on such a large scale. However, given the volume of licences that would be up for renewal in the coming years (around 44 local licences initially, plus the 3 national licences – with up to an additional 122 licences also utilising the renewal process), it is easy to see how such an approach would inevitably lead to many millions of pounds of investment leaving the radio industry. This is a cost the radio industry can ill afford at a time of intense competition and pressure on revenues.

23. Moreover, there would be a risk of significant indirect costs from relicensing. These are more difficult to estimate without conducting detailed financial modelling, but it is clear that diversion of investment and management time into relicensing could undermine the financial viability of existing radio stations. In addition, it would take some time for any new entrant to build an audience and generate necessary revenues to recoup their investment, particularly on an analogue frequency where audiences are in decline. As a result, it is clear that the indirect net impact on commercial radio revenues from re-advertising the licences would also be negative.

24. Crucially, there is also no compelling evidence that this approach would provide any tangible benefits to the listener through an improved or expanded range of services. Even if some licences did change hands through re-advertisement, it is unlikely that the benefits would outweigh the disadvantages for listeners, particularly if stations change frequencies or cherished services go off air completely in some areas as a result.

25. In effect Ofcom would end up run a time-consuming and expensive process with little benefit to competition or to listeners. It is extremely rare that re-advertised licences change hands between operators. Since the launch of commercial radio in the UK in 1973 only a handful of licences (around 6) out of the 288 analogue radio services currently licensed by Ofcom have ever changed hands this way. This indicates that re-advertisement of licences is not an effective way of encouraging new entrants to the radio market.
26. Typically changes of ownership are much more likely to result from the open and competitive commercial practices of buying and selling licences. In fact over 80% of licences have changed hands through these normal commercial processes in the past fifteen years. Furthermore, there are now many more routes of entry for potential broadcasters (explored further in response to question 5) than ever before.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

27. The option to renew licences for a further 5 year period is essentially the same policy option that was chosen by the Government in 2015. However, it a direct result of that policy decision (not to opt for a longer renewal period) that Government and industry are now in the process of reviewing the licence renewal process again in 2020.
28. As we pointed out in our response to DCMS in 2014 “having to debate these issues again, and potentially find further parliamentary time in less than 5 year’ time, would seem to be a rather unsatisfactory outcome, not to mention inefficient and duplicative, for both Government and industry”⁵. The proportion of digital listening has grown and analogue listening has declined since this time. Long-term listening projections are currently under consideration by the cross-industry review, led by DCMS. However, listening data from RAJAR⁶ shows that digital listening has risen steadily (now 58.5%) alongside a gradual decline in analogue listening (41.5%). These trends suggest that a further 5 years will not be sufficient, if the objective is to extend the licences to a point when national and large local services might consider switchover to digital only.
29. Were the Government to adopt a 5 year renewal period it would remove the immediate threat of widespread disruption to the industry, however, it is in effect closer to a 4 year renewal given the relevant date element needs to be taken into consideration. The relevant date is the point by which the existing licensee would ordinarily be required to renew. This is 12 months before the actual expiry date, in order to allow Ofcom sufficient time for the licence to be re-advertised, awarded and launched. Ofcom’s application date for applying is even earlier (usually 6 months prior to the relevant date).
30. For these reasons we believe that a further 5 renewal is simply too short and risks repeating the mistakes of the last consultation and Legislative Reform Order. Moreover, the process of reviewing, consulting and the subsequent legislative work that is required in order to adopt any changes is a significant administrative and financial burden both for industry, Government, Parliament and Ofcom. A renewal for a longer period of time would avoid this outcome and provide the opportunity to consider the issue once the transition to digital listening has progressed still further.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

⁵ Radiocentre [response](#) to DCMS consultation on renewal of analogue commercial radio licences, Dec 2014

⁶ RAJAR Q4 2019

31. We welcome the fact that Government recognises the very real risks to the radio industry if it does not act to provide additional analogue licence renewals. We hope that the evidence that we have provided as part of this submission is helpful in further demonstrating these risks. It seems reasonably clear to us that the consequences we have highlighted (disruption to existing popular services; direct and indirect financial costs; loss of investment; risks to audience and advertising revenue) mean that the whole radio industry would be affected in a negative way if licence renewals are not agreed. As we have noted there is also no evidence to suggest that a process of re-advertisement of any licences of these would achieve the theoretical benefits of greater competition or supporting new market entrants.
32. Given Radiocentre's role as the industry body for commercial radio we are bound to support the option that we feel is best for the sector as a whole. In light of this responsibility – and the arguments we have noted above – the only position that we can realistically take is to support a consistent approach across local and national licences. To do otherwise would not only be inconsistent and difficult to justify logically, but also open up at least part of the commercial radio sector to the sort of negative consequences we have outlined with no obvious benefits. This approach also aligns with the Government and industry consensus on this issue up to this point, with only a small number of operators ever taking the view that there is any benefit to be gained from re-advertisement.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

33. Of the options that have been put forward in this consultation, Radiocentre supports a renewal period of a *minimum* of 8 years. We also believe that it is worth considering the case for longer licence terms, to provide greater stability and certainty for the commercial radio sector and secure ongoing support for digital radio for the benefit of listeners.
34. In making this proposal we note that, under the Digital Economy Act 2010, the Secretary of State for DCMS is empowered to terminate analogue licences with a two year notice period, at a point at which a digital switchover date is nominated. Consequently the Government has adequate powers should a longer term than 8 years be adopted, yet it becomes necessary as a result in a continued decline in analogue listening that a switchover has become inevitable.
35. Agreeing a renewal period of less than 8 years would risk many of the same issues outlined in response to Question 2 above in relation to the proposal for 5 year renewals. It could result in the Government having to come back and repeat this process again (especially given the fact that the relevant date and renewal process means that the term would be at least 18 months shorter), taking up Parliamentary ever more time with a discussion regarding the relicensing of even lower levels of analogue listening.
36. Therefore, taking these factors into account – and the effective two year break clause from the Digital Economy Act – we would ask DCMS to consider licence renewals of up to 12 years, which would be in more line with the current standard term of analogue licences re-awarded by Ofcom.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

37. Providing further licence renewals would provide significant benefits to the industry at a time when competition for the ear of listeners has never been stronger and there have never been so many options to enter the radio and audio market. The main routes to market for new entrants are to launch a DAB service (local, national or small-scale); provide a radio or audio service online; and/ or to acquire existing commercial radio licences. The evidence for developing viable routes to market in this way is compelling.

38. There has been an explosion of new services on DAB in recent years. Ofcom's Communications Market reports highlight that there were 14 national commercial services in 2015 which has risen to 34 in 2019, a 143 % increase. Overall there were 425 services on DAB in 2015, which has risen to 492 in 2019. The key difference that has driven the expansion of these stations in recent years is that it is now possible to build a financially viable radio station on the platform, due to the size of the audience for DAB services, improved coverage and reach of DAB sets in homes and now in cars.
39. Moreover, the Broadcasting (Radio Multiplex Services) Act 2017 made provision for the licensing and regulation of small-scale DAB across the UK following successful trials in 10 cities. Small-scale affords new entrants a viable low-cost entry to both small local commercial and community stations. Ofcom is expected to begin the licensing process later this year with the new licensed services likely to go on air before the end of 2020.
40. It is also worth noting the major shift in the platform share (a 33 % rise year on year⁷) of IP listening to live radio which includes smart speakers such as the Google Home and Amazon Alexa. While this is still a minority of digital listening overall (13 %) it is growing a faster rate than any other platform. This also excludes the growth in podcasts and online only services that are now able to build an audience and monetise audio content in a way that was not possible even 5 years ago.
41. The interest in radio and audio has also meant that the market for the sale and acquisition of commercial radio stations has been strong. As noted earlier, over 80 % of analogue licences have changed hands in the past 15 years, demonstrating the significant opportunity for new players to enter this way, or for existing players to expand without the negative impact of wholesale licence re-advertisement.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small-scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom's discretion.

42. We support the logical proposal for small analogue commercial broadcasters to benefit from licence renewals if they take carriage on a small-scale DAB multiplex which covers substantially the same measured coverage area as their licence.
43. In the same way that the original renewal process was conceived, this approach would provide the same incentive to operators to invest in the DAB platform. We do not believe that the legislation should define too narrowly what is meant by substantially the same measured covered area and that it would be more appropriate for Ofcom to outline this criteria, based on the coverage requirement for multiplexes outlined in the small-scale DAB legislation.
44. An important element that must be considered when addressing this issue is a scenario where a local FM station is not able to gain access to a regional DAB multiplex which is operating at full capacity. In this instance – because of the way in which the small-scale multiplex 'polygons' have been created by Ofcom – it is possible that one small-scale DAB multiplex would be insufficient to meet the criteria of substantially the same measured coverage area. Therefore Ofcom may need to apply a degree of flexibility in observing the spirit of the legislation by enabling licence renewals in circumstances where small-scale DAB services are doing all they can to cover substantially the same measured coverage area, but may be constrained by the way in which these services have been rolled-out.

⁷ RAJAR Q4 2019

ABOUT RADIOCENTRE

Radiocentre is the industry body for commercial radio. We work on behalf of more than 50 stakeholders who represent over 90 % of commercial radio in terms of listening and revenue.

We perform three main functions on behalf of our members:

- Drive industry revenue by promoting the benefits of radio to advertisers and agencies through a combination of marketing activity (e.g. events, advertising, PR, and direct mail), research, and training
- Provide UK commercial radio with a collective voice on issues that affect the way that radio stations operate, working with government, politicians, policy makers and regulators to secure the best environment for growth and development of the medium
- Ensure advertising messages on commercial radio stations comply with the necessary content rules and standards laid out in the BCAP Code of Broadcast Advertising and the Ofcom Broadcasting Code.

www.radiocentre.org

February 2020

Further Renewal of Analogue Commercial Radio Licences - Dee Radio Group

[REDACTED]@dee1063.com>
To: "analoguelicence@culture.gov.uk" <analoguelicence@culture.gov.uk>

21 February 2020 at 16:21

In Response to the Consultation Dated 23 December 2019

The Dee Radio Group are active members of Radio Centre and are members of their Advisory Group.

The Dee Radio Group participated in the DCMS roundtable briefing event at the Radio Centre covering this consultation on the 11th February 2020.

The Dee Radio Group has been fully engaged with Radio Centre's response to this consultation and supports the representations made therein.

In particular

The Dee Radio Group supports allowing a further licence renewal for a minimum of 8 years with consideration for a potentially longer period given the licences will be subject to termination at 2 years notice under the Digital Economy Act 2010.

The Dee Radio Group supports the proposal for small scale analogue commercial broadcasters to benefit from licence renewals if they take carriage on a small-scale DAB multiplex which covers substantially the same measured coverage area as their licence. We would encourage maximum flexibility in terms of the consideration of 'substantially the same measured coverage area' given that the 'polygons' identified in Ofcom's latest consultation in certain circumstances are very tightly defined covering very small areas, albeit this may be modified.

Kind regards

[REDACTED]

[REDACTED]

DEE RADIO GROUP

Dee Radio / Cheshire's Silk 106.9

Love 80s Liverpool / Love 80s Manchester

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Quidem Submission to DCMS consultation on the further renewal of analogue commercial radio licences

February 2020

Quidem is a radio group which owns and operates 6 Midlands based commercial radio licences

Ofcom Licenced area	Station Name	Ofcom MCA
Rugby	Capital Rugby	58,763
Banbury	Capital North Oxfordshire	60,770
Warwick	Capital Warwick	103,967
Stratford-upon-Avon	Capital Stratford	190,454
South East Staffordshire	Capital SE Staffs	207,582
Coventry	Capital Coventry	247,275

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

Quidem agrees with the government’s observation that by not introducing a change enabling renewal of licences there is a significant risk that the sector would be weakened during a period of change. We do not perceive that there are benefits in widening listener choice. Firstly, there is no evidence that commercial radio audiences are dissatisfied with current choices and secondly the barriers for entry to the wider digital audio content market are lower than they have ever been. If a would-be operator has a great idea, it’s easier than ever to find a platform. A real-life example is happening today in the Borough of Rugby – an Ofcom MCA of some 58,000 adults enjoys not only Capital Rugby, and Free Radio Coventry & Warwickshire offering local content, but a brand new online service branded Radio Rugby has popped up in the last month and already has its first advertisers on board.

The policy or digital “rollover” of licences has been successful. It has accelerated the transition of commercial radio to DAB platforms, helping both audience and revenue growth for the sector. Adding an element of uncertainty and potential confusion at this juncture would be a backwards step and would likely risk the continuing digital transition of the industry.

Licence re-application is a costly and time-consuming exercise, and particularly problematic for small stations.

There is no evidence that listeners or customers would benefit from so called “widening of choice” or indeed that widening of choice would happen at all.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

It is our view that five years is not long enough. The short period is after all why the present consultation is required today.

In reality a five-year period is actually a four-year period given the need to provide Ofcom with notice of intention to apply using the “fast-track” process.

Of course, five years would provide more certainty than no years at all, but in the context of planning a broadcast business with significant studio costs, brand investment, DAB transition etc. it is too short a timeframe.

For our business in particular, small-scale DAB is not yet established, a factor which we believe is further cause for a longer renewal period than 5 years.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

The Quidem Board is perhaps uniquely qualified to comment on this point. We are currently the operators of some of the smallest licences in the UK and our directors created Classic FM, the first national digital mux, and launched the two first national digital-only commercial radio stations, Planet Rock and Core.

There seems to us to be neither listener nor customer benefit in treating small, regional or national licences differently. The building of radio brands requires investment in money and/or time from the operator, the listener and the customer. These are the same dynamics for Capital Radio Rugby as they are for Free Radio Coventry & Warwickshire, or indeed Classic FM. There is no such thing as a local listener or a national listener – there are just listeners, and the risk of destabilising radio stations of any scale is not in the interests of the listener.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

We believe that for the reasons outlined in our earlier answers an 8-year period should be considered a minimum.

Given that commercial radio content is already regulated by Ofcom, who have the ultimate power to revoke a licence should an operator not comply with the licence terms, there is a strong argument for rolling licences rather than fixed terms.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

Longer-term licences provide stability to operators at a critical juncture in the digital transition of our industry. For Quidem we need to make long-term investment decisions for our migration to small-scale DAB muxes and no doubt to play our part in the setting up of the new multiplexes.

It has never been easier to find a platform for your audio content. As a young man, the only means of broadcasting what I vaingloriously considered to be my superior music tastes was to get a gig on one of a small cohort of commercial radio stations. Fast forward 35 years and the options available to today’s would-be audio evangelists are many and varied: podcasts, internet radio, sharing of playlists on streaming services, Community Radio, and whatever else is to come in a rapidly developing audio broadcast market. It has never been easier to get your content out there.

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

To date Quidem has benefitted from one licence renewal under Section: Capital Coventry has taken up spectrum on the Coventry and Warwickshire mux operated by Arqiva.

Given the small FM footprints of these stations, it is not viable to maintain a position on the existing “county-wide” DAB muxes. There are three main constraints in doing so;

- i. The economics don’t work for small stations because they cover only a small proportion of a county-mux area
- ii. There is potential for listener confusion with each of our services available outside their FM footprint and overlapping with each other
- iii. There is potential for advertiser confusion. It is still the case that some 70% to 80% of revenues for these businesses is derived within the station’s FM footprint

Quidem is a strong supporter of DAB development and its shareholders were instrumental in developing the medium in their previous guise as directors of GWR Group and GCap Media. Indeed Quidem shareholder Ralph Bernard was the Chairman of the Digital Radio Development Bureau and the first public figure to moot the notion of analogue switch-off.

More recently Quidem participated in the small-scale DAB trial and subsequently submitted to Ofcom its intention to apply for small-scale DAB licences in each of its areas.

Quidem believes that small-scale DAB is the only viable route to digital transmission for these small but well-loved local radio services.

In the interests of both listeners and customers it is reasonable to suggest that agreement to carriage on small-scale DAB muxes should confer the same opportunity for licence renewal that larger stations enjoy when placing their services on the appropriate county-wide muxes.

Furthermore, given that the small-scale muxes are not yet live, we believe stations whose licences are due for renewal before small-scale DAB is available, should be allowed to give a binding commitment to simulcast on DAB at the point a small-scale mux is available, in return for licence renewal. Should the mux not become available the licensee could be given the option to switch to a county-wide mux at that point.

████████████████████

████████████████████

Quidem



*Championing
excellence and diversity
in broadcasting*

Founded in 1983 by Jocelyn Hay CBE

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**SUBMISSION FROM VOICE OF THE LISTENER & VIEWER TO
DCMS'S CONSULTATION ON THE RENEWAL OF
ANALOGUE COMMERCIAL RADIO LICENCES**

February 2020

INFORMATION ABOUT THE VLV

1. 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 and Wales No 4407712 - Charity No 1152136).

EXECUTIVE SUMMARY

2. VLV believes a relicensing process for analogue commercial radio licences after their expiry in 2022 would be likely to prove expensive and distracting for licence holders. Although competitors might emerge in such a process, VLV believes that those proposing new services would have alternative digital pathways to the market. Ofcom would also face a significant burden if there was a rolling programme of relicensing in the first half of this decade.
3. VLV therefore supports DCMS's view that it would be better to continue with the existing system of licence renewal. VLV believes that five years would be an inadequate amount of time by which to extend licences, as licensees might feel inadequately motivated to invest in the continued transition to digital if they doubted whether they would be able to retain their licences beyond 2027. A lengthier extension – of eight years, to 2030 – therefore seems to be a better idea, to give licensees greater certainty and motivation to invest in the continued transition to digital.

INTRODUCTION

4. VLV welcomes this opportunity to respond to DCMS's consultation on whether a number of analogue commercial radio licences should be renewed after their expiry in 2022 or re-advertised.
5. VLV is a strong believer in the importance of radio as a medium for public service broadcasting at both national and local level and recognises commercial radio's part in that. VLV would not wish to see any changes that would unnecessarily disrupt the broadcasting ecology either nationally or locally. VLV also recognises that this is a time of significant change in listening habits, not just with the rise of Digital Audio Broadcast (DAB) radio but with the growth of online radio stations, streaming and podcasting.
6. This consultation is taking place against the backdrop of a shift in radio listening away from analogue and towards digital, with the ultimate destination envisaged to be full

digital switchover. VLV does not support a rushed move to this goal, given how much listening is still to analogue services, especially at the local level, but we acknowledge that this is the direction of travel for the industry. VLV recognises that it is difficult for government, regulators, radio companies and other stakeholders to plan ahead in this context, with the emergence of new technology such as smart speakers further complicating the picture. At the same time, the nature of digital technology provides few barriers to entry for new entrants to the market.

CONSULTATION QUESTIONS

Question 1: What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

7. As the DCMS states in its consultation, without legislation being changed, “radio stations wishing to continue broadcasting would need to reapply for their licences and potentially compete against other prospective operators, including new entrants, to secure a new licence”.¹ This would be a novel situation for many operators to face, given the system of licence renewals that has been maintained in recent decades. They might feel poorly treated to have the system changed in this way and view it as a poor return for their investment in growing digital platforms.
8. It seems quite likely that some competitors would surface, given that analogue listening remains significant, accounting for more than 40% of radio listening. But those proposing new services would have alternative digital pathways to the market. They would, for example, be able to launch stations on local or national DAB multiplexes, which have been much improved in recent years, or on the new small scale DAB multiplexes that are being rolled out this year. It is of course also possible to develop other audio services online.
9. VLV believes a relicensing process would be likely to prove expensive and distracting for licence holders. VLV tends to agree with DCMS’s assessment: “Overall, the government also believes that any possible benefits of allowing licences to expire and relicensing to take place are likely to be outweighed by the significant cost and disruption to the broadcast radio industry.”² As the consultation notes, Ofcom would also face a significant burden if there was a rolling programme of relicensing in the first half of this decade.

¹ *Consultation on the Further Renewal of Analogue Commercial Radio Licences*, DCMS, 23 December 2019

² *Ibid*

Question 2: Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

10. According to the most recent Rajar figures, for the fourth quarter of 2019, digital now accounts for 58.5% of radio listening – up from the 56.8% quoted in the consultation document for the third quarter. This is up from 24% in 2010, as the consultation document states. It is suggested that on current trends digital may have grown its share to 80% of listening by 2027, the new expiry date of licences if they are renewed for five years from 2022.³
11. The VLV believes that it is important not to rush the transition to digital. Even if digital were to have an 80% share of listening, that would mean analogue would still have 20%, a highly significant minority share. There would be plenty of work still to do in encouraging the switch to digital and ensuring that no listeners are left behind or disenfranchised in the process. Five years – although the span of the most recent renewals for the national analogue commercial licences – therefore would be an inadequate amount of time by which to extend licences. There is a danger that licensees would feel inadequately motivated to invest in the continued transition to digital if they doubted whether they would be able to retain their licences beyond 2027.

Question 3: We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

12. VLV believes it is important to recognise that there are differences between national and local radio when it comes to the shift to digital. As the consultation notes, reach on analogue still exceeds reach on digital at most local stations. However, the trend is in the same direction and we believe the principles at stake are the same. For the reasons outlined above in the answer to Question 1, continuing with a system of licence renewals seems to be a better way forward for local radio as much as for national radio than letting licences expire and re-advertising them.

Question 4: We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

13. As stated in the answer to Question 2 above, on current trends digital may have grown its share to 80% of listening by 2027, the new expiry date of licences if they are renewed for five years from 2022. A renewal of eight years implies an expiry date of 2030, by which time digital's share of listening should have grown significantly further, perhaps towards the 90% mark.

³ Ibid

14. As stated above, the VLV believes that five years would be an inadequate amount of time by which to extend licences. A lengthier extension therefore seems to be a better idea, to give licensees greater certainty and motivation to invest in the continued transition to digital.

Question 5: We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

15. VLV believes that the current system of licence renewals has worked well in encouraging investment from major radio operators in the switch to digital. We support its continuance for the time being for reasons set out already. As also noted previously, there are ways for new services to enter the radio market – and indeed the audio market more broadly – without bidding for the declining asset of an analogue radio licence. There are now many more stations being launched on local and national DAB multiplexes, and this year sees the rollout of the new small scale DAB multiplexes. Listening habits are diversifying fast and there is a burgeoning market in audio services, from podcasts to online stations.

Question 6: We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

16. VLV is concerned that different operators should be treated equally and fairly. It would seem unfair for smaller stations to have to be carried on a digital multiplex covering a much larger area than that covered by their analogue broadcasts. VLV hopes that Ofcom’s discretion should be sufficient to allow for the fair treatment of different operators.

Consultation Questions

Question 1 – What is the likely impact on the radio sector if legislation is not changed? In particular, what would the benefits be in terms of widening choice and investment in local programming and what would be the cost and other impacts for commercial radio in rebidding for licences?

If the legislation was not changed and commercial stations were required to rebid for licences there would be a huge impact in terms of time, resources and finances for the Commercial stations and indeed would also increase the regulatory and cost burden on Ofcom.

Question 2 – Do you agree that a five year period of renewal would provide sufficient certainty to licensees about a continued transition to digital, and encourage continued investment?

In our view a five year period of renewal does not provide sufficient certainty to licensees to continue the transition to digital. An eight to ten years would be a more realistic period.

Question 3 – We would also welcome views on whether all analogue licences should be treated in the same way, or whether the renewal of national licences should be treated differently to local licences.

The Nationals can be treated differently as they already have more listeners on their DAB than analogue frequencies. These frequencies could be offered to existing small commercial stations in those areas to enable them to increase their coverage areas.

Question 4 – We would welcome views on the advantages and disadvantages to the radio industry and to individual stations of allowing a further eight year renewal.

The eight year renewal option is actually good overall for both the radio industry and the individual stations. This would encourage stations to continue investing further in DAB and thus maintain the momentum for the transition to digital without being heavily burdened with extra resource issues and time constraints.

Question 5 – We would also welcome views and evidence on the impact of further licence renewals on commercial radio and on whether the current routes do provide a workable option for potential new entrants to the market.

It would not be in the interest of potential new entrants to apply for licences which are due to expire as it would not give them enough time to realise their investment nor give them the incentive to invest in digital. If a new entrant wanted to start a new service there are several platforms, which also help in the transition to digital, available eg online, DAB (Regional or National) or Small scale DAB(Local).

Question 6 – We would welcome views on a new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small scale DAB multiplex and whether the legislation needs to define what is meant by substantially the same measured coverage area or whether this should be left wholly to Ofcom’s discretion.

The new requirement to allow smaller commercial stations to benefit from renewals if they take carriage on a small DAB multiplex would be imperative to not only encourage but to also enable the smaller commercial stations to transit onto DAB with a practical and a more cost effective means. The legislation could be left wholly to Ofcom’s discretion.

Analogue Commercial Radio Licence Renewals - please respond by Monday 18 May

Analogue Licence Mailbox <analoguelicence@culture.gov.uk>

7 May 2020 at 13:39

Bcc: [redacted]@radiocentre.org>, [redacted]@bauermedia.co.uk>, [redacted]@wirelessgroup.co.uk>, [redacted]@dctmedia.co.uk>, [redacted]@nationbroadcasting.com>, [redacted]@nationbroadcasting.wales>, [redacted]@sunriseradio.fm>, [redacted]@niocast.com>, [redacted]@arqiva.com>, [redacted]@foldermedia.co.uk>

Dear Respondent,

We are writing further to the government's recent consultation on analogue commercial radio licence renewals.

We are aware that the landscape for radio has changed significantly since the conclusion of this consultation, with the Covid-19 pandemic having a huge, and ongoing, impact on the industry.

Against this background, we have taken into account the representations made during the consultation by stations who are required to take carriage on local multiplexes which may have too large a coverage footprint or be too costly given those stations' intended coverage areas. We acknowledge the feedback that for the majority of larger commercial stations, a digital service is now an integral part of their business. We also note Ofcom's [decision not to specify a date](#) for commencing the licensing process for small-scale DAB multiplexes, which is likely to delay the roll out of small-scale DAB.

Finally, we note that most of the respondents to our consultation both supported a further renewal, and considered that this should be for eight years as a minimum, with strong arguments made for a slightly longer period to cover the expected lifespan of analogue radio broadcasting. We believe that allowing an additional two years may provide more clarity and security for the industry (including for advertisers and investors), at what is a particularly difficult time.

In light of the above, we are undertaking further consultation, in accordance with section 13(2) of the Legislative and Regulatory Reform Act 2006, **on the following additional proposals:**

- 1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");*
- 2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.*

We would welcome your views on the above proposals, with reference to the following questions in particular:

- a) What would be the likely impact of these proposals on you or the organisation you represent?*
- b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?*
- c) Is the digital requirement still needed to promote the development of digital radio?*
- d) Do you agree with the proposal to remove the digital requirement?*
- e) Do you agree with the proposal to increase the length of renewals to ten years?*

Please provide your responses to the above by 5pm on **Monday 18th May**.

--

Analogue Commercial Radio Licence Renewals

█@sunriseradio.fm █@sunriseradio.fm>
To: analoguelicence@culture.gov.uk

13 May 2020 at 19:45

Hi,

Hope all is well. Please find our response below.

a) *What would be the likely impact of these proposals on you or the organisation you represent?* **We would wholeheartedly welcome these proposals as the digital transmission costs are extremely high and burdensome particularly during these unprecedented times that we find ourselves in and given Ofcom's decision not to specify a date for commencing the licensing process for small-scale DAB multiplexes.**

b) *Would these proposals help mitigate the impact of Covid-19 on the radio sector?* **This would most definitely help mitigate the impact of Covid-19 on the radio sector and in particular on the small commercial stations like ourselves.**

c) *Is the digital requirement still needed to promote the development of digital radio?* **We don't believe that the digital requirement is still needed given the fact that Digital broadcasting has now exceeded the 50% mark and that most commercial stations are already investing in and committed to DAB broadcasting.**

d) *Do you agree with the proposal to remove the digital requirement?* **Yes, we do.**

e) *Do you agree with the proposal to increase the length of renewals to ten years?* **The proposal to increase the length of renewals to ten years is actually good overall for both the radio industry and the individual stations. This provides sufficient certainty and would encourage stations to continue investing further in DAB and thus maintain the momentum for the transition to digital.**

Kind Regards,



Registered Address: Sunrise House, 55 Leeds Road, Little Germany, Bradford BD1 5AF

Tel: (01274) 735043

Web: www.sunriseradio.fm

Facebook: /SunriseRadioUK

Instagram: @SunriseRadioUK

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Sunrise Radio (Yorkshire) is operated by Bradford City Radio Ltd. Company Number 2355348

FAO Commercial Radio Analogue Licence Renewal Consultation
Media Team
DCMS 4th Floor,
100 Parliament Street,
London.
SW1A 2BQ

14th May 2020

Dear Sir / Madam

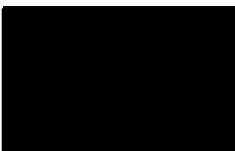
Reference: Commercial Radio Analogue Licence Renewal Consultation - Additional Proposals

We welcome DCMS's additional consultation on this matter and support the proposal to increase the renewal time period to 10 years and to remove the digital (DAB) requirement for automatic renewal for all licences. We would also make the following points:

- To assist with the impact of Covid-19 we would like to see the digital requirement removed from all current licences with immediate effect.
- We recommend that a review is undertaken into DAB pricing by DCMS or appropriate regulatory authority to ensure fairness and transparency at the earliest opportunity.

We set out our comments on the above in more detail in our response below.

Yours faithfully



Communicorp UK response to Commercial Radio Analogue Licence Renewal Consultation: Additional Proposals

Background

Communicorp (CCUK) operates a total of 12 Ofcom analogue licences with radio stations covering primarily the North of England, Central Scotland and Wales under the brands of Capital, Heart, Smooth and XS Manchester. Our stations have a combined weekly listenership of over 3.1 million and listener hours in excess of 23 million (Source: Q1 2020: RAJAR).

As a Group of companies, we have made a significant investment in DAB over the past six years and except for 2 radio stations, Heart North Wales and XS Manchester all our stations have DAB coverage across 19 different local multiplexes. XS Manchester is carried on the Manchester small-scale DAB multiplex due to capacity constraints on the local Manchester DAB multiplex.

Response to Consultation

- 1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");*
- 2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.*

a) What would be the likely impact of these proposals on you or the organisation you represent?

We operate a number of smaller analogue licences where the local DAB multiplex coverage is far greater than the licenced area. This creates two issues, listeners outside the licenced broadcast area receive local programming which is not relevant to them and local advertisers have significant wastage which cannot be monetised. This DAB transmission cost is much higher than FM transmission cost and is not commercially viable. Where the DAB coverage is not an appropriate fit to our local stations and a high cost we would look to transition to a small scale DAB multiplex where they exist and digital streaming platforms.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Covid-19 is having a significant impact on the radio sector with local advertising levels dropping to c. 30% in April compared to the prior year and will have a significant impact on the viability of radio stations going forward. There is no doubt that the pandemic will have a long term impact on the industry and local advertising revenues in particular. Whilst the proposal to remove the digital requirement from automatic renewals will help in the future it offers no immediate financial benefit due to existing contractual obligations with multiplex providers and licence renewals potentially years away in the future.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector? (continued)

We would therefore like the Government to go further on the legislation and release radio stations from their current DAB licence obligations, not just on renewal, allowing stations, where contractually able to end their contracts with DAB multiplex owners as required during their current licence term. We would apply this opportunity to remove DAB coverage where DAB service adds little or no audience.

Furthermore, the Government should review the unregulated pricing on local DAB multiplexes which has damaged both uptake of DAB capacity and transmission quality, with radio operators opting to buy inferior mono services rather than stereo due to cost.

We believe that the Ofcom local DAB multiplex licence allows the licensee to become, de facto, a monopoly supplier of DAB services for the local radio stations in its area. However, unlike most monopoly suppliers the pricing is not regulated and multiplex operators are able to charge a price far in excess of what an open market would dictate. Price transparency and fairness in DAB transmission has not been addressed for many years and is damaging to both broadcasters and listeners. The relicensing requirement to broadcast on DAB forces radio operators into unfair contracts with the DAB multiplex owner and this creates a distorted market driven by regulation. Arqiva, a major supplier of DAB services, whether as licence holder or service provider to licence holders, makes an overall group EBITDA margin in excess of 50%, which is exceptional for a utility company, and we would encourage DCMS whilst considering the renewal options to undertake a formal review of the pricing of DAB services to make sure it is fair and transparent for all parties.

c) Is the digital requirement still needed to promote the development of digital radio?

Technological change over recent years has seen a change in the way audiences listen, through DAB as well as via newer platforms such as smart phones and smart speakers in the home, whilst changes to the car dashboard are starting to incorporate more sophisticated in-car play systems from providers such as Google and Apple. DAB will continue to play a substantial role in the way listeners consume radio however, it is likely that other digital advances in 5g technology outdoors and in the home by internet platforms and multi-functional smart devices will become increasingly important. Given the decrease in analogue listening and increase in multiplatform digital listening, it would seem counter-intuitive at this point to encumber any new licence renewal with a DAB only requirement when the broadcaster will clearly need to make their services available on all digital platforms. Withdrawing the DAB licence requirement will allow radio broadcasters the flexibility to invest in digital distribution platforms in line with listener demand.

d) Do you agree with the proposal to remove the digital requirement?

We agree with the proposal to remove the digital requirement, not just for renewal but with immediate effect. We refer to our responses in a) and c).

e) Do you agree with the proposal to increase the length of renewals to ten years?

We agree with the proposal to increase the length of renewal to ten years and believe this will provide comfort to both investors and employees allowing us to continue to innovate and invest in content and provide the best service we can to our listeners.

Consultation Response From Triple Muxco Somerset Ltd - Commercial DAB multiplex operator for Somerset

████████████████████@triple360group.com>
To: analoguelicence@culture.gov.uk

15 May 2020 at 14:13

Commercial Radio Renewals:

It is concerning to have such a short deadline for a significant consultation - one which will have substantial consequences for the viability of local DAB multiplexes, the access of audiences to high value local content and the continued access of BBC stations to local DAB coverage.

The current regulations achieve their objective; Have been adaptable in reducing cost burdens in local content production for analog stations in return for the digital commitment; and ensure audiences receive important local content as intended by parliament through the relevant acts.

Changing the current environment presents significant risks and inequalities:

- Local multiplex operators have regulatory burdens in their licence conditions, such as coverage requirements to bring DAB into rural communities - many with poor Internet access - which come at considerable costs that a commercial business would judge unviable without the certainty from the current regulations.
- Multiplex operators entered into the obligations on the basis of the regulatory framework. Only four years ago we agreed the DCMS coverage expansion programme to aid digital switchover with consequential financial liabilities. We are legally entitled to rely on the fact these would remain substantially similar for the duration of our licence obligations.
- Multiplex licences contain early termination penalties and coverage requirements. These regulatory burdens would need to be concurrently removed if the option to unlink analogue renewal from local DAB capacity is executed OR no changes permitted until the renewal of each multiplex area licence.

Inequitable Regulation:

Multiplex licences are regulated activities in the same way that analogue licenses are regulated activity. Both have licence obligations. To make a full contribution to the consultation, it would have been preferable for the DCMS to release the market and regulatory impact assessments for the industry to analyze before submitting responses. Such impact assessments are a vital part of good governance and we urge the department to release these urgently.

The market assessment by the 100% Media group (our parent) is that at least 12 Commercial DAB multiplexes are significantly unviable without the local analogue/digital licence linkage; with a further 9 at risk. Including in Wales, risking National BBC Radio Wales and Radio Cymru carriage on local DAB in areas already access limited without UK National D2/SDN coverage. We would be keen to discuss with the Welsh Government the negative impacts likely to flow from the unlinking of digital carriage from analog renewal before decision making proceeds.

The risks of potential failure of multiplex licence holders are very real and significant: No high value local news and information content for audiences in many communities on the main digital platform; the removal of BBC PSB content from audiences as BBC locals would have no DAB outlet in the event of a mux failure. Given these facts, a broader, longer, discussion on impact with wider stakeholders and members in both houses of parliament would be reasonable.

It is not a simple case of relaxing a regulatory burden on radio stations, the ecology of the sector is more complex. Different parties - both equally regulated activity - are involved. It is inequitable to seek to release just one party from an obligation. It is also likely unlawful.

Focussed Help:

Clearly there are short term challenges for radio. However, stations who have reduced local hours to the 3 hour minimum have cashed in savings of around £225,000pa per FM licence, whilst continuing to pay nothing for the public spectrum they broadcast on.

This was the 4th major relaxation of content regulation in 10 years. If large groups cannot make their business viable, they have the option to be national DAB only by handing back the analogue licences for readvertisement. They won't.

Why? Simply, there are other major worldwide media groups who would apply in a large scale licence award process, with potentially greater public benefit and none would risk a commercial rival entering the market.

Help should be focussed: smaller stand-alone stations with analogue areas far smaller than the commercial DAB coverage areas; with higher local hours; have higher costs and not benefited from the economies of scale. We propose targeted support to allow these stations to auto renew without DAB capacity. It should be made available via mechanisms such as requirement to broadcast via small scale DAB within a defined period rather than continuous commercial DAB; with Ofcom committing to the stations area in planning and awarding licences.

Question replies below:

In light of the above, we are undertaking further consultation, in accordance with section 13(2) of the Legislative and Regulatory Reform Act 2006, on the following additional proposals:

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");

This would risk significantly impacting multiplex licence viability and reduce audience access to high value local news content. See opening discussion to the consultation.

--

2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

Renewing licences for free analogue spectrum without any link to provision public value is unjustified.

--

We would welcome your views on the above proposals, with reference to the following questions in particular:

a) What would be the likely impact of these proposals on you or the organisation you represent?

The multiplex licence would be financially unviable without the regulatory requirements of linked carriage. It would risk being handed back, impacting audience access to local news and removing BBC Somersets PSB content from digital audiences.

--

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Radio licencing is a long term issue. Changing policy for short term challenges is unwise.

--

c) Is the digital requirement still needed to promote the development of digital radio?

Yes. Audiences value local content, and the quid pro quo of reduced obligations for analogue spectrum access in return for providing local news content on digital is the good value for all parties.

The digital requirements of linked license also provide the funding for digital coverage in rural communities. Allowing removal of local analogue licences from the matching local DAB multiplex undermines the DCMS digital switchover funding coverage expansion programme. and the good work ensuring local community access to DAB redundant.

--

d) Do you agree with the proposal to remove the digital requirement?

No. Multiplex licences come with regulatory obligations and long term commitments. It would be arbitrary and unfair to change one part of the sector (analogue) without due regard and impact assessment of the other (multiplex)

e) Do you agree with the proposal to increase the length of renewals to ten years?

With continued local digital commitments, yes.

Without any obligations to ensure the local content they make is widely available on all platforms (DAB is 70% of digital listening) it is inexplicable that licences should continue without readvertisement.

ENDS

[REDACTED]

For Triple MuxCo Somerset Ltd

Further Renewal of Analogue Commercial Radio Licences - Dee Radio Group

TO: [REDACTED]@dee1063.com>
Cc: "analoguelicence@culture.gov.uk" <analoguelicence@culture.gov.uk>

15 May 2020 at 14:15

Good Afternoon

We appear not to have received the further consultation questions sent to respondents to the initial consultation (our initial response is at the base of this email chain)

Radio centre has forwarded the further questions below to us. We have worked in association with Radio Centre on their response.

Specifically our own response is detailed below

a) What would be the likely impact of these proposals on you or the organisation you represent?

We believe further extended licence renewals will have a positive impact on our organisations freeing up time and resource to focus on delivering content for our listeners and revenues to sustain our viability. The extended time frame of 10 years is welcome giving us certainty in our forward planning. We would further encourage consideration of a 12 year renewal period.

The removal of the digital requirement is positive in terms of our analogue licenses that don't have a relevant multiplex and with the delay in small scale licensing will be unlikely to have digital carriage in the short to mid term.

Conversely the removal of the digital requirement does create uncertainty in our local multiplex business which may lose broadcasters and hence detrimentally effect its viability. It may be worth considering the removal of the digital requirement where there is no relevant multiplex.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Any certainty in an uncertain time has a positive effect. Revenues are currently significantly compromised by the covid crisis whilst conversely audiences are undoubtedly very strong.

The reduction in financial and human resource by not having to plan and work through a renewal process is very welcome.

However the potential impact on our Local multiplex business is a concern.

c) Is the digital requirement still needed to promote the development of digital radio?

Undoubtedly DAB is firmly established and for the majority of larger stations dropping the platform would have potentially a significant negative impact on audiences.

That said some radio operators may elect to drop carriage for financial reasons not least off the back of the covid crisis and the significant financial damage likely to be caused.

In turn this may effect local multiplex operators and their sustainability.

d) Do you agree with the proposal to remove the digital requirement?

We do agree where there isn't a relevant local multiplex. Clearly the definition of relevant would require some additional consideration.

e) Do you agree with the proposal to increase the length of renewals to ten years?

We do welcome the proposal to extend licence renewals to 10 years and would further suggest this is extended to 12 years.

From: [REDACTED] On Behalf Of Analogue Licence Mailbox

Sent: 07 May 2020 13:39

Subject: Analogue Commercial Radio Licence Renewals - please respond by Monday 18 May

Dear Respondent,

We are writing further to the government's recent consultation on analogue commercial radio licence renewals.

We are aware that the landscape for radio has changed significantly since the conclusion of this consultation, with the Covid-19 pandemic having a huge, and ongoing, impact on the industry.

Against this background, we have taken into account the representations made during the consultation by stations who are required to take carriage on local multiplexes which may have too large a coverage footprint or be too costly given those stations' intended coverage areas. We acknowledge the feedback that for the majority of larger commercial stations, a digital service is now an integral part of their business. We also note Ofcom's decision not to specify a date for commencing the licensing process for small-scale DAB multiplexes, which is likely to delay the roll out of small-scale DAB.

Finally, we note that most of the respondents to our consultation both supported a further renewal, and considered that this should be for eight years as a minimum, with strong arguments made for a slightly longer period to cover the expected lifespan of analogue radio broadcasting. We believe that allowing an additional two years may provide more clarity and security for the industry (including for advertisers and investors), at what is a particularly difficult time.

In light of the above, we are undertaking further consultation, in accordance with section 13(2) of the Legislative and Regulatory Reform Act 2006, on the following additional proposals:

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");

2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

We would welcome your views on the above proposals, with reference to the following questions in particular:

- a) What would be the likely impact of these proposals on you or the organisation you represent?

- b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

- c) Is the digital requirement still needed to promote the development of digital radio?

- d) Do you agree with the proposal to remove the digital requirement?

- e) Do you agree with the proposal to increase the length of renewals to ten years?

Please provide your responses to the above by 5pm on Monday 18th May.

Analogue Commercial Radio Licence Consultation Mailbox

Department for Digital, Culture, Media & Sport

4th Floor, 100 Parliament Street, London SW1A 2BQ

@dcms /dcmsgovuk | www.dcms.gov.uk

[Quoted text hidden]

[Quoted text hidden]

Central FM Response to Ofcom Consultation regarding Analogue Licence Renewal

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");
2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

a) What would be the likely impact of these proposals on you or the organisation you represent?

Central FM is almost total unique in Scotland (with one or two other small exceptions) where our only DAB option is the supersized Central Belt Mux which not only covers the entire central belt of Scotland but is the second largest DAB mux outside of London. Due to the unique ways in which DAB operators have created monopolies, controlled pricing and access to the market this has led to a number of station closures already and wide scale cost cutting in key areas of innovation and talent development. We would very much welcome these revised policies.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Central FM has felt the full impact of the Covid 19 downturn which due to DAB carriage costs and the lack of any meaningful ROI was already on the brink of survival in the years before the break out of Covid 19. These new proposals are not only welcome for the radio sector as a whole but could prove to be the difference between central FM surviving going forward.

c) Is the digital requirement still needed to promote the development of digital radio?

Listeners demand is now at a level that a digital requirement is less required for a digital future and we believe this can now be relaxed to allow natural market forces to take this to the next level.

d) Do you agree with the proposal to remove the digital requirement?

Yes.

e) Do you agree with the proposal to increase the length of renewals to ten years?

Yes.



MuxCo response to DCMS further consultation on analogue commercial radio licence renewals

We welcome the opportunity to comment on the proposals outlined in DCMS's email of 7th May 2020.

We are concerned by the short deadline for such a significant consultation and are disappointed that there does not seem to have been any market impact assessment undertaken by the DCMS as to the impact that these proposals will have on local multiplexes, and their ability to operate in an ever growing and more competitive local DAB environment.

The DCMS says that the new proposals will "provide more clarity and security for the industry (including for advertisers and investors) at what is a particularly difficult time". However, these proposals do not provide local multiplex operators with the same level – or indeed any – clarity or security.

Over the last decade MuxCo has built up a network of local multiplexes that provide local digital radio services to over 15 million adults across England and Wales, often working with smaller radio operators. Our clients range from the BBC, Global and Bauer to smaller analogue operators such as Premier Christian Radio, Sunshine Radio and Ipswich 102, as well as new digital only services such as Atlantis, Release and Podcast Radio. Some services have sought analogue renewal on the basis of carriage; others have joined because we embrace new technology such as DAB+ which allows us to offer competitive carriage fees that allows them to build new, local media businesses.

We have been supportive of the development of DAB digital radio and participated in the Government led 2015 DAB Expansion Plan, despite this making our multiplexes larger and more costly – a point bizarrely used by the DCMS and Ofcom as a reason for introducing a tier of small-scale local multiplexes and the new proposals to de-link analogue renewal with digital carriage. As our multiplexes are not fully sold, we are not able to fully recover the cost of the DAB Expansion Plan – but we accepted these increased costs as good for DAB and the radio industry as a whole.

Subsequently, Government has pushed ahead with small-scale DAB multiplexes which will have an impact on our multiplex business, with potentially at least 10% of our services likely to switch to smaller multiplexes as they launch. Again, a Government initiative that will have a negative impact on our business.

The proposals published on 7th May will have a further negative impact on our multiplexes, with the potential for analogue licences to leave our multiplexes when they next renew their licences (for a proposed further ten years).

Muxco Limited



We are disappointed that Government intends to support and benefit local analogue operators, giving them security over tenure and financial viability, but has not considered and does not intend to give similar levels of security over tenure and financial viability to local multiplex operators, without whom radio's digital future will be compromised, or indeed any support to local digital-only services, many of whom deliver more local output than the larger radio groups who will benefit from these changes.

To provide some security to local multiplexes, we propose the following amendments to Government's Licence Renewal proposals:

- Whilst we do **not** support de-linking, if the future analogue renewal process does not require analogue services to provide a service on digital, there must be a legal obligation re-enforced by Ofcom for those analogue licensees who de-link and renew to honour contractual terms through to the date that the new analogue licence period starts.
- Local multiplex licences are extended for a further ten years, in addition to any renewals and extensions to which they may already be entitled.

These proposals will provide investors in local DAB multiplexes with a degree of clarity and security, at what is a particularly difficult time.

Our responses to the individual questions are:

a) What would be the likely impact of these proposals on you or the organisation you represent?

MuxCo is a local multiplex operator that operates in smaller and more rural markets across the UK. The proposals are likely to have a fundamental impact on our businesses and may weaken some of the multiplexes to the point that they may be financially unviable.

We therefore cannot support the proposals unless Government provides additional assurances to our sector of commercial radio to ensure that our businesses will not be materially impacted by the proposals.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

We do not believe that the proposals will materially mitigate the impact of Covid-19 on the radio sector. Covid-19 is likely to be a short-term issue, whilst Government's proposals have no short term benefit, but significant medium to long term impact.

The vast majority of stations that the proposals will benefit are owned by larger radio groups who do not face the same significant pressures as smaller radio businesses, including those digital-only local services trying to build new businesses.

c) Is the digital requirement still needed to promote the development of digital radio?

It is an important link. DAB household penetration is still not universal and needs the promotion through BBC and commercial services. If Government relaxes the rules for commercial radio, it will provide the BBC with a right to seek not to provide its local services on DAB or at least likely to introduce a new negotiating point at charter renewal.

A key benefit of locally broadcast digital radio is that many stations, from different operators, co-exist together on a similar device. This allows new local voices to join the airwaves and reach a large number of listeners on a platform that has grown in popularity. If stations were to leave DAB for their own IP platforms – like BBC Sounds or Global Player – it concentrates control with the large broadcasters, making it difficult for new voices, particularly new local voices, to establish themselves. At a time when large radio groups have minimised their local output, it would be a double blow to reduce the viability of new local entrants.

At the moment, a broad ecology exists combining broadcast DAB digital radio with shared internet platforms like Radioplayer and operator-specific ones like BBC Sounds, which helps provide broad access to local content for all ages and demographics.

If stations were to remove themselves from local DAB, whilst keeping their FM and IP platforms, they would destabilise the core platform that allows real local competition. The new rules would freeze the FM spectrum in aspic, whilst local DAB would enter a prolonged period of uncertainty.

d) Do you agree with the proposal to remove the digital requirement?

We do **not** agree with the proposal. No analogue service is required to take carriage on a multiplex, and many have opted to renew their licences through the regular Ofcom process - something they would still be free to do.

We find it strange that many local commercial licences have chosen, within the rules, to remove the vast majority of their local broadcasting commitments, and are now being offered their local FM licences in perpetuity.

If they are given the opportunity to de-link themselves from local DAB digital radio and that results in that platform being unviable, it will lead to the new stand-alone and local broadcasters not having a broadcast platform which will to the detriment of listeners and social good.

e) Do you agree with the proposal to increase the length of renewals to ten years?

Subject to Ofcom having its 2 year notice period as currently, then this would be fine.

We believe that local multiplex licences should also be extended for a further ten years, providing them with a degree of stability at a challenging time.



About MuxCo

MuxCo is a consortium of radio operators – analogue and digital – that operates a number of local DAB digital radio multiplexes across the country.

The MuxCo Network currently enables local DAB digital radio services to broadcast to 15 million adults across England and Wales as follows:

- North East Wales & West Cheshire
- Gloucestershire
- Herefordshire & Worcestershire
- Surrey
- Lincolnshire
- Somerset
- North Yorkshire
- Suffolk
- Mid and West Wales
- North Wales
- Morecambe Bay (launching late 2020)

45% of the 80 services that currently broadcast through the Network are analogue simulcast services, with 55% digital only services. In addition, 25% of services broadcast in DAB+.

Muxco Limited

Greenworks, Dog and Duck Yard, Princeton Street, London WC1R 4BH

Quidem submission to the Further Analogue Licence Consultation

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement")

2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

a) What would be the likely impact of these proposals on you or the organisation you represent?

Both measures would be helpful. The threat of loss of licence to a competitor has downsides such as:
Uncertain timescale for funders
Cost of research in support of an application
Management time in preparing a licence application

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Yes, but we will need much more help. The Covid-19 crisis has reduced revenues in the Quidem group to around 25% to 30% of prior year. This is an existential crisis.

c) Is the digital requirement still needed to promote the development of digital radio?

We do not believe so. Out of our 6 station group five are still not able to participate in DAB because of the mismatch in coverage footprint and cost. With DAB accounting for 40% of all radio listening (Rajar Q1 2020) we must find a route to the platform simply in order to compete. This imperative is not to do with duration of licence and all about effective distribution.

Our involvement in the small-scale DAB trial has been about gaining an understanding of how this new access point to the DAB platform will work in practice. The slowing down of the rollout will have a negative impact on our business during the interim.

This month we need to provide Ofcom with notice of our intention to place Rugby FM on a DAB platform thereby enabling a digital rollover. There is no route to DAB for this small radio station serving a population of 58,000 adults. It seems to us iniquitous that larger stations are given a means to roll over their licences whereas small stations cannot. If the digital requirement is maintained we believe that stations such as Rugby FM should be able to give an undertaking to broadcast on small-scale DAB when available, in exchange for automatic licence renewal.


d) Do you agree with the proposal to remove the digital requirement?

Yes, for two reasons

1. DAB now has sufficient momentum – it is a “must have” for effective distribution.
2. There are many stations not yet able to switch to the platform because small-scale DAB is not ready.

e) Do you agree with the proposal to increase the length of renewals to ten years?

Yes. This extension would reduce cost and disruption.


Quidem

**DC Thomson response
to
Ofcom Consultation regarding Analogue Licence Renewal**

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");

2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

a) What would be the likely impact of these proposals on you or the organisation you represent?

We believe there would be universal benefits to many station operators if both these policies were adopted. The removal of DAB carriage as a condition of an analogue licence would allow for a more meaningful discussion around carriage conditions for the many operators who would wish to continue broadcasting on DAB. We also believe there are a number of stations whose financial sustainability would be far more likely if there were a relaxation around this requirement whilst at the same time creating some additional capacity for market led demand rather than regulatory requirement.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Whilst the full effects of Covid 19 have yet to be fully realised in the longer term we already know that there has been an immediate revenue downturn which has been more severe than was predicted earlier in the year. We believe that the medium term impact could be just as severe due to the time line of businesses being able to implement a gradual return to trading, particularly given that those businesses who may have to implement a slower gradient are more likely to be radio advertisers. These proposals will be very welcome and have a significant impact towards the successful sustainability of a number of radio stations and their longer term planning with a 12 year licence renewal.

c) Is the digital requirement still needed to promote the development of digital radio?

Market and consumer demand have now gathered sufficient momentum that a digital requirement is less required to ensure a successful digital future with recent RAJAR again showing strong and healthy growth around demand for digital listening.

d) Do you agree with the proposal to remove the digital requirement?

Yes.

e) Do you agree with the proposal to increase the length of renewals to ten years?

Yes.



Further Consultation on the Further Renewal of Analogue Commercial Radio Licences

May 2020

About Global

Global is home to respected market-leading media brands including Capital, Heart, Classic FM, LBC, LBC News, Smooth, Radio X, Capital XTRA, Gold and Global Player, which allows listeners to enjoy all of Global's radio brands, award-winning podcasts, and expertly-curated playlists, in one place in app, on the web and on smart speakers. We broadcast from 14 broadcast centres across the country, entertaining 25 million listeners on the radio across all the nations and regions of the UK every week.

Global holds 76 local analogue licences and one national analogue licence, Classic FM. Global is a strong supporter of DAB digital radio. Almost all our analogue stations are simulcast on DAB and have therefore been granted analogue licence renewals.

Classic FM's analogue licence expires in February 2022. Given the time required by Ofcom to advertise a licence, securing the secondary legislation needed for a further renewal is now critically urgent.

Background to this consultation

Global responded to the initial consultation in February 2020, and strongly supported a renewal of analogue licences to give the industry stability and certainty as it manages a transition to digital. We argued that renewals should be longer than 8 years in order to give licensees confidence and remove the requirement to repeat this process again in a few years' time, and urged government to seriously consider a 12 year renewal.

We also supported enabling smaller analogue stations to take advantage of renewing their licences by committing to broadcast a service on a small-scale DAB multiplex on the basis that there should be parity for smaller commercial stations in benefitting from renewals in the same way as larger local and national stations do.

Since then, the Coronavirus crisis has resulted in a collapse of radio advertising revenues. Global expects radio advertising revenues to be down 40%-50% in April to June, with only a very modest recovery from those levels expected in July to September. It is now clear that many of the urgent measures Government has taken to control the spread of the virus are likely to remain in place for some time.

Despite COVID-19, commercial radio has continued to provide accurate, up to the minute news and information on the crisis to listeners as well as much needed, high quality entertainment. The companionship and social connection our stations provide to listeners across the UK is more important than ever. At Global, we have increased the news output on our stations in response to the crisis to ensure our audiences keep up to date and all our stations helped springboard the Clap for Carers on Thursday evenings to support those working on the front line.

Partly in response to these challenges, DCMS is now proposing:-

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");
2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

Consultation Questions

a) What would be the likely impact of these proposals on you or the organisation you represent?

A renewal of 10 years rather than 8 years would provide welcome additional certainty to our business. As we noted in our response to the original consultation earlier in the year, it is highly unlikely that the UK will be ready to switch off analogue radio broadcasting within the next 8 years.

The removal of the digital requirement for a renewal would potentially give us more flexibility in the future to manage our portfolio of digital stations, for example in some parts of the country where local DAB multiplex areas do not match the footprint of our analogue licences and we are required to broadcast multiple digital services in the same area. However, Global is generally committed to long term agreements with multiplex operators and therefore the removal of the digital requirement would have very limited impact on our business in the short or medium term.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

While we very much welcome the move to 10 year renewals, these proposals are not in themselves going to materially reduce the impact of Covid-19 on the radio sector.

c) Is the digital requirement still needed to promote the development of digital radio?

Global is committed to broadcasting services on local and national DAB and has entered into long term contracts to do so. We noted in our response to the initial consultation that we, and other operators, have invested far more into DAB and other digital platforms than is required to renew our analogue licences.

In our view, assessing the overall impact on digital radio of removing the digital requirement would require further, more detailed analysis.

d) Do you agree with the proposal to remove the digital requirement?

Removing the digital requirement would benefit some station operators and provide some limited additional flexibility to others, but it would need to be applied consistently across all operators irrespective of station or when the renewal was taken. We understand that local multiplex operators have some concerns about the potential impact on their businesses and, as noted above, more detailed analysis would be required to assess the overall impact of removing the digital requirement on the development of digital radio.

The industry needs certainty on analogue licencing urgently, and time is of the essence for the Classic FM licence in particular. Further delay would be very damaging. We would therefore urge DCMS to de-couple these two issues, and proceed with analogue licence renewals now and conduct more detailed analysis before taking a decision on whether to proceed with removing the digital requirement at a later date.

e) Do you agree with the proposal to increase the length of renewals to ten years?

We fully support this proposal, and we are very pleased that Government has listened to representations from the industry on the length of the renewal. We continue to believe that a 12 year renewal would be ideal, but clearly a 10 year renewal will provide more certainty for the industry than an 8 year renewal as originally proposed.

RADIOCENTRE RESPONSE TO DCMS FURTHER CONSULTATION ON ANALOGUE COMMERCIAL RADIO LICENCE RENEWALS

SUMMARY

1. Radiocentre welcomes this further consultation on the renewal of analogue commercial radio licences (for AM and FM stations) and notes the Government's support for the radio industry at this most challenging of times. There is no doubt that the landscape for radio has changed since the launch of the original consultation on this issue in December 2019, with the Covid-19 pandemic now having a huge, and ongoing, impact on the industry and the country as a whole.
2. Therefore it is appropriate to look again at the proposals in the consultation and consider these in the light of this significant change in circumstances. As a result, the Government is seeking views on two additional proposals.
 - *To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement").*
 - *To allow all analogue licences to be renewed for a further 10 years, in addition to any renewals to which stations may already be entitled.*
3. The proposal to allow the renewal of analogue licences for a further 10 years will be welcomed by the commercial radio industry as a means of minimising cost and disruption associated with the licensing process for analogue commercial radio stations and help provide greater certainty and stability in this aspect of their operation. As stated previously, Radiocentre continues to believe that a 12 year term consistent with the award of re-advertised analogue licences would actually be the most sensible approach.
4. However the proposal to remove the digital requirement is more divisive. Many analogue commercial broadcasters would welcome such a change, but those with significant interests in multiplex businesses and DAB broadcasting are concerned that removing this incentive could have unintended consequences and undermine the viability of DAB at a local level.
5. Either way it is vital that a Legislative Reform Order enacting further licence renewals is introduced without delay. There is now a tight timeframe before the relicensing process is due to commence for the first analogue licences, which means that DCMS will need to lay an Order before parliament in a matter of weeks to enable it to be considered in time and within the 40 days required. Therefore we urge DCMS to act quickly and decisively in order to avoid any further complexity or delay at this point.

BACKGROUND

6. The current economic shock due to Covid-19 means a significant number of commercial radio stations may not be viable without financial support or significant cost reduction. Confidential feedback from Radiocentre members suggests that around 50-60 radio stations could end up going off air or being sold off in the next few months without some form of intervention.
7. The falls in advertising revenue across the industry are unprecedented. Commercial radio is expecting year-on-year declines of over 50% in Q2 2020, with many local stations reporting significantly greater reductions of up to 80-90% due to their reliance on small local advertisers and

SMEs that have been unable to trade and moved quickly to cancel their campaigns. The latest AA/WARC forecasts for radio advertising revenues as a whole predict slightly smaller declines for the remainder of the year, but revenues are still expected to be down by 21% in total for the 2020 calendar year.

8. Some of the sectors of the economy hardest hit at present are also the biggest radio advertisers (Entertainment & Leisure; Travel & Transport; Retail; Motors). These account for over 40% of total revenues and have withdrawn advertising on a large scale due to the economic restrictions. In the meantime very large fixed costs continue to be due. Transmission (DAB and FM) represent some of the biggest fixed costs for any commercial radio station.
9. Against this background it is vital for any Government initiative or change to take into account the extremely difficult economic environment faced by commercial radio, both now and in the years ahead.

CONSULTATION QUESTIONS

a) What would be the likely impact of these proposals on you or the organisation you represent?

10. Further analogue licence renewals are likely to have a positive impact on the commercial radio companies that Radiocentre represents (and ultimately on their listeners) as they will help to minimise the cost and confusion associated with a large scale process of re-advertisement and relicensing.
11. The main concern that we highlighted in our response to the original consultation was that a failure to act or delay (to 'do nothing' as it was described) would cost the radio industry many millions of pounds in direct costs just to prepare multiple bids for local licences and for the auction of national licences. This would ultimately lead to a reduction in available investment and net revenue for commercial radio to the detriment of listeners. Moreover, there is no compelling evidence that proceeding with full scale re-advertising of analogue licences would provide any tangible benefits through increased competition or an improved or expanded range of services.
12. The impact of removing the digital requirement is more uncertain. A number of commercial radio broadcasters with analogue licences may see this as a welcome simplification of the licensing framework, removing a market intervention and leaving decisions on platforms and distribution to the operator. However, some operators – for example those that own operate DAB multiplexes – are concerned that the absence of a licence rollover incentive could have the unintended consequence of weakening support for the DAB platform especially at the local level.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

13. The impact of Covid-19 on the UK economy is likely to be severe and will be felt for several years to come. For the radio sector it is too early to predict precisely what this will mean ultimately, but it is reasonable to assume that the negative financial effect will most likely be measured in hundreds of millions of pounds (the impact of the latest AA/WARC forecast for 2020 alone would be an annual fall in revenue of almost £150m).
14. Given this difficult background any measures to try and help mitigate the impact are welcome. However, it is also unlikely that any single proposal from Government will be able to address the full scale of the economic crisis facing the radio sector. As we noted in our response to the

consultation the process of relicensing analogue commercial radio stations would cost many millions of pounds due to the expense incurred in preparing and submitting multiple bids for local services, as well as the cost of auctions for national services. Moreover, there would be no obvious benefit to the listener, the radio industry or the Government from running such a process. Acting now to avoid or minimise much of this cost will clearly be helpful.

c) Is the digital requirement still needed to promote the development of digital radio?

15. Digital radio is now very well established in the UK. Combined digital listening share now stands at 58.6%, with DAB now the biggest single listening platform for radio (representing 40.2% of this total). There has been an explosion of new services on DAB in recent years. There were 14 national commercial services in 2015 which has risen to 34 in 2019, a 143% increase. Overall there were 425 services on DAB in 2015, which has risen to 492 in 2019. Crucially it is now possible to build a financially viable radio station on DAB, due to the size of the audience, improved coverage and reach of DAB sets in homes and cars.
16. There has also been a growth in the share of IP listening to live radio (a 27% rise year on year) which includes smart speakers such as the Google Home and Amazon Alexa. While this is still a minority of digital listening overall (14%) it is growing at a faster rate than any other platform.
17. Commercial radio operators recognise that they need to be available on the range of platforms that their listeners are using in order to maintain a sufficient audience to sell to advertisers. For the foreseeable future that means being multi-platform – and on FM, DAB and online wherever possible.
18. However, as we have noted already throughout this response there is a strongly held view by a number of operators that the development of digital radio could suffer from the removal of the digital requirement. In particular, there are concerns that the range of services on DAB multiplexes at a local level could reduce as a result of such a change.

d) Do you agree with the proposal to remove the digital requirement?

19. For the reasons we have outlined, there is no consensus in the commercial radio sector on whether to remove the digital requirement. Radiocentre did not actively seek the removal of this requirement in our response to the original consultation. At the time we were content to see the ability to renew analogue licences extended to services that were carried on the new small-scale DAB multiplexes, as a way of ensuring that operators of all size were able to benefit from licence renewals. The subsequent economic crisis and the statement by Ofcom on the delayed roll-out of small scale DAB appears to have changed this situation fundamentally in the eyes of DCMS. While this may well be the case, there remain a range of views on its proposed policy response.

e) Do you agree with the proposal to increase the length of renewals to ten years?

20. Yes. We are pleased that DCMS has taken arguments into account on licence duration. Its option 1 of 'do nothing' would have been very damaging and costly. Its option 2 of '5 year renewal' would have addressed the immediate issue but meant further legislation, starting is only a few years from now.
21. As Radiocentre outlined in its response the option 3 of '8 year renewal' also risked being too short. For that reason we argued that there was a case to consider whether these licence renewals

should be 12 years, in line with the period granted for analogue stations that awarded licences following re-advertisement, or until the point of any future digital switchover. However, the Government's proposal to increase the planned length of renewals to 10 years is a welcome step in the right direction that will help minimise costs and provide a degree of stability at a challenging time. It is now crucial to prioritise the necessary Legislative Reform Order as a matter of urgency so that the process of implementation can commence as soon as possible.

ABOUT RADIOCENTRE

Radiocentre is the industry body for commercial radio. We work on behalf of more than 50 stakeholders who represent over 90% of commercial radio in terms of listening and revenue. We perform three main functions on behalf of our members:

- Drive industry revenue by promoting the benefits of radio to advertisers and agencies through a combination of marketing activity (e.g. events, advertising, PR, and direct mail), research, and training
- Provide UK commercial radio with a collective voice on issues that affect the way that radio stations operate, working with government, politicians, policy makers and regulators to secure the best environment for growth and development of the medium
- Ensure advertising messages on commercial radio stations comply with the necessary content rules and standards laid out in the BCAP Code of Broadcast Advertising and the Ofcom Broadcasting Code.

www.radiocentre.org

18 May 2020

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Whilst the suggested extension is welcome, we do not believe these proposals provide material mitigation of the impact of Covid 19 and that if this is the driving factor from DCMS' perspective, it would be more appropriate to maintain the existing regime, give every single license a 2 year extension to avoid immediate license renewal issues arising in during the emergency and recovery period and give time for more detailed consultation.

c) Is the digital requirement still needed to promote the development of digital radio?

Yes – it is unlikely that local multiplexes will build out any further if the demand for capacity reduces.

d) Do you agree with the proposal to remove the digital requirement?

No – we do not agree any changes should be retrospective – licensees and multiplex operators will have based their business plans on the regulation that existed at the time of renewal.

e) Do you agree with the proposal to increase the length of renewals to ten years?

In line with our earlier submission, we believe this should be for 12 years in line with current new licence awards and digital renewals.

[REDACTED]
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DCMS Further Consultation on Analogue Commercial Radio Licence Renewals

Response from Wireless

May 2020

Wireless welcomes the chance to respond to the additional proposals set out by government in accordance with section 13(2) of the Legislative and Regulatory Reform Act 2006, namely:

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement"); and
2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

As requested, our views on the above proposals are made with reference to the following questions:

- a) What would be the likely impact of these proposals on our organisation?
- b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?
- c) Is the digital requirement still needed to promote the development of digital radio?
- d) Do we agree with the proposal to remove the digital requirement?
- e) Do we agree with the proposal to increase the length of renewals to ten years?

In addressing these additional proposals, we reiterate Wireless' support for the government's view around the central issue at the heart of this consultation: namely that the negative impact of not taking action to remove the regulatory burden of analogue licence renewals would outweigh any likely benefits, causing harm to the commercial radio industry. That position remains unchanged since the outbreak of the Covid-19 pandemic.

In our original submission Wireless agreed that the intention to allow the renewal of all analogue licences for a further eight years, taken as a whole, struck a fair balance between the public interest and the interests of any person adversely affected by it. Therefore we agreed that the preconditions set out in section 3 of the Legislative and Regulatory Reform Act 2006 were met. In our February submission we also mentioned that the commercial radio sector remained largely at the mercy of the ebb and flow of macroeconomic conditions as a result of its reliance on advertising revenue, and that layering onto this the high operating gearing of the commercial radio business model meant that the sector was particularly sensitive to exogenous shocks, either to the downside or upside. The Covid-19 pandemic has demonstrated this cyclical leverage in a devastating fashion.

Therefore, in terms of assessing proposals government can make to help mitigate the impact of Covid-19 on the radio sector, removing the costs to stakeholders of going through a wholesale analogue licence re-advertisement process will be enormously beneficial.

In our original submission, Wireless stated that it did not have a strong opinion on the length of renewal period, stating that a longer renewal period would negate any requirement to revisit this

policy in say three to four years time, and would provide option value through enhanced flexibility. Furthermore, we noted that government policy would not in any way be constrained, as the two year notice period provided for under s97A of the Broadcasting Act remains. We noted therefore that it seemed more likely that a longer eight year period of renewal would be more desirable than a five year period. However, our view was that any period much beyond eight years might work to act as a drag on any incentive to migrate to digital. Wireless maintains this view. We consider a ten year extension may not be optimal, and it would mean that in most cases, analogue licence periods would be longer than current digital radio licences. This seems a perverse status of affairs in a media ecology looking to progress its transition to digital.

Turning to the additional proposal to remove the digital requirement, Wireless does not agree with this proposal for several reasons. First, the requirement to simulcast in DAB has been a central incentive that has been fundamental to the development of the DAB platform for over two decades. Removing this core plank will destabilise the foundations of the entire DAB broadcast ecosystem, in our view. The immediate consequences of this policy would be felt at the local multiplex layer as broadcasters removed their simulcast services and retrenched transmission back to FM and online only. This action would potentially not just be limited to smaller broadcasters, but could also include major groups, such as Global Radio, who could benefit enormously from removing local DAB simulcasts while retaining their national DAB coverage (i.e. remove the local DAB version of Heart, but retain the national DAB version).

The commercial impact on the local DAB multiplex layer would be potentially catastrophic in this scenario. DAB multiplex networks that were viable in the round, as a collection of holdings, would become commercial liabilities, potentially resulting in a number of multiplex licences being handed back to Ofcom. The removal of local DAB services and potentially local DAB multiplexes would have a wider impact rippling out to destabilise overall DAB platform listening, which would impact DAB-only radio operators. The contagion might not stop there either, and these effects may begin to feed back upon themselves and amplify their harmful impact, such that over the course of the decade long extension period, no investment would remain behind the DAB platform with services skipping DAB entirely and transitioning entirely over to IP-based mobile and wi-fi distribution. The UK commercial radio sector in this future would therefore be entirely unrecognisable, and likely assimilated into the distribution ecosystems of multinational technology companies.

Given the extent of this policy and its potential to create unintended consequences which represent a major threat to the DAB broadcast platform, much greater thought needs to be given to it before it is implemented. Wireless is always open to fresh thinking and removing regulatory red-tape, however such a fundamental change must be properly considered and not rushed. The on-going DCMS Digital Radio and Audio Review would appear to be an excellent forum within which such a proposal could be properly looked at.

In the meantime, government's view to remove all analogue licence renewal requirements providing extensions for a further eight years, would be a welcome policy change, and would provide stability and certainty to operators and the sector just when it is needed.

As regards small-scale DAB, Wireless reiterates its view that government should direct Ofcom to reconsider the allocation of the remaining frequency blocks so as to prioritise the advertisement of new commercial DAB multiplexes in large metropolitan areas, such as Birmingham, Manchester,

Leeds, Sheffield, etc., where there is still pent up demand from commercial operators, and where the public value benefits would be greatest including in terms of enhanced listener choice and more efficient DAB capacity pricing.

ENDS

Arqiva response to supplementary DCMS *Consultation on the Further Renewal of Analogue Commercial Radio Licences*

About Arqiva

Arqiva is a communications infrastructure and media services company operating at the heart of the broadcast 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 transmission sites that provide terrestrial broadcasting coverage to over 99% of the UK population. 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.

Through our wholly owned subsidiaries, Now Digital Ltd and Now Digital (Southern) Ltd, and our joint ventures Now Digital (East Midlands) and South West Digital Radio, Arqiva operates 23 DAB digital radio multiplexes. These multiplexes cover a number of regions of the UK, predominantly in the Midlands, South West and the south of England.

Arqiva is a member and shareholder of DRUK, Freeview, YouView and Digital UK. DRUK works to promote digital radio via liaison with the UK supply chain, business-to-business and consumer marketing. 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.

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.

Introduction and summary

Arqiva welcomes the opportunity to comment on the further proposals that DCMS is making in relation to the renewal of analogue commercial radio licences.

As DCMS rightly notes the commercial radio sector is facing a material challenge from Covid-19. Advertising revenues have fallen at a time when local radio has proven to be an important lifeline to communities that are fragmented due to the lockdown restrictions. UK radio, both analogue and digital, is under pressure as a result of this.

Arqiva is very aware of this and has been working with DCMS to help support our smaller, more vulnerable, radio customers at this difficult time.

Against this background we have three overarching points that we want to make in response to this supplementary consultation.

- If DCMS removes the policy linking analogue renewal with the provision of digital services, it needs to ensure that listeners are protected and that there are not unintended consequences that threaten the viability of local digital radio.
- We still support the general principle of renewal of radio licences and support a 10-year renewal (while noting that Ofcom should retain the ability to revoke these early if a decision is made to switch off analogue radio)
- The basis of the Government's position to renew all analogue commercial radio licences also applies to all digital commercial radio multiplex licences. The Government should amend the legislation to allow the renewal of both analogue and DAB licences. In light of all of the challenges that the radio industry is facing there is no rationale for differentiating between the two.

Responses to the specific proposals are below.

Responses to specific proposals

Proposal 1 – To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement")

Deregulation of commercial radio and relaxation of ownership rules have gone hand-in-hand with encouraging commercial radio and multiplex operators to continue to invest in digital radio and its broadening of choice. The coverage of local multiplexes has been planned to replicate the coverage of heritage ILRs and provides county/big city size coverage that helps replicate the coverage of most other commercial stations (e.g. regional licences and stations in the UK's major cities and conurbations). Following the Digital Radio Action Plan which was endorsed by DCMS, Ofcom and the radio industry, significant investments were made to expand the local tier by adding transmitters to meet the needs of commercial radio and its listeners. Similarly, the first national multiplex was encouraged by Ofcom and the terms of the Digital Radio Action Plan to replicate the coverage of Classic FM in analogue.

Therefore, the policy position that links analogue renewal with the provision of digital services has been a cornerstone of the UK's radio policy for many years. Indeed the DCMS's most recent radio consultation (that this consultation builds on) did not question this principle. Instead it reaffirmed that position through looking for ways to update it for smaller stations.

Long-term structural changes to the industry such as this in the form of renewal of analogue and digital licences are likely to be necessary as a result of Covid-19. However, removing this requirement entirely and permanently for all national and local analogue stations following a private, brief consultation such as this may not allow this issue to be considered properly.

We believe it is very important that small local stations have a long-term future. They play an important role for local communities and listeners and they should be actively supported. The Government's radio policy needs to encourage and enable them to have an ongoing role in the industry beyond analogue into a digital future. Changing the "digital requirement" would appear to be counter to this aim and the policy on local DAB muxes and more recent introduction of small-scale DAB.

We are concerned that there are potential unintended consequences of this proposal as it stands. We believe that it would damage the ecology of the sector to remove the linkage between the digital requirement and analogue renewal for services other than the smallest Commercial stations.

Our concerns fall into two broad areas: Impact on listeners, and the viability of multiplexes

Impact on listeners

Listeners should be at the heart of the Government's consideration of whether to make this change.

This additional consultation does not refer to, or directly seek views on, the impact on listeners. In finding a practical solution to the particular position that has arisen for small commercial stations it is important not to lose sight of the interests of listeners who already enjoy and value local commercial stations which are already broadcasting on the local multiplex tier. The link between committing to digital radio and analogue licence renewal has been important for the evolution of DAB digital radio in the UK. It has served the interests of listeners by helping to increase the range and choice of stations and providing encouragement for companies running both radio stations and multiplexes to continue to invest.

This proposal would allow stations that are already on DAB to take their digital radio services away from listeners who might lose a favourite station which they have enjoyed on DAB for some years. Removing services from DAB could damage the trust that listeners currently have in digital radio and stall the development of the radio sector as a whole.

Concerns over multiplex viability

If the link between the digital requirement and analogue renewal were to be abandoned for all stations then there is a risk that some local DAB multiplexes could become unviable.

At the local layer there are multiplex operators who have invested to meet the coverage needs of the commercial radio groups in programmes and initiatives endorsed by Ofcom and Government. Were the linkage to be removed then the viability of several of local multiplexes would be in doubt and multiplex operators would need to review decisions to automatically renew those licences. This might be a more immediate concern for the multiplexes not owned by Arqiva or one of the big radio groups. Clearly, if some local DAB licences were not to be renewed (as happened with the MXR regional multiplexes) then listening choice would be reduced for listeners, including access to the relevant stations provided by the BBC for a particular area or part of one of the Nations.

These concerns notwithstanding, we are very aware of the pressures that smaller stations are facing due to Covid-19. We are equally aware of the pressure that would be caused though a delay in the launch of small-scale DAB multiplexes. We are aware that many community stations, and some smaller commercial stations have therefore never identified an appropriate multiplex to launch on DAB digital radio. As a result, we would suggest that there are a number of pragmatic modifications that could be made to this policy should it be implemented.

1) Target the policy at smaller stations

This policy should be targeted to address the specific concern in relation to small stations and the delays to small-scale DAB. If the analogue-digital link is removed at all it should only apply to smaller stations. DCMS concluded in the small-scale DAB consultation that “a small scale multiplex area significantly overlaps with the coverage area of any local radio multiplex service if it encompasses more than 40% of the population served by the local multiplex.”¹ DCMS could adapt this existing policy to ensure that it only applies to stations with an MCA that is 40% or less than the MCA of its nearest Heritage ILR or BBC local station (with Ofcom to determine the list of stations that would be eligible).

A simpler solution would be to implement a straight MCA cap (say of 100,000). This would only break the link between analogue renewal and digital services for the smallest stations while retaining it for the rest.

If the Government chooses to do proceed with this policy, we believe that a modification along these lines is the most critical amendment that is required to this policy. This would go some way to address the issues that the policy would otherwise create for the sector.

2) Maintain the analogue-digital link but make it more flexible

However, it is not clear that the analogue-digital link should be broken at all. If DCMS decides that it *should* maintain the link between analogue renewal and digital, small stations not already broadcasting on DAB could be given an automatic licence renewal provided they make a commitment to go onto a small-scale DAB multiplex when one is licensed in the area they serve.

We would support this approach. It signals that all parts of the radio sector are provided for in the planning for radio’s digital future while avoiding the inefficiency and uncertainty for listeners and industry of readvertising the smallest licences.

3) Require Ofcom to carry out an impact assessment

We note above the concern about the impact on local DAB multiplexes. This is an issue that directly impacts both listeners and multiplex operators.

Even in cases where stations may otherwise fall under the MCA threshold proposed above, some relatively small stations have already launched on their Local multiplexes. They might be able to reduce costs by moving to a small-scale DAB multiplex if one is launched in their area. This might serve a station’s commercial

¹ Paragraph 90, Small Scale DAB Licensing consultation: Government response
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/747992/Small_Scale_DAB_Licensing_consultation_Government_response_3_.pdf

interests even if the small-scale DAB multiplex covers only a portion of the area covered by its analogue frequency. In this situation the interests of listeners need to be weighed against the commercial interests of the company providing the station. To be clear we are not advocating that all of these stations should be required to remain on DAB, however we believe that decision would be best made on a case by case basis by Ofcom carrying out an impact assessment at the point a small-scale DAB licence is being advertised. As with the current regulatory framework, if a station has currently won a renewal because it has started to broadcast on a Local multiplex then, should it stop broadcasting on that multiplex, its analogue licence should be readvertised.

Proposal 2 – To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

In our original response we noted that there would be benefits to listeners and the industry from longer licence extensions and that remains our view.

It is important to provide certainty for radio station owners and give them greater certainty about the future of their business. Arqiva believes that a planned migration to a wholly digital future serves the best interests of listeners and the radio industry and that it would not be advisable at this stage to prejudge the conclusions of the DCMS Radio and Audio Review.

However, in order to deliver that future both analogue and digital radio licensees require certainty. Therefore to balance all of these needs, while we support the renewal of all analogue licences for the next ten years, those licences should contain a provision which would allow Ofcom to revoke them in light of a plan for an eventual digital switchover.

The case for the renewal of the national and local analogue licences also applies to national and local DAB licences. Under this proposal some analogue licences will be further renewed after the date that DAB multiplex licences currently come to an end. There is no basis for differentiating between different radio licensees therefore DCMS should amend the legislation to allow all radio licences to be renewed.

BAUER RESPONSE TO DCMS FURTHER CONSULTATION ON ANALOGUE COMMERCIAL RADIO LICENCE RENEWALS

Bauer welcomes this further consultation on licence extensions. While we agree that it would make sense to extend those licences which have been renewed by virtue of digital carriage by a further 10 years, we strongly oppose the removal of “the digital requirement” as this could seriously undermine the long-term viability of local DAB multiplexes. Analogue stations which are not already on DAB have a fast-track mechanism for re-licensing for a further 12 years as well as the option to take carriage on small-scale DAB services

1. To remove the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation ("the digital requirement");

2. To allow all analogue licences to be renewed for a further ten years, in addition to any renewals to which stations may already be entitled.

a) What would be the likely impact of these proposals on you or the organisation you represent?

Many of the analogue licences which Bauer operates are larger licences which are more likely to be contested in any re-advertising process. The certainty provided by a ten-year renewal should allow us to arrive naturally at the point of digital switchover without further Government intervention. We therefore welcome this proposal.

However, as we explain below in our answers to questions c and d, removal of “the digital requirement” risks seriously damaging the viability of local multiplexes and undermining the provision of local news and information on DAB.

b) Would these proposals help mitigate the impact of Covid-19 on the radio sector?

Any renewal to licence durations helps to provide long-term certainty for the sector. However, this must not be done in such a way as to undermine the current analogue / digital ecology.

c) Is the digital requirement still needed to promote the development of digital radio?

d) Do you agree with the proposal to remove the digital requirement?

Questions c and d are closely inter-related. We believe the digital incentive still works and we strongly disagree with the proposal to remove the digital requirement.

The removal of the requirement for stations to provide a service on digital as a condition of any future analogue renewal, including those renewals to which a station is already entitled under the existing legislation is not necessary and risks:

1. Seriously damaging the viability of local DAB multiplexes
2. Significantly reducing the provision of local news and information on DAB

There are currently 286 analogue licences in operation: 106 operated by Bauer, 89 by Global and Communicorp and 91 by other operators.

Of the 91 licences held by others 35 are already on DAB and so have had or are entitled to renewals. Of the remaining 56, only 12 are due to expire before 2027. These are all small-scale services which

will be most appropriately carried on small-scale DAB multiplexes. Even if they are not on DAB by the time they are re-advertised the history of re-advertised licences suggests that they will not be competed for, and go through the “fast track” process so the level of uncertainty for existing operators is minimal. New analogue licences are already issued for 12 years, which would take all of these to at least 2033.

Expiry dates before the end of 2026 for analogue licences not entitled to a renewal for being on DAB (non Bauer / Global / Communicorp)

Capital (Rugby)	Quidem	30/08/2021
Imagine Radio (Stockport)	Helius	31/12/2021
Isle of Wight Radio (Isle of Wight)	Media Sound Holdings	31/12/2021
London Greek Radio (North London)	London Greek Radio	31/12/2021
Radio Essex (Chelmsford)	Adventure Radio	31/12/2021
Sun FM (Sunderland)	Nation Broadcasting	31/12/2021
More Radio (Worthing)	Media Sound Holdings	04/05/2022
KMFM (Tunbridge Wells/ Sevenoaks)	KMFM	07/07/2022
The Breeze (Portsmouth)	Nation Broadcasting	31/07/2022
More Radio (Haywards Heath, Burgess Hill and Lewes)	Media Sound Holdings	03/03/2026
KMFM (Medway Towns)	KMFM	31/08/2026
Waves Radio (Peterhead)	Waves Radio	05/12/2026

So, for analogue licensees removal of “the digital requirement” will have little practical effect.

There is a risk that some of the smaller stations which are currently carried on the local multiplexes may decide to withdraw from local DAB, so undermining the viability of these multiplexes. The proposal also undermines the prospect of success for small-scale DAB multiplexes.

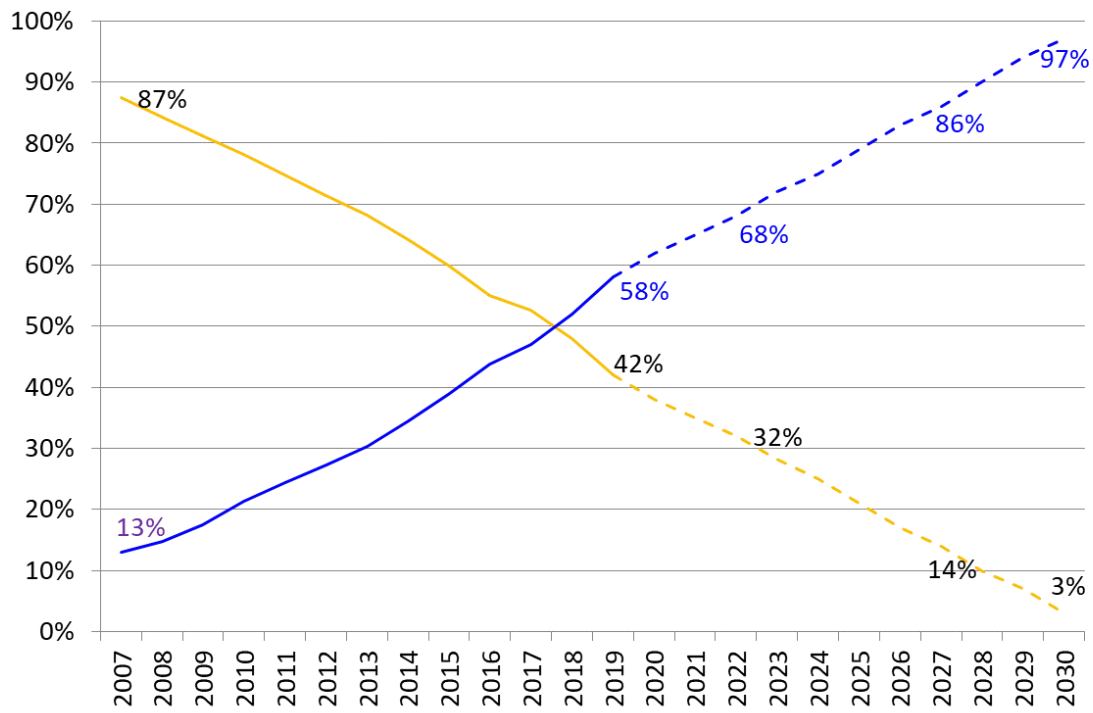
One way to avoid this possible outcome would be to remove “the digital requirement” only from services which are not already or never have been on DAB. Even then, doing so would remove the incentive for those services to seek carriage on small-scale DAB multiplexes and could be deemed as unfair to those smaller stations who have already invested in DAB.

Therefore, we strongly believe “the digital requirement” should remain in place.

e) Do you agree with the proposal to increase the length of renewals to ten years

The existing INR licences begin to expire in 2022 while those local analogue which have been renewed for being on DAB begin to expire in 2023-24. In our response to the previous consultation we made the argument that licences should be extended by 8 years to finish in 2030 at the earliest, by which time the vast majority of listening should be digital. An extension of 10 years should make it even more likely that all listening will be digital at the end of that period. We note that the proposal means some licences would run well beyond this into the 2040s.

Straight-line extrapolation of listening trends by platform



Source: Rajar plus extrapolation