

RadioCentre Response to Ofcom Licensing Local Television consultation

1. Background

- 1.1 RadioCentre is the industry body for commercial radio. Formed in July 2006 from the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), RadioCentre's membership comprises the vast majority of UK commercial radio stations, who fund the organisation. RadioCentre is governed by a board of directors, representing a cross section of the industry and including all the major commercial radio groups.
- 1.2 The role of RadioCentre is to maintain and build a strong and successful commercial radio industry – in terms of both listening hours and revenues. RadioCentre operates in a number of areas including working with advertisers and their agencies, as well as representing commercial radio companies to Government, Ofcom, copyright societies and other organisations concerned with radio.
- 1.3 RadioCentre also provides a forum for industry discussion, is a source of advice to members on all aspects of radio, jointly owns Radio Joint Audience Research Ltd (RAJAR) with the BBC, and includes copy clearance services for the industry through the Radio Advertising Clearance Centre (RACC).

2. Overview

- 2.1 RadioCentre has engaged with DCMS, as well as Ofcom, as the *Licensing Local Television* concept has developed. We appreciate the opportunity to comment on how Ofcom would exercise its proposed new powers and duties as part of this new framework.
- 2.2 We have consistently questioned the commercial viability of Local TV services, as well as the assertion that there will be sufficient additional local advertising revenue to support these services. All the evidence suggests that local media markets are contracting (rather than expanding); therefore any commercially funded advertising attracted by the new service would most likely be at the expense of commercial radio and other local media.
- 2.3 RadioCentre understands that 20 sites have now been selected for the initial stage of Local TV licensing; according to where Ofcom believe Local TV is most technically viable and consider there is a potential local service operator available. Consequently Ofcom is now encouraging potential multiplex providers to apply for licences. This blueprint has precipitated two specific areas of interest for commercial radio which are outlined below.

3. 12 year licence terms

- 3.1 The future of local analogue-only licences is a key issue for a number of RadioCentre members. This is particularly important for small analogue operators to ensure the best long term viability and security for broadcasters. RadioCentre was therefore pleased to note that at the start of 2011 Ofcom agreed to review the November 2010 announcement¹ that it had decided to only re-award local commercial radio licences for a period of seven years (rather than the 12 years permitted by the legislation)².

¹ Ofcom statement of local commercial analogue radio licence duration, 15 November 2010

² s.86(3) Broadcasting Act 1990 – amended by s.252 of Communications Act 2003

3.2 As cited in this current consultation, Ofcom are using a standard 12 year time frame for local TV licences, accepting that the longest possible licence duration might be critical to station viability. Our members therefore seek assurances that the same logic will be part of Ofcom's approach when re-evaluating its decision on commercial radio licences in the coming months.

4. Public funding for local news

4.1 As Ofcom is aware, the majority of the listed locations already contain sufficient commercial media offerings that provide a variety of local news, and radio is a significant part of this. Although commercial radio is not primarily defined by its news coverage, it remains committed to the provision of news because the industry recognises that news provision is integral to the radio listening experience.

4.2 These 20 proposed areas were also selected whilst it was expected that the BBC was preparing to weaken its local news service through substantial cuts to BBC Local Radio. It has since been announced that these cuts will be reduced substantially, further enhancing the abilities of these stations to provide news to local communities.

4.3 Under the current plan there is a danger that Ofcom has not fully taken into account the degree of local news provision, particularly in the urban centres where the local television services have been proposed as part of the consultation. The existence of public funding from the licence-fee as part of this process should have ensured that areas which currently have fewer news outlets were prioritised for Local TV, in order to give the entire UK a better local news service through a variety of media.

4.4 We note that where Local TV build out is not possible, due to market or technological restrictions, the Government expect local television services to be developed online and carried through internet protocol television (IPTV). Rather than relying on further broadband build-out for a potentially costly and untested process, it would be more beneficial to the licence-fee payer to improve the distribution of other local media operators. Commercial radio, with the majority broadcast reach at local level of approximately 27 million listeners, would be one of many media providers more suited to providing this function.

5. Conclusion

5.1 RadioCentre continues to believe that Local TV franchises risk damaging the likelihood that existing forms of local media delivery (radio, newspapers and their respective websites, which already providing audio, audio-visual, print and online local content) will be able to weather their current economic difficulties.

5.2 In specific relation to the two issues above, we are concerned that the licensing process may be moving ahead in a manner that is potentially inconsistent, and ignores the role of other media in the markets it is proposed Local TV will enter. RadioCentre therefore urges Ofcom to consider the read-across that Local TV legislation has for all local media, and would appreciate further engagement with commercial radio on the highlighted issues as the licencing process continues.