

WRITTEN EVIDENCE TO THE HOUSE OF LORDS SELECT COMMITTEE ON COMMUNICATIONS
CALL FOR EVIDENCE: MEDIA PLURALITY

Introduction

1. Founded in 2006 after the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), RadioCentre represents radio groups and stations from rural, small scale ventures, to household names serving major metropolitan areas. Its member shareholders together represent over 98% of commercial radio listening.

Executive Summary

2. RadioCentre welcomes the opportunity to submit to the call for evidence on behalf of commercial radio. We recognise the importance of sufficient plurality in the media, and ensuring that ownership of national news media is not unduly concentrated in a manner that would be against the public interest.
3. The need for a review of plurality is timely. The media landscape is not what it once was. News is produced and consumed across a variety of media platforms at national and international levels. This trend is only likely to increase, and it is therefore **appropriate to consider whether existing plurality measures remain appropriate**.
4. When considering how to measure and define plurality we agree with Ofcom that the **scope should be limited entirely to the provision of news and current affairs** information across platforms, and should not extend to entertainment output or cultural diversity in content provision. We also support the view that there should be no pre-determined limits in market share.
5. We would also ask the committee to take into account the **unique nature and impact of news on commercial radio**. These relate to its editorial independence and impartiality, as well as the supply, distribution and delivery of news. Moreover the scale of public intervention in radio news (through the BBC) is a significant factor that ensures plurality both locally and nationally.
6. Finally, **we question the wisdom of introducing 'periodic reviews' of plurality**, which could result in market interventions, even in the absence of a specific corporate transaction. Such a process could act as a significant disincentive for media organisations to innovate or invest in content and technology. Moreover, we would ask the committee to endorse Ofcom's recommendation to exclude local media entirely from any proposed periodic reviews.

Background

7. As the committee will appreciate, the fragmentation of media, proliferation of platforms and changes in consumption provide important context for current considerations of plurality. Consumers now access content from an average of 2.9 different news providers in a typical week¹, with some estimates suggesting regular use of around 4 different sources. These sources have increased significantly since the current legislation designed at safeguarding plurality, such as the Enterprise Act 2002 and Communications Act 2003, were debated and approved by parliament.

¹ <http://stakeholders.ofcom.org.uk/binaries/consultations/public-interest-test-nov2010/statement/public-interest-test-report.pdf> p. 13

8. Research commissioned for Ofcom highlights that while traditional media are still very important in accessing news, there has been a rapid growth in the use of online. Therefore while TV remains the most popular platform for news in the UK (85%) and other traditional platforms such as radio (53%) and newspapers (53%) are very important, the fact that 41% of the population also go online to access news is a significant shift². These dramatic changes that have occurred in multi-sourcing of media, particularly multiple news sources, are undoubtedly factors that should be attributed greater significance when measuring media plurality in future.
9. Ofcom has taken the position previously that the dramatic changes in multi-sourcing of media are important but has said 'we do not believe we can rely on it to ensure sufficient plurality'³. However, we believe that this must be a factor that is monitored closely and attributed greater significance when measuring media plurality, particularly as the consumption of multiple and interchangeable online news sources continues to grow.
10. It is also the case that competition for content has also brought competition for advertising. Over the last decade, radio's share of total UK advertising has fallen from 4.1% to 2.7%, while internet ad revenues have grown to 35%⁴. As part of this shift the traditional local media sector has faced the biggest challenge, with a number of local newspapers closing and local radio stations under severe pressure.
11. Weakening local media not only depletes uniquely local content, but also lessens the training of the media talent of tomorrow that often start at their local newspapers and radio stations. We therefore agree with Ofcom that sustainability is the principle concern in local markets, as opposed to plurality⁵.

Defining and measuring plurality

12. The definition Ofcom uses for media plurality of '*ensuring there is a diversity of viewpoints available...preventing any one media owner or voice having too much influence over public opinion and the political agenda*'⁶ is an appropriate and workable one.
13. Ofcom has previously considered a number of measures when advising on the ability of media businesses to influence opinions and set the political agenda. Understandably this starts with a number of conventional measures of media impact, including reach; share of minutes/ hours; share of references; and whether the medium constitutes a 'main source' of news.
14. Measuring plurality of news in this way must remain the key function of the framework. Therefore we welcome Ofcom's clear view that news and current affairs should remain the focus of considerations about plurality in the media in future. It would be ill-advised and unnecessary to extend to these considerations to broader issues of cultural diversity or non-news content. This would risk significant distraction and potentially undermine the primary purpose of the existing system.
15. Moreover, there are already a number of regulatory checks and mechanisms in place to ensure that no single person controls too much of the media, and therefore does not have excessive

² http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/CMR_UK_2012.pdf

³ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', Dec 2010, p.13

⁴ [RadioCentre/ Communications Chambers analysis](#), 2012

⁵ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/letters/advice.pdf> p. 8.

⁶ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/statement/statement.pdf>

power or influence. These include the public interest test for media mergers, the remaining cross-media ownership rules, the accuracy and impartiality requirements in the broadcasting code, the “fit and proper” test for holders of broadcast licences and the public service broadcasting framework in which the BBC and other public service broadcasters operate.

16. Given the sensible focus of plurality definitions being put forward by Ofcom, and the range of existing measures in place, we do not believe fundamental underlying principles of the current framework should be discarded, in favour of overly simplistic thresholds or limits on market share that could be seen as binding. To do so might limit the flexibility available to the Secretary of State and his ability to examine each merger case on its merits, which is an important aspect of the current system. Therefore we welcome Ofcom’s rejection of a pre-determined limit or prohibition of market share in news⁷.

Nature and impact of radio news

17. RadioCentre would also like to take the opportunity to outline some of the defining characteristics of radio news, which are not always appreciated fully when considering issues of plurality. First and foremost there are significant safeguards in place that ensure the editorial independence and impartiality of news and current affairs coverage. Broadcast regulation provides protection for news plurality, due to requirements in the Communications Act 2003 that are incorporated in Ofcom’s Broadcasting Code section 319, which states that *‘news in whatever form, must be reported with due accuracy and presented with due impartiality’*. This is a significant safeguard against potential influence on the news agenda by media owners.
18. In addition, while Sky News (through its contract with IRN) supplies news content to commercial radio stations, this is a news supply agreement and it is the stations themselves that retain editorial control and produce the vast majority of bulletins, particularly in peak time.
19. Commercial radio bulletins consist mainly of short informative news headlines, providing listeners with the news they need to know rather than comment, analysis or opinion pieces. The average commercial station broadcasts 45 minutes of news across 19 bulletins each day⁸, whereas the BBC’s radio portfolio includes a national station that is obliged to broadcast 75% news (5 Live); a national station that broadcasts the country’s most influential radio news programmes at peak times (Radio 4); and a local radio network that is predominantly speech and news based.
20. Therefore, because of the method news is provided it would be misleading to equate the reach of commercial stations that carry this news (over 33m listeners) with the reach of news on BBC radio stations (over 34m listeners). This does not take into account the extent of radio news listening on these networks, or the distinct nature of much commercial radio and BBC output.
21. The different focus of these services is one of the reasons that media (and media businesses) have a differing ability to influence opinions. This is something that can be measured and assessed by the extent to which a medium is a main (or only) source of news and its relative importance to other sources, but also by considering the proportion of output that could be considered as news.

⁷ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/letters/advice.pdf> p. 2

⁸ http://www.radiocentre.org/files/2011_radiocentre_action_stations.pdf

22. Ofcom indicated that it understands and appreciates this distinction when it considered the acquisition of Sky by News Corp in 2010. Specifically it stated that *'it is likely that estimating reach on the basis of all radio listening overstates the level of reach achieved in respect of national news listening'*, but that *'no industry data is available to estimate the share or reach of radio news'*⁹.

BBC impact

23. Plurality and mergers in the radio sector should also be considered to be different to other media due to the uniquely large public intervention in the sector in the form of BBC. The BBC's current share of radio listening sits at 55.3%. This is significantly higher than its share of any other media, including television where its overall share is around 30% (and declining).
24. As well as its dominance in radio, the BBC also has a significant advantage due to its unique ability to cross-promote its content nationally and locally across television, radio and online, irrespective of its public value. BBC News is the most popular news site among UK internet users and BBC News stories are shared most often on the leading social networks.
25. This promotion (across a network of services that are rightly prevented from carrying advertising) provides a reach and impact for promotional activity which is far in excess of what any commercial broadcaster could realistically achieve.
26. Although recently the BBC has had to make reductions in expenditure, in line with the freezing of the licence-fee until 2016, its position will remain relatively strong and stable when compared to many of the more fragile commercial operators. Indeed it is still possible that the BBC could grow organically in influence and share in some sectors, whether due to its own actions or market evolution.
27. The BBC should therefore be included within the scope of any plurality review. Given the BBC's significant presence in news, and the pressures it faces to consolidate its newsgathering operations in order to deliver savings, we further recommended that the BBC Trust assesses the BBC's contribution to plurality as one of the actions of this review.

Reviewing plurality

28. As the committee notes in its call to evidence, one of the most significant changes proposed to the current framework for assessing media plurality, is the concept of a regular review every 4 or 5 years. This approach emerged following Ofcom's work during 2012 and associated questions from the then Secretary of State for Culture, Media and Sport.
29. It seems to RadioCentre that there are inherent structural challenges in establishing such a regime and committing to 'periodic reviews' of this nature. In particular we note that the statutory framework is only designed to deal with a reduction in plurality arising from a specific corporate transaction, as opposed to market exit or organic growth.
30. If a future review process was to lead to market interventions, whether or not there was a corporate transaction, then this could introduce significant uncertainty and costs that would act as a major disincentive for media organisations to innovate or invest in content and technology. Moreover, it is not clear how appropriate remedies would be devised or enforced in

⁹ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', Dec 2010, p.37

circumstances where no corporate transaction, takeover or merger has taken place. We would therefore be very concerned about any change to the regulatory regime that could result in interventions which did not result from a specific corporate transaction.

31. If regular reviews are to take place to inform policy-making it will be crucial to ensure that their scope and focus are appropriate and take into account all of the relevant factors. For radio that means understanding and acknowledging a number of the issues we have raised in this response, including its place within a fast changing market for news; acknowledging the nature and impact of its news output; and the role of the BBC.
32. We would also ask the committee to consider Ofcom's clear advice on this matter in relation to local media, which emphasised the fact that challenges at a local level 'are more about sustainability than plurality'. As such Ofcom was very clear that it 'would not recommend that a periodic review of plurality considered local media'¹⁰, which is a position that we would ask the committee to endorse strongly.

Conclusion

33. RadioCentre welcomes this call for evidence and the helpful scrutiny that the committee will be able to bring to the matter of media plurality. We share Government and Parliament's view that plurality of news provision is essential for our democracy, and we believe that this can only be achieved by ensuring we retain a vibrant and diverse media sector.
34. In order to support this objective we understand the desire to examine the measurement of plurality across media, specifically in regards to the provision of news and current affairs. This approach is eminently sensible and has the potential to provide greater clarity and certainty for all concerned.
35. However, any changes should not be to the extent that they increase red-tape, specifically when considering local media companies that are already under considerable financial strain to survive. This local resource should be valued above plurality concerns, which are most relevant to national and international media organisations.
36. We also note that the fundamental changes in the way news is produced and consumed across platforms in recent years, with the rapid growth of online news sources. As this process continues to accelerate we believe that it is legitimate to question whether tests for plurality within traditional media will appropriate or should more take into account these changes more explicitly in future.

RadioCentre, May 2013

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¹⁰ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/letters/advice.pdf> p.8