

**RADIOCENTRE RESPONSE TO OFCOM CONSULTATION  
'COMMUNITY RADIO: FUTURE LICENSING AND TECHNICAL POLICY'**

**EXECUTIVE SUMMARY**

1. Commercial radio is broadly supportive of community radio as a means of providing valuable and distinctive content to local audiences, while focussing on 'social gain' rather than commercial objectives. Until now the regulatory framework has supported this approach by allocating frequencies to these stations that are not suitable for commercial radio.
2. In recent years there has since been significant deregulation to community radio's financial rules and a rapid growth in the number of licensed stations. This latest set of proposals from Ofcom would appear to provide a framework for even greater expansion of both new and existing community radio services.
3. While there may be a case for further community radio stations in some areas, the changes being proposed seem to have been developed without any detailed impact assessment or review of the evidence base. Instead Ofcom continues to focus only on championing the benefits of community radio, without any consideration of the potential costs, viability or sustainability of the sector. Before proceeding with this policy it should conduct a thorough impact assessment that takes all of these factors into account. Ofcom should also take a more holistic approach to available FM frequencies and consider whether some of this spectrum could be used by local commercial radio stations, not only by community radio.
4. Against this background we make the following key points on the proposed licensing of new services, technical policy and future priorities.
  - **Licensing new services**
  - 5. The evidence base for licensing new community radio services is thin and based largely on the views of existing community radio operators. There needs to be a more fundamental consideration of whether it is right to proceed with further licensing at all, rather than simply examining how to do so. If Ofcom remain convinced of the wisdom of licensing more community radio once it has completed this analysis, then targeted invitations are probably the right approach.
  - **Technical policy**
  - 6. Most elements of Ofcom's technical and coverage policy seem sensible and broadly in line with its current approach. However allowing community radio stations to extend coverage into an adjoining area or locality is a power that should be limited and only be used in very exceptional circumstances. Any decision should follow a public consultation and full examination of the options. In addition, if such an extension increases an overlap with a commercial radio service it should generally be refused.
  - **Future priorities**
  - 7. As noted above, Ofcom's immediate priority should be to prepare a thorough impact assessment of community radio and publish an analysis of the best use of FM spectrum. If it decides to proceed once this work is complete it will then be reasonable to focus on the process for the new licensing round, followed by coverage improvements (and/ or extensions) and technical planning work on small scale DAB. In future Ofcom also needs to invest more time and resources in

improving monitoring and compliance of community radio to ensure the highest possible quality and delivery of the statutory objectives.

## **BACKGROUND**

8. At its best community radio stations offer listeners a range of distinctive output that complements services offered by commercial radio and the BBC, adding to the diversity of radio services in a given area, filling in gaps in the market for individual communities.
9. The Community Radio Order 2004 sets out the characteristics and other legislative requirements for community radio licensing. This includes a requirement to operate for the good of members of the public and particular communities, in order to deliver social gain rather than financial or material gain. In order for community radio stations to meet these obligations, well-defined social gain objectives must be set and adhered to help distinguish them from local commercial services. Crucially community stations must also not prejudice the viability of other local commercial services.
10. Therefore community radio stations should not, in theory, impact upon other services within a local areas, indeed, their *raison d'être* is to instead bring benefits to a specific target community. Yet in practice a number of Radiocentre members (particularly those operating smaller independent licences) report that existing community radio stations are starting to have a tangible impact on both local advertising market and occasionally on audience.
11. The relaxation of rules around advertising revenue (in 2010 and again in 2015) contributed to this erosion in the distinction between community and commercial stations, putting many stations in direct competition for a limited pool of local advertising revenue in some areas. Any confusion between the two services is unhelpful and to the detriment of the entire sector.
12. The pressure to relax these rules followed a difficult period for community radio where a number of stations struggled to survive financially, due to a combination of public spending cuts and the economic downturn after 2008. Yet during this same period the number of community radio stations being licensed by Ofcom almost doubled from 126 in 2008 to 244 reported in 2016, contributing to a drop in average income per station of almost 40% according to Ofcom's Communications Market Report.
13. Therefore the prospect of Ofcom issuing additional community radio licences raises a number of legitimate concerns – not least due to questions over viability of some of these services; the impact of eroding the distinction between community and local commercial radio; and the poor levels of compliance by some community stations.

## **LICENSING NEW SERVICES**

14. Ofcom appears to accept without question that a further round of community radio licensing should proceed from 2017, even inviting prospective applicants to submit an 'expression of interest' alongside this consultation. However the rationale for further licensing is unclear and does not appear to be based on any notable evidence or analysis. The only external input that is referred to in the document is from members of the Community Media Association, who represent community radio operators. It is hardly surprising that there was a consensus amongst this group for the opportunity to provide more community radio services, given that they are the operators of such services and potentially the beneficiaries of further licensing.
15. Looking at available spectrum it is unclear why, for instance, consideration is not given to existing commercial services when planning the use of FM spectrum. Commercial stations continue to

operate in an extremely competitive environment, consequently the ability to extend or boost coverage within a particular area could have a positive impact on numerous smaller commercial services.

16. Ofcom should consider a more holistic approach to licensing of FM frequencies, which is consistent with the original objective of ensuring that any frequencies made available for community radio are those which the industry agrees are unsuitable for commercial radio. It should publish an analysis of where available FM frequencies could be used by commercial radio as a matter of urgency in consultation with the industry (potentially alongside the imminent DCMS review of commercial radio regulation) and in advance of further community radio licensing.
17. If, following this analysis, Ofcom concludes that there is a case for some licensing of community radio in future then Ofcom's preferred 'targeted invitation' option does appear to be sensible in principle. Yet we believe it would also be beneficial to both existing commercial and community services for there to be greater public consultation undertaken when considering new community radio licenses. This should expressly take into account the potential use of FM spectrum by local commercial services before offering frequencies to community stations. Moreover, any future community radio licensing should only permit the establishment of individual stations, with requests to form networks being refused.

## **TECHNICAL POLICY**

18. While there are some notable changes proposed in the document, most elements of Ofcom's technical and coverage policy seem sensible and broadly in line with its current approach. In particular we welcome confirmation that any new services in urban and suburban areas will continue to be licensed for a coverage radius of around 5km. This requirement must be properly monitored and enforced, as we are aware of numerous examples where community stations appear to be broadcasting well beyond their licensed coverage area, or claim that they do in order to appear more attractive to advertisers.
19. Ofcom is proposing greater flexibility in rural areas and on AM (up to 10km radius). However this should be an exception and should not lead to a situation where these services are always awarded greater coverage. That said such coverage should probably be permissible if there are specific local factors and a full consultation has taken place with other local operators. Expanded coverage, while appropriate for boosting signal in order to cover some small settlements and villages, should not be used to extend services into larger urban areas, such as neighbouring towns.
20. The proposals for improving coverage for existing community radio services within their licensed area seem reasonable and the technical means proposed for achieving this appear to be appropriate. Nevertheless, allowing community radio stations to extend coverage into an adjoining area or locality is a power that should only be used in very exceptional circumstances. Indeed the legislation (outlined in para 4.14) is particularly restrictive in this area.
21. Therefore we believe that there should be a presumption against any decision to extend coverage in this way, with a full public consultation and examination of the options in the exceptional cases where such applications proceed. In addition, if such an extension increases an overlap with a commercial radio service it should be refused, unless by the express agreement of the service affected.

## **FUTURE PRIORITIES**

22. We do not share Ofcom's view that it should concentrate its efforts on a new licensing round, followed by coverage improvements (and/ or extensions) and technical planning work on small scale DAB. Instead, once the third round of licensing is complete in spring 2017, Ofcom should conduct a thorough impact assessment of community radio and its effect on the local media market. There should also be a more detailed and comprehensive analysis of the available FM spectrum to consider whether some of this may in fact be suitable for commercial radio services. Specifically, Ofcom should publish detailed study (including mapping) on the availability of FM spectrum across the country in the New Year.
23. In parallel with this analysis Ofcom should invest more time and resources in improving monitoring and compliance of community radio to ensure the highest possible quality and delivery of the statutory objectives.
24. In order to support this work it is vital that Ofcom is properly resourced so it can adequately regulate all 244 community radio stations, given the real concerns regarding compliance of community radio licensees. These resources are likely to be stretched even further in future if additional licences are issued (at a time when regulation for the BBC is also set to become the responsibility of Ofcom).
25. Radiocentre members have repeatedly expressed unease over the lack of compliance by a small number of community radio services which raises questions in terms of the efficacy of current enforcement and the adequacy of sanctions. Moreover, a number of our members feel that complaints made to Ofcom about these issues are not provided with an adequate level of resources or commitment to regulate this expanding sector.
26. The Ofcom Broadcast Bulletin regularly features community stations that have not sufficiently respected the responsibilities granted to them and breach their licence conditions. While these examples are not representative of the hard work and dedication to quality that exists across the community radio sector as a whole, any perceived growth in careless, unchecked or poor quality broadcasting is of great concern to many, including commercial radio stations. For many listeners, radio in the UK is simply broken into 'BBC' and 'non-BBC'. If listeners and advertisers start to consider any 'non-BBC' station to be in the same category – grouping commercial stations and community stations together – this could be a damaging perception.
27. In order to emphasise the seriousness of compliance failures it may be useful for Ofcom to restate the sanctions and powers it has at its disposal on a more regular basis, to both new and existing licensees. This should specifically include reminders of Ofcom's ability to impose statutory fines and the level of these fines, as well as terminate and/ or decide not renew a licence.

## **ABOUT RADIOCENTRE**

28. Radiocentre is the industry body for commercial radio. We work on behalf of over 40 stakeholders who represent 90% of commercial radio in terms of listening and revenue.
29. 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](http://www.radiocentre.org)

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