

The All-Party Parliamentary
Group on Commercial Radio

The future of radio



This report was researched and funded by Radiocentre.

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Radio plays a vital role in the daily lives of audiences across the UK. The APPG on Commercial Radio helps to provide this important industry with a voice in Parliament.

As someone who had a career in radio before becoming an MP, I understand the significant challenges facing broadcasters, as well as the vital public value that is delivered by stations across the country to millions of listeners every day.

This public value was epitomised during the pandemic as stations kept listeners entertained and informed and I want to thank everyone working across the radio industry for the incredible work and dedication during this exceptionally difficult period.

There are a number of significant challenges in the coming years and so the joint Government and industry Digital Radio & Audio Review is a timely study as to what steps are necessary in order to protect and help the UK radio and audio industry thrive.

The APPG has produced a set of recommendations that we believe are paramount to the future success of commercial radio. I look forward to working with the APPG, my parliamentary colleagues, Government and industry to address these challenges.

A handwritten signature in black ink, appearing to be 'AC', written over a light blue grid background.

Andy Carter MP
Chair, All-Party Parliamentary Group on Commercial Radio

This report provides a summary of the main themes within the joint Government and industry Digital Radio & Audio Review (Autumn 2021), as well as future policy priorities to help secure the diversity of UK radio and audio provided by commercial radio and the BBC.

New challenges facing the sector, such as the complex debate around distribution and access through connected devices (such as smart speakers), underscore the importance of support from parliamentarians to ensure that commercial broadcasters are able to operate on a level playing field.

The APPG has set out recommendations for Government to review in order to provide the sector with the support that it needs in the coming years, which will protect the vital public value that radio broadcasters provide to their listeners.

In order to support the long-term future of commercial radio and secure the public value that it delivers, the APPG has drawn up a series of recommendations for Government as it considers the Digital Radio & Audio Review and seeks to ensure a strong and sustainable future for radio.

APPG recommendations

1. A Government Action Plan to secure radio's future

It is imperative that the recommendations of the Government review are implemented and turned into tangible actions, particularly regarding radio's future distribution. A clear Action Plan is needed to track and monitor progress, so that radio can continue to thrive.

2. Guaranteed requirements around digital audio platforms

As audiences migrate to connected devices it is vital that Government takes a central role in protecting the interests of listeners, bringing forward legislation to ensure continued free and unfettered access to UK radio.

3. An urgent review of Ofcom's regulation of the BBC

The mid-term Charter review must be used to support the range and diversity of the UK radio sector as a whole, strengthening rather than diluting the public service obligations on BBC radio services.

4. Finalise commercial radio deregulation

Support local radio operators by implementing the final phases of commercial radio deregulation (set out by DCMS in 2017) and simplifying radio station format rules.

5. Rethink and reform Terms and Conditions

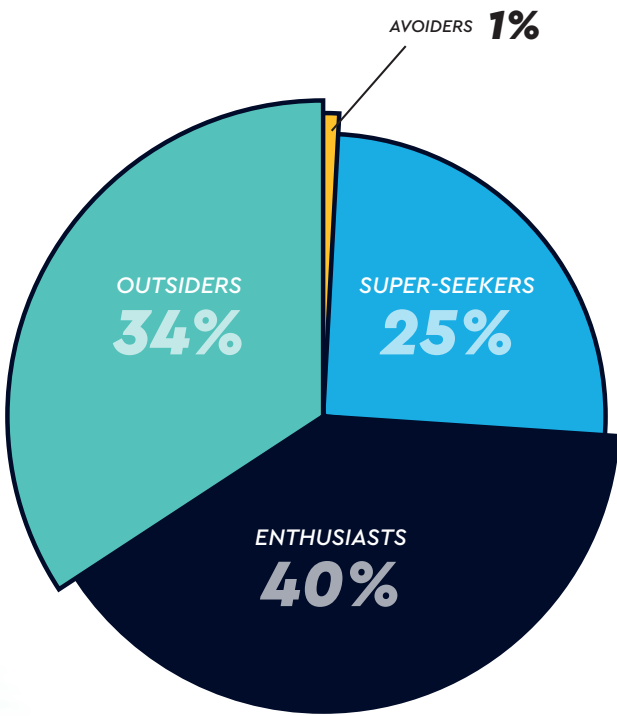
Harness the post-Brexit opportunity to update the requirements around Terms and Conditions (Ts&Cs) in radio ads in order to deliver clearer messages to listeners and improve consumer awareness.

Each week commercial radio stations reach 36 million listeners – 2.5 million more than the total number of listeners to BBC radio services. These stations provide an important public service role for this huge audience.

Research published in 2020 by Radiocentre highlights how commercial radio news connects with audiences other media struggle to reach. *Beyond the Bubble** shows that over 12 million people rely on commercial radio as their principle source of information and are far less likely to seek news elsewhere, providing a powerful route to a largely untapped audience for public figures and policy makers.

Beyond the Bubble identified four distinct listener groups based on their preference for news consumption, including a very small group (around 1%) that actively avoids news.

Key groups of news consumers



* www.radiocentre.org/research/beyond-the-bubble/

Commercial radio's unique role

The 12 million overlooked Outsider news consumers value commercial radio news especially highly. Outsiders are less engaged in political news and less politically aligned, but significantly more likely to vote than average.

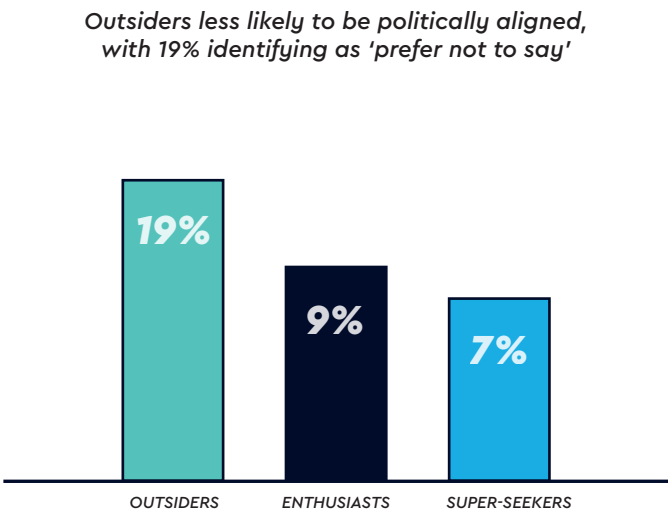
Outsiders are:

- Least likely to avoid commercial radio news, but most likely to avoid news on TV or social media
- More likely than other groups to rely on commercial radio in the morning, for regular updates and during emergencies
- Twice as likely to rely on commercial radio over the BBC for regular news updates
- Less likely to live in London or the South East or be from higher socio-economic groups

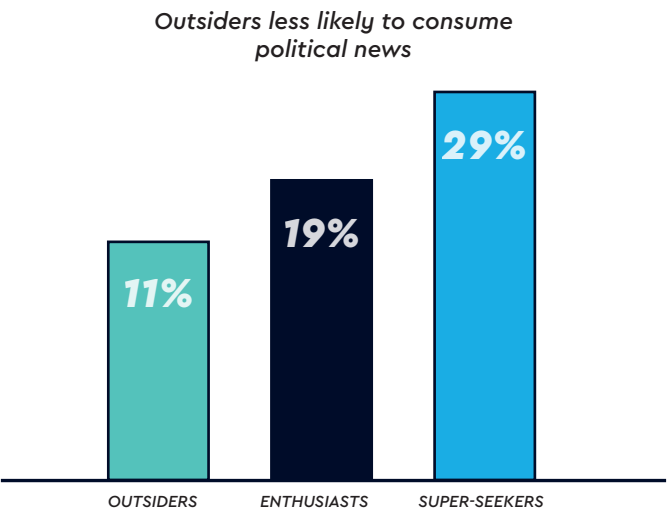
Radio is the most trusted source of news among all audience groups, with 77% saying they trust radio

Takeouts for political stakeholders

Commercial radio has a particular connection with Outsiders, who are less likely to access news on other media and are more likely to be floating voters. Outsiders are nearly three times more likely not to wish to disclose an affiliation than Super-seekers, which implies that they are less likely to have clear voting intentions.



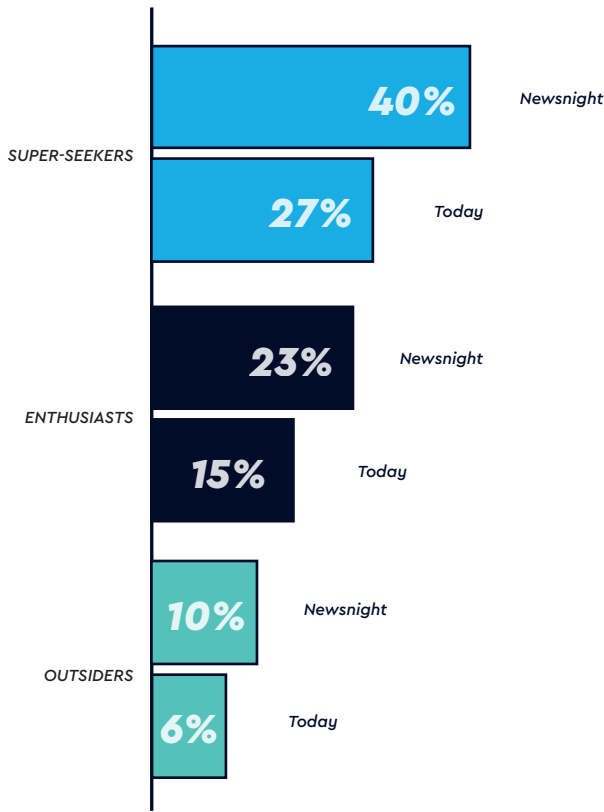
Question: Where would you place yourself on the political spectrum?



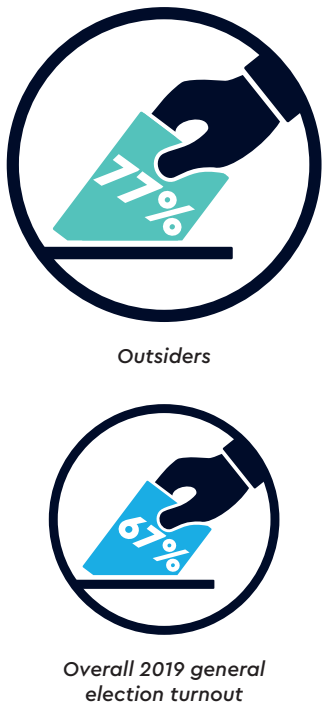
Question: When you read a newspaper (either in print or online), which of the following sections do you go to first most of the time?

Outsiders much less likely to watch or listen to political news programmes

Yet, outsiders are highly likely to vote

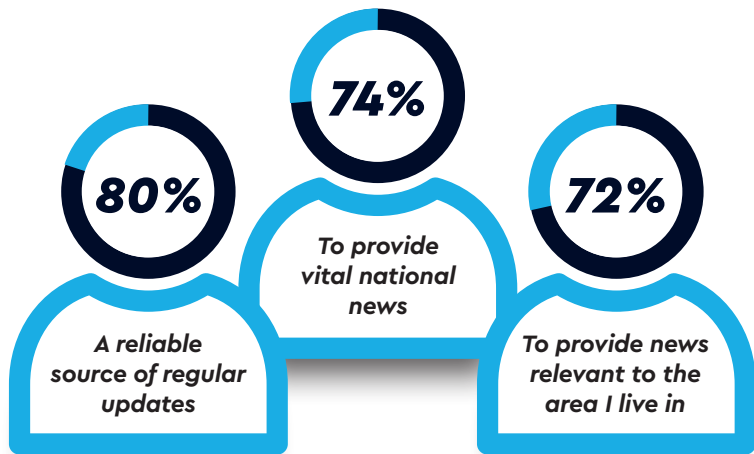


Question: How often, if ever, do you watch or listen to the following programmes?



Question: Did you vote in the last general election?

The pandemic made all listeners realise how much they can rely on radio



Question: Thinking about your news consumption during the pandemic, please indicate how strongly you agree or disagree with the following statements. *Excludes respondents that neither agreed or disagreed.

Digital Radio & Audio Review

A joint Government and industry Digital Radio & Audio Review was commissioned by the Government in February 2020 with the objective of assessing likely future trends in listening and to make recommendations on ways of strengthening UK radio and audio.

Over the next 18 months a broad cross-section of stakeholders worked on addressing what steps will be necessary in order to ensure that the British radio industry continues to be a success story well into the future.

The review outlines around 40 recommendations for Government to consider, covering a host of important areas such as distribution, the role of digital platforms, deregulation as well as training and diversity.

Principal review recommendations

- No FM switch off before 2030 – both FM and DAB frequencies should remain available for as long as it is required by UK radio. Any FM switchover is ruled out until 2030 at least, but with a review of progress likely around 2025
- The Government should consider introducing new legislation that makes clear that platform operators must not limit or restrict access to services or charge for carriage of UK audio services
- Competition regulators should have powers sufficient to be able to safeguard the findability, discoverability and prominence of third-party radio stations and other audio content which offers public value on connected audio platforms
- Government should consider measures on platforms whose services are carried in cars, to protect the prominence of radio on the dashboard
- Government to consider bringing forward legislation to support local radio operators by simplifying commercial radio licensing and format regulation
- Government should consider introducing legislation to ensure that all new domestic radio products that include DAB will be mandated to include DAB+ by the end of 2023
- Government or the Financial Conduct Authority (FCA) to consider working to simplify rules governing Terms and Conditions in radio ads to facilitate clearer messages for consumers
- Industry should consider establishing a new Radio and Audio Skills forum and explore a partnership with ScreenSkills to help showcase existing training initiatives and skills requirements
- Government should consider continuing to make contestable funding available for public service audio content through the Audio Content Fund

The UK radio mix – commercial radio and BBC radio

UK radio listeners are served by both public service broadcasting from the BBC and a network of commercial stations spanning the country.

The BBC is the dominant player in radio with a market share of 50% of the total audience (more than double that of its nearest individual competitor). It also has a significant funding advantage, spending £745m in licence fee funding (in 2019) on its radio services – 20% more than the total revenues of the entire commercial radio sector combined. The BBC also enjoys preferential access to broadcast spectrum and huge marketing and cross promotion power across TV, radio and online.

As a result of its unique advantages and funding the BBC is required to meet a range of important targets that govern its content and ensure it is meeting its Public Purposes. Ofcom is responsible for setting and enforcing these conditions under the BBC’s Royal Charter, which was approved by parliament in 2016.

In radio these measures include requirements that ensure BBC Local Radio stations produce speech-only content for breakfast programming and local speech content across the day. Quotas also ensure distinctive music content played on BBC programmes, for example the amount of music from UK artists and new artists.

These quotas support the distinctiveness of BBC content and ensure programming represents and gives a voice to religious, social and ethnic groups across society.

A challenge to the diversity of UK radio

Ofcom is reviewing the way it regulates the BBC, ahead of the Government's mid-term review of the BBC Charter which due to get underway in spring 2022.

The changes being proposed could mean the dilution or even removal of the important quotas on radio programming that help ensure the BBC's distinctive content.

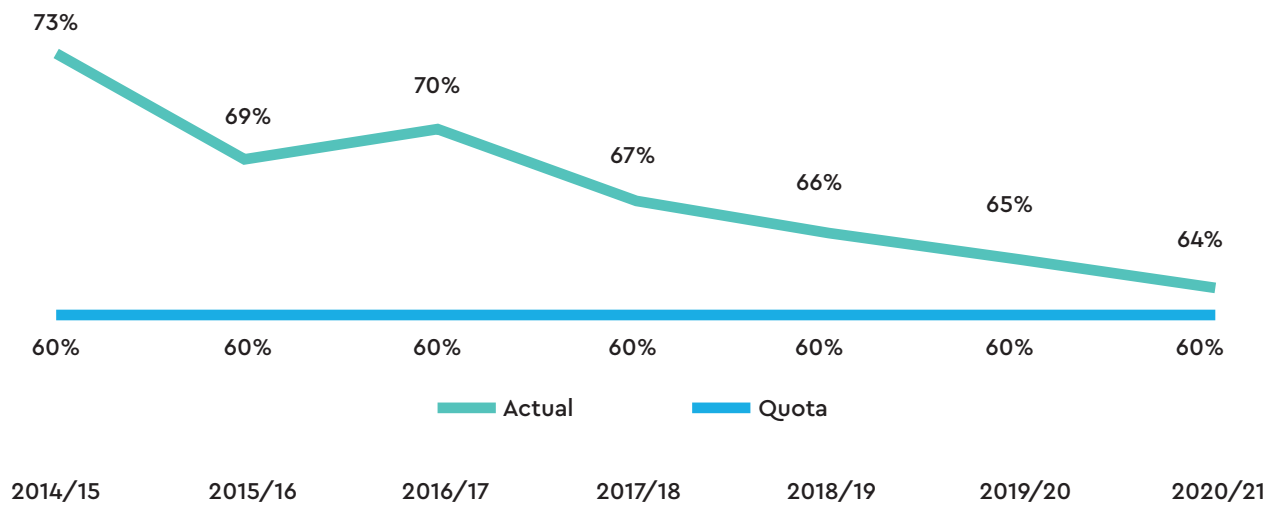
What could changes in BBC regulation mean?

1. The removal or dilution of quotas on BBC radio programming
2. A risk that valuable speech content requirements could be dialed down, potentially disenfranchising religious, ethnic and social groups across the UK
3. Fewer opportunities for new or UK artists if quotas on music content are reduced or removed on music stations, including Radio 1 and Radio 2
4. Reduced access to local news coverage compounding the decline of local newspapers
5. The viability of many commercial stations would be threatened given they would be competing more closely for audiences against an already heavily-resourced BBC

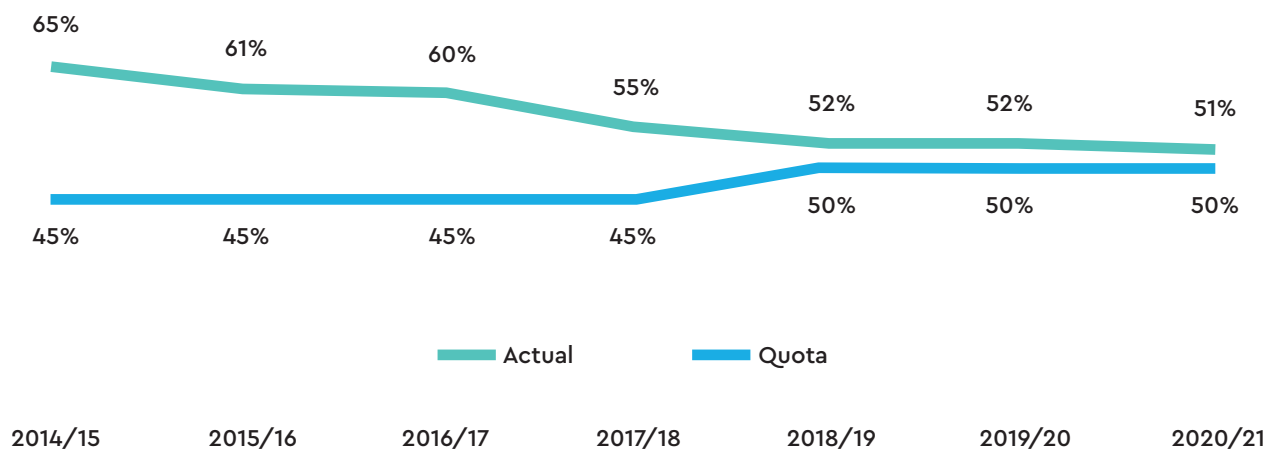
Regulation protects distinctive content

It is clear that regulation protects the distinctive content provided by the BBC. For example, since 2015 the level of daytime weekday speech output on BBC Local Radio has reduced significantly, by almost 10 percentage points, and is now only just above the mandated quota of 60%. Removing this quota would mean taking away the floor, risking further decline in speech output. Radio 1's commitment to new music in daytime shows a similar story.

Percentage of daytime weekday speech output on BBC Local Radio



Percentage of new music in daytime (with significant proportion of new and emerging UK artists) on Radio 1



How UK radio can be supported

- 1. Retain quotas on BBC radio content.** This will protect its distinctiveness; will ensure groups across society are represented and have a voice; support UK artists and talent; and protect jobs.
- 2. Ensure Ofcom has the capacity and capability to provide effective oversight of the BBC.** Ofcom needs to exercise its regulatory powers to improve BBC transparency and accountability (especially around new BBC services), in order to limit the negative market impact on commercial competitors.

Ofcom has a considerable body of work to undertake in the next 12 months with its own consultation on BBC regulation and its input into the Government's the mid-term charter review starting in 2022. Any changes affecting the BBC must be fully considered not rushed through by Ofcom. Radio is unlike television in that the BBC is the dominant player and is not facing the same pressure from international video streaming services.

About the APPG

The All-Party Parliamentary Group (APPG) on Commercial Radio is a group of cross-party parliamentarians with an interest in the radio industry. It was founded to provide a better understanding between broadcasters and parliamentarians about the vital role that radio plays in our communities and our economy.



The APPG would like to thank Radiocentre for organising its work in 2021 and its help in drafting this report.

Radiocentre is the industry body for commercial radio and works on behalf of over 50 stakeholders who operate around 300 licensed radio stations across the UK and represent 90% of commercial radio in terms of listening and revenue.

www.radiocentre.org

