

RADIOCENTRE RESPONSE TO DCMS CONSULTATION ON ANALOGUE COMMUNITY RADIO LICENCING

SUMMARY

1. Radiocentre welcomes the opportunity to respond to this Department of Culture, Media & Sport consultation¹ on analogue community radio licencing. The UK benefits from a diverse radio ecosystem, where the offerings from BBC and commercial radio are complemented by smaller community stations which exist to benefit their local communities by providing hyperlocal content and operating for social gain rather than profit. We recognise the important contribution played by community stations across the country as well as the dedication of the staff and volunteers that run these services, including the training opportunities that they provide to those looking to start a career in radio and audio.
2. We note the government's latest position on the extension of analogue community radio licences. With some analogue community radio licences beginning to expire from October 2025, it is appropriate for the government to explore the potential for extending the duration of these licences in light of a rapidly changing market. We also understand the rationale for reviewing the current restrictions on the capacity of stations to raise money through advertising and sponsorship.
3. However, Radiocentre members do not have a single view on these issues or on the proposed extension of community radio licences. While some do see merit in readvertising licences, some also appreciate that this places uncertainty on incumbents as well as additional burdens on both community stations and Ofcom. On balance, extending licences by a further 5-10 years (Option 2) seems reasonable insofar as it aligns community licencing with the approach taken for analogue commercial licences. We do not agree with an extension of licences in perpetuity (Option 3), especially as this approach has not been taken with respect to commercial radio licences.
4. The current restrictions on community stations to raise money through advertising and sponsorship has provided some vital protection for smaller commercial stations operating in an overlapping coverage areas. They also provide a clear signal that community stations should not be run for profit and owned and operated as single licences. We note the government's position now is that these restrictions should be lifted. However, we are reluctant to see these restrictions dropped or relaxed entirely and without appropriate safeguards to ensure there is no inadvertent negative impact on the remaining small local commercial stations that operate on tight margins and continue to deliver significant public value to their audiences.
5. If, following this consultation, the government were to remove these restrictions, we propose the following safeguards are put in place:
 - a. **Enhanced transparency and accountability requirements for community radio licence holders, including reporting on how they meet their social gain/public value commitments.** Transparency is crucial for community stations, and they should rightly be held accountable for their output. To ensure that local communities can hold their

¹ <https://www.gov.uk/government/consultations/consultation-on-analogue-community-radio-licensing/consultation-on-analogue-community-radio-licensing>

community radio station to account, the stations should be required to maintain a comprehensive ‘public file’. This should contain all relevant contact information, the Key Commitments for programming, and the most recent annual report submitted covering the delivery of these commitments.

- b. Stronger oversight and enforcement from Ofcom to ensure that the community radio sector remains distinctive from the output delivered by commercial radio.** Ofcom should introduce new ways of regulating the ongoing content and activities of community radio operators, supported by the allocation of additional resource where warranted. Ofcom should consider redeploying resources that would be freed from changes to licensing and advertising restrictions, in order to provide a greater degree of proactive regulation of the community sector.
6. We also recommend that DCMS considers further engagement with some of the smaller commercial radio operators, both who operate analogue services, as well as those who launched and now run commercial radio services with a DSP licence and have concerns about potential changes to the market in which they operate.

BACKGROUND

7. A valuable contribution is made by the overwhelming majority of community radio operators, where audience and content are well-defined – and where the community objectives are genuinely embraced by those involved and represented and discharged conscientiously. Colourful, award-winning and praiseworthy content is produced by stations that are deeply concerned with their areas, involving local people and making a genuine contribution to local communities.
8. Community radio is recognised as playing an important role in providing communities throughout the UK with local information and locally relevant content. From the outset, community radio has existed to complement other radio provision, catering for whole communities or for different areas of interest – such as a particular ethnic group, age group or interest group.
9. Research from February 2021², which formed part of the Digital Radio & Audio Review, found that community radio listeners have a deep connection with their local community station. In particular, they value the highly localised news, traffic and weather updates; the diverse and unpredictable nature of music offering, which often showcases local musical talent; the relatability of local presenters; and the provision of community service and connection to a local area.
10. The original legislation to create community radio stipulated that it should not place commercial radio stations at risk. This should continue to be the case as the government considers future changes to community radio licences. Whilst larger commercial radio operators co-exist with community stations with ease, a David Lloyd report commissioned by Radiocentre in 2018³ highlighted how some of the smallest commercial radio stations are placed at real risk when less dutiful, or unduly competitive, community stations are launched in their areas, with minimal ongoing regulatory oversight.

² [Community-Radio-Audiences-and-Values-February-2021.pdf \(getdigitalradio.com\)](#)

³ <https://www.radiocentre.org/wp-content/uploads/2018/11/SMALL-SCALE-RADIO-IN-THE-UK-ONLINE.pdf>

11. The proposed changes to analogue community radio licences and the removal of funding restrictions are not inherently problematic. Nevertheless, we believe there should be adequate safeguards in place to ensure that the community radio sector is held accountable for its social gain requirements and remains distinctive from smaller commercial operators – particularly if they are able to compete for unrestricted advertising revenue. These safeguards should also ensure that community radio continues to provide listeners with what they value most, including:
- Hyperlocal news, traffic and weather
 - Eclectic, diverse and/or unpredictable music, including showcasing local music talent
 - Local presenters and volunteers
 - Being of the community and engendering a sense of being connected to the area
 - Providing a community service
 - Being not-for-profit.
12. The centrality of the social gain commitment for community radio should be protected as its distinguishing feature. We note that the consultation does not seek views on the delivery and regulation of social gain, which is surprising given that it is the primary purpose of community radio.
13. We believe strong, effective safeguards should be put in place to protect this key commitment in the absence of funding restrictions. If it were to be diluted in any way, then there could be little to distinguish the operation of some community radio stations from some smaller commercial broadcasters. As such, we feel it would be beneficial for there to be further consultation and work on how the capture of the social gain activity of community radio takes place, and how social gain is measured and regulated. This position is echoed by the Community Media Association and the UK Community Radio Network, on behalf of the community radio sector, in their draft joint response⁴ to this consultation.
14. In addition, it is crucial to retain the existing requirement that each community radio licence holder be restricted to a single licence, to ensure they are focused on delivering distinctive output for their community and as a sector overall.

TRANSPARENCY & ACCOUNTABILITY

15. In exchange for a relaxation of restrictions, community stations should clearly demonstrate to Ofcom that “members of the target community” have “opportunities to participate in the operation and management of the service”. This was a key recommendation from David Lloyd’s 2018 report. Proportionate monitoring and investigation may take the form of spotlight monitoring or routine post-award monitoring where a station’s activities after a few months on-air are contrasted with what is required. This would be similar to the post-enforcement monitoring which we understand that Ofcom already, on occasions, conducts.
16. Ofcom should introduce a requirement for all community stations to maintain a comprehensive public file, in a specific consistent form, giving the names and structure of the station, alongside its Key Commitments and its most recent annual declaration. Such information would be of benefit to a range of stakeholders, including those who contribute funding, to see their investment has

⁴ <https://radiotoday.co.uk/2024/01/cma-and-ukcrn-issue-joint-response-to-dcms-consultation/>

been well-placed; and to communities to see examples of how they might engage in future. It should be noted that some community stations already choose to share such information and stations of all sizes in the commercial sector are required to maintain a detailed public file online.

17. These details would also help local communities to hold their stations to account, and highlight to Ofcom if they believed commitments were not being honoured so that the regulator’s monitoring might be best targeted. Publication of material which already exists would not seem to be an unwarranted nor excessive administrative burden for community stations.

DISTINCTIVENESS

18. Some of our smaller members have raised concerns that the output from some community radio stations is indistinguishable from local commercial stations, and in certain instances the way community radio operators represent their programming strategy in their communities is unrecognisable from their community objectives. This is generally limited to a small number of bad actors, yet is likely to result in a significant impact to an existing local commercial radio service. Ofcom should review ways in which it can better regulate the current output and activities of community radio operators that do not adhere to their social gain and wider community obligations. This should involve securing appropriate additional resources or reallocating resources that may be freed up from reduced burdens elsewhere.
19. Community radio was designed to be an additional distinctive tier of stations, targeting new audiences: “the provision of sound broadcasting services to individuals who are otherwise underserved by such services”.⁵ This is likely to be achieved both through its speech offering and music output. The best examples of distinctive community radio stations understand this, but there are also numerous examples of community radio stations that lack comprehensive speech output or a music playlist that is sufficiently distinct from local commercial radio.

CONSULTATION QUESTIONS

Community radio licences

Question 1: Do you favour allowing all community radio licences held for 20 years to expire, and if so, why?

Question 2: What would be the probable impact on individual stations and the wider community radio sector if licences were allowed to expire and be readvertised in accordance with the existing legislation? We would be interested in the potential benefits in terms of encouraging new entrants to the sector, and what would be the cost and other impacts for community radio in rebidding for licences?

20. Radiocentre has a broad range of members, varying in size and scale, which results in very different degrees of impact from the activity of community radio stations. For the largest commercial radio operators, with a broad range of national networks and services, community radio will have very little impact on their commercial operations. However, some of our smallest members operate on a relatively small scale, are heavily reliant on local advertising revenue, and sensitive to competing

⁵ [ofcom.org.uk/ data/assets/pdf file/0017/31913/kc-changes-guidance.pdf](https://ofcom.org.uk/data/assets/pdf_file/0017/31913/kc-changes-guidance.pdf)

services in a very small local market. As a result, our members do not take a single view on licence extensions.

21. We note the government's position against readvertising all analogue community licences. Nevertheless, some members believe there is a case to be made for readvertising licences following their expiration to allow potential access for other aspirational analogue community stations who may provide greater community benefit than current licence holders. Moreover, the process would undoubtedly focus the applicants on the delivery of their KPI's and will act as a useful audit for holding them to their social gain commitments.

Question 3: What would be the likely impact on the community radio sector of a further five-year or ten-year extension of licences?

22. Extending licences for community stations would inevitably give help to give them certainty and therefore confidence to invest time and resources in their existing service. We can see the case for aligning community licencing more closely with the approach taken for analogue commercial licences. If licences are extended rather than being readvertised, it is important that Ofcom maintains close scrutiny of the practices of licence holders to ensure that they are abiding by the relevant rules and regulations, including their key commitments and delivery of social gain.

Question 4: What would be the likely impact on the community radio sector of allowing licences to be extended in perpetuity - mirroring the position for digital sound programme (DSP) service licences and community digital sound programme (C-DSP) service licences?

23. We do not believe that it is appropriate that community radio licences should be extended in perpetuity, especially as the same benefits have not been extended to analogue commercial radio licences. If it were the case that community radio licences were to be extended in perpetuity, it would be important for Ofcom to significantly increase its dedicated resource to scrutinise licence holders on an ongoing basis in order to ensure they continue to be genuinely representative of their local communities, delivering on their social gain requirements.

Advertising and sponsorship restrictions

Question 5: Should the current restrictions on community radio stations' ability to raise revenue through advertising and sponsorship be removed? If so, is there a need for any safeguards?

24. We recognise the rationale for removing the current restrictions (last revisited in 2015) on the ability of community radio stations to raise revenue through advertising and sponsorship, including anticipated benefits that this could bring to community stations, potentially enabling many to become more sustainable and self-sufficient.
25. The government is also right that it is of fundamental importance that community radio retains its core social gain and not-for-profit nature. We therefore believe that there should be proper safeguards to avoid any watering down of these commitments. We have two primary concerns about removing advertising and sponsorship restrictions without adequate safeguards in place.

26. Our first concern is around the lack of robust audience measurement tools for community radio stations. Unlike commercial radio broadcasters, the majority of whom use RAJAR, community stations do not have the resources or industry infrastructure to measure audience figures accurately. As a result, some stations may publish (or share with stakeholders) misleading figures or figures that cannot be robustly substantiated. This raises questions about the reliability and credibility of much of the community radio audience data used for advertising purposes. Ofcom should have the right to raise these issues as part of its enhanced role in ensuring accountability and compliance by community radio licensees.
27. Second, allowing community radio stations to offer enhanced advertising opportunities without appropriate safeguards could potentially impact the commercial radio marketplace negatively. Commercial radio broadcasters invest significant resources in programming, as well as journalism in order to deliver trusted local news content to their listeners. Commercial broadcasters also invest in audience research, marketing and advertising sales. A number of our members are concerned that removing restrictions on community stations in local advertising markets, could create an uneven playing field (particularly with community stations offering lower rate cards to reach audiences unverified by any reliable or independent third party), potentially impacting the financial viability of some of the smallest commercial radio operators.
28. It is therefore important to approach the removal of advertising revenue restrictions with caution. Implementing robust safeguards will ensure a fair and competitive landscape while maintaining the credibility of the commercial radio market. Additionally, if restrictions are to be removed, this should be limited to where small local commercial licences are now part of a UK-wide brand/network. In addition, if small local commercial licences have key local characteristics (for example, there are several in Wales, Scotland, and Northern Ireland) it would make more sense for the existing protections to remain.
29. The current funding restrictions have undoubtedly given an important level of protection for some smaller commercial FM operators in the local market (as well as smaller local commercial DAB stations with a DSP licence) who share a transmission area with community stations. Moreover, it is important to highlight that the current restrictions not only effect the small number of community stations that overlap with small commercial radio licences (the six FM stations referred to in the consultation), but also ensure that *every* community station that is limited in the extent of their advertising and sponsorship revenue at present (£15,000 plus 50% of revenues thereafter). It is worth noting that the draft joint response⁶ on behalf of the community radio sector states that “we are not aware of any station has been impacted by the current 50% restriction on generating commercial income”.
30. The current restrictions on revenue raising are a very clear signal that community stations should not be focused commercially on generating ad revenue or sponsorship, and that they should instead be focused on delivering social gain and benefitting local communities. It may be helpful (based on submissions that DCMS receives directly from stakeholders to this consultation process) for DCMS to consider further engagement is undertaken with some of the smaller commercial radio operators who should be able to provide practical examples of current behaviours and the potential impact of changes.

⁶ <https://radiotoday.co.uk/2024/01/cma-and-ukcrn-issue-joint-response-to-dcms-consultation/>

31. If the advertising requirements are to be relaxed or removed, strong safeguards should be put in place to ensure that community stations are not run for personal gain. As set out at the earlier in this submission, this should include:
- Enhanced transparency and accountability requirements for community radio license holders, including reporting on how they meet their social gain/public value commitments.
 - Stronger oversight and enforcement from Ofcom to ensure that the community radio sector remains distinctive from the output delivered by the commercial radio sector.
32. Before making a final decision on whether to proceed with any changes it is also important for DCMS to conduct a thorough impact assessment. This should examine the likely effect of the proposals in individual markets where small commercial radio stations and community radio stations operate, not only at an aggregate level.
33. In order to mitigate any potential negative impact DCMS should also consider a revised cap on potential advertising income that a community radio station is able to raise. DCMS and Ofcom should also review whether it is appropriate for stations to qualify for the Community Radio Fund if their annual income exceeds a threshold of £50,000. This threshold should continue to be reviewed in order to ensure that the chief aims of the Fund are maintained.

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