

*Championing
excellence and diversity
in broadcasting*

Founded in 1983 by Jocelyn Hay CBE



The Old Rectory Business Centre
Springhead Road, Northfleet
Kent, DA11 8HN
Tel: 01474 338716
email: info@vlt.org.uk
web: www.vlt.org.uk

**RESPONSE BY THE VOICE OF THE LISTENER & VIEWER
TO THE DCMS CONSULTATION ON THE DEREGULATION OF
COMMERCIAL RADIO**

May 2017

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INFORMATION ABOUT THE VLV

The Voice of the Listener & Viewer Limited (VLV) represents the citizen and consumer interests in broadcasting and speaks for listeners and viewers on the full range of broadcasting issues. It uses its independent expertise to champion quality and diversity in public service broadcasting, to respond to consultations, to produce policy briefings and to conduct research. VLV has no political, commercial or sectarian affiliations and is concerned with the issues, structures, institutions and regulations that underpin the British broadcasting system. VLV supports the principles of public service in broadcasting. It is a charitable company limited by guarantee (registered in England No 4407712 - Charity No 1152136).

EXECUTIVE SUMMARY

1. VLV's concern in making this submission is that audiences should continue to be provided with existing levels of public service content which engages and informs audiences on commercial radio networks. These services provide significant public value for audiences across the UK.
2. Local news and information encourage community cohesion and local democratic debate. Commercial local radio is very popular and has a reach far higher than BBC local radio. VLV would not wish any change in regulation to provide an incentive for commercial radio operators to reduce their provision of such content.
3. VLV does not believe that Ofcom's current statutory role to ensure a range of choice of local radio services should be reduced.
4. VLV agrees that the current format restrictions on the three national analogue services should remain. If current format restrictions were removed it is likely that this would reduce the range of choice of services for listeners who have not yet switched over to DAB.
5. VLV believes that it is crucial that there should be continued regulation by Ofcom of news and local information on commercial radio. VLV agrees with the government's preliminary position that there should still be requirements for national and local commercial radio to provide news and that this should be extended to include essential core information such as traffic and weather services. Therefore we consider that Ofcom should have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio.
6. VLV is concerned that in the longer term there should be no reduction in the quality, range or volume of national, local and international news or core information available for audiences on commercial local radio stations, therefore we would want to see a 'levelling up'¹ of regulation for DAB with a regulatory solution which ensures that existing requirements on FM and AM services are carried over to their equivalent services on DAB after switchover.

¹ Letter from Sharon White to Ed Vaizey MP February 2017 pg 4 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

7. VLV suggests that the proposal to allow companies to centralise production of content other than local news and information should be reconsidered. While we understand the commercial pressures on local radio companies and the financial rationale of centralising production, we believe that doing so would have a detrimental impact on the localness of content.

INTRODUCTION

8. VLV welcomes the opportunity to respond to this consultation on regulatory reform of the commercial radio sector.
9. VLV's concern in making this submission is that audiences should continue to be provided with existing levels of public service content which engages and informs audiences on commercial radio networks. These services provide significant public value for audiences across the UK. As is stated in the consultation document *Commercial radio stations each broadcast around 13 hours of public service related content each week including news, sport, travel, weather and local information.*²
10. Ofcom highlights the public value of local news and information: *As well as informing listeners, local journalism can promote community cohesion and encourage local democratic debate. Our research suggests that the provision of local news on commercial radio in particular is of value to consumers.*³
11. VLV would not wish any incentives to be introduced for providers to reduce their provision of such content.
12. VLV understands that one of the reasons for proposing a reduction in regulation is that commercial radio has been under significant financial pressure in recent years. The explosion of digital and internet platforms where music is available with an internet connection has led to a fragmentation of the audience which has had a significant impact on the business model of commercial national and local radio. VLV also recognises that many commercial radio stations are having to simulcast on DAB and analogue longer than originally envisaged which has cost implications.
13. VLV believes that whatever changes in regulation are instituted, the government should ensure a balance is achieved whereby the quality and volume of local news and core information are not diminished while allowing commercial companies greater flexibility over content and production.⁴

² Commercial Radio Deregulation Consultation Document, DCMS, 13 February 2017, pg. 1

³ Letter from Sharon White to Ed Vaizey February 2017 pg 3 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

⁴ Letter from Sharon White to Ed Vaizey February 2017 pg 2 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

Consultation Questions

Ofcom's Role and Duties

Q1. We would welcome views on whether the increase in choice of radio and on-line audio services available to listeners has reached a point that Ofcom's current statutory role to ensure a range of choice of national and local radio services is no longer needed?

14. While VLV considers that changes are required to current regulations for commercial radio because of commercial competition from digital and online platforms, we do not believe that the growth in these platforms per se guarantee a greater range and supply of local public service content. Therefore we do not believe that Ofcom's current statutory role to ensure a range of choice of local radio services should be reduced.

Q2. We would welcome views on this proposal and whether it should be limited to Irish broadcasters or more widely and if so whether Ministers should need powers to allow licensing to be extended to other countries?

15. VLV believes that allowing Ofcom to have more flexibility to licence overseas radio stations carried on DAB could be beneficial for listeners, however we believe that spectrum allocation for radio should be prioritised for the broadcast of local UK services.

Format requirements for national analogue radio licences

Q3. Do you agree that the current format restrictions on the three national analogue stations should remain given that the licence holders are expected to extend these licences for a further five-year period (up to 2023)?

16. VLV agrees that the current format restrictions on the three national analogue services should remain. If current format restrictions were removed it is likely that this would reduce the range of choice of services for listeners who have not yet switched over to DAB.

Local radio non-news format requirements

Q4. We would welcome views on the consequences of removing all remaining music in radio formats requirements in local analogue station licences in terms of the range and availability of choice of music genres available for listeners.

17. VLV acknowledges Ofcom research which suggests that listeners would not be significantly impacted negatively if music format regulation were removed and analogue stations are free to play whatever music they wish.

18. However, we also note that Ofcom says that this change, could lead to a reduction in the diversity of supply⁵ of more specialist music if local stations which do not currently play mainstream popular music (23% currently have formats requiring specialist music) choose to play more mainstream music. While specialist music is available on online platforms VLV considers that this change could lead to a reduction in choice if listeners prefer to listen to specialist music on the radio rather than online and therefore we would oppose it.

⁵ Letter from Sharon White to Ed Vaizey February 2017 pg 2 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

National/local news and other public service content requirements

Q5. Does Ofcom need to have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio – what would be the consequences if news/local news and types of important information requirements were left to the market?

19. VLV believes that it is crucial that there should be continued regulation by Ofcom of news and local information on commercial radio.
20. Accurate news and information, including national and international news, is one of the most important contributions commercial radio makes to listeners in the communities it serves across the UK. It is clear from Ofcom research that this aspect of local commercial radio is popular and important for audiences. VLV notes that commercial radio is the most used means of accessing local news with *around 50% of listeners getting news from their local commercial radio station compared with about 16% for BBC local radio.*⁶ Ofcom research shows that 45% of commercial radio listeners particularly value local news and 35% value local weather and travel services, that audiences consider local radio news to be more accessible than other sources⁷ and that it tends to attract a younger and more ethnically diverse audience than other types of radio service. Commercial radio also contributes importantly to the plurality of local news across the UK.
21. As suggested by Ofcom⁸ *it is likely that complete deregulation would result in at least some stations deciding not to provide local news.*
22. If these public service aspects of commercial radio services were left to the market to provide, it is very likely that the volume of such services would be significantly reduced and their quality would be diminished. Commercial companies are understandably driven by commercial considerations and in an effort to reduce their overheads it is likely that they would rationalise their production of news and information content to reduce costs. This would result in a reduction of the volume of such content. It is also likely it would lead to a reduction in the ‘localness’ of news and information, which is relatively expensive to provide. This would represent a significant reduction in the quality of local output.
23. VLV agrees with the government’s preliminary position that there should still be requirements for national and local commercial radio to provide news and that this should be extended to include essential core information such as traffic and weather services. Therefore we consider that Ofcom should have a continuing role to ensure sufficient news/important national and/or local information is provided by commercial radio.

Q7. We would welcome views on what criteria should apply in setting enhanced requirements for the Nations as well as views on whether aspects of localness requirements continue in be the Nations’ themselves?

24. With the increased devolution of the nations of the UK the needs of audiences in each of the nations have changed and regulation should reflect this so that the content audiences have access to on commercial local radio stations is relevant to their lives, reflecting decisions made by the administrations in their particular nation.

⁶ *Commercial Radio Deregulation Consultation Document*, DCMS, 13 February 2017, pg. 4

⁷ Ofcom advice to government, February 2017. Letter from Sharon White to Ed Vaizey February 2017

https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

⁸ Letter from Sharon White to Ed Vaizey February 2017 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation, pg. 3

25. Therefore VLV agrees that the most appropriate approach would be to allow Ofcom flexibility to set enhanced requirements for national and local news and core information on stations operating in Wales, Scotland and Northern Ireland.

Extending requirements to produce news to DAB-only stations on national and local multiplexes

Q8. We would be grateful for views on which of the options set out above would best secure the provision of national and local news/core information by commercial radio in the longer term after a switchover? Are there other options - e.g. guaranteed carriage for stations providing local news content - that might be more effective?

26. VLV is concerned that in the longer term there should be no reduction in the quality, range or volume of national, local and international news or core information available for audiences on commercial local radio stations, whether listening on DAB or analogue radio. Therefore we would want to see a 'levelling up'⁹ of regulation for DAB with a regulatory solution which ensures that existing requirements on FM and AM services are carried over to their equivalent services on DAB after switchover.
27. We agree that there may need to be some wider exemptions which could include smaller stations, community radio, specialist music stations and ethnic and religious stations which do not already carry news or core information content.

Q9. What safeguards, if any, might be needed to protect plurality of local news provision under these options?

28. If, as suggested above, requirements for output on FM/AM were transferred to services on DAB VLV considers that plurality of local news provision would be maintained at existing levels.

Local content and production requirements

Q10. We would welcome views on the proposal – set out above – that the only local production requirements should be for local news/critical information which would need to be sourced and produced locally and can be provided directly or by a third party.

29. VLV considers that the arguments for maintaining production of content locally are persuasive. The current model protects local production centres, ensures employment of staff locally, encourages the development of skills locally and has the benefit of providing access to local advertising.
30. We acknowledge research commissioned by Ofcom which suggests that listeners are less concerned about where content is produced than its quality and local relevance, however, it is certainly the case that a presenter or producer who lives in the area in which they are broadcasting is more likely to engage with and understand local issues than one who is based outside that area. For example, with a phone-in show if a presenter is not local to the area where they are transmitting they will be less able to fully engage with their audience and discuss issues raised which will be geographically specific to their area.

⁹ Letter from Sharon White to Ed Vaizey MP February 2017, pg. 4 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation.

31. VLV would therefore suggest that this proposal should be reconsidered. While we understand the commercial pressures on local radio companies and the financial rationale of centralising production, we believe that centralising production in hubs which may be hundreds of miles from the audiences they are serving would have a detrimental impact on the localness of content.

Q11. We would welcome views on the need for different arrangements in Scotland, Wales and Northern Ireland and for views on the effect these changes could have for local commercial radio services in the Nations and whether any other safeguards are needed.

32. In light of our response to Question 10, VLV does not believe that there needs to be different arrangements in Scotland, Wales and Northern Ireland. VLV believes that content for all local radio stations should be produced within or at least near the area where it is broadcast.

Revised licensing arrangements

Q13. Should the duration of national and local analogue licences be renewed after a switchover has been announced last for a flexible period until the switchover takes place?

33. VLV believes that the duration of national and local analogue licences should be open ended for a flexible period up to the point when digital switchover takes place if renewed before the end of the existing term. This would avoid the cost and uncertainty to licensees caused by having to re-bid for their licences.

Renewals and requirements to simulcast on DAB

Q15. We would welcome views on these proposals on whether the requirement for analogue stations to simulcast on a relevant DAB multiplex for the term of the licence as a condition of its renewal should only apply for stations that have benefited from previous renewals.

34. VLV agrees with the government's view that the existing licence renewal regime has broadly worked well for commercial radio services. It has supported the migration of audiences onto DAB as well as investment by local radio multiplex operators in improved coverage, although this is still patchy according to VLV members.
35. We agree that stations which have previously renewed their licences with DAB carriage must be carried on an appropriate local multiplex and that smaller stations which have never had a DAB renewal should be able to renew without taking DAB carriage.

Dealing with commercial stations that may want to vacate analogue licences

Q17. We would welcome views on possible impacts and benefits of allowing more flexibility for stations to reduce expensive analogue broadcasting and of limiting the use of vacated analogue spectrum to non-commercial services e.g. community radio.

36. VLV notes that take-up of DAB has been slower than originally expected. Ofcom research shows that the majority of listening is still via analogue radio services. While 50% of households have a DAB set only 15% of all cars on the road have a DAB radio.¹⁰

¹⁰ Letter from Sharon White to Ed Vaizey MP February 2017, pg. 2 https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/radio-research/radio_deregulation

37. VLV believes that it would be detrimental for audiences if current licence holders were to be allowed to hand back or vacate their analogue licences. This would narrow the range of choice of services for listeners who have not yet switched over to DAB.

Q20. We would welcome views on whether the same arrangements for extending the duration of analogue commercial radio licences (see Q13) in the run up to a future radio switchover should also apply to community radio.

38. VLV believes that the same arrangements for extending the duration of analogue commercial radio licences should apply to community as outlined in Question 13.