



**RESPONSE TO OFCOM'S PROPOSAL REGARDING THE
FUTURE LICENSING OF FM
COMMERCIAL RADIO**

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1 Introduction

This document summarises Estuary Media Limited’s response to Ofcom’s proposed changes to the FM licensing process.

We have considered the proposals from the perspective of a prospective new small-scale radio station operator and therefore mainly limit our comments to those matters which would directly impact smaller stations. Similarly, our comments are restricted to the scope of the consultation, however as a group we do hold opinions on related matters, such as the expansion of DAB.

Our response is set out as follows:

- A summary of our aspirations for FM licensing which frame our general perspective
- Specific comments relating to the questions set by the consultation
- Additional general comments relating to the licensing process which we feel Ofcom may wish to consider.

2 General Perspective

In general, we agree with Ofcom’s intended outcomes for FM licensing. Our aspirations for the outcome of the licensing process are as follows.

1. We would like to see a licensing system which:
 - is transparent and fair
 - is workable, not enveloped in red tape
 - balances the interests of the radio industry, listeners, business and community
 - creates diversity in character rather than generic brand formats
 - encourages genuine competition
 - creates opportunities for new entrants and doesn’t bias existing operators or a particular business model
 - encourages social gain in the community served, which is most likely to be achieved by strong local rooting in its management and constitution

- increases opportunities for promoting local business, especially smaller businesses who may not be able to afford or desire advertising on larger stations.
2. We feel that the process shouldn't encourage opportunism from groups or individuals who may tailor their applications to meet what they believe Ofcom wishes to hear rather than bringing real local knowledge to improve listener choice. Such local knowledge needs to be built up over time, through "living and breathing" in the community served.
 3. Serving the interests of the citizen-consumer should include business as well as individual and other organisational interests.

3 Specific Response to Consultation Questions

Q1 Broad Objectives

We agree with the broad objectives Ofcom has identified, however please see our general comments above.

Q2 FM Spectrum Allocation

We suggest that Ofcom might consider utilisation of any available space in the FM sub-bands in areas where there is demand for small-scale services, e.g. 88.1 - 94.6 MHz and 99.9 - 101.9 MHz.

Within its current remit, we would like to see Ofcom more broadly represent the interests of the commercial radio sector with regard to spectrum allocation for the BBC, for example by examining the on-going necessity for overlapping transmitter coverage, particularly in the light of technical improvements in receiver design.

Paragraph 28 appears to blur the distinction between "community radio" and small-scale services, suggesting that community radio may be part funded by commercial means. We feel that clearer definitions to distinguish these services would help.

Q3 Large/Small Licences and Citizen-consumers

Both large and small-scale services are essential for expanding listener choice in the radio landscape.

Larger licences allow for more specialist/minority formats. Specialised formats may also most appropriately be delivered by some not-for-profit community stations, and may logically be better candidates for DAB, which may in turn encourage the earlier take-up of this medium from minority interest audiences.

Small-scale stations, on the other hand, can more sharply focus on individual neighbourhoods and provide information of direct relevance to the inhabitants – the burst water main on the High Street, the school open day, etc.

Q4 Aggregation of Regional Licences

We have no particular opinion on this issue.

Q5 Policy for advertising licences

It is important that the licensing timetable is published in reasonable time, however all serious applicants will have undertaken their “homework” before a licence is advertised.

Q6 Provision of tailored area information

We don't hold strong views on this matter, however assume that Ofcom's resource overhead wouldn't be adversely impacted by implementing the proposal.

Applicants should be able to bring credibility and strength to their bids through their local knowledge, which may possibly add to the data provided by Ofcom.

Q7 Variation of application information

Since each area and proposed service for each area involve many variables, it makes sense that these differences are reflected in the application process.

However, we believe that Ofcom shouldn't make pre-conceived assumptions in assessing score weightings, e.g. the relative capabilities of existing radio station operators versus new entrants. It is essential that a level playing field exists for all.

Q8 Provision of factual information

An applicant who is well positioned to provide a high quality locally-focused service should be able to add to this information through their own research and local knowledge (including aggregated anecdotal comments). They should therefore be able to propose a format which they believe most appropriately either increases listener choice or strengthens competition.

Q9 Single letter questioning

In principle and as an intent this would improve efficiency, however we don't believe Ofcom should be tied to such a commitment. Ultimately, this is a decision for Ofcom based on available resources.

Q10 Submission of applications

We agree with this proposal and suggest it be extended to specify maximum page limits and electronic format requirements (e.g. Microsoft Word version, if appropriate), emphasising content rather than style.

Q11 Irish licensing process

The Irish licensing model would undoubtedly slow down the application process. Notwithstanding this, we are not averse to the concept of public hearings, although we are doubtful they would result in any significant benefits.

Q12 Feedback to applicants

Open and comprehensive feedback will help make the process more transparent. Whilst there is the possibility that some future applicants may be tempted to tailor their proposals according to a perceived preferred style and content, this risk is offset by the potential improvements in the quality of the proposals of future applicants.

We would like to see rationalised criticism rather than subjective comments of all applications provided.

Q13 Effectiveness, consistency and timeliness of proposals

In general, we feel the proposals will substantially improve on the existing licensing process, subject to the observations we've described in this response.

Q14 Further changes to proposals

We believe that local knowledge and rooting should be important criteria for assessing applications, along with those Ofcom has identified. Evaluation criteria shouldn't narrowly focus on statutory requirements, but more fully embody the principles we've identified in section 2 and ensure that the right "culture match" is made between the station and the community it serves.

Q15 Costs / savings to the radio industry

Cost savings can undoubtedly accrue for applicants, especially in the area of application printing costs; however cost savings for the radio industry don't necessarily imply improved quality of service for the citizen-consumer.

4 Additional Considerations

We feel that Ofcom may wish to consider the following points in relation to FM licensing, in addition to the published proposals:

- We believe it's important that the weighting of each criterion used for assessing applications is made clear at the outset, and that additionally Ofcom clearly explain how qualitative assessments will be made.
- We feel that Ofcom may wish to review or enhance its proposals on how the new licensing process will achieve its broad objectives for the industry in the light of its future consultations on "localness".