

The Future Licensing of FM Commercial Radio

Ofcom consultation response from GMG Radio

Question 1.

Do you agree with our broad objectives for the radio sector?

- In broad terms we agree that a thriving, competitive, commercial radio industry, which furthers the interests of listeners, advertisers and prospective operators alike, is an admirable objective.
- You specify that viability in maintaining a proposed service is important to a licence applicant and this is also welcoming to our group particularly as the newly proposed commitment to formatting of programmes appears to be a key issue in Ofcom's decision-making process.

Question 2.

Do you agree with our proposed policy for allocating FM spectrum?

- We have reason to believe that demands on FM spectrum from commercial radio, RSLs and now community radio will be at an all time high and allocation plans appear to be fair.
- There is some concern however that community radio may become too commercial in its outlook on life and will attempt to take both audience and revenue from existing commercial operators under the proposed operating system. Our suggestion would be to award these licences under similar criteria to commercial radio with viability being one of the key issues in the applicant's process and less pressure on the operator to survive on revenue generation from advertising and sponsorship.

Question 3.

Do you consider that where possible, advertising larger or smaller licences best serves the interests of citizen-consumers?

- The potential licence areas identified in the consultation document from the Radio Authority working list and the two subsequent additions which identifies non and metropolitan opportunities is geographically broad and appears to give excellent coverage across the UK. We do concur that additional licences in these areas would best serve the interests of citizen-consumers.
- Citizens-consumers may also be interested in having their own commercial national stations in Wales, Scotland and Northern Ireland as direct competitors to BBC regional and we believe this should also be considered as part of the spectrum allocation process.

Question 4.

Should we seek to aggregate any or all of the potential licence areas within the four broad regions and what are the costs and benefits attached to adopting such a policy?

GMG Radio has built its success on an ability to understand and deliver to the listener radio that is regional and we certainly understand that metropolitan and non-metropolitan areas enjoy individual identities. It is sometimes difficult to maintain a balance of programme output that on the same frequency delivers a successful format to the citizens of Cardiff as well as Swansea, Glasgow and Edinburgh, Manchester and Liverpool, Leeds and Sheffield and so on.

Although the costs of setting up, operating and maintaining regional licences are significantly higher than purely local services, we believe that this will enhance the wider transmission area and provide diversity of programming that may not be available in the potential smaller localities.

Because of our experience and success in providing regional radio we believe it to be right to aggregate potential licence areas in three of the four broad regions identified. Those are:

- **North East England**, which has two regional stations already, plus very successful Emap heritage stations and two smaller scale operations covering Sunderland and Darlington. Our belief is that only a larger operator with clear financial viability could make significant impact commercially and be able to market its services effectively to its proposed target consumer. As Durham can hear both Metro Radio and Sun FM respectively (and indeed Sun FM treats Durham editorially) we believe the city is adequately covered alongside the other areas specified in the document.
- **South Wales** where GMG successfully operates Real Radio but where there are also heritage stations in Cardiff also covering Newport which are only around 12 miles apart, plus Swansea and Valleys. As previously mentioned we believe consideration should be given to the potential of allocating frequency on FM but possibly AM in some areas to a commercial Welsh National station.
- **Solent** second regional would seem to be a reasonable idea as Southampton and Portsmouth have their own stations as has Bournemouth.
- **South West England** is not an area, in which we could recommend broad regional coverage. Based on our own findings it is quite clear that Cornwall and Devon pride themselves on having separate identities and would not welcome a regional station, which broadly ties the two. Indeed the Chief Executives Office at Cornwall County Council and the Cornish Tourist Board has told us that they would strongly resist any link up. The Plymouth/Exeter/Torbay plus a distinct Cornwall licence would appear to be what the consumer seeks.

Question 5.

Should we adopt a policy of advertising two new licences of a different size each month or a larger number of licences at longer intervals and what is the impact of either for applicant resource management?

- In the consultation document it assumes that it is highly unlikely that applicants will be going after the two advertised licences at the same time. We agree with this assumption and in fact it is GMG Radio's strategy to apply for only larger metropolitan areas where suitable and/or regional when and if available. The question is a valid one and we welcome Ofcom's intention to drive the process forward. However, we would caution against such a policy at this stage, as we believe it to be unworkable. It is our view that few radio groups will be able to resource large-scale applications in quick succession. This is not only the view from radio operators but also from a number of research organisations who have already intimated to us that they would find it very difficult indeed to provide detailed research resources month after month at the level we suspect Ofcom would expect to find in our applications.
- Therefore in conclusion we propose the following:
 1. Large-scale licence applications advertised every two months.
 2. One small-scale licence advertised at the same time and two small-scale licences advertised when no large scale is advertised or available. We take this approach, as it is believed very few local applicants will be seeking more than one licence other than within their own particular locality.
- We concur with Ofcom's proposals to streamline the application process and reduce a lot of the time consuming tasks such as appointing appropriate local boards and seeking letters of support. We also applaud the approach to offering more guidance on format proposals, the single letter approach and the dropping of 'designer' application documents.

Question 6.

What is the view on the proposed provision of tailored information around a specific area rather than generic guidance on the licensing process?

- We believe this to be extremely sensible and the proposed provision will help the applicant understand the requirements more clearly and concisely. It also eliminates any grey areas, which may previously have been encountered particularly during research. The open approach you propose is welcome.

Question 7.

Would it be beneficial to vary the nature of information requested according to the type of licence and applicant?

- Quite clearly by defining an area geographically and providing further information on who currently operates to what format and the provision of listening patterns should have a big influence on how the potential applicant sees the fit in terms of their own proposals. This should make the process easier and help in clarity of thought and to a certain extent deter possible non-suitable applicants from becoming involved.

Question 8.

Would applicants find it helpful to be provided with factual information about listening patterns etc. in a new licence area?

- Covered in Question 7.

Question 9.

Do you agree that a single letter is preferable to other means of seeking clarification/amplification of applicant's proposals?

- We believe that a single letter is preferable to former means of seeking clarification and amplification of the proposals. The single letter should cover all aspects of the application including finance but it is essential that someone from Ofcom is nominated within the letter should we wish to clarify a question.
- Also it is assumed that a reasonable and fair time period will be allocated for applicant responses.
- We would also ask that with the greatest of respect the letter should be of the plain English variety.

Question 10.

Are you content with the proposals regarding submission of applications?

In the main we are greatly impressed with the proposals and thank you for them, however we would very much welcome further clarity in the final guidelines for the application submission on the following:

- Is Ofcom happy that no local board is necessary if existing operators do not have them on current licences?
- Evidence by letters of support for the application is not a requirement and therefore quantity will no longer be taken in to account on the decision making process.
- What exactly is meant by focus on quality when referring to evidence of support?
- Will Ofcom pay regard to how an applicant publicises its proposals via PR, public meetings etc.?
- For clarity – Can Ofcom confirm that evidence of local demand has to be demonstrated by submissions of formal audience research and analysis and not at all based on the emotion in letter format of local backing from MP's, Councils, charities etc?
- How soon after application deadline will all submissions be published on the web site?
- The points system proposed for identifying applicant strengths and weaknesses is a more transparent system and we would like to know more about this than Ofcom has divulged so far. Could the broad basis of the system be disclosed for further clarity?

Question 11.

Do you agree that the short-listing process could potentially slow down the process and if not how might such a procedure improve the overall process?

- We are very much in favour of streamlining the whole application process and would not welcome a short-listing as illustrated by the Ireland example in the consultation document.
- We don't see it as being necessary, particularly as each aspect is covered effectively in the application and single letter. Personality and performance of the applicant on a given day should not be taken in to consideration.

Question 12.

Would you prefer statements after award to include references to unsuccessful applicants also and what would be the benefits/disbenefits of your preferred approach?

- We do not believe that referring to unsuccessful applicants through public means would serve any useful benefit. However, we do believe that a private letter to unsuccessful applicants would be of enormous benefit and could perhaps highlight why certain areas were marked down. The points award system could be made available privately to the applicants ensuring complete transparency in the decision making process.

Question 13.

Are you confident that the proposals can deliver a regulatory system, which is effective, consistent and timely?

- The proposals are well researched and pay regard obviously to the consultations with the two radio groups mentioned. In the main we are confident but accept the possibility that the initial stages of the new licensing process will be a learning curve for the industry. A further consultation in two years time should be sought in order to review the process.

Question 14.

Can you suggest any changes to the proposals, which would improve on current practices?

All of our suggestions have been covered in previous questions.

Question 15.

Do you believe there would be additional costs or savings for the radio industry as a result of the proposed changes? – Please specify and do the benefits of the proposed new system justify these?

In general we welcome the cost savings, which we believe will be made on:

- Administration and printing.
- Writing of the document.
- Staff salaries.
- PR costs.
- Local Board costs.
- Transport.
- Public meeting and entertaining costs.

- Postage and Telephone.

However it should be noted that other costs will increase including ‘staffing up’ within each group in order to deliver the information required. Also research costs will greatly increase as more time and effort will be allocated in to this area. Due to the shortage of specialist radio research organisations within the UK, one can only assume that rates will rise. Therefore we re-iterate our previous point that large-scale licences should be advertised bi-monthly only.

Additional summary

GMG Radio believes the true benefit of the new proposals to be one of transparency and overall fairness to each applicant and ultimately to the listener and the area in which it serves. Whereas we understand there can only be one winner of each licence, the industry should have comfort in the fact that each application is judged to a specific criteria and that the whole process of application is clear, concise and to the point. It promotes healthy competition and can only be beneficial to the radio industry as a whole.

We thank Ofcom for the opportunity to become involved in the consultation process and look forward to seeing the final paper.

For any additional requirements or further explanation please contact:

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