

1st March 2004

Of co m
Riverside House
2a Southwark Bridge Road London
SE1 9HA

Dear Sirs

The Future Licensing of FM Commercial Radio

This response to your consultation document 'The Future Licencing of FM Commercial Radio' is written in our personal capacities as potential participants in future licence applications.

Together we have fifty years working experience in commercial radio. John Josephs was a founder Director of Metro Radio in Newcastle in 1973; Maurice Dobson joined Metro in 1980. Together with the late Neil Robinson, John and Maurice were instrumental in the formation of the Radio Advertising Bureau in the early 1990s.

Q1 *Do you agree with our broad objectives for the radio sector?*

A1 Yes, we agree with your broad objectives.

Q2 *Do you agree with our proposed policy for allocating FM spectrum?*

A2 We are entirely supportive of the continued allocation of spectrum to RSL licensees.

We are less certain about the desirability of developing community radio by the introduction of one or two community radio services into main cities/conurbations. It is difficult to understand how such services can be sustained over any length of time if they are so small as to be incapable of being supported by advertising revenue. In fact, our direct experience of a local community radio station, one of the first, was that the funding was lost fairly early in the life of the licence and by default, the station became a commercial radio station.

Q3 *Do you consider that, where possible, advertising larger or smaller licences best serves the interests of citizen-consumers?*

A3 As stated in paragraph 34, 'larger licences are more likely to be profitable than smaller ones' and are therefore more able to provide high quality and/or niche services. It is a question of how one defines 'large' and 'small'. In our experience, even in contested marketplaces (ie with more than one local commercial radio service) stations serving populations of 250,000 can be highly profitable with a broad format, but not with a niche format, which probably requires a regional licence.

If the interests of citizen-consumers are best served by having more local content news, weather, sport, soccer commentary, traffic etc, then smaller rather than larger licences should be advertised.

Q4 *Should we seek to aggregate any or all of the potential licence areas within the following four broad regions:*

*North-East England
South-West England
South Wales
Solent*

What are the costs and benefits attached to adopting such a policy?

A4 It seems to us to be inevitable that if you aggregate any or all of the potential licence areas within these regions, the licences will be awarded to one of the major current players in the radio industry, which does little for plurality of ownership. We would repeat the view expressed in Q3 above, that the interests of the citizen-consumer are best served by advertising smaller licence areas rather than a regional licence.

Q5 *Should Ofcom adopt a policy of advertising two new licences of a different size each month, or would advertising a larger number of licences but at longer intervals be preferable? What impact would either option have for resource management among prospective applicants?*

A5 It is probably more important that you advertise two licences each month that are geographically diverse, rather than that one is large and one is small.

Writing a licence application is a huge task, requiring the allocation of a lot of human resources as well as capital, and few potential applicants out with the very large groups, or even including the large groups, could cope satisfactorily with running more than one application at a time.

Q6 *What is your view regarding the proposal to provide information tailored around a specific licence area at the time of its advertisement, rather than generic guidance on the licensing process?*

- A6 We believe this to be a big step in the right direction.
- Q7** *Would it be beneficial for Ofcom to vary the nature of information requested in an application according to the type of licence and/or applicant?*
- A7 Yes, particularly with reference to the ability of the applicant to sustain the service.
- Q8** *Would applicants find it helpful to be provided with factual information about existing listening patterns etc in a new licence area?*
- A8 Yes.
- Q9** *Do you agree that a single letter is preferable to other means of seeking clarification and/or amplification of an applicant's proposals? Please provide a rationale for your preferred method of follow-up questioning.*
- A9 Yes.
- Q10** *Are you content with Ofcom's proposals regarding the submission of applications?*
- A10 Yes. We are particularly encourage by the final sentence of paragraph 66. The pursuit of such letters have always seemed to us to be an inappropriate use of the scarce resource available to devote to a licence application.
- Q11** *Do you agree that a short-listing process such as that employed in Ireland could potentially slow down licensing? How might the adoption of such a procedure improve the overall process?*
- A11 We see no merit in short-listing other than in an exceptional case where two applicants are so good that the decision is 'too close to call'.
- Q12** *Would you prefer the statements made after licence awards to include reference to unsuccessful applicants as well as to the winner? What would be the benefits/disbenefits of your preferred approach?*
- A12 Private feedback to unsuccessful applicants would always be appreciated.
- Q13** *Are you confident that these proposals for a new licensing process can deliver a regulatory system which is effective, consistent and timely?*
- A13 Yes.

Q14 *Can you suggest any changes to the proposals which would improve on current practices?*

A14 a) You could specify how many words, rather than how many pages, should be used to answer certain questions, and indicate what penalties would be applied to those who exceed the permitted maximum.

b) It would be helpful to know how much weight is attached by Ofcom to the previous provision of RSL services by an applicant group or part thereof.

Q15 *Do you believe there would be additional costs, or cost savings, for the radio industry as a result of the proposed changes? Please specify. If you anticipate higher costs in any area, do the benefits of the proposed new system justify these?*

A15 Online submission and the reduction in the requirement to obtain letters of support should reduce costs. We do not see any areas where your proposals will increase costs.

We would welcome the opportunity to discuss this with you in person if you think this would be helpful.

Yours faithfully

John Josephs

Maurice Dobson