

26 March 2007

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Dear William,

A new approach to public service content in the digital media age

We welcome the opportunity to make a brief comment in response to the above consultation on behalf of the Commercial Radio industry. Although the PSP has arisen out of Ofcom's responsibilities to safeguard public service broadcasting on television, our concern relates to its potential impact on radio.

We believe there is already considerable and disproportionate publicly funded Public Service Content (PSC) intervention in UK radio - via the BBC. This is well funded (having more than half of UK Radio's total income at its disposal) and enjoys more than half of all UK radio listening. This weight of advantage in a medium does not apply to BBC television. Also, unlike UK Television, there is an extensive and growing Community Radio network alongside the 300 analogue terrestrial commercial services and the 100 digital ones. There are more than 3000 additional radio services available on the Internet.

National and local commercial radio also already delivers a huge volume of PSC without legislative obligation or, alas, political recognition.

There really is no case for further intervention in a medium that is already both disproportionately regulated and subject to significant State funded market distortion and we are concerned that even indirect intervention could damage the existing provision.

Despite the current concern surrounding television, we do not consider that PSC on radio is necessarily under threat. Indeed an audit in 2004 of PSC on UK Commercial Radio¹ found that provision of news, weather and travel information (most of which is local) had risen 60% in 4 years. If threats to its future do exist, they are, in our view, threefold:

- A disproportionately onerous regulatory regime
- Increasing cost burdens due to the proposed introduction of Administrative Incentive Pricing.
- Over-enthusiastic market intervention in the shape of the BBC and, potentially in the future, the Public Service Publisher (PSP).

¹ Commercial Radio: In the Public Service (CRCA 2004)

'A new approach to public service content in the digital media age' repeats the commitment in Ofcom's 'Review of public service television broadcasting: Phase 3 – Competition for quality' for the Public Service Publisher (PSP) to use "all communications platforms and technologies to achieve reach and impact". If Ofcom is proposing a cross-sector response to a single-sector issue, we believe that the welfare and maintenance of non-BBC content providers in these other sectors should be considered as it makes its plans.

Ofcom's suggestions for hypothetical projects that might be commissioned by the PSP would generate additional and unnecessary competition for existing suppliers of audio content. One project appears to be a hub for audio listening and sharing, amongst other activities, with "audio recordings" made available. Another has a supporting website carrying podcasts centred around local communities. If there is a demand for such things and existing players fail to meet it, then we firmly believe new players will do so, without a requirement for any public intervention.

As it is Commercial Radio is becoming increasingly active across 'all communications platforms and technologies'. We are concerned that further publicly-funded intervention might damage our ability to invest in these areas. Virgin Radio uses its national status to produce instant on-demand news coverage via mp3. LBC's Premium Podcasts have demonstrated a market for more in depth public service speech content, one that listeners are willing to pay for: 500,000 episodes were downloaded in the first four months that the service was available. (The Premium Podcasts won both the Arqiva Technical Innovation Award and the recent Radio at the Edge Innovation Award).

In our recent submission to the Culture, Media and Sport Select Committee's Public Service Broadcasting inquiry (which I attach for your reference), the RadioCentre reiterated that we are not calling for a PSP for radio at this stage. Rather, as it brings the debate about public service broadcasting into the cross-media, non-linear broadcasting world, we would encourage Ofcom towards a view of television's position within a converged ecology, rather than considering it in isolation. The foreword to Ofcom's new consultation gives weight to our concerns:

"There is a long history of renewal and reinvention in delivering public service as technologies change – major museums were founded to inform and educate citizens in the 19th century; public service radio and television reached the whole UK in the 20th century; and now a new approach is needed for the digital media world of the 21st century."

A new approach is needed, but if its scope is to be a cross-platform one, then Ofcom must ensure that when establishing the rationale for a market intervention, it also takes account of its likely cross-platform impact – including that on the public service radio provided by Commercial Radio.

Yours sincerely,

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