

Localness on Commercial Radio

**A response to the Ofcom Consultation
by Bauer Media Group**



MEDIA GROUP

1st August 2018

Introduction

Bauer Media UK welcomes this opportunity to comment on Ofcom's proposals for regulating localness on commercial radio.

Last year the Government consulted on reducing the regulation of commercial radio. We support the Government's conclusions from that consultation but we recognise that their full implementation will require new legislation. In the meantime we welcome Ofcom's proposals for deregulation, recognising that Ofcom is bound by existing statute and cannot deregulate as far as we would wish. Given that, we broadly agree with Ofcom's proposals. However there are two areas where we would suggest changes to Ofcom's proposals.

First, on the proposals for larger approved areas, we would have preferred Ofcom to go further and define just seven areas – Scotland, Wales, Northern Ireland, London, the North of England, the Midlands and East of England and the South of England. However, Ofcom has stated it intends to define approved areas by reference to ITV (Channel 3) television regions. If Ofcom confirms this approach then we suggest three changes to the proposed regions: to move the Home Counties area from the South to the new East of England region; to move the Solent area from the South West to the new South of England area; and to split the South West Midlands area between Hereford and Worcester, which should be part of the Midlands and Gloucestershire, which should be part of the new South West area. This would bring the new approved areas much more closely into line with Channel 3 regions and better reflect audience affiliations and Government regions.

Secondly we note that Ofcom has proposed no change to the rule for AM local stations which requires them to produce ten hours a day of programming from within their respective nation. We believe this is anomalous with the process of deregulation, as it means that FM stations need only produce three hours a day from within their nation, compared to the ten hours for the much less-popular AM stations. We suggest the AM ten hour rule should be abolished or, failing that, at least brought into line with the rule for FM stations at three hours a day.

We look forward to Ofcom's conclusions and hope that these will be implemented as rapidly as possible.

About Bauer Media UK

Bauer Media UK is an entertainment network of high-quality, high-profile, multi-platform brands. The business became part of the Bauer Media Group, Europe's largest privately-owned media group, in 2008. Founded in Hamburg in 1875 and now in its fifth generation of family ownership, the Bauer Media Group operates in 19 countries including the UK, Germany, Poland, Australia, New Zealand and the USA and has 11,000 employees worldwide.

In the UK we reach over 25 million consumers. Our radio portfolio includes national stations such as Kiss, Magic and Absolute Radio alongside 22 strong heritage local radio stations around the UK such as Radio Clyde, Radio City, Metro FM and Hallam FM. We recently relaunched our local FM station in Manchester as Hits Radio (Manchester), providing not only local news and information but also becoming the home of our new national digital radio station Hits Radio. We also operate magazine brands including heat, Grazia, Empire, Motor Cycle News, TV Choice and Take a Break. Our scale, coupled with the breadth of our portfolio, gives us an advantage over pure play magazine or radio competitors.

In an era where audiences are ever harder to categorise, we build strong cultural connections, drawing people together with the things that they really care about. Our brands become the lens through which our audiences see the world.

Our radio services reach over 17 million listeners every week and account for 332% of total commercial radio listening. Within that total, our local services, operating from 22 bases around the UK, reach almost 7 million listeners a week.

They are attracted to our services not just by the range of music we play but by the strong line-up of presenter talent, both locally and nationally, and our commitment to local news and information. In an era of fake news and unverified stories on social media, listeners value and trust the news we provide, which is required to be accurate, balanced and truthful.

Our stations employ 80 journalists who live and breathe the areas they cover. We break stories, and we undertake investigative local journalism. We provide lots of local news and will continue to do so, regardless of any regulatory requirement. Indeed we are happy to accept new regulation to protect provision by the industry in this important area.

We have invested heavily in digital radio, operating 12 local multiplexes with a share in three more, and becoming a major shareholder in the second national multiplex, operating nine national DAB radio services and expanding the output of our local services to provide spin-off services, each of which provides local news and information.

We also make an important contribution to the local and national economy, not only by providing employment but also by supporting local businesses with for example a “million pounds of work” working with local business and jobseekers to our work with independent producers and the broader creative industry. And we support the UK economy by paying our company and all relevant taxes here in the UK.

Our stations employ well over 1100 people across the UK and we are committed to developing our talent through training and to reflecting the diversity of the UK, bringing new people into radio.

In 2014 we launched the Bauer Academy, a government registered training provider with the Skills Funding Agency and is recognised as a Centre to deliver AIM Award qualifications, providing multimedia training at 22 sites across the UK. Our team of leading academics work alongside media professionals to design and deliver training programmes that make a remarkable difference to individuals, communities, and businesses. Our training is immersed inside one of the biggest media companies in the world, providing exciting and meaningful work based learning. Our approach is refreshing, and it works.

As well as training we also seek to provide support to the communities we serve. Cash for Kids is Bauer Radio’s network of local charities, which operate across 21 areas around the UK. Our mission is to respond to the needs of children in our communities, and we aspire to enable all children to live life to the full and achieve their individual potential. In 2017 we raised over £23m. We support national appeals, such as the recent DEC appeal for East Africa.

We do all of this as a company which is a morally robust commercial enterprise, seeking to grow its business.

Response to consultation questions

Question 1. Do you agree that Ofcom’s duty to secure ‘localness’ on local commercial radio stations could be satisfied if stations were able to reduce the amount of locally-made programming they provide? If not, please explain the reasons and/or evidence which support your view.

We agree with Ofcom’s proposal. Ofcom research demonstrates that what audiences value most in terms of local content is news and information, rather than where a radio presenter is sat. Ofcom’s proposed approach recognises the changes in technology, rapid increase in audience choice and commercial reality that faces commercial radio today.

Question 2. Do you agree with our proposed amendments to the localness guidelines relating to locally-made programming? If not, please specify any amendments you think should be made instead (if any), and explain the reasons and/or evidence which support your view.

We agree with Ofcom’s proposals. We recognise that under existing statute Ofcom is unable to remove locally-made programming requirements completely and a reduction to three hours a day on weekdays (a single presenter shift) is as far as Ofcom can reasonable go. The removal of requirements for a locally-made breakfast show and weekend programming is also welcomed as it will free-up commercial radio to respond to changing audience tastes. Meanwhile the local news proposals protect the elements of localness which audiences value most.

However, we note that Ofcom is not proposing to change the rules for AM stations, which are currently required to produce at least ten hours a day on weekdays from within their respective nation. This leads to the anomalous situation whereby FM stations could be networked across the UK for all but three hours a day, while AM stations would have to maintain separate programming for each nation throughout most of week. As listening to AM stations (particularly local AM music stations) continues to decline rapidly, this can no longer be justified. Recognising this Ofcom already treats AM stations more leniently in terms of regulation than FM stations. However Ofcom appears to have overlooked the deregulation of AM (perhaps partly because so few people listen on AM). We suggest that Ofcom should remove this AM rule completely or, failing that, at least reduce the requirement for AM stations to produce programming from within their nation to three hours a day on weekdays. This would maintain the lighter-touch approach which has characterised the regulation of AM commercial radio.

Question 3. Do you agree with our proposed new approved areas? If not, please specify any alternative proposals you think should be considered (if any), and explain the reasons and/or evidence which support your view.

We welcome Ofcom’s proposal to enlarge approved areas. Ideally we would prefer the regions to be larger. In our submission to the DCMS consultation last year we suggested seven regions – fewer than the number proposed by Ofcom – which we believe would be within Ofcom’s power to apply under the current legislation.

The approved areas we proposed to the DCMS were as follows:

- Scotland,
- Northern Ireland,
- Wales,
- Northern England,
- the Midlands and East of England,

- Southern England,
- London

These are shown on Map 1 below.



Map 1: Bauer's suggestion to the DCMS consultation

We would still prefer Ofcom to use these as the approved areas.

Ofcom says its proposal is designed to mirror as closely as possible Channel 3 television licence areas, with a couple of exceptions in the South West (merging the South West and West, which are actually a single ITV licence) and Borders, where Scotland is separated from England and Cumbria added to the North West.

We believe this generally makes sense, although we suggest that the areas be redrawn in a way which would better reflect Channel 3 licence areas, Government regions and audience affinities.

The Channel 3 licensed areas are shown on Map 2 below.



Map 2: Channel 3 licence areas

The existing Ofcom radio approved areas are based on DAB multiplex licensed areas. This continues to make sense so as to allow local services to be aligned across platforms as far as possible. These should remain the basic building blocks for approved areas, but it may make sense to reallocate one or more of these building blocks to split an existing approved area, where there is a strong case for doing so.

In particular we suggest three changes to achieve this:

1. **SOLENT.** In the South of England Ofcom proposes to put the existing Solent approved area into the new West of England area. We suggest this should instead be allocated to the South of England for four reasons:
 - a. The ITV region for the South of England (Meridian) is centred on Southampton at the heart of the Solent approved area. Moving the Solent into the new South of England area would align far better with the ITV region.
 - b. It would also align much better with listener affinities along the south coast and many regional services are provided on this basis.

- c. It is also better aligned with the Government region of the South East (see Map 3), albeit that the Government allocates Hampshire to the South East and Dorset to the South West. It would not make sense to split the Dorset area from South Hampshire in radio terms as there are regional radio licences which cover both areas and the Bournemouth and Poole area has far closer affinities with Southampton than they do with Bristol, Plymouth or Exeter.
- d. As no existing approved areas would need to be divided to achieve this change, no existing programme sharing or colocation agreements would be affected.



Map 3: Government regions of England

2. **HOME COUNTIES.** Ofcom proposes to include the Home Counties area (comprising the DAB multiplex licensed areas of Herts, Beds & Bucks and Northamptonshire) in the new South of England area. We believe this should instead be allocated to the East of England region. The reasons are similar to those for moving the Solent area:
 - a. The Home Counties are part of the East of England Anglia TV region
 - b. The area has greater affinities with the East of England than it does with the south coast and many regional services are provided on this basis.
 - c. In terms of Government regions (map 2), the Home Counties are split – Herts and Beds are in the East, Northamptonshire in the East Midlands and Buckinghamshire in the South East. However in population terms, the bulk of the area is in the East of England.
 - d. As no existing approved areas would need to be divided to achieve this change, no existing programme sharing or colocation agreements would be affected.

- 3. SOUTH WEST MIDLANDS.** Ofcom proposes to allocate the existing South West Midlands approved area to the new Midlands area. We believe this area should be split into two, based on the existing DAB multiplex licence areas. Hereford & Worcester should be allocated to the new Midlands area while Gloucestershire should be allocated to the South West. The reasons are again similar to our other two proposed changes:
- a. In ITV licence terms Gloucestershire is in the West of England (Westcountry) while Hereford & Worcester are in the Midlands (Central) region. In fact, even though the majority of the three counties are served by a single TV transmitter at Ridge Hill, Ofcom specifically made provision to split the signal from the transmitter, providing the Midlands service to Hereford & Worcester and the West of England service to Gloucestershire. This was in recognition of different viewer affinities
 - b. Audiences in Gloucestershire have a far greater affinity with Bristol than they do with Birmingham, The opposite is true of viewers in Hereford & Worcester and many regional services are provided on this basis.
 - c. In terms of Government regions (map 2) Gloucestershire is in the South West and Hereford & Worcester in the Midlands.
 - d. There are three radio services on Ofcom's list which would be affected by the change – The Breeze (Cheltenham), Heart (Gloucester & Cheltenham) and Smooth (Gloucester & Cheltenham). None of these stations currently take advantage of colocation or programme sharing with the two stations in the other half of the existing approved area Sunshine Radio (Hereford & Monmouth), Free Radio (Hereford & Worcester). Therefore splitting the existing approved area in the way we suggest would have no practical implications for any existing arrangements.

The Ofcom proposed areas and our revised proposed areas are shown on maps 4 and 5.

In addition, we suggest that Ofcom should amend its policy to look more favourably on requests to co-locate and share programmes across the new boundaries. We suggest the wording of the policy could be something like "Ofcom will look favourably on applications from stations to co-locate and share programming across the approved regional boundaries where the stations can demonstrate that this would be in the interests of listeners"

Map 4: Ofcom's proposed areas



Map 5: Bauer's proposed areas



Question 4. Do you agree with our proposed amendments to the localness guidelines relating to local material? If not, please specify any amendments you think should be made instead, and explain the reasons and/or evidence which support your view.

We agree with Ofcom's proposal.