

Ofcom consultation

Localness on commercial radio

Proposals to amend guidelines



August 2018

Introduction

1. Global is a leading media and entertainment group and is the UK's biggest commercial radio company, home to the country's biggest commercial radio brands Capital, Heart and Classic FM. Together with Capital XTRA, LBC, Smooth, Radio X and Gold, these brands reach over 25 million people every week on the radio, 10 million unique users every month on Global's digital platforms and 6 million people on Global's social media channels.
2. Global holds 68 local analogue licences and one national analogue licence, operated by Classic FM. Global broadcasts from 25 broadcast centres across England, Scotland and Wales and provides local and national news from 21 news hubs. Global is a strong supporter of digital radio - all our analogue stations are simulcast on DAB and we have several digital only or mostly digital brands that are all national propositions.
3. The current legislative framework dates back to the 2003 Communications Act and, in some respects, to the 1990 and 1996 Broadcasting Acts. The last time Ofcom conducted a review of its localness guidance was in 2010 following the Digital Economy Act. In 2013, the then Culture Minister Ed Vaizey committed to look again at the regulations governing commercial radio, "to ensure they are fit for purpose in a digital age"¹. It has taken five years to get to this stage and change is long overdue. Global welcomes the opportunity to contribute to this important consultation process.
4. Consumers in 2018 have an unprecedented choice in how they can listen to music and access news and information. It is very clear that the current legislation was created in and for a very different era. This explosion in choice and platforms means it is even more important that radio stations can be free to adapt and innovate to reflect changing consumer habits in an increasingly competitive market.

¹ Ed Vaizey, Go Digital Conference Speech, 16 December 2013.

5. DCMS published the outcome of its consultation process in December 2017 and proposed a comprehensive set of measures to bring commercial radio regulation into the digital age, proposing a number of changes to the legislation.
6. We are keenly aware that the current political landscape means that securing parliamentary time to amend radio legislation is unlikely to be forthcoming for quite some time, so we are encouraged by Ofcom's decision to proceed with proposals to amend the current regime which don't require legislation to enact. We believe Ofcom's proposals represent a sensible and pragmatic approach to bridge the gap between the current regulatory regime and the comprehensive set of changes proposed by DCMS that would come under a new legislative framework.
7. Global therefore supports Ofcom's proposals to review the local production rules, which will enable local and regional stations to continue to compete with other audio services in the digital age, whilst maintaining the provision of accurate, unbiased local news and information. We believe that this will help to ensure that commercial radio continues to thrive in the 21st century.
8. The change will provide operators of local and regional stations with greater flexibility on how they deliver their services and thus ensure they are able to continue to invest in their product, marketing, people and facilities and grow audiences.
9. Importantly, local stations will still be required to maintain appropriate trained journalistic resources in the areas they serve but will have more flexibility on how and where programmes are made. The alternative, if these regulations were to be retained, risks undermining the provision of local content in the future. Digital listening continues to grow, and now accounts for over 50% of all listening, up from 18% 10 years ago. The growth in digital has been accompanied by a dramatic increase in the choice of new stations available to listeners, but the vast majority of these new stations have been national in character and do not carry any local content. As a result, listening to local stations as a % of total listening has consistently fallen, from 50% when digital

radio was launched to under 35% today.

10. In an increasingly competitive market, radio station operators face trade-offs and have to decide where to invest limited resources. We believe the regulatory regime should encourage investment in local news and information content which has high public value. The available research suggests listeners agree. Ofcom commissioned research from Kantar Media in 2015 which asked listeners their preferences for content on local commercial radio stations between (i) local news bulletins and local information throughout the day, but no locally-based presenters, (ii) locally-based presenters at a certain time of day but no local news bulletins or local information updates outside these times, or (iii) locally-based presenters, but no local news or local information bulletins. 76% of respondents preferred the first option with only 15% choosing the second option over the first.

11. Removing the current regulations on locally-produced programmes will provide operators with greater flexibility on how they choose to tailor their programming for their listeners and will help the sector to continue to invest and grow, to the benefit of all listeners.

12. **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.**
13. We support Ofcom’s proposals and believe that stations will retain their ‘localness’ irrespective of the number of hours of locally made programmes. The notion of a mandatory seven hours is outdated and doesn’t take into account the impact of technology or the variety of operating models across the industry. Ofcom’s proposal is a sensible intermediary step between the comprehensive proposals set out by DCMS which require new legislation and the current regime.
14. Technology allows us to deliver local content wherever and whenever we need to, using split link technology regardless of the location of the studio. This technology enables us to deliver localised presenter links to all our local stations during network programming, in addition to providing local news and information, whilst simultaneously providing presenters of high quality in all locations. On an average weekday, we deliver around 70 tailored links during peak hours across our brands and we believe we have consistently proven, over the last 10 or so years, that these new, better, methods of providing local content are deliverable, at scale and at high quality. Ofcom’s own research determined that, “listeners are familiar with the concept of networked stations and welcomed the continued provision of local news and travel updates, regardless of where the output originates.”²
15. We are supportive of Ofcom’s current approach in terms of the sourcing of local news and information and having appropriate journalistic cover in the area is absolutely key to delivering this. No additional requirements are necessary and, with modern technology, it is no longer meaningful to talk about where material

²https://www.ofcom.org.uk/__data/assets/pdf_file/0026/81467/local_commercial_radio_content_research.pdf

is “produced”. It is what comes out of the speaker that matters, not how or where it is produced.

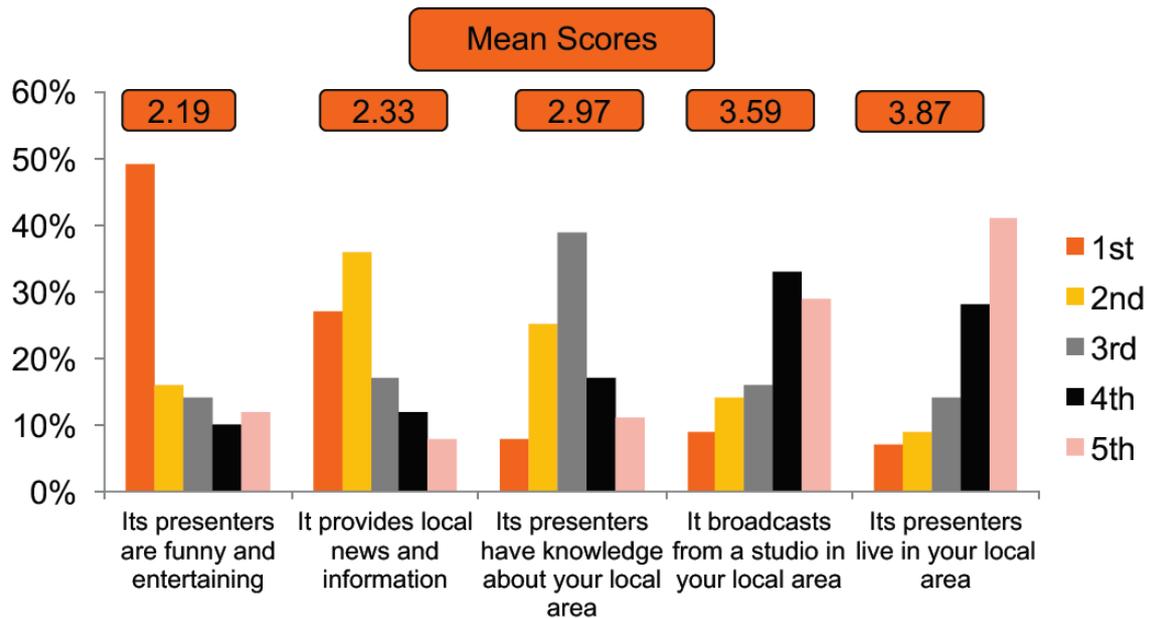
16. **Question 2. Do you agree with our proposed amendments to the localness guidelines relating to locally-made programming? If not, please specify any amendments you think should be made instead (if any), and explain the reasons and/or evidence which support your view.**
17. We agree with DCMS’s proposals in respect of the need to bring regulation of commercial radio up to date and that content regulation should focus entirely on standards (such as accuracy, impartiality, fairness etc) and on maintaining the provision of local news and information.
18. We support Ofcom’s proposed changes to the localness guidelines as a first step towards the changes proposed by DCMS pending legislative change. We believe Ofcom’s proposals are a pragmatic “middle way” which will enable the industry to move forward pending legislative change.
19. Our view is that the market is sufficiently well served that there is no longer a requirement for the regulator to impose requirements on operators regarding how many hours of programmes must be produced in the area served by the station. We believe we have proven that ultimately it is audiences, not operators or regulators, who will decide, and our audience numbers outside of London over the last 10 or so years have proven this. It is not in any operator’s commercial interest to provide content that people don’t want to listen to.
20. **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.**
21. We support the move from the current Ofcom regions which apply to commercial radio to regions which more closely match ITV regions. This will go some way to addressing the regulatory imbalance between TV and radio and

provide operators with greater flexibility, should they choose to make use of it, pending future legislative change.

22. It is entirely appropriate to allow stations to make efficiencies and determine how best to deliver services at a local level themselves. Ofcom research demonstrates that listeners don't care where content is produced or broadcast from, and this is supported by our own RAJAR results outside of London over the last 10 or so years and as such, larger areas will give broadcasters more flexibility.
23. We broadly support Ofcom's proposed new areas but we believe Ofcom should be flexible in respect of stations near to the borders between regions. Wherever one draws the lines on a map, any defined areas will always throw up anomalies or exceptions and so we would encourage Ofcom to consider any requests to co-locate across the boundaries of the approved areas on a case by case common sense basis.
24. Having a physical base in an area doesn't necessarily make the output more local. Even if it did, research undertaken by Kantar Media found that listeners cared more that presenters are funny and entertaining, over where it was broadcast from or where the presenters lived.³

³ Source: Kantar Media, Audience Research for Radio Centre.

Q. Thinking about <MAIN COMMERCIAL STATION>, please rank the following in terms of importance.



25. A station's 'localness' also isn't embedded within the bricks and mortar of a physical studio, it is about being visible within the area, whether that is through marketing, attending local events or street team activity or advertising the station on other platforms, all of which are important for trust with local advertisers and a point of commercial differentiation.

26. **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.**

27. We agree with the proposed amendments to the localness guidelines relating to local material. It is entirely appropriate for stations to continue to provide local material.

Summary

28. Ofcom's proposals are a sensible step forward and a good interim step towards the new regulatory model proposed by DCMS and which will require new legislation.

29. We support Ofcom's proposals to amend its localness guidelines, operating within the current legislative framework. As far as possible, local stations should be free to make their own decisions on how best to serve their audiences and run their businesses. By reducing regulation around local production and increasing the size of the approved areas, we will see more investment in content and technology across the sector. We'll also see different and more profitable business models developing. Businesses will become more innovative whilst maintaining or increasing the quality and standards for the needs of the listener at the heart of everything we do, ensuring that local content continues to be available in the digital age.