



Radio in the UK

A public consultation by Ofcom on the future of radio

Consultation

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Section 1

Radio in the UK: preparing for the future

- 1.1 Ofcom is the independent regulator for the UK communications industries. Our role is to look after television, radio, telecommunications (telecoms) and wireless communication services.
- 1.2 We're now carrying out a review of something that is used by nearly everyone in the UK – radio. As well as being the oldest form of broadcasting, it's one of the most popular and easiest to use. We can listen to it at home, at work, in our cars and while we're doing other things. And we can pick it up on everything from traditional radios and satellite TV, to mp3 players (such as iPods), mobile phones and computers.
- 1.3 In fact, we listen to almost as much radio as we watch TV, so it's vital that we plan the future of radio very carefully. We want to be sure that we will continue to get more choice, high standards, and local as well as national services. We must also reap all the benefits that digital broadcasting can bring.
- 1.4 That's why we are launching a consultation on radio services, and this short booklet is a summary of phase 1 of the process. Here, we outline our early thoughts on the future of radio, and we are asking as many people as possible to share their views as well. We want to hear your views, whether you:
 - listen to the radio;
 - run a radio station;
 - are involved in a local community group; or
 - plan to set up a radio station.
- 1.5 We will use your suggestions in phase 2, when we publish our firm proposals on the future of radio.
- 1.6 We hope this summary document is useful if, like many people, you want to make your voice heard but you don't have the time – or the technical knowledge – to go through our main consultation document. (But if you do, you will find the full text at: www.ofcom.org.uk/XXXXXX)

How to respond

- 1.7 If you have an opinion or an experience you'd like to share, we would value your feedback. We are particularly interested in the reasons behind your opinions and, where possible, actual evidence to support them.
- 1.8 We would also like to hear from interested groups such as consumer organisations and trade associations. If you are representing one of these groups, please let us know which one.
- 1.9 Please e-mail your response to peter.davies@ofcom.org.uk, marked '**Radio – preparing for the future**'.
- 1.10 If possible, we prefer responses as e-mail attachments, in Microsoft Word format. Please also attach our cover sheet, which you can download separately from the

'consultations' section of our website. If you send us an e-mailed response, you do not need to send us a hard copy too.

1.11 You can also post or fax your response to:

1.12 Peter Davies
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA.
Fax: 020 7981 3476

1.13 Please note that we do not usually acknowledge responses.

1.14 The closing date for responses is 7 March 2005 at 5pm.

1.15 We think it is important that anyone interested in the review can see the views we have received on our website (www.ofcom.org.uk). For this reason, we will only treat your contribution as confidential if you ask us to. We will put all other responses on our website when the consultation period has ended.

1.16

Section 2

The radio industry in the UK

- 2.1 Radio in the UK is alive and well.
- 2.2 More people are listening to a greater choice of stations – and for longer – than ever before. Around 90% of us listen to the radio each week, and not only on traditional radios – we’re listening through satellite TV, mobile phones, mp3 players, computers and the new generation of digital radios.
- 2.3 In fact, if you’re an average listener, you’ll have a radio on for nearly 23 hours a week. And you have plenty of choice – there’s local and national radio, and BBC and commercial radio, broadcast as analogue and digital signals.
- 2.4 However, the radio industry must be prepared to move with the times.
- 2.5 Nowadays, an mp3 player can store your complete music collection in something the size of a cigarette packet, so there has never been so much competition for the listener’s ear. Listeners under 30 tend to move up and down the frequencies until they find what they want, rather than sticking to one radio station. For the radio industry, the future depends on investing in its programmes and delivering what listeners want to hear.

Why should we get involved?

- 2.6 The radio industry needs to be regulated because listeners only have a limited choice of radio stations in their area. Without some rules, it’s unlikely that we would all enjoy the wide range and balance of radio programming that’s currently on offer, both locally and nationally.
- 2.7 That’s why radio, which is mainly analogue at the moment, is quite heavily regulated. There is a view that when digital radio becomes more widespread and creates a much greater choice, we can ease back on regulation. But even then, we’re not convinced that the market, left to its own devices, would deliver everything that citizens expect and need from radio.
- 2.8 We believe that regulation is still needed because radio plays an important part in people’s lives, both as consumers and as citizens. We also feel that its unique strengths should be protected. For example, radio is probably better than television at delivering more local-interest programmes, and being able to serve very small areas (such as a rural community station). It’s ideally placed to deliver every kind of music, from rock and jazz to classical and folk, and it’s a great starting point for new talent, not just in music but in other fields such as drama and comedy.

Our aims for radio

- 2.9 Our review of radio is based on the duties placed on us by the Communications Act (2003) and the Broadcasting Acts (1990 and 1996). We have combined these with our own analysis of where regulation is needed, and the potential for public good, in creating the following aims for regulating radio.

To encourage choice and new ideas for listeners at national, regional, local and community levels. This means:

- making sure that commercial radio offers a wide range of stations and material, especially in local broadcasting;
- creating more choice by licensing more analogue services and encouraging the growth of digital radio; and
- helping to create the conditions for commercial broadcasting to thrive, increase choice and invest in its future.

To provide radio designed for the public good. We will draw up a set of 'public purposes' that we believe radio could meet, and which should hopefully start a wide-ranging debate. We will look at:

- the roles of public and commercial radio;
- the amount of public money and regulation that will be needed; and
- the importance of having many different types of radio station.
- First on our list is to encourage a network of new community radio stations.

To help radio thrive with as little interference as possible. We will:

- concentrate more on what listeners actually hear, and less on how programmes are made;
- act as consistently as possible; and
- adapt our rules where we see changes in the market or more competition.

Section 3

The focus of this radio review

Regulating local material on commercial radio

- 3.1 As things stand, analogue radio (the 'normal' radio that most of us listen to) is the most heavily regulated. This may change in the future as digital radio becomes more widespread but, for now, there is still a need to make sure that there is a wide choice of good local programmes.
- 3.2 However, is all the current regulation actually needed? We've carried out audience research to find out what really matters to listeners, and what financial effect any proposed changes would have on the radio stations.
- 3.3 At the moment, there is quite a lot of regulation affecting how local programmes are made, rather than concentrating on the end result. In future, we want to focus more on what listeners actually hear. Stations will also have more responsibility to show that they are serving local interests.
- 3.4 Our main way of regulating a radio station will still be to judge their programmes against the 'format' demands set out in their licence. But this will now be backed up with a new set of clear guidelines covering local programmes. Also, stations will still have to follow our programme codes, which are the rules about standards, such as not causing 'harm and offence' (see our website: www.ofcom.org.uk).
- 3.5 As part of bringing in these new local guidelines, we are suggesting the following changes.

Relaxing the rule on where studios are

At the moment, the rule says that a radio station's studios must be based within the area it broadcasts to – in other words, its 'measured coverage area'. We think this limitation is too tight, and we propose to allow studios to be based anywhere inside a station's licensed area. In very special cases, we will also consider allowing studios based even further away.

Sharing programmes ('networking')

'Networked' programmes are programmes that are shared by two or more stations at certain times of the day. Each station should also broadcast a certain amount of locally-made programmes, which are theirs alone. This raises the question of whether stations should be limited in the amount of 'networking' they can do.

We believe that every station should be free to network as much as they want, as long as they meet the level of locally-made programmes set out in their licence.

Automation

Like many industries, radio has taken advantage of technology by automating many of the parts and functions that make up a programme. The Radio Authority defines this as "computer-controlled programming, involving the music, voice tracks, drop-ins, commercials and other programming elements being played in line with a pre-defined schedule, and which is not under the direct control of an on-air presenter".

The question is whether limiting automation is the best way to protect quality.

As we've mentioned above, we want to reduce the limitations on how programmes are made. In the case of automation, we're suggesting taking away these limitations altogether. However, if we do and programmes suffer as a result, we may consider bringing back limits once again.

Local news

We have a clear aim to make sure that local radio listeners receive a high-quality news service, covering both local and national news.

What's important to listeners is the quality, relevance, speed and accuracy of news – not where it's being read from. So, we will be considering whether station groups should be allowed to operate centralised news services or 'hubs', while still meeting the standards we expect.

An obvious issue is whether the hub system can still produce a complete local news service, fully in touch with the area it is serving. One idea might be for each station to have full-time professional journalists on duty, based in the station's local area, during all the hours of local programming.

However, we realise that this would mean us getting involved in 'how' programmes are made. We'd therefore welcome your ideas on the best ways to protect standards in local radio news.

Playing by the rules

We propose to make sure that radio stations meet the conditions of their licences, and our guidelines, by:

- continuing to investigate the stations when we get complaints from listeners or competitors;
- carrying out spot checks to make sure stations are meeting the terms of their licence, and the guidelines on local programmes; and
- introducing a 'self-certify' system, where stations have to be able to show that they've met their commitments.

This system would involve each station having a file that is available to anyone at the station's studios and on their website. This file would contain evidence to show:

- how the station has met its local responsibilities;
- how much automation it has used;
- where local programmes have been made; and
- how the station has provided its local news (for example, how many journalists it has employed locally).

We propose to make publishing this file a condition of every radio licence.

3.1 What are your views? Do you think these proposals will work, and will they achieve what we want them to?

Making it easier for digital radio to grow

- 3.2 Digital radio has many advantages over the analogue system we have now, and in the UK we're among the first to recognise them. When you count the number of people who can already receive digital radio, and the number of digital stations already broadcasting, the UK leads Europe, and maybe even the world.
- 3.3 Among its advantages, digital radio:
- can offer many more stations than analogue;
 - has clearer reception;
 - is easier to tune in;
 - makes much better use of the frequencies available;
 - delivers data – text and pictures – along with sound; and
 - offers you functions such as being able to pause a live broadcast, or rewind it.
- 3.4 Digital radio is also available in a number of ways or 'platforms', such as on digital audio broadcasting (DAB) radios, on satellite TV and over the internet. The increase in audiences using these various platforms has been one of the major trends in radio in recent times.
- 3.5 DAB radios are especially important in this as they are portable, like our analogue radios. We are expecting sales of DAB radios to top one million by Christmas 2004.
- 3.6 We believe this is just the start. We expect even more people will listen to digital radio as we move towards the switch-over to digital television. Exciting new services will also make a digital radio a 'must-have' item – for example, radio services that let you look at graphics and even video clips, and let you pay to download your favourite tracks onto your radio or other device.

Taking away the barriers to digital radio

- 3.7 Although the future looks exciting, there are still barriers that are slowing digital radio's progress.
- 3.8 Here, we list some of them and our proposals to deal with them. Our thinking is led by the aims of creating more choice, new types of services, more national services and excellent local broadcasting for all.
- 3.9 We do not prefer one technology or broadcasting platform to another. As much as possible, we also aim to leave the market to its normal workings, while protecting the interests of citizens and consumers.

Problem

- 3.10 DAB does not yet have complete coverage for its local and national services

Our proposals

- We will work to get international agreement to build transmitters in border and coastal areas.

- It is up to the telecoms industry whether there need to be more transmitters, and more powerful ones. We will work with the industry, and with our neighbours in Europe, to help co-ordinate coverage plans and help broadcasters to get the best results.

Problem

3.11 Not all areas have local DAB digital radio services

Our proposals

3.12

- We hope to be able to release more frequencies (a further three blocks of VHF Band III spectrum) to fill in the gaps in local digital radio coverage.
- By using these and other unused frequencies, every area of the country would be covered by at least one set of local digital radio services.
- We propose to license these frequencies under the Broadcasting Act 1996, which could help the BBC to complete the coverage of their local and national stations, as they have a right under the law to use frequencies licensed in this way.

Problem

3.13 Even if there are more frequencies available, some smaller stations still won't be able to afford to broadcast on DAB digital radio

Our proposals

3.14 We will work with the industry to try to make digital broadcasting a possibility for those smaller commercial and community stations.

- This could be on DAB digital radio, or involve other platforms (such as the internet).

Problem

3.15 The choice of stations available on DAB in some areas is small compared to what's on offer on other digital platforms

Our proposals

- We plan to release more frequencies on VHF Band III, covering most of Great Britain (although these are not currently available in Northern Ireland).
- We think these frequencies should be released without the limitations of the Broadcasting Act affecting them. We would like your view on this.
- We would also like your views on the likely demand for national frequencies, for radio, multimedia or data services that aren't linked to programmes.
- We also want to know if you think the limit of 20% of capacity for data services on DAB digital radio should be raised. (Any final decision, however, will be made by the Secretary of State for Culture, Media and Sport.)
- To make room for more radio services, we plan to remove the need for stations to use a minimum technical standard for digital radio services, and replace it with a system that measures the quality of sound coming out of the radio.

Problem

3.16 There is only a small amount of room for digital radio on digital terrestrial TV (in other words, digital TV through your aerial)

Our proposal

- We may suggest relaxing the rule that says 90% of digital terrestrial television capacity must be available for digital television programme services, and services associated with them. Currently, this limits to 10% their capacity for commercial digital radio.

Problem

3.17 Most listeners don't know about digital radio and its benefits

Our proposal

- We'll encourage the radio industry to do more to promote digital radio to listeners.

Problem

3.18 DAB radios are still expensive compared to analogue ones

Our proposal

- We believe the difference in price will narrow by:
 - us taking the steps we've mentioned to help the industry grow;
 - the industry marketing itself more; and
 - us working with our neighbours in Europe to agree a common international standard.

3.19 Like TV, should all radio switch to digital in the next few years?

3.20 We don't think so.

3.21 One of the main reasons why all television services will be switched over to digital is that it will free up the analogue frequencies for other important things.

3.22 This doesn't apply to radio in the same way. There are no great uses for FM and AM apart from broadcasting. It would also be expensive to switch over. Everyone would need new digital receivers, and operators would have to build more transmitters. Also, there is no automatic place in the digital world just yet for the smaller analogue and community stations.

Section 4

More choice in analogue radio

- 4.1 It's worth repeating that one of our most important aims is to encourage more choice and new ideas in UK radio at every level – nationally, regionally, locally and in small communities. Our main way to achieve this is to license more radio stations.
- 4.2 As we've seen, digital technology will play an exciting part, but long before this review we had already announced our plans to license at least 30 new local commercial FM stations, and a wide range of community stations.
- 4.3 We are also focusing on medium wave (MW). This long-standing technology still offers some excellent opportunities, and we have identified 10 frequencies that could be used for local community radio, or new local and regional commercial services.
- 4.4 Alongside the community radio licensing that is already taking place, we'd like to hear from people interested in new MW licences, and existing licence holders who'd like to improve their current coverage.
- 4.5 Once we've seen the demand for community and commercial licences, we'll split them according to demand.
- 4.6 If you're in the radio industry, we would be glad to hear your views on how advertising these new MW licences should fit into the current timetable for commercial radio licensing.

Section 5

Some questions for you

- 5.1 We hope to hear from as many people as possible before we finalise our plans for radio. We particularly want your views on the two main areas of this review:
- how we should regulate local analogue commercial radio; and
 - how we can make it easier for digital radio to grow.
- 5.2 Please give us your opinions on the questions below. You'll find more information in the full consultation document on our website, at: www.ofcom.org.uk/XXXXXX

Regulating local commercial radio

Question 1: *Do you agree that our main method of regulating radio stations should be the programme formats set out in their licences?*

Question 2: *How can we make sure that listeners get a high standard of local and national news?*

- Should we allow news hubs?
- Should stations have to provide full-time, professional journalists, based in their local area, during all local programming hours?
- Is there a better way of protecting the quality of news that focuses on the actual programmes, rather than how they're made?

Question 3: *Should stations decide for themselves how much automation they use?*

Question 4: *Should we relax the rule about a station's studios being based within the measured coverage area, and allow the 'licensed area' instead?*

Question 5: *Do you agree that, outside local programming hours, a station should be free to share network material as it likes?*

Question 6: *Should stations have to publish a file, both at their premises and on their website, to show how they're meeting their responsibilities?*

Question 7: *Do you agree with our revised local guidelines that tell stations what to take into account when making local programming?*

Helping digital radio to grow

Question 8: Do you agree with our plans to release more frequencies in VHF Band III, which are suitable for DAB, in the following way?

- Three blocks to provide local digital radio services to areas that don't already have them, and for some areas that already do.
- One or two blocks for national coverage (depending on whether a total of four or five blocks of spectrum are available).

Question 9: Do you agree that the proposed local DAB digital radio spectrum should be awarded as Broadcasting Act licences?

Question 10: Should the frequency blocks we propose to release for national coverage be awarded without the need for a Broadcasting Act licence?

Question 11: How much demand do you think there will be for national spectrum that's designed for DAB?

Question 12: Should we raise the limit on the amount of data on DAB digital radio capacity, from the current 20%? If so, what should the limit be raised to? And what do you think the extra capacity would be used for?

Question 13: Should we raise the limit on data that's not linked to programmes (including radio), and which is carried on digital terrestrial television, from the current limit of 10%? If so, what should the limit be raised to?

Question 14: Do you agree we should abolish the minimum technical standard for DAB digital radio and replace it with a system that measures the quality of sound coming out of the radio?

Future licences

Question 15: How should we divide new MW frequencies between commercial and community radio?

Question 16: How should the advertising of new commercial MW licences fit into our existing FM licensing plans?

Our overall strategy for radio

Question 17: Do you agree with our basic aims for regulating radio?

- To encourage more choice, variety and new ideas for consumers in the UK – nationally, regionally, locally and in small communities.
- look after the interests of all citizens through radio that is designed for the public good.

- To achieve our aims with as little interference in the market as possible, and in a way that's as consistent as possible across all media and platforms.

Question 18: *How important is it that radio should have a set of 'public purposes', and what should they be?*

- Can we take a lead from the public purposes already developed for television? (See the Public Service Broadcasting (PSB) section on our website.)
- What else should be added, or taken away?
- Which public purposes are more important than others?
- Is radio better at some things than other media?

Question 19: *What do you think is the best way to deliver these public purposes?*

- How important is it for there to be more than one broadcaster providing radio services that have public purposes?
- How much of what commercial radio does could be described as meeting public purposes?
- How well does the current structure of radio help meet public purposes?
- Should commercial stations have access to the BBC's radio archive, so that they can provide more varied services?