

RadioCentre Response to Ofcom Draft Annual Plan 2012/13

1. Background

- 1.1. RadioCentre is the industry body for commercial radio. Formed in July 2006 from the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), RadioCentre's membership comprises the vast majority of UK commercial radio stations, who fund the organisation. RadioCentre is governed by a board of directors, representing a cross section of the industry and including all the major commercial radio groups.
- 1.2. The role of RadioCentre is to maintain and build a strong and successful commercial radio industry - in terms of both listening hours and revenues. RadioCentre operates in a number of areas including working with advertisers and their agencies, representing Commercial Radio companies to Government, Ofcom, copyright societies and other organisations concerned with radio.
- 1.3. RadioCentre also provides a forum for industry discussion, is a source of advice to members on all aspects of radio, jointly owns Radio Joint Audience Research Ltd (RAJAR) with the BBC, and includes copy clearance services for the industry through the Radio Advertising Clearance Centre (RACC).

2. Overview

- 2.1 We welcome the opportunity to respond to Ofcom's Draft Annual plan for 2012-13. We have in the past responded to each of the previous relevant Draft Annual Plans, and note that Ofcom has always been considerate of the specific circumstances faced by the commercial radio industry within these papers, despite our issues being of relatively marginal prominence.
- 2.2 RadioCentre acknowledges the progress made by Ofcom in a number of areas over the past 12 months. In radio this has included the implementation of changes following the Digital Economy Act, as well as studies into the continued uptake of digital radio platforms and DAB coverage. There are further steps for Ofcom to undertake in this area, and we will return to digital radio issues below.
- 2.3 We appreciate the fact that commitment to other areas of digital media policy, such as mobile not-spots and super-fast broadband roll-out, are priorities for Ofcom and Government during 2012-13 and it is right that they feature in the Draft Annual Plan. However, we would ask Ofcom to appreciate that there are plans in the document which have implications for commercial radio, and to recognise that there are further matters not mentioned within the Draft Annual Plan that are of importance to commercial radio that will impact upon consumers.

3. Community Radio

- 3.1 Since community radio stations were first licenced in 2005 RadioCentre has consistently advocated that, if licensed and regulated appropriately, community radio is a force for good in the UK media as long as it does not undermine the diverse radio offering which already exists.
- 3.2 We note as part of the Draft Annual Plan that parts of the licensing procedure will now be standardised, but it is proposed that key commitments for the station will now be drafted by the prospective licensees themselves. We feel that a standardised licencing application process is a sensible decision, but are wary that self-drafting of key commitments for the licence will not ensure the station will meet the accepted characteristics and deliver social gain objectives.
- 3.3 When bringing forward measures in this area Ofcom should be explicit as part of its application guidance that these commitments should all bring social gain for a community as identified under The Community

Radio Order 2004, and develop specific quantifiable measurements to ensure that these commitments fulfil this legislative definition.

4. Media ownership

- 4.1 Ofcom's continuing contribution to the unfolding media plurality debate has been a valuable one, and we note the Draft Plan states that this work into re-evaluating current media ownership laws will continue over the coming year.
- 4.2 The RadioCentre response to Ofcom's plurality consultation in November 2011 emphasised that there is broad support within commercial radio for the concept of ensuring sufficient plurality in the media, to ensure that ownership is not unduly concentrated in a manner that would be against the public interest.
- 4.3 However, we would urge Ofcom to advise Government against the imposition of a rigid set of rules or thresholds that could be seen as binding for all levels of media. In addition, we would not wish to see any attempts to reverse the recent removal of local radio and cross media ownership rules

5. Spectrum

- 5.1 The continuing work in licensing access to the radio spectrum undertaken by Ofcom is valued by RadioCentre's members. Commercial radio remains committed to tackling illegal broadcasting, which continues to blight many of our services, and we value Ofcom's critically important role in the ongoing enforcement programme.
- 5.2 We also welcome the references in the Draft Annual Plan to securing Olympic spectrum and further investigation into the uses of white space technology, and would like further expansion of these areas to highlight how they will impact upon radio.
- 5.3 Commercial radio stations are regular and extensive users of spectrum for Programme Making and Special Events (PMSE). Radio stations currently obtain this spectrum in order to operate Wireless Microphones, In-Ear Monitors (IEMs), Talkback Links and Programme Links. We would remind Ofcom that while it is clearly important to define spectrum demand for broadcasting in the scope of Olympic authorities and rights-holding broadcasters, these considerations should also be extended to include the activities of other broadcasters who may not have access to the coverage of the Games from within the venues.
- 5.4 The Draft Plan emphasises Ofcom's role in enabling white space devices so that access to white space on a licence-exempt basis in the UHF TV band can begin in 2014. Ed Richards spoke to the RadioCentre Members' Conference on 6 July 2011 about white space being a dividend from a possible radio switchover. We therefore expect radio to be included in future white space consultations as part of considering the future uses for the MW spectrum and any vacated FM spectrum.

6. Digital Radio

- 6.1 With a possible decision on a switchover being made by the Secretary of State, 2013 is likely to be a landmark year for digital radio. Whilst RadioCentre is pleased that Ofcom's Draft Annual Plan recognises supporting the Government's digital radio plan will be part of the year's work, we feel there are several areas which should be more explicit in the agenda.
- 6.2 Primarily, further work will need to be conducted into DAB Spectrum Planning, which Ofcom began last year. Ofcom will also have a role in supporting the Department of Culture, Media and Sport in its Statutory Review for the Digital Radio Switchover as identified in the Digital Radio Action Plan, as well as

supporting DCMS in the latest Cost Benefit Analysis which is scheduled to be published in 2012.

- 6.3 RadioCentre acknowledges that much of these plans will be impacted upon by the agreement that broadcasters are seeking to reach regarding the build-out of the local DAB network, and we look forward to Ofcom working with broadcasters to the terms concluded in these negotiations.

7. Analogue licence terms – 12 year renewals

- 7.1 At the start of 2011 Ofcom agreed to review its 2010 decision to offer analogue radio licences for 7 year terms (rather than the 12 years permitted by the legislation). This is particularly important for small analogue operators to ensure the best long term viability and security for broadcasters.
- 7.2 As this matter was contained in last year's annual plan, we are expecting the imminent launch of this consultation. It should be begun as a matter of urgency in order to be completed before a new stage of consultation of the licensing framework as part of a possible Communications Bill.

8. Local Television

- 8.1 RadioCentre will be responding to Ofcom's latest consultation on local television before it closes in March 2012. We have in the past acknowledged that although these have the potential to be strong local media organisations, which would provide their communities with a full range of journalistic and advertising services, the introduction of dedicated Local TV channels could ultimately further endanger the viability of local media within the UK, rather than securing it.
- 8.2 A separate issue of note to the current consultation is the precedent local television licensing may have upon commercial radio licencing agreements. Specifically, the guarantee that these services will have 12 year licences is a luxury which, as mentioned above, Ofcom does not afford to commercial radio.

9. Broadcasting Code

- 9.1 RadioCentre welcomed Ofcom's decision to liberalise the rules on commercial references in radio in December 2010. Commercial radio can now endorse and promote brands and products live on-air provided it is transparent to listeners that a commercial arrangement is in place.
- 9.2 This revision has enabled commercial radio to do more to drive advertiser and agency interest in sponsorship and promotion activity. We are pleased to see that advertisers have started to take advantage of these changes, which are a clear example of how sensible deregulation can bring potential benefits to our industry.
- 9.3 We note from the publication that Ofcom 'propose to keep a watching brief on the implementation of the new rule set and, within two years, based on the criteria set out at paragraph 5.115, we will decide whether to consult on any further changes to the rules.'¹ It was also stated in Ofcom's *2010/11 Annual Report* that Ofcom intends to assess the effectiveness of this, by 2013.²
- 9.4 RadioCentre believes that there are three specific areas in which we feel that Ofcom should upon in order to further benefit the industry: relaxing the current restrictions on commercial references in news bulletins; commercial references in children's programming and commercial links between the overall

¹ Ofcom, *Broadcasting Code Review: Commercial Communications in Radio Programming*, London: December 2010. Located at: <http://stakeholders.ofcom.org.uk/binaries/consultations/724339/statement/statement.pdf>

² Ofcom, *Office of Communications Annual Report and Accounts 2010/11*, London: July 2011, p.19 Located at: <http://www.ofcom.org.uk/files/2011/07/annrep1011.pdf>

selection and rotation of music.

10. Conclusion

- 10.1 RadioCentre acknowledges that Ofcom regulates a diverse industry with a fast moving range of issues; and therefore not every platform can be fully represented in its Annual Plan every year. We would however seek clarification on certain issues important to commercial radio, in order to have assurances that Ofcom is dedicating significant resource to these matters.
- 10.2 Further reviews of both the analogue licencing rules and Broadcasting Code Section 10 would potentially ease the mounting financial strain upon some commercial stations. We would therefore request that they are higher on Ofcom's agenda than currently depicted by their absence in the Annual Plan.
- 10.3 We continue to enjoy close contact with Ofcom officials, and look forward to strengthening these relationships over the coming year as Ofcom contributes to progressing the matters highlighted above, especially in light of the Government review of media policy through the imminent publication and consultation of the Communications Green Paper.