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## **What are your comments on these proposals?**

### **Executive Summary**

Broadcasting is changing. The growth of digital television and digital radio, the increased availability of services on demand, and the blurring of boundaries between platforms and content-providers are having a profound effect on how audiences listen to and watch our services. In the midst of this maelstrom, listening to radio is thriving, even as listeners explore new ways to find the programmes, networks and services that they want to hear. In this response to Ofcom's consultation about aspects of the future of radio, the BBC argues that radio – as a discrete platform, not just as audio services delivered over other technologies – has and will continue to have a vital place in society. We argue that universal access to radio will continue to be important and that the provision of localness should be entrusted to all parts of the radio market, not just the BBC and community radio.

Underpinning all of these arguments is our contention that discussions concerning the future of radio should involve all stakeholders in the industry: audiences, broadcasters, manufacturers, regulators, and Government. We consider that it is impossible to review all of the issues thoroughly without approaching them together and so propose a common review of both the technology and frequency issues and the commercial pressures facing the industry. Whilst we recognise that Ofcom has identified a need to make certain decisions now, we suggest that the current state of the technology and receiver markets make predictions about future listening habits unreliable. We therefore urge Ofcom to make only those changes to the regulatory model that are needed at this time to ensure the continued health of the radio industry.

Our view is that a wide-ranging review of the radio market in 2010 provides sufficient time for some of the audience and technology issues to be better understood and for future trends to become better known. The review should be informed by a continuous dialogue between all sections of the industry – begun now. This should be overseen by DCMS in partnership with Ofcom, with the ultimate aim of ensuring that radio in the UK continues to make the optimum use of technology in order to deliver its public purposes.

## Introduction

1. The BBC welcomes another chance to participate in the debate about the future of radio in the UK.
2. The BBC's over-arching vision of the future is for our services to be enjoyed by everyone where and when they want using the platforms they choose. In the long term, we expect that the distinctions between platforms will lessen and that much more of the BBC's output will be consumed on non-traditional platforms, for example audio over the internet or video on mobile devices. The broadcasting landscape is changing rapidly, with HDTV, DAB digital radio, broadband, podcasting and new entrants into the market. It is not possible to be certain how that landscape will appear in ten years from now. We do not see a clear picture emerging in the near- to medium-term and we consider that, for many years yet, many of our listeners and viewers will continue to recognise the distinctions between television and radio, linear and non-linear, and on-demand, traditional broadcast and interactive. It is essential, therefore, that we and the commercial radio industry work together to ensure radio's successful future.
3. Ofcom acknowledges the characteristics of radio which make it a unique medium: its portability, its ease of use, its easy adaptation into different spaces, locations and lifestyles. Radio has a reach, flexibility and ambition which puts it in an unparalleled position in most people's lives. It is the only medium which is universally available, truly untethered and which can be enjoyed by all whilst doing other things. For these reasons, as Ofcom notes, it has always held a special place within society and remains worthy of regulatory intervention in order to ensure that it continues to meet its public purposes.
4. Within the context of a changing world and changing media habits, the BBC recognises that radio listening will change over time. However such is the pace of change and the uniqueness of the medium that we consider that decisions about radio should not be unduly rushed. We understand that because the natural course of the re-licensing regime Ofcom is in a position now where it needs to make some amendments for fear of "locking the door" against change for the next decade. The BBC considers, though, that proposed changes to this short-term regulatory difficulty should be carefully weighed against the risk of anticipating technological progress and future listening trends incorrectly. We recognise that, without a clear view of the future, we risk causing confusion amongst the audience, as multiple technologies might be experimented with but may never be successful for whatever reason. The effect of not achieving this balancing act would be to damage a highly successful and greatly valued medium to the detriment of our audiences.
5. To this end the BBC recommends to Ofcom that it should consider carefully the distinction between listening to "digital platforms" and

“digital radio”. We do not see the achievement of listening to “digital” (whatever the platform) as being the ultimate target or suitable arbiter for triggering wide structural changes to the market. For all the reasons cited above, we continue to hold that radio has a special place and offers particular advantages. We consider that whatever target is set should reflect current listening patterns and should recognise the importance of out-of-home and in-car listening, even if these do not amount to a large proportion of overall listening hours. We consider that the true decision point comes when either analogue listening falls to below a certain level or when listening to digital radio itself reaches a certain level.

## Proposal 1

***The regulation of content on analogue commercial radio and on DAB digital radio should be aligned, at the appropriate time.***

6. The fine detail behind the licensing and regulation of commercial radio is a matter for Ofcom and its licensees and accordingly the BBC makes no judgement as to whether the suggestions made in this regard are appropriate. However, we maintain that a strong, healthy commercial radio sector is good for audiences and good for the industry as a whole. The BBC does not operate in a vacuum and whilst listening to our services is at an all-time high, we fully acknowledge the role of commercial radio in keeping us on our toes, developing talent, and providing audiences with services and points of view they might not otherwise hear. The BBC relishes the vibrancy of the current radio market and urges Ofcom to consider only such regulation as will ensure that this persists in the long term.
7. The BBC is a strong supporter of the need for localness in radio as one part of the overall radio mix. Our local radio services are continually striving to connect with audiences throughout their editorial areas and to reflect a balance between the issues and concerns of their listeners from both a county-wide perspective and a town or district level. But the BBC believes that listeners are not best served if localness is left to us alone. The existing regulatory model which provides for local BBC stations alongside independent radio with specific (and tightly drawn) obligations around localness serves audiences well, guaranteeing a healthy mix of local news and music presentation in communities across the United Kingdom. We note with concern Ofcom’s assertion is that there is no guarantee that, as digital listening predominates, every area in the UK will continue to receive independent local services. We would caution against a future radio landscape in which some areas are left with no local programming at all from the independent market. This concern is more fully reflected in our response to the matters around switchover and the allocation of spectrum later in this paper.

8. In whatever regulatory steps it takes and in whatever model it determines is suitable for the future, Ofcom should recognise that a rounded, balanced local radio service is one which is delivered by all participants in the market: not just the not-for-profit sector.
9. As Ofcom notes in the consultation document, the desire for 'localness' – if not its definition – is set as a statutory objective under the Communications Act. We draw the conclusion from this that localness is of fundamental importance to parliament as an objective for independent radio.

## Proposal 2

***There may be a case for Government to consider bringing together the ownership rules regarding analogue commercial radio and DAB digital radio into a single set of rules as the proportion of listening accounted for by digital platforms increases.***

10. The BBC agrees that questions around the share of voice to be held by a particular operator in a market are ones which are rightly for Government and ones on which parliament has established its view in the Communications Act.
11. The BBC is proposing a wide-scale review of the radio industry in 2010 and we consider that the issue of radio licence ownership should be discussed as part of this. We consider that this is particularly important given the speed with which independent radio groups are consolidating and other media companies are developing cross-media and audio propositions, such as podcasts and streamed radio services.

## Proposal 3

***While we do not currently propose that a date should be set for the switch-off of analogue (FM and AM) radio, we should aim to maximise flexibility in the licensing system so as to be able to free-up that spectrum for other uses, when the time is right.***

12. The BBC agrees that now is not the time to set a date for the switch-off of analogue radio. Radio technology is at a pivotal point and we consider that the next three years will be an important time for the development and consolidation of technologies and services. The BBC proposes that there should be a wide review of the whole of the radio market in 2010, involving all stakeholders. We propose that this review should consider the potential for and implications of switchover for radio in more detail, as well as the optimum use of technologies in order to ensure that radio continues to meet its public purposes. We

note that the role of the audio manufacturers in supporting and implementing the technology decisions made by Ofcom and the broadcasters will be fundamental to these discussions. To this end, we consider that the inclusion of this part of the radio industry from the first to be crucial to the success of the debate.

13. The BBC has an active interest in all of the frequency bands used for radio broadcasting in the UK, with services on long wave, medium wave, FM and DAB. We recognise that each of these frequency bands has different potential and offers a different technical quality of service to our listeners but it is only through this mesh of different technologies that we are able to provide the range and choice of services and extent of coverage that we do at the moment. Any decision to scale back or to exit from particular wavebands must be cognisant of the impact this will have on the audience, be that through reduced coverage or a reduction in the choice of listening.
14. Even eighty-five years after its introduction – and fifty years after the first FM broadcasts – the BBC remains a major user of AM broadcasting, principally on medium wave. From a national perspective, BBC Radio Five Live still serves audiences of around 6 million every week on medium wave; and AM is, for a sizeable part of its audience in the midlands, still the first home for the BBC Asian Network. Both of these services are now available through DAB digital radio although, in the case of Five Live, this is available over a substantially smaller coverage area than medium wave.
15. Medium wave remains an important and integral part of the BBC's regional and local radio services as well. Given the topography and frequency congestion for FM in south Wales, a sizeable proportion of the audience for BBC Radio Wales finds it only on medium wave. Moreover, the geography of the midlands of both Wales and Scotland militate against economical FM coverage meaning that their AM networks (which, as single frequency networks, are spectrally efficient) are the primary platform for listeners in these areas. Neither of these areas are likely to be covered by local DAB, even under Ofcom's latest plans as we doubt whether it would ever be economically viable for a commercial multiplex operator to take on a licence for these areas. These areas are important to us, though, and the availability of our services is important to our listeners: be they living in rural communities or driving through on the way to more populous locations. Exactly the same argument can be made for much of the BBC's use of medium wave for local radio: that it extends and bolsters coverage of the service, albeit at a reduced quality compared to FM, across wide areas, catering for those who are already the most isolated from public services and society.
16. In both the Nations and Regions the BBC continues to use medium wave as a way of providing choice of listening, typically providing sports commentaries on these frequencies while usual programming continues on FM. This enhances the service to listeners and means

that medium wave is – to a greater or lesser extent – the home of sport on radio. We consider that the audience for sport appreciates the wide availability and relative ease which medium wave grants them – especially as a high percentage of listening to sport happens in the in-car and portable environments, where a very small number of receivers ensures that DAB take-up (in these areas) is very low.

17. Given our usage of medium wave, and the potential short-comings of local radio on DAB, we have begun a trial of the only alternative digital radio technology which seems suitable for this waveband: digital radio mondiale (DRM). The trial is re-using the frequency for BBC Radio Devon in Plymouth, converting this to DRM operation, and then researching the reaction to it with a specially selected audience panel. The transmission has been in operation since the end of April 2007 and it is too early to draw any conclusions from the trial. Nevertheless, it demonstrates that DRM on medium wave in the UK from an existing transmitting station is technically possible, even if there are considerable engineering challenges to be met.
18. For this reason, we consider that it is too early to determine whether DRM has a part to play in the future of radio. Just as it was with the introduction of DAB, the key will be the availability of radios which are able to receive the transmissions. We believe that the next three years will be crucial for DRM, as the intentions of radio manufacturers become better known and the technologies of choice for the future become clearer. In three years, there may well be DRM networks on-air or planned in other countries and the use of DRM for international broadcasting may have brought the receiver market to maturity. Similarly, over the next three years, DAB+ may have been sufficiently adopted to have become built in as default to receivers (and we note that if it did, its elements of commonality with DRM may make it easier to implement the latter in receivers also). In the same timescale, WiFi radio may be better established and Wimax might have come to fruition. To make a decision now on the choice of technology is too soon.
19. Moreover, it is too early to predict with confidence how listening habits will change, especially given the growth of on-demand and non-linear listening. We know, for example, that around 40% of the population now listen to digital radio services through their televisions at some point during each Rajar sample period but we do not know whether this trend will continue as we approach switchover – or whether we are in fact only experiencing the attitudes of early adopters. If a review of the whole radio industry was made in 2010, some regions of the UK will have by then already switched over completely to digital television, which would give us a greater understanding of audience behaviour in this regard.
20. This argument would appear to support the relaxation of licensing but, as we shall argue later, the BBC contends that the principle of technical neutrality which is strained at other frequencies and for other purposes is not applicable for radio. We are arguing instead for a stand-still on

the allocation – or pre-allocation – or frequencies for other purposes for a period while the necessary coalescence occurs in the technology and in the market. Whilst a digital future for radio is certain, we cannot yet be sure what extent that future will take and thus cannot be prescriptive about what spectrum will be required.

21. Nevertheless, the BBC recognises that the audience for medium wave is declining generally, especially where the same service is available on an alternative platform (and even more so where this alternative platform is FM). We consider that, in three years, we should be in a position to make a worthwhile assessment of all the factors involved and weigh up the remaining benefit to the audience against the benefit to them of alternative uses of the spectrum.
22. Whilst much of the preceding argument has concerned medium wave in particular, many of the same points could be made about FM. The BBC considers however that FM has a potentially more enduring role to play in the future of radio than medium wave. This is partially because of its established high coverage, which is greater than 99% for BBC network radio, and its level of technical performance. But it has much to do with its ease of access – it is hard to buy a DAB radio which does not also provide FM reception, whilst buying an FM radio (let alone DAB radio) which also provides medium wave reception is harder. FM, the worldwide standard for stereo radio, is cheap, convenient, and proven and for these reasons we accept that it is likely to have a strong role to play in the future of radio, well beyond the 2012 date Ofcom refers to in its consultation.
23. The BBC has made a clear commitment to DAB and we consider that this will become the dominant digital radio platform in the future. Our DAB network currently serves around 85% of the population with our national digital radio services and we are exploring increasing this to 90% as part of the new licence-fee settlement. We have concerns, though, that we are already reaching the point where each new DAB transmitter adds only a relatively small number of people to the total coverage of the network. While around thirty transmitters provide coverage to 65%, we expect to require around one hundred-and-twenty transmitters to extend the coverage from 85% to 90%. It is probable that it will become increasingly uneconomic – or, plainly put, vastly expensive – to provide DAB coverage over the same area as is covered by FM radio.
24. For our local and regional radio services, the problem is more acute. The coverage of these services on DAB is set not by the BBC but indirectly by Ofcom (through setting the PPA and assessing the proposed coverage in the licensing decision) and directly by the multiplex licensee, who determines what area is efficient for them to commit to serve. We welcome Ofcom's proposals to amalgamate proposed licence areas (as has happened in north Yorkshire) where it is necessary to ensure that they generate interest from potential licensees and to extend the potential coverage of already-awarded

licenses. We consider, however, that even taken together this may not permit the complete replication of FM coverage (or, for that matter, medium wave coverage) on DAB for the BBC's local radio services.

25. Therefore, we recognise that while DAB will become the platform of choice for listeners in metropolitan areas, if the local coverage issues are not or cannot be solved there will be a proportion of the population who will lose access to BBC and independent local radio services through a dedicated radio platform if FM was switched off. The current patchwork of stations and services is a result of nearly forty years of planned growth in the radio sector – much of it completed in the last decade – and having now secured such a level of local provision, it seems a retrograde step to remove it through the transition to digital.
26. For these reasons, we believe it likely that coverage from a complementary radio technology to DAB will be required in the medium-term. As we have argued above, it is too early to determine what part DRM has to play in this future and we consider, therefore, that there is likely to be a role for the continued use of FM well beyond 2012. Our view at this time is that the future shape of radio is likely to be a mixed economy of DAB and FM, potentially supported by DRM – but it is far too early to determine this with any certainty.
27. We consider that all these issues should be considered in the round: medium wave in relation to FM; analogue in relation to digital; technology in relation to public purposes; audience and parliamentary expectation in relation to regulation. As we argue elsewhere, we consider a review in 2010 would be appropriate.
28. The BBC has concerns that some of the suggested changes to licensing procedures would in fact work against the further growth of the sector. We are concerned that indefinite extensions to analogue licences might distort the market in two ways. First, it would unbalance the regulation between analogue and digital radio, given that the former would become licensed forever whilst the latter (which is inherently a riskier business) would still be tied to time-limited licences. Second, it would become unworkable should – as we anticipate – a switch-off date for FM be confirmed as later than the licence would have otherwise been awarded for. If switchover never came, it would create a stagnant market which could not be broken, rewarding only those FM radio stations which were in business in 2012. For these reasons, we contend that extending licences indefinitely unwisely anticipates the outcome of any future review.
29. The BBC has serious concerns over the proposed notice period under which Ofcom would reserve a power to close down the AM and FM bands on two years' notice to licensees. (In this, the BBC fears that, were Ofcom successful in securing this provision in statute a similar, corresponding provision would be made for the BBC's services under Charter.) We consider that just two years' security of tenure would risk entirely destabilising the radio sector, as it would not permit the usual

level of risk and business planning. We note that talent contracts in radio usually extend over longer periods than two years and that the bidding for sports rights and other high value content is typically done on a longer cycle. It would also jeopardise the investment in infrastructure, as transmission networks and studio facilities are typically written down over longer periods than just two years.

30. As an example: the BBC's FM and AM transmission networks, having been re-engineered in the late 1970s and early 1980s to take account of the growth of local radio and the frequency re-allocations on medium wave, will reach the end of their design life over the course of this Charter period. Replacing these will require substantial capital investment, the size of which would typically be depreciated over a decade or more. This will not be feasible if at any time during the period the permission to be broadcast could be withdrawn. In other markets offloading equipment before it is fully depreciated might be possible as it would be assumed to have some value to a new entrant. If the band has been closed and re-farmed for other uses, there will by definition be no new entrants, leaving a heavy terminal value. The BBC is not unique in this situation: we understand that almost all commercial radio stations are covered by transmission contracts which are linked to the term of their licence.
31. The BBC notes that the driving force behind Ofcom's desire to have a common end date for radio licences is to permit it to aggregate spectrum (if required) before offering it for auction. Whilst the use of aggregated spectrum in Band II (the current FM band) may be possible – for example for a T-DAB multiplex – it is our view that there are several issues around this from the perspective of international frequency co-ordination and planning.
32. In common with all other broadcasting spectrum, the UK's use of frequencies for FM and AM broadcasting is tightly co-ordinated with neighbouring countries and this places certain restrictions upon what can be done in certain locations. Given the propagation characteristics of medium wave, its use in the UK is severely constrained by use in Europe. Similar problems exist for Band II spectrum, albeit with marginally lower magnitude. Aggregating and moving assigned frequencies geographically in the way contemplated by Ofcom would require a fundamental re-working of the international frameworks and agreements, similar – but of greater complexity – to that work which had to be done for the UHF spectrum at the Regional Radiocommunications Conference in 2006. The BBC urges Ofcom not to underestimate the amount of time and effort which such a process requires. Further, noting that the RRC was eased by a common desire within Europe to move to digital broadcasting using the same standard in broadly the same timeframe, we suggest Ofcom consider carefully what level of support would be forthcoming from Europe for such an exercise.

33. If, on the other hand, the replacement technologies which are available at the time of the proposed clearing of the FM and AM bands do not require the aggregation of spectrum beyond current assignments, the flexibility for new uses is somewhat eased. As deployed in the trial with BBC Radio Devon, DRM uses the same allocation of spectrum as an AM transmission and so can be deployed as a simple one-for-one conversion. It is likely that the putative DRM+ standard which is being designed for the FM bands will use the same channel width as a current FM transmission (and should, in that, deliver three or four audio services as opposed to one). Thus if the conversion of these bands to digital radio technologies was to occur with the standards which are known about today, little aggregation would be needed and the conversion could occur in a piecemeal way.
34. The BBC notes that many of the suggestions under this proposal would require the involvement of Government in passing new legislation. We recognise that Ofcom – under the duties given to it under the Communications Act – could act alone as far as the re-farming and re-licensing of spectrum is concerned, were it able to demonstrate that so doing would maximise the efficient use of the radio spectrum. We strongly urge Ofcom not to do so and to instead accept the view that the use – or release – of spectrum should not be considered in isolation from its other duties in regard to broadcasting and radio.

#### Proposal 4

***Radio services, including those designed to deliver public purposes, should be able to be licensed on any spectrum in a technology neutral way.***

35. The BBC can see the benefit in issuing licences which permit broadcasters to transmit a licensed service over multiple technologies. This would ease the problems and the administrative overhead where the same service is licensed as an analogue transmission, a radio licensable content service, and potentially a digital sound programme. However, the BBC is concerned that there would be a disconnection between the licensing of a service and the coverage that it is expected to deliver. We consider that the initial licensing of a service (even if that service is then additionally licensed for transmission on other platforms) should always come with a statement of the coverage to be provided (and therefore, the technology and frequency to be used). We suggest that Ofcom cannot achieve its duties of maintaining sufficient localness on radio and protecting a diverse radio market and also take an agnostic or hands-off approach to the technology and frequencies in use.
36. Our concerns about the proposal to license services in a technology neutral way fall under three broad headings: the extent to which the

existing radio bands can be licensed with neutrality; the ease of reception; and the ongoing regulation.

37. It is the BBC's contention that the radio bands do not lend themselves to technical neutrality, exhibiting, as they do, vastly different propagation characteristics and supporting different channel capacities. This is to say that the coverage of a transmission is profoundly influenced by the technology and frequency that is used. Similarly, the capacity available – the number of services which can be broadcast as a single transmission – is a function of the technology and frequency; indeed, with digital systems such as those in use in the UK currently, the broadcaster has the option of trading capacity for reliability.
38. The effect of this is to limit the extent to which regulation can be transferred to just the outputs, rather than the inputs. To consider an analogue example: if one wishes to have a stereo service at high quality over a medium-sized area, then FM is the only choice; a medium wave transmission provides much more coverage but at lower quality, and not in stereo. It is likely that the same dichotomy will persist in the digital world: DRM at medium wave will (in all likelihood) only support one service in one channel; while any technology at Band II would support more. Similarly, coverage at medium wave will typically be larger – in the day-time – than Band II, and will shrink at night in a way that Band II does not. This is because this comes from the propagation characteristics of the frequency in use, as well as the technology.
39. Thus it is hard to see how Ofcom might square a technology neutral approach to frequency regulation with its statutory duties to maintain localness and choice of radio services in any area. Without knowing the extent of the coverage of a station, it is difficult to understand how one could assess the distinctiveness of radio in a particular market. We contend that the localness of a service is, at least, in part set by the extent of that service's coverage – which would not be known to Ofcom if the station was licensed in a technology neutral way.
40. Further, given Ofcom's concerns about the different licensing regimes set out in the two Broadcasting Acts, we question whether technology neutrality would be workable without legislative intervention. We consider the seemingly arcane distinction between single-service and multiplex transmissions to be in fact key to the debate. It seems perverse to us that, for example, while DRM at medium wave may only support a single service (given a minimum audio quality threshold), it would be licensed a multiplex under that process, as none of the benefits of multiplexed working would accrue to the licensee.
41. Our broad view – expressed in a number of responses to Ofcom consultations – is that spectrum is rarely truly technically neutral and that benefit comes from selecting technologies which are appropriately designed and optimised for the frequencies in which they are to work. We hold that the radio bands are the epitome of this.

42. The BBC's second objection to technical neutrality in licensing is that it does not provide sufficient certainty to receiver manufacturers. AM and FM have been successful technologies for many decades because they are used the world over – and, especially in the case of FM, this is as a result of conscious decision, rather than fortune. As a consequence, listeners are used to an extraordinarily high availability of receivers as the unit price of each is low: and this in turn exploits one of the key features of radio – its portability and flexibility.
43. In the UK, we have already faced one extended roll-out and period of uncertainty as we waited for conditions to lend themselves to the production of affordable DAB radio receivers. And this after all digital radio broadcasting was mandated to use not just a single standard but a single sub-set of that standard and in a single frequency band. How much worse that would be if there was no co-ordination between broadcasters as to the standards to be used. It is unlikely that many listeners will buy (at a premium) a device to listen to just a single service; thus, the sharing of common, open standards is crucial to the maintenance of a healthy radio sector.
44. Our final objection is one on the point of regulation. We urge Ofcom to consider carefully what the effect would be on existing licensed broadcasters if rival services were able to purchase spectrum at auction but their own spectrum was only available with the two year notice period suggested. We suggest that the effect would be to create a two-tier regulatory system and to undermine the market.

#### Proposal 5

***Ofcom will generally approve a change from stereo to mono in circumstances when it considers that the reduction in sound quality of the service whose technical parameters is being changed is outweighed by the benefits to citizens and consumers of the use to which the freed-up capacity is to be put.***

45. The BBC welcomes Ofcom's consumer research into the broader quality issue and is pleased that there is now independent research on this topic in the public domain. As this proposal predominantly concerns Ofcom's regulation of its licensees, we do not have a view.

#### Proposal 6

***The characteristics of community radio, based around social gain provided by stations on a not-for-profit basis remain key. However, there may be an argument for simplifying the statutory selection criteria, and the regulation of funding and ownership without losing the essence of what community radio has been set up to achieve.***

46. The BBC notes that almost all of the suggestions under this proposal, in common with much else proposed in the consultation document, would require legislative intervention. We are concerned that there is apparently cause for such an overhaul of the regulation for community radio when the sector is so young and the existing regulation so fresh.
47. We recognise that community radio is in its early stages of development and, even despite the large number of licences which have been awarded recently, only a very few of the stations on-air are older than about three years. We consider that not enough is known yet about how successful this new tier of the radio industry will be, nor what will be the particular difficulties which it will experience. We strongly advocate holding still on community radio for the time being, at least until a suitable period after the current licensing round has been completed. This is to permit not only the new stations to find their feet but also for those already in the market – us and the independent sector – to find our way with them and to have adequate space to reflect on their impact on our businesses.
48. Taken at face value, the changes suggested by Ofcom would together fundamentally alter the character of community radio. Our view is that allowing shared ownership would start the consolidation of this tier before it is fully licensed and would undermine the ambition of community radio: to be a service provided by the community for every community which wishes it. We recognise that ‘community’ may be applied to communities of interest, as well as those communities formed by geographical location, and do not wish to discourage the development of radio services to serve such communities of interest. We do however feel that these services are better suited to other technologies and approaches and sit better in some cases as radio services on local DAB multiplexes than they do as community radio stations.

## Summary

49. The BBC welcomes Ofcom’s contribution to the debate about the future of radio and earnestly hopes that this is what will ensue: a debate about the whole future of radio, led by the industry itself, with the involvement of all stakeholders. It is clear to us that a wide debate is called for and that at the heart of this must be the expectations of the audience, who (it seems) by and large derive great benefit from the current system.
50. We propose that, where it can, Ofcom should minimise the changes it makes to the regulatory model for radio at this time. As we have argued, we suggest that a review of the sector in three years would be appropriate and will be long enough for the industry and technology to settle down. This review should be wide in its scope and ambition: it should look at the best way to utilise the available technology to

achieve the public purposes for radio. It should consider technical issues and any closure of either the FM or AM bands. We believe that FM and AM should be considered together as these are in fact two sides of the same coin, rather than distinct bodies operating in separate markets.

51. We also propose that this consultation should not be the end of the debate until such a review point, but the beginning. The pace of change across the media is accelerating and it is clear that brief, deep, root-and-branch reviews, even if regularly spaced, are insufficient for us as an industry to come to views on the future of radio. To this end, we propose that there should be established a pan-industry action plan, led by a pan-industry group, to consider these issues together between now and 2010. This group should involve both Ofcom and the DCMS, as well as representatives of other stakeholders, and should look to explore as fully as it can the effect of the changing media landscape on radio listening and radio listeners. We consider that this work should start urgently if we are to be in a position to make any decisions about the future of radio in 2010.