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**Name and title under which you would like this response to appear:**

HICBF Future of Radio Response

**Representing:**

Highlands & Islands Community Broadcasting Federation

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

Highlands & Islands Community Broadcasting Federation (HICBF)  
'The Future of Radio'- Response

Introduction

The Highlands & Islands Community Broadcasting Federation (HICBF) appreciates the opportunity to respond to this consultation at a time of rapid changes in radio broadcasting.

As a community broadcasting Federation we are very aware of the valuable local public service that our network of not-for-profit community radio stations in the Highlands and Islands of Scotland provides, but we also recognise the fragility of this network. HICBF's purpose is to support and protect the interests of these stations and those of their local communities.

In the Consultation paper you make reference to 90% of the population listen to the radio (Section 3 A changing industry). We hope in your decisions there will be equal if not more focus on the 10%, namely the people who live in the Highland areas of England, Scotland and Wales. These people rely on FM radio at present, as alternative forms of terrestrial media tend not to be accessible unless monthly subscriptions are taken out which they may not be able to afford.=20

The Federation represents the following member stations at present:

Argyll FM (Campbeltown)  
Caithness FM\* (Thurso)  
Cuillin FM (Portree)  
Isles FM (Stornoway)  
Keith Community Radio\* (Keith)

Kinnaird Radio\* (Fraserborough)  
Nevis Radio (Fort William)  
Oban FM (Oban)  
Speysound Radio (Aviemore)  
Two Lochs Radio (Gairloch & Lochewe, Wester Ross)  
Lochbroom FM (Ullapool)  
Ness FM (Inverness)  
\*broadcasting local opt-out under MFR licence

It is important to note that although these stations all operate not-for-profit, but for community benefit, several of them are full commercial licence holders. HICBF recognises that the economic fragility of these stations could be compromised by possible changes to Community Radio licensing regime in future; particularly if certain of the current restrictions were relaxed relating to exactly where Community Radio Stations can be licensed.

We would suggest that in relaxing the restriction on CR licensing, there should remain in place mechanisms to protect the already limited viability for these very small scale local radio licensees, but perhaps with a lower threshold than in current legislation (for example with TSA <25,000 and cash turnover <=A3100k), and operating for social gain, not for profit.

We have also been approached by stations in this category to request that Ofcom should seek the discretion to include such stations where appropriate in its scope for consultations among, and treatment of, community radio matters, rather than limiting these to Community Radio licensees as such.

We would like to see Ofcom establish an advisory panel representing the broader community radio sector which includes Community Radio licensees, constituted aspiring CR licensees, commercial licensees constituted for community benefit, and representative bodies for these groups such as HICBF and CMA.

The HICBF is also strongly aware that the majority of the rural areas served by HICBF stations remain without any DAB service, and with no services apparently planned. Therefore we urge that priority is given for development of these services before any consideration is given to an analogue switch off.

Otherwise we feel that analogue switch-off would destroy the viability of the smaller community stations.

We are also concerned that the 'switch off' doesn't become the accepted end game for analogue. We support the reasoning behind a mixed economy of analogue FM and various digital (DRM, DAB and DAB plus) allowing manufacturers to produce multi format receivers where the listener is unaware of how the signal reaches them. This would leave smaller stations with FM as a viable option instead of forcing them into digital if it is not viable for them.

HICBF feels that the current trend for manufacturers to produce RF modules and chips that provide multi-standard, multi-band front-end devices that support DAB, DAB+, MW, LW and Short wave for AM and DRM also the VHF bands for FM broadcast services should not be ignored.

A mixed economy is perfectly feasible in this day and age, and there seems no reason for a headlong rush into digital at the expense of analogue services in sparsely populated areas.

We are also slightly concerned with the proposals to deregulate the localness criteria for ILR, particularly smaller stations. While some of our members might welcome the option, it could allow the licenses owned by groups to become 'virtual' local stations, thus possibly preventing a genuine community station from opening up in the area.

Regarding other specific suggestions in section 6:

#### Suggestion 6.1

The characteristics of the community radio service, as included in the Community Radio Order 2004, should be retained but the definition of 'social gain' should be reconsidered.

We broadly support this suggestion.

#### Suggestion 6.2

The statutory criterion regarding the ability to maintain the service should be reconsidered such that Ofcom could be required to have regard to the ability of an applicant to establish and maintain its proposed service for the first year of the licence period.

We applaud the recognition of the difficulties faced by applicants in providing detailed realistic long term assessments of viability to accounting standard. However it would not seem prudent to consider on year one either. We suggest a two-tier approach be adopted, with a relatively rigorous assessment of year one, and a more general assessment of remaining years. There should at least be a feasibility plan for the full term of the license, even if it is accepted that this may have to be substantially adapted in the course of events.

#### Suggestion 6.3

The statutory criterion which requires Ofcom to have regard to the extent to which the proposed service would cater for the tastes and interests of the community should be reconsidered.

See response to 6.4

#### Suggestion 6.4

The statutory criterion which requires Ofcom to have regard to the extent to which the proposed would broaden choice should be reconsidered.

Ofcom's argument in suggestions 6.3 and 6.4 that these requirements are in effect redundant seems reasonable, as long as the social gain and accountability criteria continue to cover the tastes & interests and broadening choice aspects sufficiently after any revision of the social gain and accountability criteria.

#### Suggestion 6.5

The statutory requirement which requires Ofcom to have regard to the extent to which there is evidence of demand, or support for the proposed service should be reconsidered.

We do not believe that the explicit requirement to demonstrate demand and support should be removed or significantly reduced. However, Ofcom should be able to take a flexible approach to the nature and scale of this evidence expected in support of any given application and not necessarily seek expensive formalised research.

#### Suggestion 6.6

The statutory criterion which requires Ofcom to have regard to the extent to which the proposed service would deliver social gain should be retained.

We support this suggestion, and also the comment that this aspect may better be described as community benefit.

#### Suggestion 6.7

The statutory criterion which requires Ofcom to have regard to an applicant's proposal as how to render himself accountable to the target community should be reconsidered.

We do not agree that accountability is automatically required for delivery of social gain, but it is nonetheless highly desirable. While it would not usually be a preferred situation, a service could perfectly well deliver and demonstrate major social gain without paying any significant heed to accountability, but this should not be acceptable for a CR licence. Therefore we feel there should continue to be an explicit statutory requirement to assess the proposed extent and mechanisms.

#### Suggestion 6.8

The statutory criterion which requires Ofcom to have regard to the provisions the applicant proposes to make in order to allow for access of the target community to the stations facilities and for training in the use of those facilities should be reconsidered.

We see no reason for removal of the need for Ofcom to 'have regard' to this, but that is not to say that there should always automatically be requirement for a given level of access. Ofcom should continue to have regard to this aspect, and also take it into account in the overall assessment of social gain.

#### Suggestion 6.9

It is important for a community radio station not to receive all its funding from a single non-commercial source. However, it may be that there is a case for increasing or removing the current maximum percentage limit on funding from a single non-commercial source. Ofcom welcomes views as to what the appropriate limit should be.

We do not agree that it is automatically important for a community radio station to receive all its funding from one source. However, for various reasons it is not generally an ideal situation. There should be a presumption against such a situation,

but with the flexibility to take into account the nature of the funders and the reasons for the proportions, and to permit a high proportion from one funder in some circumstances. For example a funder may be a charitable institution or grant-awarding body established to distribute funds from a diversity of funders with very broad aims (such as community development in a particular region or nation), and no direct involvement in the specific management or output of the station. There does seem on the face of it seem any reason to significantly restrict the proportion of funding that may be received from such a source.

#### Suggestion 6.10

It would be possible to take into account volunteer time when assessing the turnover of a community radio service. Ofcom welcomes views on this issue and on how the value of such input should be calculated.

The principle is important, but Ofcom should not get bogged down in any unnecessarily sophisticated way of assessing this.

A simple scale based on, perhaps two or three broad bands of activity type (e.g. management, specific tasks, general assistance), with rates devised by a small advisory panel aiming to relate the rates to the paid commercial sector with a scaling factor. Otherwise a simple flat rate for skilled work, e.g. £12/hour, maintained in relation to RPI.

#### Suggestion 6.12

The current rule requiring that no body corporate may hold more than one community radio licence should be reconsidered.

While there should be a general presumption against multiple ownership, we feel that Ofcom should have the flexibility to take account of circumstances where there are obvious benefits which outweigh the general presumption to permit various forms of shared ownership. This should encompass looser forms of association and collaboration than direct ownership.

#### Suggestion 6.14

Community Radio Licences should be eligible to be extended for up to a further five-year period, subject to meeting specified requirements, on one occasion only. The period of extension for some licences may be less than five years, should that be necessary to achieve a common end-date for all analogue radio services.

Ofcom should have the flexibility to award an extended licence where the existing licensee can demonstrate (non onerously) that it is meeting the objectives it set out under the original award, but Ofcom should also be able to have regard to the aspirant applicants in situations where it judges the incumbent to have marginal or poor performance against the criteria on which the licence was originally awarded.

Regarding possible shorter terms, this should be in line with proposal 3.6 for commercial licensees, i.e. that the licences should simply have a condition allowing them to be terminated with a minimum of two years' notice from Ofcom in order to

achieve a uniform end date should that be necessary..

#### Suggestion 6.15

There may be a case for removing all of the current restrictions relating to economic impact of licensing community radio services. Ofcom will be conducting further assessment in this area, with a view to bringing forward proposals for consultation later in the year as part of our review for the Secretary of State. In the meantime we welcome views on this matter.

As already written in our general observations, we do not feel a wholesale removal of the current restrictions would be advisable, particularly in those areas where commercially licensed stations are providing very small scale operations on a not-for-profit social gain basis.

We would suggest that in relaxing the restriction on CR licensing, there should remain in place mechanisms to protect the already limited viability for these very small scale local radio licensees, but perhaps with a lower threshold than in current legislation (for example with TSA <25,000 and cash turnover <£100k), and operating for social gain, not for profit.

#### Suggestion 6.16

The coverage of community radio services will still be restricted by frequency availability restraints, and Ofcom will continue to weigh up the relative merits of alternative licensees, for example where it might be possible to licence two small stations or only a single larger service, when deciding on the best use of the available spectrum resources.

This situation presents a good argument for maintaining for the availability of VHF FM Band II for local radio even as it is cleared of service becoming digital-only. The would free spectrum for continued FM-only local and small scale operators, particularly in remote and sparse areas badly served by DAB. The band could continue in this use for as long as radio receivers continued to be widely provided with FM reception, which could be for decades to come. The total bandwidth available in Band II is not large in comparison to that being released by digital changeover in TV bands IV and V, and these should be the prime resources for new platforms. Potentially part of band II could also be used for new purposes if, for example, the BBC decided to relinquish it wholesale, but the presumption should be to continue their use and even increase the use for local and community broadcasting, not to accelerate the demise of traditional VHF/FM radio broadcasting unnecessarily.