



P O Box 396
St Albans
Hertfordshire
AL3 6NE

25 June 2007

THE FUTURE OF RADIO

As a Community Radio station, we would particularly like to comment on the proposals in the Future of Radio document concerning Community Radio. However, we would also like to comment on some of the other proposals relating to commercial radio stations which we believe will affect us as well. Overall, we welcome and congratulate OFCOM on their comprehensive and detailed examination of the issues affecting the future of radio services.

Proposal 1

We agree in principle that the regulation of content on analogue and DAB digital radio should be aligned in future. However we believe that the proposal to reduce analogue formats to the minimal formats used for DAB goes too far. We would like to see a retention of requirements on local commercial services to provide some locally relevant programming during daytime hours.

Proposal 2

We agree in principle that the ownership rules for analogue and DAB digital radio should be brought together in future. Our main concern is that all the commercial services (analogue and DAB) in our area are already owned by one company (Gcap) and that this lack of any competition could lead to a distortion of the local market. This situation is repeated across the country.

Proposal 3

We are concerned at the apparent wish of OFCOM to set a switch over date for all radio services to be “digital”. The term “digital” is used in the report to include a number of different distribution systems, including DAB, terrestrial television (FreeView), satellite (Sky) and internet streaming. It then argues that such “digital” listening will reach a high percentage of total listening within a few years. We consider that only DAB of these systems (accounting for around a half of all “digital platforms”) is really equivalent to existing analogue (FM, MW & LW) radio delivery systems in that it can be used with portable receivers and in cars. But DAB is not suitable for small coverage areas typical of most Community radio stations (or many small commercial stations) and the report explicitly states in para 2.22 that “We do not propose to guarantee a transition to digital platforms for all existing analogue stations..”

Future systems - particularly DRM Plus – also share these portable/mobile characteristics and could enable a digital transition for community radio but, until these are widely available to consumers, we strongly believe that FM analogue services on Band II should be retained for Community Radio and small commercial stations for the foreseeable future.

We should also like to highlight a specific issue relating to DAB in our local area. The Report states in para 2.22 that local DAB services will be offered for “roughly county-sized” areas with (adult?) populations of under 250,000. But the “local” DAB service offered here (for three counties, Hertfordshire, Bedfordshire and Buckinghamshire) will cover, by OFCOM's own calculations, an adult population of 1,829,000 – over seven times the suggested usual coverage. We contacted likely bidders for this licence (prior to it being awarded to NOW Digital), asking specifically if we could provide our service on DAB just in our local area (on the two nearest transmitters) so that other Community Stations elsewhere in the “three counties” could use the same frequencies in their area. We were told this was “not possible” (we assume this to be a commercial decision rather than a technical one) and were quoted an annual cost of several tens of thousands of pounds to provide a low-quality mono service across a huge area of the country rather than a decent quality one just to our existing service area. We are at a loss to understand why OFCOM could not offer a truly local DAB service to West Hertfordshire from the Bedmond (Hemel Hempstead) transmitter, which would provide coverage of around 250,00 adults in line with the proposals in the Report.

Proposal 5

We are not convinced by the arguments (and statistics) provided that suggest sound quality is not an issue for listeners. We note that the majority of DAB listeners have “kitchen” receivers which are predominantly mono while only a small proportion have a “hi fi” DAB setup. We believe moving to services with a low bit rate mono service is a retrograde step which should only be used in exceptional circumstances.

Proposal 6

Characteristics of Community Radio

We agree with the overall sentiments in the Report that it is the smallest and least resourced stations that have the most regulations applied to them; this being most noticeable for Community Radio. However, the long history of arguments about how to establish Community Radio was focussed particularly on the differences between it and commercial radio and it is important that any changes do not weaken or remove the essential differences. These, to us, are that the service is for the benefit of the local community rather than for financial gain, that the company structure is not-for-profit and that it is financed from a variety of sources.

We therefore agree with the suggestion of concentrating on “community benefit” and the ability to launch and maintain service for the first year. But we think that it essential to ensure the difference between Community Radio stations and commercial stations in a local area. In the event of the failure of a Community Radio station to maintain its service we believe its licence should be returned to OFCOM who could either offer it for another Community Radio group or simply cancel it. Under no circumstances should it be possible for a commercial operator to take over the licence as has happened in the past when Community Radio groups tried to operate under commercial licences in the absence of specific Community Radio licences.

Renewal/extension of CR licences

We support the idea of automatic renewal of existing Community Radio licences by five years. If a station has managed to maintain its broadcasting and meet its objectives for five years it will almost certainly be able to continue beyond that period and it seems reasonable to extend their licence.

Ownership

We are not convinced about the proposal to allow a company to own more than one Community radio licence. If this were to be allowed, we would like the number to be limited to a very small number under five. However, we think it would be entirely sensible to allow individuals to become members of more than one Community Radio group, including in managerial roles. This would allow experienced individuals already involved in a successful group to help new aspiring groups by becoming actively involved in their applications and subsequent operations.

Funding

We believe that Community Radio should continue to be funded by a variety of sources, public and private and that the limit of 50% from any one source is a reasonable limit in most cases. We agree that there is a case for sponsorship and advertising to be considered as different sources. However we also think that OFCOM should have some discretion in specific cases for the 50% limit to be modified, either to allow a higher percentage of income from a public body or from commercial sources. We would suggest that the onus should be on the station concerned to make the case for such a modification to OFCOM and that the main criteria for a decision should be whether the particular funder might exercise undue influence over the output of the station (for example, a local council or business or perhaps a religious organisation effectively buying sympathetic coverage of its activities).

We also support the idea of calculating a value for the time of volunteers when calculating the percentage of commercial revenue received by a Community Radio station. If this were agreed in principle then we would expect OFCOM to agree on a standard methodology with the Community Media Association, who have considerable experience of such calculations in the context of European grant funding.

Economic impact

We believe that the current “economic impact” restrictions are unduly biased towards commercial radio operators. Although an assessment is made by OFCOM when a new Community service is proposed in an area with an existing commercial operator, no such assessment is made when a new commercial operator is proposed in an area where there is an existing Community station. Either an assessment should be made under both circumstances or such assessments should be dropped altogether. We would favour the latter option.

Clive Glover

Chairman,

Verulam Community Radio Ltd