

# DRAFT RESPONSE SERVICE

As part of the Rural Opportunities Bulletin, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.

## Community Radio Consultation – Department for Culture, Media & Sport, February 2014

<https://www.gov.uk/government/consultations/community-radio-consultation>

This consultation sets out policy proposals to relax current financial restrictions on community radio, whilst not altering community radio unique role in terms of supporting localness and community engagement.

This consultation seeks specific views on:

- The lifting of the restriction on community radio stations preventing them from taking any income from on-air advertising or sponsorship if they overlap with a commercial radio licence whose coverage area includes 150,000 adults or fewer.
- On the restrictions preventing community radio stations from taking more than 50% of their annual income from on-air advertising and sponsorship, if they remain appropriate, and what, if any changes, are justifiable.
- On the case for further licence extensions for community radio stations in the event of a decision to implement a radio switchover.
- On improving the effectiveness of the Community Radio Fund.

The consultation closes 23th April 2014.

**Consultation Question 1** – *Do you agree that the restriction on community radio, whose coverage areas overlap with commercial radio licence areas with fewer than 150,000 adults in their measured coverage area, should be removed? If you disagree with this statement please substantiate with details from any available source.*

**Draft Response:** Yes. If there is sufficient desire and community support to establish a community radio station there is no need to impose such a restriction. It is important that community radio stations continue to be required to demonstrate clear objectives to deliver social gain and that any profits generated are directed back into the station or the community which it serves. This should provide sufficient protection for small commercial stations. In the absence of any evidence to suggest an economic impact on commercial radio there appears little justification in retaining this restriction.

**Consultation Question 2** – *If the funding restrictions on advertising were to be reduced ought the requirement on Ofcom to look at potential economic impact need also to be reviewed? We welcome your views on this.*

**Draft Response:** There appears no justification to absolutely prohibit community radio stations from raising income from advertising and sponsorship. There also is no evidence available to suggest

that community radio has any significant economic impact on commercial radio. However, in order to safeguard small scale commercial stations there appears no harm in requiring Ofcom to have a view to any economic impact in determining whether to apply any particular conditions on a licence. It appears likely that such conditions will only be applied on rare occasions, if at all, but this would provide a safeguard to avoid such consequences.

**Consultation Question 3** – *Should there be a relaxation of the restriction preventing stations from taking more than 50% of their income from advertising and sponsorship? If your answer to this question is yes, then what should the new restriction be? How should it be determined? For example, set in regulation or set by Ofcom following consultation and reviewing periodically?*

**Draft Response:** Yes. Grant income has fallen and will continue to do so. Indeed, to be sustainable it is arguable that community radio stations should not be reliant on grant in any event. To this end it is important to enable community radio stations to generate income in a range of appropriate ways, including through advertising and sponsorship. The most flexible way to achieve this end would be to have no restriction at all but ensure that the social and community commitments of community radio stations are rigorously assessed when granting a licence and on a regular basis thereafter. However, if some form of restriction is to be applied then it would be sensible to review this on a regular basis to ascertain its impact both on community and commercial radio stations. If there is insignificant impact then such a restriction could be continually adjusted accordingly.

**Consultation Question 4** – *Of the two options noted above which do you support, and why? Include reasons why you dismiss the alternative option. We invite you to provide details on other approaches for consideration.*

**Draft Response:** Of the two options proposed, a fixed amount, rather than a percentage amount, is preferable. This would be simpler to administer and would benefit smaller stations to the greatest extent. If there is an economic impact on commercial radio then this is most likely to come from larger community radio stations. The second option would provide the best safeguard in this respect.

**Consultation Question 5** – *What way/s could a Fixed Revenue Allowance be fairly determined if this was to be set by Ofcom? Should this be set by Ofcom? What facts would Ofcom need to take into account in setting an appropriate level of allowance?*

**Draft Response:** Any allowance should be based on evidence. In the absence of initial evidence, Ofcom should set an initial threshold. If no significant economic impact is determined at this threshold then the allowance figure should be reviewed with a view to increasing it further. Periodic reviews should continue to take place with subsequent adjustments to the level made based on any evidence which exists.

**Consultation Question 6** – *Would you support a further 5 year extension of a licence beyond the second 5 year period? If you do not agree, please provide reasons why this should not happen.*

**Draft Response:** Yes. This should, of course, be subject to the station continuing to achieve its objectives and proving of value to the community it serves. Successful and valued community services, such as community radio, should be supported. Clarity over future licence extensions will clearly be critical in enabling stations to develop sustainability.

**Consultation Question 7** – *How can Community Radio Fund grant funding be better used? There are no plans to alter how decisions are taken to distribute the grant however we welcome views on other ways in which the grant could be better targeted and how might this be done*

**Draft Response:** The commitment to maintain a Community Radio Fund grant is welcomed. A high priority for the fund should be measures which help community radio stations to move towards sustainability. Sustainability has always been a critical issue and the continuing reduction in grants makes this ever more the case.