



Licensing Community Radio

Consultation

Publication date: 17 February 2004

Closing Date for Responses: 20 April 2004

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Section 1

Introduction

1. Ofcom needs to design a licensing process for community radio so that we can start inviting applications as soon as possible. We have produced draft plans which are set out in this document and now invite comments and suggestions from citizen-consumers, consumer organisations, the community radio sector, the commercial radio industry and others via this formal consultation. We are seeking feedback on our proposals for the allocation of spectrum, advertising and awarding community radio licences, consideration of the impact on commercial radio, a limit on advertising and sponsorship income, and feedback on a station's performance, as well as Ofcom's role in community radio beyond the licensing of new services. (Please see Annex 3 for a full list of questions posed in this consultation.)
2. Where possible, comments should be made in writing and sent by email. However, copies may be posted or faxed to the address below:

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Ofcom will post all responses to this consultation on its website after the closing date for responses, unless respondents clearly identify that they wish part or all of their response to remain confidential. The closing date for responses is Tuesday 20 April 2004. After the closing date, we will consider the responses and intend to make a statement on our licensing plans a month later, during May 2004.

3. If you have any queries about the issues raised in this consultation or need guidance on the appropriate form of response, please contact us using the details above. Ofcom is keen to make responding to consultations easy, and has published some consultation principles (see Annex 2) which it seeks to follow. If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003.

Section 2

Summary

What is community radio?

- Government's draft Community Radio Order was published shortly before Ofcom's community radio consultation. The Order sets out the characteristics of community radio:
 - It is primarily for social gain rather than commercial reasons
 - It serves a particular community – a neighbourhood or community of interest
 - It is not provided in order to make a profit
 - It offers the target community opportunities to participate in the station.

Why is this an issue now for Ofcom?

- Government's draft Community Radio Order sets out a framework for licensing, a definition and selection criteria. It is expected to become law later this year.
- The introduction of community radio in the United Kingdom is a brand new responsibility for Ofcom.

Ofcom's objectives

- To move quickly to introduce community radio in the UK.
- To encourage a wide range of applicants.
- To set up a system for advertising and awarding licences annually that is clear and straightforward.
- To ensure that the core values of community radio are nurtured – without being heavy-handed.

Frequency availability

- We propose that, on FM, community radio stations will typically be services with a coverage radius of up to 5km. In rural areas where the availability of FM allows, a larger coverage radius on FM may be sanctioned. Elsewhere if larger coverage areas are required, AM will, in most cases, be the means of achieving it.
- It will utilise frequencies which could not be viable for commercial services. Frequencies in both the BBC and non-BBC FM ranges will be sought.
- We believe that most cities or conurbations, or alternatively locations in between, will have the frequencies for one or two community radio services from the non-BBC bands; use of the BBC bands may double the number of opportunities.

Advertising licences

- Applicants from anywhere in the UK will be able to apply for a licence. We do not propose to specify where a service should be, but for applicants to identify the neighbourhood or community they wish to serve.
- The licensing timetable should be clear and follow the same pattern each year. We propose an annual 3-month window when we invite applications.
- The framework for community radio comes from government's draft Order. We propose to produce an application form that asks for information relating to the criteria in the Order.
- The completed application form will be the main source of information for us of a group's proposals. We do not propose to conduct interviews with applicants.

Potential impact on commercial radio

- The draft Order requires Ofcom to take into account the impact on commercial radio of licensing community radio services.
- We propose inviting commercial stations to look at community radio applications (which will be available on our website) and write to us if they believe the service will have an adverse affect on their economic viability. We will then investigate and consider any such claims.
- The draft Order leaves it to Ofcom to decide whether to set a limit on how much income community stations can receive from the sale of advertising and sponsorship. We are seeking views on whether we should set a general limit, such as a maximum of 50%, or whether it should be decided on a case by case basis.

Assessment and award of licences

- If we receive a large number of applications we will prioritise licence awards to deal with urgent issues first, and announce these priorities after the closing date for applications. For example, we may need to consider making decisions that involve the frequencies currently used by the pilot scheme operators at an early date.
- Decisions will be taken by a standing committee which will be co-chaired by one part-time and one executive member of Ofcom's board.

Regulation of services

- We want to keep the regulation of stations to the minimum necessary.
- Each service will have, as part of its licence, a list of its key commitments for social gain, access to the station and programming. It will also include any limit on revenue from advertising and sponsorship.
- Each year every station will be required to send us a short report on their achievements. This should report on the key commitments, and the proportion of income from the sale of advertising and sponsorship.
- Two to three years after the first stations commence broadcasting, Ofcom proposes to carry out research into audiences amongst target communities and the social gain impact of the community radio sector.

Section 3

Ofcom's objectives for Community Radio

1. Ofcom wants to encourage solid growth in this new sector and hopes to attract a wide range of applicants. Our aim is to set up a system for advertising and awarding licences that is clear and straightforward. We want to make it as easy as possible for community groups to apply for a licence. However, we must ensure that applicants comply with the conditions and criteria that Government has set out in its draft Community Radio Order. Therefore, our application form will include questions that directly relate to the characteristics of service and selection criteria set out in the Order.
2. The success of community radio will be measured by its impact on the communities served. We hope to see a vibrant sector that includes a wide range of distinctly different services that engage with their respective communities. The new stations should become an essential community resource, and lead to substantial and enduring community and social gains.

Background

3. The Communications Act 2003 allows the Secretary of State for Culture, Media and Sport to introduce the licensing of community radio by Parliamentary Order. The Act says the Order should relate to services that are "provided primarily for the good of members of the public or of a particular community, rather than for commercial reasons" and that they should "confer ... significant benefits on the public or the communities for which they are provided".
4. The draft Community Radio Order was published shortly before this document and is open for public consultation until 20 April 2004. After that the Order will have to be agreed by both Houses of Parliament before it becomes law. The Order sets out a definition and some rules for community radio, as well as the framework for the advertisement and award of licences.

What is Community Radio?

Definition of Community Radio

5. Community radio services already broadcast in various countries around the world (for example, Ireland, Australia, Canada and France). The definition of community radio used in different parts of the world varies slightly from place to place, depending on various considerations, such as government policy on cultural concerns.
6. The definition the UK Government proposes in its draft Community Radio Order draws on that used for the Access Radio experiment (see paragraphs 13-18 below). It also reflects the core elements of community radio recognised elsewhere in the world. It states that community radio:
 - Is primarily for the good of members of the public or of a particular community and in order to deliver social gain, rather than for commercial reasons
 - Is intended primarily to serve a particular community (either people who live or work or undergo education or training in a particular area or locality, referred to in this

document as a 'neighbourhood', or people who have one or more interests or characteristics in common, referred to in this document as a 'community of interest')

- Is not provided in order to make a financial profit, and uses any profit produced to secure or improve the service or for the delivery of social gain to members of the public or the target community
- Offers members of the target community opportunities to participate in the operation of the service.

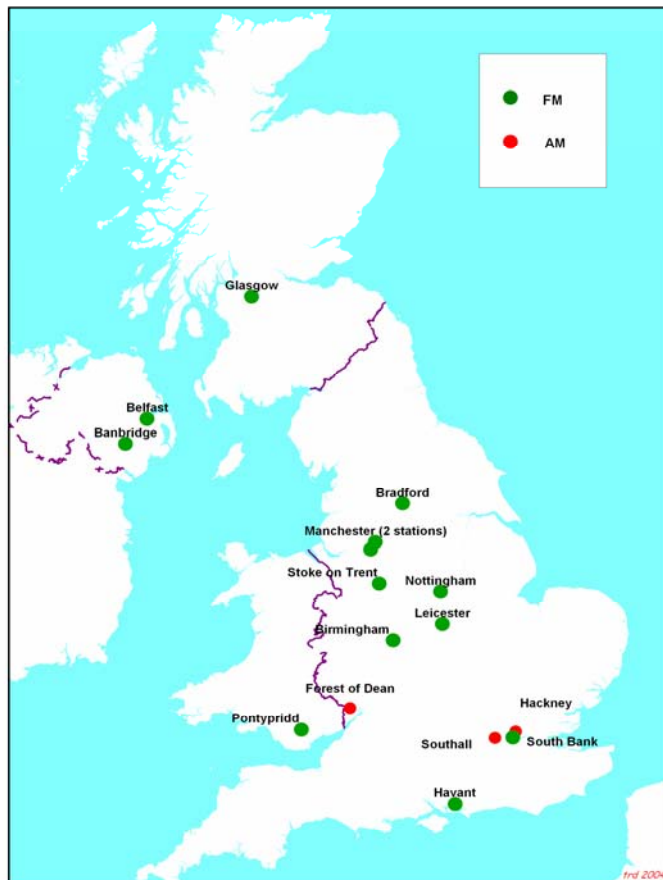
Potential benefits

7. There are many potential benefits to be gained from community radio projects. These were recognised in Parliament during debates on the Communications Bill, and have clearly emerged from the work of the fifteen Access Radio pilot services (paragraphs 13-18).
8. Training and work experience opportunities, and contribution to local education, are tangible and measurable outcomes. There are other harder to measure benefits such as the contribution such services can make to tackling social exclusion, service to neighbourhood or interest groups, improving knowledge about local authority and other services, access to the project for local people which can help build self esteem, grow confidence and engender community pride, and giving a voice to some groups, such as minority language groups, who do not normally have access, or only limited access, to the media.
9. Many of the potential benefits listed do not just apply to community radio. Independent Local Radio (commercial) services and BBC local radio both aim to foster links with their community, and broadcast information about their area. While it is acknowledged that there are areas where the commercial sector, the BBC and community radio may overlap, each sector is distinct from the other, and has a different ethos and goals. Distinctiveness is important. There is little point in a new sector that sounds just the same as commercial radio or the BBC, or does the same things in the same way.

A community radio experiment: Access Radio

10. In 2001 the Radio Authority set up a pilot project to explore the possibility of introducing community radio in the new legislation then planned. The term it used was Access Radio, though this has now been changed to 'community radio'. The experiment was designed to test the sustainability of a separate tier of small-scale community radio services that were not-for-profit, had a social gain purpose, and provided access to broadcasting for the target audience. From the 200 parties who expressed an interest in applying for a licence, the Radio Authority selected fifteen groups. All started broadcasting in 2002.
11. There were sixteen stations altogether as one of the groups, in Manchester, operated two separate services. The location and waveband of each service is shown on the map below. A full list and description of the stations appears in a table after paragraph 17. Fourteen services are still broadcasting and will continue as pilots until the end of 2004. If the pilots wish to broadcast beyond then, they will need to apply for a community radio licence, in the same way as any other group.

Map: Access Radio pilot projects



12. The Access Radio pilot project contributed to the debate on whether such not-for-profit radio services should be licensed on a permanent basis, at a time when the Communications Bill was going through Parliament. An independent evaluator, Professor Anthony Everitt, was appointed to report back to the Radio Authority. His report, 'New Voices', was published in March 2003¹. His job was to evaluate the project as a whole as well as evaluating each individual service, measuring their outcomes against the development targets they each set before going on-air. He was also asked to draw conclusions about an appropriate licensing regime for community radio.
13. Professor Everitt concluded that community radio "promises to be a positive cultural and social development and should be introduced as a third tier of radio broadcasting in the United Kingdom". He made various recommendations about how such services might be licensed in future. In preparing the draft legislation on community radio, Government drew on these recommendations. We have also used them in drafting the proposals contained in this consultation document.
14. A follow-up evaluation, 'New Voices - an Update' was published in December 2003². It updated the social gain findings of the earlier evaluation, as well as reviewing the
 - ¹ 'New Voices' by Professor Anthony Everitt was published by the Radio Authority in March 2003
 - ² 'New Voices – An Update' by Professor Anthony Everitt was published by the Radio Authority in December 2003. It is available on Ofcom's website.

evidence of the pilot projects' organisational, financial and community-based sustainability. Professor Everitt noted the "growth of the community role and the rapid extension of the work of staff beyond the business of broadcasting to wider concerns for social and individual empowerment". He also remarked on the enthusiastic welcome for community radio and evidence of widespread collaboration from various organisations in each station's community.

Table 1: Sixteen Access Radio Stations

| Station | Area and community served | Date started | Date finished |
|--|---|---|--------------------|
| ALL FM 96.9 MHz | Ardwick, Longsight and Levenshulme, Manchester. Caters for the whole community in this culturally diverse area. | 5 June 2002 | Still broadcasting |
| Angel Radio 101.1 MHz | Havant, Hampshire. Aimed at the over-60s. | 1 March 2002 | Still broadcasting |
| Awaz FM 107.2 MHz | Central Glasgow. For the Asian population. | 29 April 2002 | Still broadcasting |
| BCB 96.7 MHz | Inner-city Bradford. Service for the diverse communities of Bradford. | 1 March 2002 | Still broadcasting |
| Cross Rhythms City Radio 101.8 MHz | Stoke on Trent. Community radio from a Christian perspective. | 28 February 2002 | Still broadcasting |
| Desi Radio 1602 kHz | Southall, West London. For the Punjabi population. | 10 May 2002 | Still broadcasting |
| Forest of Dean Radio 1521 & 1503 kHz | Forest of Dean, Gloucestershire. Serving a population spread over a large rural area. | 19 July 2002 | Still broadcasting |
| GTFM 106.9 MHz | Pontypridd. Two partners, a residents' association and the University, run a service aimed at the whole community. | 27 April 2002 | Still broadcasting |
| New Style Radio 98.7 MHz | Central Birmingham. African-Caribbean community. | 14 August 2002 | Still broadcasting |
| Northern Visions Radio 100.6 MHz | Belfast. A speech-oriented service for the whole community. | 9 March 2002 | June 2003 |
| Shine FM 106.1 MHz | Banbridge, Northern Ireland. A Christian group operated a service for the whole community. | 21 September 2002. (This was a 3-month project only.) | December 2002 |
| Sound Radio 1503 kHz | East London. Catering for the diverse population of the area. | 26 July 2002 | Still broadcasting |
| Radio Faza 97.1 MHz | Nottingham. Two partners (the Asian Women's Project and the Karimia Institute) serve the South Asian community of Nottingham. | 25 March 2002 | Still broadcasting |
| Resonance FM 104.4 MHz | South Bank and Bankside, central London. The London Musician's Collective run a project of experimental sound and music. | 1 May 2002 | Still broadcasting |
| Takeover Radio 103.2 MHz | Leicester. A service for children and their families. | 23 March 2002 | Still broadcasting |
| Wythenshawe FM 97.2 MHz | Wythenshawe, Manchester. For the whole community. | 6 May 2002 | Still broadcasting |

The licences of those pilot services listed as 'still broadcasting' have been extended until 31 December 2004.

15. In his 'Update', Professor Everitt said "there is a growing recognition among the pilot projects of the need for reliable listener surveys". We agree, and will be conducting audience research into the pilot stations during the period of this consultation. Four stations will be researched; two are neighbourhood projects and two are community of interest stations. The research has three objectives. The first is to measure the level of awareness and listening amongst the station's target community (as opposed to everyone who lives in the coverage area), as well as any social and/or personal impact of the station on the individual. The second will involve researching the personal and social gains of station participants from the community (e.g. volunteers, trainees, or others who have been involved in making a programme). The third will aim to understand the views of relevant community leaders with regards to any social gains seen within the community as a result of work conducted by the pilot stations, as well as seeking any positive or negative feedback on the station's work. We anticipate publishing the results of this research in the early summer of 2004.

Short-term Restricted Service Licences

16. The Radio Authority licensed over 4000 short-term restricted services (RSLs) in its thirteen-year history. These are used for a variety of reasons, and have included a large number of community and youth projects each year. RSLs are for a limited duration (up to 28 days) and coverage, and a group may apply for a maximum of two licences per year (one in London). They are particularly useful for events (such as fairs and festivals), training purposes and in preparation for applying longer-term licences. RSLs are an important element in the radio landscape and will continue to play a significant role. Ofcom will carry on issuing RSLs, and it is expected that community groups will continue to benefit from these temporary licences. However, experience of running an RSL service will not be a pre-requisite for community radio applicants, although Professor Everitt recognised that an RSL is a useful starting point for aspiring community broadcasters.

Ofcom's approach to Licensing and Regulating Community Radio

17. Ofcom is pleased to be tasked with the introduction of this new sector, and is keen to start licensing services as soon as it can. Community radio will be a third tier of radio in the UK and will add to the rich mix of services available from Independent Radio and the BBC. We recognise the potential of community radio to enrich the area it serves through its community involvement as well as through the programmes it broadcasts.
18. The draft Community Radio Order defines the characteristics of a community radio service and sets out a framework for how Ofcom should advertise and award community radio licences. However, until the Order has been approved by both Houses of Parliament, we will not be able to offer licences. The draft Order is being consulted on until 20 April 2004. We expect that it might become law in the late spring or early summer of 2004, and we want to be in a position to move ahead quickly when that happens. That is why we are undertaking this consultation now, in preparation for when we can offer licences. However, the draft Order proposals are subject to change via the consultation process, and then approval by Parliament. Ofcom will subsequently need to take any changes into account. Some of our proposals may therefore need to be amended in the light of changes to the draft Order.
19. The draft Order says that stations should have social gain aims, should target a particular community, be non-profit-distributing, and provide opportunities to participate in the service. The licence award process needs to test for these things. Care needs to be taken to get it right from the start, although we acknowledge that any new system

may need some adjustment in the light of experience, and that the process we are putting forward is in many respects a new one.

20. We feel that it is in the interests of this embryonic sector that development takes place at a measured pace. We believe that taking care to ensure that the values of the services licensed are right is a more important consideration than a rapid initial expansion. Community radio stations will deliver value if they lead to substantial and enduring community and social gains and we want to be sure that new services will build the reputation of the community radio sector in a positive way.
21. After a licence is awarded and a community service commences broadcasting, we will need feedback on progress towards the social gain targets set by the group. However, we want to find a way of doing this that satisfies our requirements without excessive regulation for these small stations (see paragraphs 70 and 71).
22. Ofcom believes that successful development of the community radio sector will require a wider range of activities than just an effective licensing programme. For example, there will be a need to:
 - Ensure effective training is available for those establishing and running community radio projects
 - Raise awareness of community radio as a sector or 'brand' among the listening public, citizen-consumers and sectors such as the health services and police.

These are not functions that should obviously fall to a regulator, and there is plainly a role for organisations such as trade bodies to represent the sector and help to promote its development. We would however be interested in views on any role that Ofcom could play in these areas, and how this should relate to other bodies.

Question 1: *What role should Ofcom have in respect of community radio, beyond the licensing of new services?*

Opportunities for Community Radio Licences: Frequency Availability

Ofcom's policy on FM frequency use

23. There are competing claims for frequencies from commercial radio, RSLs and community radio. In practice, Ofcom believes that all three types of service can be developed alongside each other, providing choice for listeners, opportunities for innovation, and a diverse and competitive industry.
24. Restricted service licences (RSLs) are a huge success, with thousands of people having been given the opportunity to become involved in radio, and demand for these types of licences continues to grow. We see no pressing case at this stage for reviewing the Radio Authority's policy of setting aside the FM sub-band of 87.6-88.0 MHz as a core resource for RSLs, and we propose to maintain this policy for the foreseeable future. We will also continue to accommodate RSLs using frequencies outside of this core resource, but are aware that the opportunities to do so are likely to become progressively fewer.
25. The opportunities for further local commercial radio development are set out in a separate consultation document, 'The Future Licensing of FM Commercial Radio', which can be viewed on our website at www.ofcom.org.uk.

26. Community radio is another claimant on scarce spectrum, and we are keen to facilitate the growth of this new sector as soon as is practicable. We are currently undertaking a detailed analysis of frequency availability for new community radio services. We are seeking to identify frequencies which could not support commercially sustainable services but which might be usable for non- or partly-commercially funded stations³. We further propose that, in general, community radio should have a higher priority for resources than potential improvements to the coverage of existing FM commercial radio stations.
27. Ofcom proposes to find frequencies for the development of community radio from the part of the FM waveband used mainly for non-BBC services, but also from the part of the band used predominantly by the BBC. Two services in the Access Radio pilot scheme, in central London and Birmingham, operated on frequencies in the parts of the FM band used by BBC local radio and Radio 1 respectively.

Coverage areas

28. We propose that:
- Community radio stations on FM in urban areas will be licensed for a coverage radius of up to 5km.
 - For urban 'community of interest' services, where the target community occupies an area of more than a 5km radius, only AM frequencies will be considered.
 - In those rural areas where there is greater availability of suitable FM frequencies (such as parts of Scotland and Wales) and a coverage radius of more than 5km is proposed (because of the dispersed population, for example), we may license such services on FM
 - In rural areas where the availability of suitable FM frequencies is poor and a coverage radius of more than 5km is proposed, only AM frequencies will be considered.
29. Ofcom has not yet developed a complete policy on future use of AM spectrum, but we do not wish, at this stage, to rule out the possibility of licensing community stations on the AM waveband. We will be willing, therefore, to accept applications for services on AM.

Question 2: *Do you agree with our proposed policy for the allocation of spectrum and the size of coverage areas for community radio services?*

Estimate of frequency availability

30. The availability of frequencies will vary from place to place, and will also be dictated by the technical compromises licensees may be willing to accept. We believe that most cities/conurbations in the United Kingdom (or, as an alternative, locations in between them) would have the frequencies from non-BBC bands to support one or two services for community radio. The picture is more variable with respect to the BBC bands, and there is the additional uncertainty arising from the BBC's remaining requirements for improvements to FM coverage (notably for local radio). However, Ofcom considers that use of the BBC bands could possibly double the overall number of opportunities.

³ This is likely to imply that a field strength in the order of 10dB higher would be required by community radio services to achieve the same degree of interference protection as commercial or BBC services. Power would typically be limited to about 25 to 50 Watts e.r.p.

31. The feedback we have had from groups on the pilot scheme is that FM is generally the preferred waveband because of the comparative ease of finding the appropriate site for transmission, and the lower transmission costs compared with those of AM services. However, as has been noted, in many areas there is a scarcity of suitable FM frequencies and AM may in many cases offer the only opportunity. AM may be the most appropriate option in some places especially where the terrain makes FM reception difficult.
32. The availability of AM frequencies will depend on the scale of coverage and the quality of the frequencies needed (notably in respect of darkness-hours interference from radio stations elsewhere in Europe).
33. Applicants will not be expected to identify a frequency themselves. We are already starting to look at FM frequency availability in areas that we expect might see high demand for community radio, and in areas where we know spectrum is scarce. We expect this work to be completed in the Autumn. This will help us identify what frequencies are available in a region when we start to look applications. It will also help us to see the area over which a frequency might be suitable, in which case applicants from different places may be competing with one another for that frequency. We plan to publish this frequency framework plan when it is available.

The Licensing Process

Advertising licences

34. Because of the nature of community radio we believe it would be inappropriate for Ofcom to decide the specific locations to be served by stations. Therefore, rather than publishing a list of areas where we intend to advertise licences, there will be a three-month period each year when anyone is entitled to apply for a community radio licence to serve the neighbourhood or community of interest they choose, anywhere in the UK. We hope this applicant-led process will encourage the growth of this emergent sector.
35. We also believe that this kind of approach is probably the fairest way of ensuring that everyone gets an equal chance of applying for a licence. An alternative we have considered is to invite applications from one (or more) regions at a time. This would have the advantage of restricting the number of applications that we might expect to receive and therefore make the processing of applications potentially faster. However, one problem with this approach is that, because of frequency availability constraints, if we grant a licence in one place we may limit opportunities in the adjacent areas. Ofcom does not therefore favour this approach.
36. A potential problem with the approach we propose to adopt is that we may have to deal with a very large number of applications, particularly in the first few years of licensing. If necessary, after we have received applications, we may need to prioritise the consideration of some applications over others. If this is the case we will announce our priorities after the closing date for applications (see paragraphs 63-65).

Advertisement and award timetable

37. Ofcom wants to introduce an annual cycle for the advertisement and award of community radio licences that will follow broadly the same pattern each year. We propose that there will be a twelve-week window each year, during which we will accept applications.
38. In 2004, we anticipate:

- Inviting applications for community radio licences for the first time in June;
- Allowing a period of twelve weeks before the deadline for receipt of applications, which will therefore be in September;
- Awarding licences from October onwards.

However, this proposed timetable is subject to review. We are not able to advertise licences until the Community Radio Order becomes law.

Question 3: *Do you agree that community radio should be an applicant-led process with an annual 12-week period when applications can be submitted for any neighbourhood or community in the UK?*

Ofcom's policy on its application procedure

39. The framework for community radio comes from Government's draft Order. The description of the characteristics of a community radio service, the selection criteria that Ofcom should use when deciding on licence awards and requirements for community radio applications are all set out by Government in the draft Order and the Broadcasting Act 1990 (the draft Order states that various provisions of the 1990 Act apply to community radio services, with some modifications). We propose to produce an application form that asks for information that relates to these criteria. Notes of guidance to help applicants complete the form will also be available.
40. The characteristics of community radio services as defined in the Order are set out in paragraph 44, the selection criteria that Ofcom will be required to consider are in paragraph 46, and the statutory requirements for an application are in paragraph 48.

The characteristics of community radio services: eligibility criteria

41. Article 3 of the draft Community Radio Order defines the 'characteristics of community radio services'. This definition sets the foundation for community radio, and to be eligible for a community radio licence an applicant's proposals must meet these criteria. A service must:
 - Be primarily for the good of members of the public or of a particular community, and be provided in order to deliver social gain rather than for commercial reasons
 - Be intended primarily to serve a particular community (either people who live or work or undergo education or training in a particular area or locality, or people who have one or more interests or characteristics in common)
 - Not be provided in order to make a financial profit, and use any profit produced to secure or improve future provision of the service or for the delivery of social gain to members of the public or the target community
 - Offer members of the target community opportunities to participate in the operation of the service.

In addition, the Order states that:

- Only bodies corporate (i.e. not individuals) can apply for community radio licences.
42. Once an application has been judged against these eligibility criteria, Ofcom will then use the selection criteria to decide whether to award a licence. To assist our assessment of each applicant's proposals, we propose to use a simple scoring system. This will be used as a method of highlighting the relative strengths and weaknesses of each application. We intend to make the details of this system public, but not the scores awarded to individual applications, as these will not represent the only basis upon which decisions will be made.

Selection criteria

43. Section 105 of the Broadcasting Act 1990 sets out the criteria that Ofcom should take into account when granting a local (i.e. commercial) radio licence. The draft Order proposes modifications to these criteria for community radio. In deciding whether or to whom to grant a community radio licence, Ofcom will be required to consider the following:
- The extent that the proposed service would cater for the tastes and interests of persons comprising the relevant community
 - The extent to which the service would broaden the range of programmes on local services available in the area, and, in particular, the extent to which the service would cater for tastes and interests different from those already catered for by local (i.e. commercial and community) radio services provided in that area or locality
 - The extent of local demand or support for the provision of the proposed service
 - The extent to which the proposed service would result in the delivery of social gain
 - Provisions for ensuring accountability to the relevant community
 - Provision for access by members of the relevant community to the station and to appropriate training in broadcasting and other station activity
 - The likely effect of the proposed service on the economic viability of any local radio service.
44. Our application form will ask only for information that is relevant to these criteria, in order for us to make these judgements, and, as necessary, to make appropriate comparisons between the proposals of different applicants.

Statutory requirements for an application

45. Section 104 of the Broadcasting Act 1990, as modified by the draft Community Radio Order, requires Ofcom to ask community radio licence applicants to set out their proposals for:
- Catering for the tastes and interests of the target community, or for any particular tastes and interests of such persons
 - Broadening the range of programmes available by way of local radio services to people comprising that community
 - Broadening the range of local radio services in the coverage area and being distinct from other local radio services in the area.

Applicants also will be asked to provide:

- Evidence that the service will provide social gain to the public or relevant community
- Any information Ofcom may reasonably require regarding the applicant's present and projected (for the licence period) financial position
- Transmission details
- Any information Ofcom may reasonably require to the effect of the provision of the service that would be likely to have on the economic viability of any local radio service
- Any other information that Ofcom may reasonably require for considering the application.

The application form

46. Annex 1, attached, is a guide to the kind of questions we propose to include in the application form for community radio licences. These are drawn from the requirements set out in the Order and the Broadcasting Act 1990, as modified (and referred to in paragraphs 44, 46 and 48).

Impact of a community radio service on commercial radio

47. Government's draft Order requires Ofcom to take into account the potential impact of licensing a community station on the economic viability of local commercial radio services.
48. We propose to fulfil this requirement by inviting commercial radio stations to write to us if they consider that their economic viability might be affected by the proposals of a community radio applicant. All community radio applications will be made available on Ofcom's website as soon as possible after the closing date for submissions. On that date, Ofcom will invite submissions from commercial radio stations on economic viability issues. We will be looking for specific and quantifiable evidence that the licensing of a community radio service would have a material impact on the economic viability of the commercial radio station, based on the community group's proposals as set out in their application. The deadline for 'economic viability' submissions will be one month after applications are placed on our website. Submissions from commercial radio operators will then be investigated and considered by Ofcom.
49. When looking at the potential economic impact of licensing a new community radio service, we may take into account the following:
- Whether or not the community service proposes to seek revenue from advertising and sponsorship
 - The buoyancy of the local economy
 - The respective target audiences of the community and commercial services
 - Whether the proposals of the community service are likely to affect the ability of the commercial service to maintain its programme service
 - Whether a community radio applicant is proposing to serve a commercially important part of a commercial station's measured coverage area (MCA)
 - The possible impact of licensing more than one community service within the MCA of a commercial service.

Question 4: *Do you agree with Ofcom's proposal to invite submissions from commercial radio operators if they consider that their economic viability might be affected by the provision of a community radio service, based on the application proposals?*

Income from the sale of advertising and sponsorship

50. The draft Order proposes leaving it to Ofcom to decide whether to set a limit on how much income community stations can receive from the sale of advertising and sponsorship. We are seeking views on whether to impose a general limit for all services, for example a maximum of 50%, or whether this matter should be decided on a case by case basis.
51. We are minded to set a maximum of 50%, as we agree with Professor Anthony Everitt's recommendation that a diversity of funding is important to help ensure editorial independence ('New Voices', an evaluation of the Access Radio pilot project).

Question 5: *Should there be a general limit of 50% of annual income that community radio stations are permitted to obtain from the sale of advertising and sponsorship, or should this be decided on a case by case basis?*

Licence term and ownership limits

52. The draft Community Radio Order says that licences will be awarded for a period of up to five years (applicants may apply for a licence for a period of less than five years). It also proposes that licences will only be transferable with Ofcom's consent, as is the case for other types of broadcasting licence.
53. The draft Order proposes that no group holds more than five community radio licences at one time. It also proposes that no group may hold licences to provide more than two community radio services that have coverage areas that overlap by 50% or more. Government is seeking views on both of these proposals.

Submission of applications

54. Ofcom will rely on the completed application form as its main source of information about a group's proposals. We do not propose to conduct face-to-face or telephone interviews. If we need to seek feedback for the purposes of clarification of answers given and points raised in the application form, we propose to do this in a single letter, the response to which (and any further clarification provided) will be made available publicly on the same basis as the written application.
55. We intend to consider only the information that we have requested, and so proposals which are clear, concise and simple in layout and style will be strongly encouraged. We do not require supporting material, except where specified in the application form or accompanying notes. If applicants submit evidence of local support, we will focus in our evaluation on its quality, rather than quantity. (We do not wish to receive petitions or volumes of repetitious supporting letters, nor do we want CDs or other supplementary promotional material, for example.)
56. We do not feel it is necessary for applicants to be required to submit multiple printed copies of their proposals. We therefore propose that one electronic copy of an

application form only will be required. If this is not possible, one printed version can be submitted instead. All applications will then be published on the Ofcom website for public scrutiny.

57. In respect of application and licence fees, Ofcom intends to consult on a new Statement of Charging Principles that it will apply from 1 April 2004, in the near future.

Question 6: *Are you content with Ofcom's proposals for the submission of applications?*

The decision-making process

58. Applications will be assessed primarily by members of the Radio Planning & Licensing team, which is part of Ofcom's Competition & Markets group, although colleagues with appropriate knowledge from other parts of the organisation, such as the Nations & Regions, will also be involved. The Radio Planning & Licensing team will be responsible for co-ordinating the input from other colleagues, and for conducting any follow-up questioning of applicants.
59. The Radio Planning & Licensing team will prepare and circulate a brief analysis of each application, together with a short briefing paper highlighting the issues of relevance under each of the applicable statutory criteria. These documents, together with the applications themselves, will be discussed by a standing committee which will be co-chaired by one part-time and one executive member of the main Ofcom Board. This committee will comprise a further two part-time members, at least one of whom will be a member of the Content Board, and four executive colleagues from the relevant groups within Ofcom (two from Competition & Markets and one each from Content & Standards and Strategy & Market Developments). Up to two additional members will be added to the committee when appropriate to provide particular expertise, for example, where there are important issues in the Nations and Regions. This committee will have full delegated authority from the main Ofcom Board, and will be responsible for making licence awards for both commercial radio and community radio.
60. We do not know how many applications we will receive, or how many licences we will be able to award. If there is a large volume of applications, we may need to prioritise the consideration of some in order to deal with urgent issues first. Therefore, after the closing date for applications has passed, we will announce whether or not we are going to prioritise decisions.
61. If necessary, we propose to prioritise our consideration of applications submitted in 2004, as follows:
- Firstly, award decisions which will involve frequencies currently used in the pilot scheme. We do not wish to disadvantage listeners and participants by allowing licences to lapse before considering applications from pilot groups, but there may be other applicants competing for the same frequency. (Frequencies currently used by the pilots will not necessarily be available for community radio in future, but there might be alternative spectrum available in these areas.)
 - Secondly, we will look at applications proposing to serve areas where demand is highest. Such areas may also be those that suffer from a scarcity of suitable frequencies, and we may have to make decisions between candidates (as long as they pass the eligibility criteria):
 - o in the same area

- o in different communities, if the frequency resource is not able to support more than one proposal in a wider area.
 - Thirdly, we will turn to the remaining applications. We propose to assess all applications we receive, although, depending on how many we have, this may take some months.
 -
62. We may need to vary these priorities if other unforeseen issues arise after the closing date for applications. We intend to announce the awards of licences in batches, rather than waiting until all decisions have been made.

Question 7: *Are you content with Ofcom's proposals for the order in which it will consider applications in the first year?*

63. We will also need to decide what priorities to apply when deciding between applications for the same area, or ones competing for the same frequency. We shall look first at the selection criteria that Government has directed us to take into account (these are listed in paragraph 46). As the delivery of social gain is a key characteristic of community radio, we expect that we may look first at applicants' social gain proposals. However, Ofcom may wish to vary the emphasis it places on different selection criteria depending on the circumstances in each area.
64. We would welcome views on whether Ofcom should use additional criteria when deciding between applications. For example, two suggestions have already been put to us:
- Firstly, that if necessary, we should seek to prioritise services that are proposed for communities high in the Government's Index of Multiple Deprivation 2000 for England (published by DETR and currently being updated by the Office of the Deputy Prime Minister, see www.odpm.gov.uk), or the equivalent indices for Wales, Scotland and Northern Ireland.
 - Secondly, it has been argued that where frequencies are scarce Ofcom should choose groups covering a broad range of interests and with a diverse social and cultural base, rather than those with a single community of interest focus; that is neighbourhood services rather than community of interest stations. If Ofcom prioritises neighbourhood services, this will be at the expense of community of interest stations, particularly in urban areas.

Question 8: *Aside from the Government's selection criteria, what other criteria should Ofcom use when deciding between applications?*

Re-advertisement of licences

65. At the end of a five year licence period a licence-holder will need to reapply for their licence. Re-award of the licence is an option, but it would not be an automatic renewal. The licence itself will not be re-advertised, but the frequency a service is licensed to use will become available for competing applications, because it might be utilised in the same area or nearby by a different group. Therefore, at least one year prior to the end of a licence period, a licensee, if they wish to, will need to reapply in competition with any other applicants in the area for the frequency.

Regulation of Community Radio Licences

Key Commitments

66. Promises made on application will need to be translated into licence conditions. We propose that a list of 'key commitments' is drawn up from the targets set in a group's application and that this forms part of its licence. We propose that it encompasses four elements:
- Social gain and access. Social gain objectives with quantitative targets to be set out under sub-headings (for example, training), along with arrangements for how access to the station will be facilitated.
 - Programming. The aim will be to encompass the spirit of the output without going into too much detail.
 - Evaluation and measurement. Information on how the delivery of the key commitments is to be measured and evaluated, along with how the station will be accountable to the target community. Reference will also be made to producing an annual report on progress (see paragraphs 70 and 71).
 - Finance and ownership. Including information on the organisation licensed, the advertising and sponsorship income limit, and the requirement to produce an annual report on income.

Question 9: *Are you content with the proposal for listing a station's key commitments in its licence?*

Evaluation of licensed stations

67. Once a community radio service has commenced broadcasting Ofcom needs a mechanism for ensuring it is delivering its key commitments and staying within the limits on commercial income imposed by the licence. However, we want to avoid an excessive level of burden on small operations with, in most cases, very few staff.
68. We propose that each station should produce a short report on its activities each year. This should refer to progress on delivering the key commitments set out in the licence, including a statement on the proportion of income from the sale of advertising and sponsorship. Each station can decide when it is most convenient for them to prepare and deliver this report. For example, they may wish to tie it in with their accounting schedule, or with the timetable for a report to a funding body.
69. This report from licensees will, however, tell only one side of the story. Two to three years after the first community stations are licensed, Ofcom proposes to carry out research into the sector. We propose gathering evidence of the value of sector regarding audience levels (with reference to the target community of the service), and the social and personal impact of community radio services. Such information may also be useful for Government, funding bodies, advertisers and so on. We would welcome views on what questions the research should focus on.
70. We would also like to consider other ways of encouraging feedback from target communities (from both listeners and non-listeners), and would welcome suggestions on ways that this might be done.

Question 10: *Are you content with Ofcom's proposal that each station should produce an annual report?*

Question 11: *Do you have suggestions on how we might research the impact of community radio services on target communities or on other methods of seeking feedback from communities?*

Content regulation

71. The Ofcom 'News and Current Affairs Code and Programme Code' and the 'Advertising and Sponsorship Code' will apply to community radio broadcasters. Complaints will be dealt with along broadly similar lines as for other licensed radio services. All radio stations licensed by Ofcom are required to record their output and keep recordings for a period of six weeks.

Community Media Fund

72. The Communications Act allows Ofcom to provide grants for community media projects. Funding for such grants would come from Government, which is still considering whether it will be possible to make the necessary resources available. Initially, any grants will only be available for community radio services, although the legislation allows for the Secretary of State to broaden this to include community digital TV projects in future.
73. If resources are available, Ofcom will put a structure in place to administer the Fund and consider applications for grants in due course. This will be administered separately from its licensing function. Grants will only be available to community broadcasters who have been granted a community radio licence by Ofcom.

Annex 1:

The application form

1. This is a guide to the type of questions that we propose to include in an application form.

Opening statement

2. We would like an introductory short statement summarising the target community, the objectives of the service, and the broadcasting philosophy.
3. The application form will be in sections, under the following headings:

About the applicant group

Community to be served

Social gain aims and access to the station

Programming

Finance

Engineering matters

About the applicant group

4. This will include questions about the legal status of the organisation applying for the licence, including a list of shareholders (where limited by shares) or members (where limited by guarantee), current financial standing, and any other relevant information (for example, about a parent body, or other affiliated bodies, any other business conducted by the group, charitable status if appropriate). We want to know about any relevant experience and what local community links the group has (for example, government agencies, grant-making bodies, other relevant organisations).
5. It is proposed in the draft Order that licences can only be awarded to a body corporate. That means that an individual cannot hold a licence nor can an unincorporated group or organisation. The Order also proposes that BBC companies and those who hold a UK national or local commercial radio licence may not hold a community radio licence. A local authority may not hold a community radio licence.
6. Details of the Board, Management Committee or equivalent will be required, along with an indication of the proposed management and staff structure (paid and/or unpaid), and, if appropriate, an outline of the volunteer structure, including who will be responsible for the organisation and support of volunteers.

Community to be served

7. We need a description of the neighbourhood or community of interest to be served and the demographics of the potential audience (size and make up of the population,

where they live, and so on) along with the likely demand and realistic potential for the type of service proposed.

8. We will want to know what assessment of the target community has been made. This is not a requirement for groups to commission or pay for research, but we wish to know how well a group understands its target community and what sources of information it has drawn upon. What evidence is there of demand or support for the service from the target community? We would also like to know what impact the applicant expects the service to make on the community in terms of awareness of the station, participation in the activities referred to in the social gain proposals, and projected audience penetration of the target community.

Social gain aims and access to the station

9. The answers given in this section will help Ofcom understand what an applicant's social gain aims are (to satisfy the eligibility criteria), and make comparisons between groups, if necessary. Many of the targets set out in the application will be carried over into the 'key commitments' part of the licence, should the applicant be successful in gaining a community radio licence.
10. Some stations may focus on listeners, some on participants. We expect most will be looking to satisfy both. Some social gain objectives will be aimed at individuals and some at the whole community or groups within the community. There is no right or wrong approach, and Ofcom does not have a pre-determined view on the balance that should be struck. We recognise that organisations working on a small scale and on innovative projects cannot be expected to fit a set template for community radio, and we do not want groups to feel that they have to 'tick every box' on the application form if the information requested is not relevant (or is less relevant) to their aims or target community.
11. The draft Community Radio Order lists examples of social gain. These are set out below. It is not an exhaustive list, nor is it in order of importance:
 - Provision of training or education
 - Provision of radio services to groups that are otherwise underserved
 - The improvement of knowledge about a particular community and the strengthening of links within it
 - The encouragement of regeneration within the coverage area
 - The promotion of social inclusion
 - The encouragement of participation in cultural activities
 - The improvement of knowledge about and delivery of services provided by local authorities and other local amenities
 - The encouragement of participation in the democratic process or in voluntary organisations
12. We would like to know what targets will be set for the first year of broadcasting and how these are expected to change over the licence period.
13. The opportunities that a group offers for participation in programme-making and running the station are another key element of community radio. We will want to know what your plans are in this area. How will the group be responsive to the target

community, and what provisions are there for ensuring accountability to that community?

14. We will also want to know how a group intends to ensure that the project delivers on the social gain, and access and participation targets that it has set, and what arrangements will be made for the ongoing monitoring and review of these objectives.

Programming

15. We will need sufficient information about the proposed programme output to be able to consider: the extent to which it would cater for the tastes and interests of persons comprising the relevant community; the extent to which it would broaden the range of programmes on local services available in the area, and, in particular, the extent to which the service would cater for tastes and interests different from those already catered for by local (i.e. commercial and community) radio services provided in that area or locality; and the likely effect of the proposed service on the economic viability of any local radio service. We are required to consider these criteria when deciding whether and to whom to grant a community radio licence (see paragraph 46 of the consultation document).
16. We will not need a full programme schedule from applicants. Each group should provide a statement summarising its planned programming approach. It should also give an indication of the amount and types of speech output, including where necessary what languages will be broadcast, a description of the music, how much output will be live, the source of any output that is to be provided by someone other than the applicant, and an indication of the hours of broadcasting per day.

Finance

17. Groups will need to provide a general statement on their financial strategy or approach. We will need to see a financial plan for the station; incorporating proposed capital expenditure, other pre-operational expenditure, projection of operating costs and cashflow projections, and revenue projections. Other questions are likely to include: does the group plan to seek revenue from the sale of advertising and sponsorship? What contingency plans does the group have should the necessary funding not materialise? Who will be responsible for fund-raising and what experience do they have?

Engineering matters

18. We will need details of the proposed transmission arrangements, and in particular will want to be satisfied that the site and antenna position is likely to be effective for the job to be done, and that it will be feasible to implement. Arrangements for technical installation and maintenance need not be complex, but must be adequate to ensure compliance with technical conditions in the licence. Some indication of studio location, at least the criteria for, and availability of, premises, and how the facilities are to be provided would also be an advantage.

Annex 2:

Ofcom's consultation principles

Ofcom has published the following seven principles that it will follow for each public written consultation:

Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

In this case, we held informal talks with a number of representatives from the community radio sector.

During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

In this case, we are consulting the community radio sector, the commercial radio industry, citizen-consumers, and any other interested parties.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened version for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A two-page summary of the key points in this consultation is shown at the front of this document.

A2.5 We will normally allow ten weeks for responses to consultations on issues of general interest.

The consultation period will be 9 weeks. The closing-date for responses is 20 April 2004. This consultation will end at the same time as that of the Government (DCMS) on its draft Community Radio Order.

A2.6 There will be a person within Ofcom who will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. This individual (who we call the consultation champion) will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why. This may be because a particular issue is urgent. If we need to reduce the amount of time we have set aside for a consultation, we will let those concerned know beforehand that this is a 'red flag consultation' which needs their urgent attention.

Ofcom's consultation champion is Philip Rutnam, Partner, Competition and Strategic Resources. His contact details are 020 7981 3585, and philip.rutnam@ofcom.org.uk

After the consultation

A2.8 We will look at each response carefully and with an open mind. We will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

We think it is important for everyone interested in an issue to see the views of others during a consultation. We would usually publish on our website all of the responses we have received.

We would prefer for people and organisations to give us views which they would be happy to see in public. However, if those who have responded to a consultation tell us that some or all of their views must stay confidential, we will respect this.

We will also:

- list these seven principles in every consultation document that we publish;
- run a consultation helpdesk – to help organisations such as small businesses and consumer and community groups make their views heard in response to our consultations; for more details contact Philip Rutnam on 020 7981 3585, and;
- keep a table on our website at www.ofcom.org.uk listing all current consultations, those recently closed and (as far as possible) those we are planning in the near future. The table will include a brief summary of each document.

Annex 3

Consultation questions

Question 1: *What role should Ofcom have in respect of community radio, beyond the licensing of new services?*

Question 2: *Do you agree with our proposed policy for the allocation of spectrum and the size of coverage areas for community radio services?*

Question 3: *Do you agree that community radio should be an applicant-led process with an annual 12-week period when applications can be submitted for any neighbourhood or community in the UK?*

Question 4: *Do you agree with Ofcom's proposal to invite submissions from commercial radio operators if they consider that their economic viability might be affected by the provision of a community radio service, based on the application proposals?*

Question 5: *Should there be a general limit of 50% of annual income that community radio stations are permitted to obtain from the sale of advertising and sponsorship, or should this be decided on a case by case basis?*

Question 6: *Are you content with Ofcom's proposals for the submission of applications?*

Question 7: *Are you content with Ofcom's proposals for the order in which it will consider applications in the first year?*

Question 8: *Aside from the Government's selection criteria, what other criteria should Ofcom use when deciding between applications?*

Question 9: *Are you content with the proposal for listing a station's key commitments in its licence?*

Question 10: *Are you content with Ofcom's proposal that each station should produce an annual report?*

Question 11: *Do you have suggestions on how we might research the impact of community radio services on target communities or on other methods of seeking feedback from communities?*