



cc: SA

Prime Minister

RADIO POLICY

At its meeting on 25 November MISC 128 considered the issues left open in our radio Green Paper or arising from the subsequent consultation process. The Group agreed most of the proposals in my paper, MISC 128(87)13, but invited me to bring forward further proposals on financial contributions to independent radio stations and on the arrangements for awarding national radio licences. This minute does so and seeks agreement to my making an early Parliamentary announcement about our conclusions on radio policy.

Financial contributions to independent stations

2. Paragraph 4 of MISC 128(87)13 suggested that, as proposed in the Green Paper, public authorities, political organisations and groups affiliated to such organisations should not be allowed to own or invest in radio stations, but saw a good case for allowing such bodies to make financial contributions in aggregate not exceeding 10% of a station's annual income. The Group did not wish local authorities in particular to be able to exercise the degree of financial influence that this might entail, although it did not want public authorities in general to be precluded from fielding representatives to participate in projects serving the public interest.

3. On further consideration, I believe that political organisations and groups affiliated to such organisations should be allowed no connection with licensed radio stations, whether by way of shareholding or funding. It is hard to envisage examples of such a connection which would not be objectionable in one way or another.

4. In contrast, so far as public authorities are concerned, it is important to bear in mind that there are already various examples of financial contribution which are acceptable to the public. These include the funding of drugs, hypothermia and AIDS prevention campaigns, and local job search schemes. Some of these projects could be sustained on the basis of the provision of staff support, but others could not.

5. In considering controls on such financial contributions it is also important to bear in mind that:

(a) the radio authority will be under a duty to secure that no licence is operated by a body which appears to be subject to the control or undue influence of a public authority, a political party or a body whose objects are mainly of a political nature (Green Paper, paragraph 7.10); and

(b) as a condition of their licences to broadcast all stations will be required to ensure that any news in any form is presented with accuracy and impartiality, not to editorialise on any matters of political or industrial controversy or which relate to current public policy, and to avoid allowing particular sets of views on such matters to predominate in programme output (Green Paper, paragraph 7.7).

6. Against this background I propose the following controls on the licensing of stations:

(a) a prohibition on any financial connection of any kind with political bodies or their affiliates (paragraph 3 above);

/(b)



- (b) a prohibition on any shareholding or financial contribution towards general running costs by a public authority;
- (c) provision for public authorities (and voluntary bodies in receipt of public funds) to give reasonable support of a financial or other kind to individual projects intended to provide a specific benefit to the community, to promote the arts or to provide training under a scheme approved by the Government; and
- (d) a requirement on all stations to notify the radio authority of all contributions under (c).

7. It would be possible to go further and rule out under (c) any support of any kind by local as opposed to other public authorities. But this could give rise to anomalies which it would be hard to defend. I believe that the controls in paragraphs 5 and 6 above respond to our discussion in MISC 128, are workable and in combination would command general support.

#### National commercial radio licence arrangements

8. The Group agreed that national services should incorporate a reasonable diversity of programming with the radio authority having discretion to award licences to an applicant whose tender was not the highest.

9. To give effect to this I propose the following arrangements governing the award of national licences:

- (a) the radio authority would have a duty to secure that each national commercial radio licensee provides a programme service which is calculated to appeal to a wide variety of tastes and

/interests



interests and is not limited to a single, though popular, format. (The current public service requirement to provide a particular combination of education, information and entertainment would not of course apply.)

(b) the authority would award national licences on the basis of competitive tender, subject to a limited discretion to license an applicant whose programme plans promise a substantially higher level of service and a greater enlargement of consumer choice over what is already available at national level;

*on what criteria is this judged? Is it merely the judgment of the public? What is a "higher service"?*

the authority would be under a duty to publish a statement of its reasons where it awards a licence other than on the basis of highest tender;

(d) it would be for the authority itself to determine both the form of the tender procedure it employed and the timing of the advertisement of national licences for tender, having regard to the spectrum at its disposal; and

(e) each national station, once licensed, would be subject to the same supervision by the radio authority, including scrutiny of its adherence to the programme plans underpinning its licence applications, as local stations.

Next Steps

10. My preference would be to make an early Parliamentary announcement of our conclusions, rather than await next year's White Paper. There is a strong argument for an earlier

/announcement



announcement to keep up the momentum and end uncertainty. I attach a draft of such an announcement and invite colleagues to agree that I should take an early opportunity to make it.

Conclusion

11. If you and colleagues agree with the proposals in this Minute I hope that a further meeting of MISC 128 on radio will not be necessary. After my announcement of our general conclusions it would then be for my Department to work them up into legislative proposals, consulting other Departments as necessary.

12. I am copying this minute to the other members of MISC 128 and Sir Robert Armstrong.

*Colin R. Miller*

9 December 1987

APPROVED BY THE HOME SECRETARY  
AND SIGNED IN HIS ABSENCE

Draft Announcement

In February 1987 we published a Green Paper entitled "Radio: Choices and Opportunities". It set out, as a basis for public discussion, proposals for the development of new and less regulated radio services with the aim of broadening the range of choice for listeners.

There were over 500 responses, most from individual members of the public. I am grateful to all those who contributed their comments and ideas.

The response to the Green Paper confirms our view that the time is now right for major change. We have been well served by radio broadcasters. Standards have been high. But we have less radio than other countries. In many parts of the country listeners have no services other than the BBC. There are many tastes and interests which existing services can at best satisfy only to a limited extent. New frequencies will soon be available for broadcasting. In due course several hundred new stations are in prospect. We need to have a framework in place within which opportunities for new and more diverse services can be taken up, and existing commercial broadcasters can be given much greater freedom to develop their services.

We shall accordingly bring before Parliament legislative proposals based on the Green Paper. We aim to provide, alongside the existing BBC services, opportunities for national commercial radio and for the expansion and deregulation of local radio. All these services will be free of the existing constricting statutory requirements which have applied to independent local radio. They will instead be subject to light regulation designed to protect the consumer rather than direct the broadcaster. Programme operators, at the national and the local level, will be responsible for their own services, subject to requirements of



accuracy, balance and decency. The key test which stations will have to pass, to obtain a licence to broadcast, is that of widening the range of consumer choice. They will have to live up to their promises to their audiences if they want to keep those licences. Radio stations will also be able to organise their own transmission arrangements, rather than having them provided by the IBA under the constraints imposed by the 1981 Act.

At the national level, spectrum will be available for at least three services operating alongside the BBC. Each service will be expected to provide a diverse programme service calculated to appeal to a variety of tastes and interests and not limited to a single format. They will provide the BBC with the stimulus of competition on a broad range of its services. We propose that these licences should be assigned by a form of competitive tender, under which a new Radio Authority would be able to take account of programming diversity in assessing the tender bids. As envisaged in the Green Paper, a new VHF frequency will be available for one of these services; for the other two, frequencies will need to be reassigned from the BBC.

So far as local and community services are concerned, deregulation will have two effects. First, existing independent local radio stations will be given, on the basis canvassed in the Green Paper, the freedom to develop new styles of broadcasting which they have sought. Second, new local and community services will be given the opportunity to start broadcasting, to enhance the range of programming and the diversity of consumer choice. The number of services, and their scale, will depend on local demand and wishes. We want the Authority to operate flexibly, encouraging partnership and frequency sharing where this seems sensible.

Many people were disappointed last year when we did not proceed with an experiment on community radio in advance of legislation. Our proposals now will provide the basis for a lively future for

community radio, to strengthen that combination of local identity and cultural diversity which lies at the heart of a flourishing community.

There will be a continuing need for an Authority to issue licences and supervise performance. The Green Paper identified a number of options for its constitution. After careful thought we have concluded that it would be right to establish a new Radio Authority, with radio at the centre of its attention. The IBA has earned our respect and gratitude for its development of local radio services under the duties laid upon it 15 years ago. But it has major challenges ahead of it in the field of television. We have judged that it would not be sensible to ask the IBA at the same time to take on the task of developing a new and greatly expanded radio system, operating under a new and much lighter set of rules.

The Authority will be assigned frequencies suitable for sound broadcasting. On the basis of these frequencies it will invite applications for licences to broadcast at national and local levels. To ensure that spectrum is used efficiently, and that listeners have as wide a choice as possible, stations will in general be expected to broadcast on single frequencies.

So far as the BBC is concerned, the Green Paper proposed that the Corporation should continue to decide how best to meet its public service broadcasting obligations within the resources at its disposal. I can confirm that it remains our policy.

Our proposals are above all intended to benefit the listener. It may take a little time for the public to become accustomed to new kinds of service and to single frequency broadcasting. But we believe that the expansion of radio that I have outlined can only be to the good of broadcasters and listeners alike.

<mc>Sub/Ack/Mil/Rad/Pol/Enc2



BROADCASTING legislation pt 2

