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29 June 1988

NBPm

Dear David,

GOVERNMENT'S REPLY TO REPORT BY
HOME AFFAIRS COMMITTEE ON RADIO

The Home Affairs Committee's report on "The Government's plans for radio broadcasting" was published on 5 May. The report was short and low key, but contained some useful support for the Government's proposals to set up a new Radio Authority and to provide for the new national commercial radio licences to be allocated by competitive tender subject to a diversity test.

The Government's reply - which is based entirely on policy decisions previously agreed by MISC 128 - will be published at 3.30 p.m. on 30 June.

.... You might like to have the enclosed copy.

I am copying this letter and enclosure to the Prime Minister and other members of MISC 128.

Yours,
Douglas

The Rt Hon Lord Young of Graffham



**THE GOVERNMENT REPLY TO THE SECOND
REPORT FROM THE HOME AFFAIRS COMMITTEE
SESSION 1987-88 HC 386**

The Government's Plans for Radio Broadcasting

**Presented to Parliament by the Secretary of State for the
Home Department, by Command of Her Majesty
June 1988**

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The Government Reply to the Second Report from the Home Affairs Committee (Session 1987-88)

Introduction

1. The Home Affairs Committee's Report on the Government's Plans for Radio Broadcasting was published in May 1988. The Committee had announced on 10 December 1987 its inquiry into the future of broadcasting. The terms of reference indicated that this inquiry would relate primarily to television. Following the Home Secretary's announcement on 19 January of the Government's plans for radio broadcasting in the light of responses to the Government's Green Paper "Radio: Choices and Opportunities" (February 1987), the Committee decided to invite interested parties to submit separate Memoranda on radio broadcasting. Fourteen Memoranda were received, and other organisations made reference to the future of radio in Memoranda submitted for the Committee's main inquiry. On 21 March 1988 the Committee took oral evidence on radio broadcasting from Mr Tim Renton MP, Minister of State at the Home Office responsible for broadcasting policy.

2. This White Paper, which is presented to Parliament by the Home Secretary, follows the Report published by the Committee in May 1988 in being concerned solely with radio broadcasting. The Government notes that the Committee decided not to cover in its Report the whole subject of the future of radio broadcasting, but instead concentrated on a number of points of Government policy. Similarly, this White Paper responds on these points rather than seeking to treat the subject comprehensively. For this reason it does not deal with a range of important topics, such as the development of local radio services, including community radio, covered in the Home Secretary's announcement on 19 January.

3. The Committee's investigation of radio policy has been of great value. The Memoranda published with the Committee's Report also make an important contribution to the subject. In preparing for the proposed new regime for radio broadcasting the Government will take careful account of the matters raised in the Committee's Report.

4. There has been some speculation about the timing of the proposed broadcasting legislation. The Government intends to bring forward such legislation in the course of this Parliament. It cannot comment further on timing in a way which would anticipate the Queen's Speech. The Government is well aware of, and fully understands, the desire of many people in the radio world to make the earliest possible start under the proposed new lighter enabling framework for radio broadcasting. It intends that as much preparatory work as possible should be done in advance for the proposed new regime.

The New Regulatory Authority

5. The Government is glad that the Committee accepted that a new Radio Authority, in the words of the Report, "will be the best means of regulating the burgeoning radio industry" (paragraph 7). The decision to propose a new Radio Authority implied no criticism of the IBA, to whom the Government is grateful for developing independent radio within the original regulatory framework established by Parliament. But, with the prospect in sight of many more stations, and much wider choice for the listener, the Government

considered that a new body, with independent radio as its sole concern, was needed to oversee the proposed new, enabling framework.

6. As the Committee's Report notes (paragraph 7), direct cost comparisons cannot be made between the proposed new Authority and the IBA's radio division, not least because – as the Government has made clear – individual stations will become free to make their own transmission arrangements under the proposed new deregulated regime. The Committee recommended "*that the new Radio Authority should be funded and staffed sufficiently to enable it to carry out its functions effectively in the greatly expanded field of commercial radio*" (paragraph 7). The Government agrees. In establishing the new Authority it will take careful account of its responsibilities and tasks and the deregulated environment in which it will operate. It will be for the Authority to determine its staffing requirements in the light of duties laid upon it by Parliament. It is therefore also desirable, not least from the viewpoint of the radio operators who will pay the licence fees which will enable the Authority in due course to become self-financing, that the Radio Authority should operate economically and efficiently as well as effectively. On the question of effectiveness, it is relevant that, as the Committee's Report noted (paragraph 12), the Government is proposing a graduated set of sanctions, ranging from warnings to licence withdrawal, which the new Authority will be able to take against stations which fail to live up to their promises of performance or otherwise depart from their licence conditions.

The New National Commercial Networks

7. The second main area covered in the Committee's Report concerned the proposed new national commercial networks. The new national stations will be expected to offer a diverse programme service. The Government has stressed that this will not preclude a weighted approach, or require them to operate as general channels trying to be all things to all people, although it will mean that a single narrow format or focus will not be good enough. The Government is glad that the Committee commented that this approach seemed to them to strike a proper balance (paragraph 12). The Government also welcomes the Committee's recognition (paragraph 13) that the proposed competitive tender procedure for national commercial radio licences does not mean that these will be allocated on financial grounds alone, since applications will also be tested against the proposed diversity requirement.

8. The Committee suggested (paragraph 15) that the Government should ensure that the BBC, as the sole radio provider subject under the new regime to public service requirements, was not under financial or other pressures to reduce its standards in this field in the face of competition from commercially financed competitors. The Government's Green Paper envisaged that it would remain for the BBC, not the Government, to decide how its public service broadcasting obligations should be met, subject to the availability of resources and frequency spectrum assigned to the BBC. The memorandum by the BBC reprinted as Appendix 10 in the Committee's Report set out the BBC's plans, and made clear the BBC's determination to strengthen the editorial content of all its radio services to meet the new competition.



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