



Department
for Culture,
Media & Sport

Rt Hon Sir John Whittingdale OBE MP
Minister for Media, Tourism and
Creative Industries
1st Floor
100 Parliament Street
London SW1A 2BQ

E: enquiries@dcms.gov.uk

www.gov.uk/dcms

Andy Carter MP
House of Commons
London
SW1A 0AA

1/2 December 2023

INT2023/11888/DC

Dear Andy,

During the debate on the radio deregulation provisions in Part 5 of the Media Bill on Thursday 7 December, you asked me to give you more details on the new power to enable Ofcom to extend local news requirements to local multiplex operators in the event that Ofcom were concerned about the lack of available local news from operators in areas where local commercial radio services are currently available.

This power is anticipating the way commercial radio stations and groups may change their offer as listening to their FM service continues to decline. As you know, around 75% of commercial radio listening is now on DAB or over the internet with this trend away from analogue expected to continue, and at some point, some existing local stations may choose to hand back their FM licences and move to digital-only broadcasting. Where a station does hand back its FM licence, then it will have the ability to stop providing news; and though we acknowledge the sector's commitment to continue to provide this service - which is very much valued by listeners - we know that the costs of doing so may be a factor in any consideration.

Following the 2017 consultation on commercial radio deregulation we have looked carefully at the various options for dealing with such a future situation, and have discussed this at length with the radio industry and with local multiplex operators. The best approach seems to us to be taking a reserve power that would allow for a future change in legislation giving Ofcom powers to review the availability of local news following a hand-back of FM licences and, following a review of local radio news services, to be able to place obligations on the local multiplex provider to secure local news provision. This reflects considerations including that:

- The local multiplex operator holds the spectrum licence and currently only pays administrative fees to Ofcom for the frequencies used.
- The Media Bill contains powers to remove requirements on local operators to secure a wide range of services or to seek permission from Ofcom before changing their station line up.
- Local operators received support from the Government (in terms of capital funding) and the BBC (in the form of enhanced financial support to local DAB operators) to help

expand local DAB services between 2015 and 2018.

- As part of the local DAB expansion programme, local operators who increased coverage in line with Ofcom's coverage plan were able to extend their local DAB multiplex licences to December 2030.

We did consider the alternative of retaining requirements on existing local FM stations (particularly the heritage independent local radio (ILR) stations). However, we judged that this requirement would be less effective and could easily be circumvented by handing back an existing licence and applying for a new DAB digital sound programme licence.

I am aware that some multiplex operators are concerned about the implications of having to secure these requirements in the future, and at this stage we have deliberately avoided getting drawn into detail about how the new provisions would work in practice. The provisions in Clause 44 of the Media Bill make clear that the new regime can only be brought into effect with affirmative regulations, requiring a further debate in both Houses of Parliament. There is also a requirement for a consultation with Ofcom on any new arrangements. This will be essential to ensure the new requirements work effectively. Finally, Ofcom would be expected to consult in further detail on their policy for exercising any new powers.

As was mentioned by a number of Members during the debate, it is many years since there has been a chance to bring radio legislation up to date and we believe, given the very clear trends away from FM listening, that we take the opportunity to have powers available for Ofcom to be able to secure local news requirements on digital radio. However, we have no immediate plans to use these powers.

I have copied this letter to the other members of the Committee and I will place this letter in the Libraries of both Houses.

Your ever,

John

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