

DCMS consultation on sustainable independent and impartial news; in the Nations, locally and in the regions

Response of Sheffield Live

Sheffield Live! 93.2fm serves the city of Sheffield providing public access to media production and broadcast facilities supported by training and mentoring. Established in 2001, *Sheffield Live! 93.2fm* launched South Yorkshire's first full-time community radio service on FM in October 2007. It has built a reputation for its innovative and diverse programme content and for its extensive community engagement and participation.

We note this consultation is entitled "Sustainable independent and impartial news; in the Nations, locally and in the regions" but that it also consults on funding for other "essential public service content". Our response is focussed on the public funding arrangements for community broadcasting, both as a provider of essential public service content in general and as a contributor to the plurality of local news. We provide context and background before addressing the specific questions posed. In the Annex we also provide comparative examples on community radio funding in Denmark and France.

Background

Community broadcasting has become an increasingly important part of the European media landscape. In the European Union it has been the subject of a Resolution of the European Parliament¹ which calls on Member States "*to support community media more actively in order to ensure media pluralism*" and "*stresses the role that may be played by local, regional and national authorities in supporting and promoting community media*". In the Council of Europe it has been the subject of a Declaration of the Committee of Ministers² which stresses the desirability of: "*recognising the social value of community media and examining the possibility of committing funds at national, regional and local level to support the sector, directly and indirectly*".

In the UK, the Communications Act 2003 includes provision for community radio and local digital television. A pilot community radio scheme was the subject of an independent evaluation by Professor Anthony Everitt which formed the basis for legislation. Everitt proposed a mixed funding mechanism for community radio that would assure its sustainability while limiting direct competition with the commercial radio sector. A central element of Everitt's

¹ European Parliament resolution of 25 September 2008 on Community Media in Europe
<http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P6-TA-2008-0456&language=EN&ring=A6-2008-0263>

² Declaration of the Committee of Ministers on the role of community media in promoting social cohesion and intercultural dialogue, adopted by the Committee of Ministers on 11 February 2009
<https://wcd.coe.int/ViewDoc.jsp?id=1409919>

proposals was a funding mechanism that would provide around £30,000 per annum (just over £35,000 at 2009 prices) per station towards core operating costs such as the employment of a station manager.

On 8 May 2003, Secretary of State, Tessa Jowell, said in a letter to key stakeholders: *“I have now considered Anthony Everitt’s evaluation of the access radio experiment and believe that it provides a sound basis for taking the work on access radio to the next level”*. At the same time, the Government’s own Regulatory Impact Assessment³ stated: *“One possibility being considered is the creation by Government of an access radio fund to support the establishment and running of access radio stations. If it is decided to proceed with such a scheme the amount of Government support is unlikely to be more than £3 to 4 million per annum.”*

On 5 March 2004, the Secretary of State announced an intention to proceed with an initial commitment to the fund of £500,000 for 2004/05. On 20 July 2004, the Secretary of State approved the Community Radio Order 2004 which provided the legal framework for licensing the new services.

When the Community Radio Fund was established it was sufficient for the initial licensees. In the first funding round there were only 17 applications and all received approvals of support from the fund, with an average grant per station of £26,119. Since then annual government spending commitments to the Fund have not increased while the number of licensed services has grown to over 200. In 2008/09 the Community Radio Fund received 117 eligible applications, against which only 30 grant awards were made, with the average grant per station being just £14,978.

With 150 community radio stations now on air the average support per station available from the Community Radio is less than 10 per cent of the amount envisaged in the Everitt Report. The consequence of not increasing the Community Radio Fund in line with the growth of the sector and the recommendations of the Everitt Report on which the initial legislative and funding arrangements were based, is that a substantial number of licensees are now unable to commence, at risk of failure or seriously underachieving in their potential contribution to social gain and community cohesion.

The case for community radio

Evaluative reports of both DCMS and Ofcom provide compelling evidence that community radio has demonstrated its effectiveness and contribution to social gain and community cohesion since licensing commenced under the Community Radio Order 2004. In its Annual Report 2008/09 Ofcom describes community radio as: *“one of the great UK broadcasting success stories of the*

³ Department for Culture Media and Sport information note to the Communications Bill – “TV and Radio Services: Regulatory Impact Assessment”, version of 30 June 2003

last few years". It is equally clear that this success is not built on firm foundations. In a letter to the Prime Minister on 20 July 2009, 60 community radio station managers together with other media experts described the new sector as *"economically very precarious"* and called on the Government to substantially increase its contribution to the Community Radio Fund.

Ofcom published its first annual survey of the sector in March 2009. Ofcom reports that the average station income is only £101,000 per annum and the median figure is significantly lower at £65,500 which suggests the average is bolstered by just a few outliers that have been successful in competition for larger public grants. Grant funding is the most significant source of income, accounting for 45 per cent of the total. Total income for the sector is slightly less than total expenditure which suggests that around half the stations operated at a loss in the financial year reported. Ofcom notes that during the period surveyed 6 stations decided not to launch and a further three handed back their licences. Ofcom concludes: *"In general, the reasons for a community radio service failing relate to funding."* It is clear from these figures that the implementation of the Everitt Report recommendation on funding for community radio would make a significant difference to the sustainability and effectiveness of community radio as well as creating additional jobs in the sector. The present funding commitment from DCMS, with 150 stations on air, amounts to around £3,000 per annum per station. The implementation of the Everitt Report at £35,000 per station would therefore increase average station revenue to £134,000 per annum. In this scenario funding through the Community Radio Fund would amount to around 25 per cent of total income. If new funds are leveraged as a result, as Everitt envisaged in specifying this as *"match funding"*, then the proportion of total income would be less.

The case for funding the sustainability of community broadcasting has broad public and parliamentary support. An Early Day Motion in 2007 supported by 152 MPs from all Parties called on the Government *"to ensure that the whole of the community media sector has sufficient financial resources, through a fully funded Community Media Fund significantly larger than the current annual £500,000 Community Radio Fund, thus ensuring that the sector is economically sustainable and able to realise its potential to help those most in need."*⁴ A public petition on the 10 Downing Street website, calling for an increase in the Fund, has quickly gathered over 3000 signatures.

In the 2008 DCMS consultation on community radio, many of the responses stressed that the Community Radio Fund was insufficient to achieve its function. That remains the case today and will continue to be a key preoccupation of the sector until government puts in place adequate funding to balance the significant revenue restrictions that community radio faces compared to commercial radio stations. The Digital Britain report states: *"if the*

⁴ EDM 922, Ian Stewart MP

community radio sector is to grow and prepare itself for a more fundamental role in the future radio landscape it must also be given the certainty to invest in its future". To achieve that certainty requires more than the proposed adjustments to the Community Radio Order 2004. If the community radio sector is to have the certainty to invest in its future that the Digital Britain report states is needed, then the regulatory restrictions on funding need to be complemented by adequate public funding investment to assure core costs can be met and to reward community radio stations that are most effective in providing public service content.

The Department for Culture Media and Sport has implicitly acknowledged in a letter from Siôn Simon MP, Minister for Creative Industries, that the Community Radio Fund is inadequate by stating its commitment to *"work with other Government Departments and Agencies to identify other sources of funding"*. While this is welcome, it can only be a short term solution. Community radio funding needs to be included in core government spending priorities with the funds administered independently by Ofcom through the Community Radio Fund. Funding arrangements for community broadcasting, as for any other public service media, should comply with the widely recognised principles of predictability, transparency and independence from political decision-making. The Community Radio Fund, administered by Ofcom, provides a mechanism to assure transparency and independence. What is missing is an adequate and predictable level of financial support commensurate with the recommendations of the Everitt Report.

Government plans for a new funding mechanism to support essential public service content provide a straightforward means to implement now the recommendation on funding in the Everitt report and to put this on a predictable long term footing.

The case for funding community radio rests both on the intrinsic public service benefits that are provided by the broad range of community radio content and on the specific contribution that this sector can make to assuring a plurality of provision of local news and information. The intrinsic public service benefits of community radio are now well documented not only in the Everitt Report and its follow-up study but also in the Government's own review of the sector and Ofcom's first annual survey.

The contribution the sector can make to local news and information provision is of particular relevance to the present consultation and is closely tied to emergent models of news and information production and distribution. Unlike mainstream media, community broadcasting is predominantly volunteer based. At very low production cost, community broadcasters can mobilise large numbers of citizen reporters and community correspondents who are increasingly using cross media platforms. At present, however, the quality of local news production on community radio is limited by the very tight budgets

on which these services exist. Most are unable to employ even one professional journalist to provide training and editorial oversight.

For community broadcasters the first priority, unsurprisingly, is to secure additional funding through the Community Radio Fund towards their core operating costs. This is needed to assure their sustainability. Were additional funds available specifically to support news and information programming the evidence strongly suggests that investment in the community broadcasting sector would be one of the most cost effective means to achieve the objectives which the government has set out.

Response to the questions

1. Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority?

We believe the key priority is to support the community broadcasting sector which has already demonstrated its effectiveness in contributing to media pluralism but which is grossly under-funded in relation to its public service contribution.

We recognise that the provision of local news and information is one of the key priorities for audiences however we are not convinced that the Government's proposed mechanism, through Independently Funded News Consortia, is the best mechanism to achieve this objective. The IFNC model places unnecessary limitations on media pluralism and freedom of expression by insisting on further consolidation in news provision among alternative providers to the BBC. Given the likelihood that IFNCs would be dominated by the major traditional providers – newspaper networks, major commercial radio groups and ITV – in which there has already been significant consolidation, there is high risk that a small number of large media companies with national reach would dominate and the new and innovative services as well as smaller and more locally owned companies would be excluded. Community broadcasting, in particular, is unlikely to gain a fair share of resources deployed through IFNCs. It would be better for part of any funding for investment in local news provision to be provided to community broadcasters through a separate Community Media Fund.

2. Do you agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?

We believe the provision of impartial news at the local and regional level and in the Nations could be strengthened by some top-up public funding providing this is administered through a funding mechanism that is independent of Government and not dominated by a small number of media companies. This

can be best achieved through one or more independent bodies at UK level and/or at the level of the Nations, with decisions on funding taken on an impartial basis and in the public interest. The need for impartiality must extend to ensuring the funding mechanism itself is open, transparent, independent of the beneficiary companies and publicly accountable.

3. Do you agree that the Television Licence Fee should be used to support impartial news in the Nations, locally and in the regions in addition to BBC services?

We are not convinced that the Television Licence Fee is the optimal means to provide support for impartial news or other public service content outside the BBC. There are two reasons for this. First that by using the same source of funds for both the BBC and alternative provision to the BBC there is a greater risk of politicisation of decision making and the objectives of impartiality and media pluralism are likely to be less adequately protected. Second the television licence fee is a regressive tax whereas a strong case can be made for a more redistributive approach to benefit those who are least well provided for in terms of a plurality of media and sources of news. This could be achieved by, for example, a levy on national content providers/broadcasters (including the BBC) and/or a levy on electronic communication network providers.

4. Do you agree that any funding within a contained contestable element of the television licence fee not required for impartial news should potentially be available to fund other forms of essential public service content, or should such funding be limited to news?

We believe that funding is needed for other forms of essential public service content in addition to news. We further believe that the key priorities should include funding for community broadcasting. We do not agree other priorities should be secondary to the provision of news but rather that a balance should be found in which different forms of essential public service broadcasting content receive a contribution that is proportionate to their needs and their relative importance. Community broadcasting should be one of those priorities with an immediate and essential need to allocate funds to top up the Community Radio Fund to the levels envisaged in the Everitt Report. Additional to this, provision should be made for the Fund to be extended to community television and to support impartial news content on community media.

5. Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?

Yes, as stated above, this could be more fairly and better achieved by a levy on national content providers/broadcasters (including the BBC) and/or a levy on the providers of electronic communication networks and services.

6. Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?

If this is the mechanism chosen by Government then a fixed percentage should be set aside and, within that, a fixed percentage should be reserved for community media.

7. Do you agree that amending the BBC Agreement could provide the necessary protection to the BBC's future funding and independence?

This depends on the amendments proposed.

8. Do you agree that the use of any contained contestable element within the Television Licence fee should be restricted to the public purposes set out in the BBC Charter?

If this is the mechanism chosen by Government then it would be appropriate that use of the funds in any contained contestable element should be consistent with the public purposes set out in the Royal Charter. There is a case, at the same time, for the public purposes to be reviewed to include, for example, reference to "cultural diversity".

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Annex: Funding for community radio in Denmark and France

Denmark: A funding scheme for non-commercial local radio and TV that builds on an extended concept of public service broadcasting

Summary

Denmark has a well established community broadcasting sector with 175 non-commercial local radio stations and 277 non-commercial local television stations (115 carried on cable systems and 164 distributed by terrestrial broadcasting). Community broadcasting development has taken priority over local commercial broadcasting. Since 1997, Government funding has been provided for community broadcasting through earmarking part of the licence fee - a tax paid by all households to support public service broadcasting.

Background

Community broadcasting (*ikke-kommercielle locale radio- og TV-stationer*) in Denmark dates back to early experiments with local cable television in the 1970s and a more comprehensive scheme starting in 1983 when the first non-commercial local radio services were licensed on a trial basis. Community radio was put on a permanent footing in 1986, which was extended to include community television in 1987. Local commercial broadcasting followed later, with advertising allowed from 1989 and the establishment of networks allowed from 2003. Local radio and television broadcasting remain predominantly non-commercial, while commercial broadcasting competes, at national and regional level, with the public broadcaster, Danmarks Radio and TV2. The introduction of advertising on commercial radio and television was accompanied by the establishment of a support fund for non-commercial services, based on a tax levied on the commercial broadcasters. In practice little money came from this scheme as the commercial broadcasters adopted avoidance strategies. In 1991 it was discontinued. From 1994, community radio benefited from access to financial support from the state lottery pools. In 1997 a subsidy scheme was established in law that recognised the non-commercial broadcasters as part of an extended concept of public service. This has continued to the present day. In 2009 it provided a grant-in-aid budget for the year of 52.9 million Danish Kroner (£6.43 million). Part of the fund is to support core operating costs and part is for programme making, allocated competitively to promote the provision of local information, citizens' access, support for minority groups and programming quality.

The support fund for non-commercial local radio and television is administered by the Radio and Television Board - an independent regulatory body also

responsible for issuing licences to private and community broadcasters, and for monitoring whether broadcasters are fulfilling their legal obligations.

Key characteristics

The Danish support fund for community broadcasting is notable both for its size, being, per capita, the largest of its kind in Europe (at around £1.50 per adult per annum), and for its mechanism, being drawn from funds collected to support public service broadcasting. It was introduced after other approaches had been tried and has demonstrated its stability through changes of government and over an extended period. The dual emphasis of the subsidy scheme on both core costs and support for programme making has enabled some guarantee of economic stability to community broadcasters while retaining a competitive element that can reward good practice in programming making. The mechanism is transferable to other countries that collect a television licence fee or other tax in order to support public service broadcasting. While there may be policy objections in some countries to deploying the licence fee in this way, Denmark has demonstrated its use without adverse impact on the main public service broadcaster.

References and links

Danish Ministry of Culture

<http://www.kum.dk>

Danish Agency for Libraries and Media

<http://www.bibliotekogmedier.dk>

Association of Local Radio and Television in Denmark

<http://www.slrtv.dk/>

Jauert, Per and Prehn, Ole (2003) *The Danish Subsidy Scheme for Non-Commercial Local Stations*, Javnost Vol 10, No 1

<http://www.javnost-thepublic.org/article/2003/1/5/>

France: Community radio stations in France benefit from a support fund derived from a levy on the revenue of commercial radio broadcasters

Summary

France was one of the first European countries to introduce a regulatory and funding framework to support community radio. Over 500 community radio stations (*radios associatives*) operate under a licensing framework that is supported by a cross-subsidy mechanism. Commercial radio stations pay a levy on their commercial revenue into the Support Fund for Local Radio Expression (*Fonds de soutien à l'expression radiophonique locale* - FSER). Community radio stations are eligible for support from the fund, provided they do not take more than 20 per cent of their revenue from commercial sources.

Background

Community radio in France dates back to unlicensed “free” radio stations (*radios libres*) in the 1970s, when there was a state broadcasting monopoly. In 1982 the Law on Audio-Visual Communication (No 82-652) was adopted providing for the liberalisation of broadcasting and opening up of the airwaves to commercial and non-commercial private radio operators. The same law provided for the creation of the FSER to support local non-commercial radio services in achieving their social objectives. Funding for the FSER is derived from a levy on the advertising revenue of the commercial broadcasters.

In 1986 the Law on Freedom of Communication (No 86-1087) provided for the creation of the *Conseil Supérieur Audiovisuel* (CSA) tasked with licensing and regulation of private broadcasting services. According to this law the services eligible for support from the FSER are those which receive less than 20 per cent of their revenue from advertising and sponsorship. In Communiqué 34 of 29 August 1989, the CSA defined five categories of private radio service. Category A services are non-commercial services eligible for support from the FSER. The characteristics of Category A service licensees include that less than 20 per cent of their revenue is drawn from advertising or sponsorship; at least 4 hours of local programming is broadcast between 0600 and 2200; the licence holder is a non profit association or a group of associations; and the programming is made by the licence holder or its member associations.

The rules for distribution of funds from the FSER are set out in decree No 2006-1067 of 25 August 2006, which also reformed the functioning of the FSER. The 2007 annual report of the FSER indicates total funding receipts of Euro 25.49 million (£23.06 million), of which 80 per cent was applied towards the functioning costs of 588 community radio services (average £39,200 per

station), with the remainder being applied to start-up costs, equipment upgrades and discretionary support - through a competitive awards mechanism - for social projects and organizational development.

Key characteristics

The FSER is the longest established public funding mechanism for community media in Europe. Funding from the FSER meets around 40 per cent of the operating costs of community radio stations in France, with the amount provided being based on a formula that encourages stations to generate funds from other non-commercial sources. The Fund has provided economic stability to the sector over more than 25 years. The historic settlement in which non-commercial stations forego advertising revenue in return for cross-subsidy through a levy on the commercial sector is largely accepted by private commercial broadcasters and has retained public policy support across changes of government. An eleven person commission that oversees the FSER includes four representatives from the community radio sector.

References and links

Ministère de la culture et de la communication
- Direction du développement des médias
<http://www.ddm.gouv.fr>

Conseil supérieur de l'audiovisuel
<http://www.csa.fr>

Syndicat national des radios libres
<http://www.snrl.org>

Conseil national des radios associatives
<http://www.cnra.asso.fr>

Fonds de soutien à l'expression radiophonique locale: Rapport d'activité 2007
http://www.ddm.gouv.fr/IMG/pdf/Rapport_d_activite_2007_FSER_HQ.pdf