

Speech: Margot James speech at Radio Festival

Good afternoon everyone.

In this country we are all very blessed with one of the most diverse and vibrant radio sectors in the world.

And don't just take my word for it. Last year, two of the five Grand Awards from the New York International Radio Festivals went to the UK broadcasters.

So our radio industry is in great shape.

On average, UK listeners consume around a billion hours of radio each week.

And the average listener tunes into over twenty hours of live radio every week.

It is a time of great change and great opportunity for the UK radio sector. Recent months have seen exciting new stations, like Scala Radio, being created and more ways to listen to audio content than ever before.

But this vital industry cannot be complacent. The market is more competitive than ever, with competition from podcasts and music streaming services.

Six million people listen to podcasts each week in the UK – and many of them are younger people, who are increasingly seeing podcasts as their default way of getting audio content.

Alongside this change in consumption habits, digital advertising is become more prominent, which can create challenges around how to gain value from content.

This issue was set out clearly in the recent Cairncross Review into the sustainability of high quality journalism.

So we need a concerted effort to keep this important radio industry thriving.

And I wanted to use my speech today to set out what Government and industry can do to make this mission a reality.

I firmly believe that there is a place for traditional radio.

Whatever technological changes may take place, people are still striving for high quality and relevant audio content, with very high production values.

Just as in the TV industry we are seeing a revival of hit show moments' Fleabag and the Bodyguard, the same applies to great radio content too.

Such as The thought provoking You, Me and the Big C

Or last week's live coverage of Liverpool beating Barcelona in the champion's league semi-final

Radio stations have always had a real role to play in creating some of the shared moments that help bind our communities together.

And last year's Mental Health Minute was an outstanding example of radio collaborating on a topic that matters to the whole UK but which needs a real and sustained effort from all of us to raise awareness.

I am so pleased that the BBC, Commercial Radio and Community Radio have all come together this year to build on last year's impact.

I'm looking forward to seeing the RAJAR results this week to see the impact of the new stations and new formats we have seen in recent months.

This is part of a golden period of innovation, with record investment in audio content.

And as a Government, we want to support this momentum.

We are providing three million pounds to support innovative radio content through the Audio Content Fund.

This landmark package of support is designed to unlock the potential of independent production companies to develop innovative and challenging content.

It is available for public service radio programming that is traditionally more difficult to support on a commercial basis, including documentaries, comedy, drama and entertainment.

This high quality content is what we need to treasure in our radio sector and this fund will help it to reach a wider audience.

This means commercial radio will be able to commission high quality programmes that they would want to have on their networks but can't afford to do day-to-day.

And it means production companies can get new outlets for public service content, beyond the BBC.

This means more commissions, greater competition and a higher quality of content across the board.

I am delighted that former BBC Director of Radio Helen Boaden will be chairing an experienced panel, who can bring to bear their extensive knowledge from across the industry.

The first application round closed a few weeks ago and I am delighted that we received 50 bids covering a wide variety of genres.

There will be further application rounds in July and October and I hope that

those of you who are eligible will be taking part.

This is part of a wider programme of support that includes Young Audiences Content Fund of up to 57 million pounds is available for new TV programme for young audiences.

But Government support should not only be financial. We also have a responsibility to create the best possible environment for radio broadcasting to thrive.

The commercial sector has performed relatively strongly in recent years and has seen growth in terms of both share of listening and revenue from advertising and sponsorship.

But this recovery has been against the backdrop of a severe reduction in revenue in the last recession and the slow recovery of commercial revenues.

If we are to help the sector adapt to the changing world, we need regulation that is fit for the digital age.

Commercial radio remains the most regulated UK media sector and subject to a system of regulation designed for AM and FM radio services in the late 1980s.

And this regulation is becoming increasingly out of date and burdensome as analogue radio audiences decline.

Digital radio now accounts for more than 52 per cent of all UK radio listening and we need a legislative structure that reflects this change, and gives us flexibility to deal with the change that lies ahead.

The rapid growth of digital technologies like digital and online radio, and on-demand audio services like TuneIn, Spotify and Apple Music provide a real challenge to all radio broadcasters but also an opportunity.

This has been a spur for the sector to find new ways of attracting and retaining listeners, especially younger audiences.

As I am sure you are aware, Ofcom made changes to its localness guidelines last Autumn following the first review since 2009.

The changes – which we welcome – will give commercial radio licences more flexibility in how and where they produce their programmes, while ensuring that listeners' expectations for high quality local news and other content continue to be met.

However, I appreciate the strong attachment many people have to local radio and we certainly do not want to see this valuable local content disappear.

This is why we have been supportive of new, local stations, whether they are commercial or community based. We have over 280 community stations launched since 2005.

We are also responding to a desire expressed by smaller stations and new

entrants – to open up access to the terrestrial DAB radio platform -and offer communities a wider choice of radio services on digital.

We provided financial support for Ofcom's technical trials of small scale DAB technology in ten towns and cities, which have been extended until 2020.

They have seen around 160 small stations broadcasting on terrestrial DAB and DAB plus for the first time – including in my own area, with Black Country Radio.

We consulted industry on detailed proposals for new licensing arrangements for small scale multiplex services last year and received a wide range of considered responses. We published our response to the consultation last October.

We have been working hard since then and I am pleased to inform you that – subject to the wider Parliamentary timetable – we intend to bring forward the detailed secondary legislation next month,

Ofcom will be consulting on their proposed approach to licensing shortly after this. We have seen considerable interest in these proposals – with Ofcom receiving over 700 expressions of interest. We hope this will be translated into many more community and commercial stations broadcasting on digital, giving listeners an even greater choice of local content.

With this work taking place, combined with the BBC's very welcome commitment to investing in and reinventing its local stations, I am confident that we will have the right balance between national and local in the years ahead.

Reaching 50% share of all listening last year was an important milestone in the development of digital radio and for radio as a whole.

The package of measures announced by DCMS in December 2013 including improvements to digital radio coverage alongside the investment in content by broadcasters and support from car manufacturers and the supply chain have helped to drive the take up of digital radio by consumers.

We said that we would review the progress of digital radio and consider the next steps once the listening threshold had been reached.

I had preliminary discussions with representatives from the BBC and commercial radio and industry at a roundtable in March. We also supported an industry workshop in April.

It is clear that changes in technology and the competitive landscape in the past 5 years [since December 2013] mean that the debate about a future digital transition programme for radio has shifted.

Previously the radio industry's boundaries were clear: radio was delivered through a bespoke distribution system to a bespoke individual device. But this is no longer the case.

Increasingly audio consumption is through hybrid devices that also do a

myriad of other useful things – such as smart speakers in home and dashboard info-tainment systems.

A consideration about the future of radio can no longer be seen as just a binary decision about a switch from an analogue to a digital broadcast platform.

A review must have a much broader focus to reflect the growing challenges arising from IP based audio content delivery and how this affects future decisions on radio distribution.

But there is also an opportunity here.

For broadcasters and other stakeholders to collectively develop a shared vision for a sustainable vibrant digital audio sector for the UK. And to come up with some tangible steps to achieve the vision.

So I can confirm that we will begin a review of digital radio. We will move forward on a programme of work that will begin in a few weeks and conclude by the middle of next year.

But in order to be successful it will have to be a collaborative effort.

I look forward to working closely with the BBC and commercial radio and with manufacturers, the car industry and others in the radio supply chain over the coming months.

Finally, I wanted to end on another subject that is very important to me. Diversity in the UK's media sectors.

Ofcom's first survey into diversity in the radio industry was published in June, and the findings were extremely striking.

It showed that women are under-represented at senior levels, where men make up 81% at Board level.

Whilst women are heavily represented in marketing and support roles, they are under-represented in technical or programming roles.

Meanwhile, ethnic minorities make up only 6% of staff at the broadcasters that submitted data – compared to 14% of the UK population. This percentage is a lot higher in London and other big cities.

Disability was virtually invisible.

So there is some way to go to make sure the radio industry represents the variety and diversity that makes up modern Britain.

Proper representation is vital to maintaining the trust of different audiences – whether it is on the air or behind the scenes.

This isn't just the right thing to do. It makes good business sense.

To know how to evolve to meet the needs of younger, more diverse audiences as

they get older; you need to employ them.

And provide genuine opportunities for those who have talent but may not yet be the finished product, or might not know the right people.

I know there is some excellent work taking place here.

Both Global and Bauer have invested in academies aimed at giving young people from diverse backgrounds and communities an opportunity to develop skills and training opening helping access into the media.

And in January, the BBC and RadioCentre held a masterclass with Creative Access aimed at young BAME (black, Asian, and minority ethnic) people looking to get into the radio industry.

But there is much more that needs to be done. Indeed I would argue that the future success of our radio industry partly depends on how well we tackle the lack of industry diversity.

And I will keep advocating for the industry, so we can give this important industry the support it needs.

Our vibrant radio sector is an integral part of our daily life and our national discourse.

Whatever technological changes lie ahead, we need to make sure we maintain the benefits provided by audio content, and enable the breadth of programming and formats that we currently enjoy.

This conference is an important forum to discuss how we can remain ahead of the challenges on the horizon.

And how we can work together to make this brilliant sector stronger and more sustainable in the digital age.