Short of violent revolution, when political philosophies collide the impact is not immediate. Thatcherism, the triumph of the market and the dismantling of the previous liberal consensus, did not spring out fully formed on 3 May 1979. Throughout the Eighties, the impact of this economic revolution of the Right gradually transformed all the institutions of our society, and set the tone for governments up to the credit crunch of 2008. Independent Local Radio (ILR) provides as good an illustration as you could hope to find of how the social liberal aspirations of the Seventies were subverted by the rise of market liberalism in the Eighties, before being confirmed under Major and Blair in the Nineties.

The shift from the public service model of independent radio endorsed by the Annan Committee’s report in March 1977, to an emerging system of commercial radio outlined by Peacock in July 1986, is also the story of this pivotal decade. My own history of independent radio, published in March 2010, charts clear correlations between trends in the wider nation with the apparently obscure events in this often unregarded medium. It shows that the progress away from the old public service model, towards a new commercial medium, was halting and uneven, just as for the UK polity as a whole.

Actually, ILR was not so minor, even if it lacked the profile of television. In the first year of the decade, the 26 stations which were broadcasting had an audience of 14,318,000 and attracted advertising revenues of over £44m. By 1990, 79 stations reached 22,225,000 adults every week, and had grown their income to almost £125m. With a sample of that size, the story of ILR in the Eighties can serve also as a useful paradigm for the decade as a whole.

After quickly sketching where ILR was in 1979, I will focus upon three key issues: the 1984 Heathrow Conference, which shows the overall direction of travel; the fruitless efforts to overturn the music copyright settlement, which shows how little movement was made in key areas; and the failed community radio experiment between 1984 and 1986, which is evidence of the extent to which social enterprise was doomed during those years even when market enterprise was not yet ready to displace it. Taken together, these examples show how the full effects of the changed political and economic philosophy of the Eighties were not to be worked through fully in commercial radio until the end of the century, just as trends continued in society as a whole up until the fall of Lehman Brothers in 2008.
Independent Local Radio in 1979

First, briefly, where did ILR find itself in 1979, and why?

In the wake of the closure of the offshore pirate stations, and after the BBC had been handed the national pop portfolio, in came the Conservatives at the 1970 General Election, pledged to introduce local commercial radio, but they delivered something rather different. The political centre still had no room for unrestrained commercialism in broadcasting. Instead, they legislated for local public service radio, funded by advertising (but not sponsorship), and with a detailed set of statutory obligations overseen by an extended version of the Independent Television Authority. The decision to combine radio with the television regulator had major implications for the sector. Private radio in the UK was to carry extensive public service obligations, provide a programme signal for broadcast by the Authority’s transmitters, and be strictly limited in its ownership and its commercialism.

The Independent Broadcasting Authority (IBA) came into existence on 12 July 1972, with a brief for radio which was linked to the true state of political and social expectation in seventies Britain. Other than among the younger generation the sixties were not a time when everyone discarded all their prior assumptions. Most still clung to some of the tradition, caution and deference which characterised the society they understood. Just as Britain had rejected the American model of radio in the twenties, because it then represented a mismatch with the spirit of the times on this side of the Atlantic, so the arrival of ILR still meant blending the pop music revolution with continuing restrictions and public obligations, which were widely acknowledged to be essential.

When Wilson returned to office in 1974, Labour contented itself with limiting the number of ILR stations to 19, pending an inquiry into broadcasting by the Annan Committee. After Annan reported, the IBA was given the go-ahead to expand ILR across most localities in the UK. This approach, endorsed by the Conservative government which replaced Callaghan’s dying administration in 1979, seemed to have confirmed that this model of independent radio was the foreseeable future for private radio in the UK, and indeed by the end of the nineties there were to be 248 ILR stations in operation. These were not unconstrained commercial radio stations. Indeed, it can be argued that those same obligations – requiring essentially local output, strong local and national news, information and features, plus a wider range of music than a commercial approach would ever have contemplated – actually underpinned the success. It caught the mood of the times, socially, politically and economically.

The Heathrow Conference

Between 1979 and 1984, ILR was still chiefly concerned with keeping its audiences and adding to its revenues, rather than seeking fundamental change; and with the renewed expansion of the system, rather than with revolution. However, as the ILR companies
observed the changes going on around them, from a position of relative success, they too were prompted to look for ways to throw off the shackles of the public service limitations inherent in independent radio. In doing so, they came to realise by the mid Eighties that they would be working with the grain of a new political, social and economic zeitgeist.

The proximate trigger was the growth of rival broadcast media. The IBA after Annan was dominated by expansion, rather than liberalisation, in television just as much as radio. Already faced with the prospect of the start of Channel Four at the end of 1982, the radio companies’ trade body, the Association of Independent Radio Contractors (AIRC), feared breakfast television and urged the IBA to delay until ILR coverage had reached 85-90 per cent of the UK. The ILR companies lobbied but gained nothing on this point, and TVAM launched on 1 February 1983, two weeks after the BBC’s Breakfast Time. Despite its difficult launch, and all TV AM’s subsequent troubles, the IBA’s repeated concessions to the television company reinforced the growing view within AIRC that they were poorly served by their regulator. New television opportunities were becoming dominant, which was to their direct disadvantage. ILR lost the ‘coffee time television’ battle too, with schools’ programming shifting to Channel Four.

The leaders of the independent radio industry generally were starting to wonder where all this left them. Expansion in the number of stations, following the 1978 Green Paper and the 1980 Broadcasting Act, saw 38 stations on air by ILR’s tenth anniversary in October 1983. Yet the rules under which they operated remained much as they had been ten years before. Each of the companies was, in principle, limited to owning just one station – except where ‘rescues’ were allowed – and trading in their shares was very restricted. ILR’s commercial growth was constrained by limits on diversification, especially into free newspapers. There were tight rules on sponsorship of programmes, although these were freer than for ITV, and the IBA considered that allowing such ‘co-funding’ of radio programmes was generously liberal. The companies were particularly exercised by their high level of ‘fixed’ costs, of which primary and secondary rental were directly imposed by the IBA. From the stations’ point of view, the Treasury levy, their music royalties, payments to musicians and fees to IRN also came, in effect, from the same regulatory regime. These were the years of increasing commercial freedom in the newly-sanctified ‘free market’, and ILR wanted some of that too.

It was the chairmen of the original 19 ILR companies who took the first initiative early in 1984, forming themselves into a potential lobbying group. Richard Findlay, then MD of Radio Forth, was that year’s chairman of AIRC, and on its behalf met several of the ILR company chairmen to agree a common way of moving forward. It was agreed by them, and endorsed by the AIRC Council on 30 May 1984, to convene a special meeting of AIRC, and then to take forward their case to the IBA and to the government. That meeting, which took place on 23 June at the Sheraton Skyline Hotel, became known as
the ‘Heathrow Conference’. The conference unanimously adopted six resolutions, demanding major change.¹

These were a mixed set of demands, less a ‘shopping list’ as it came to be called, more the first draft of a manifesto, but there can be no doubt that they shook the IBA. Almost more significant than the resolutions themselves was what AIRC director Brian West did with them the following Monday, sending them to the prime minister, home secretary Leon Brittan, industry secretary Norman Tebbit and (fourth on the list), IBA chairman George Thomson. The wording of the AIRC press release made clear their confrontational intentions. “Independent Local Radio has thrown down the gauntlet to the government and the IBA.” The government, and in particular Leon Brittan, would have been neither bothered nor surprised, as Findlay had previously met him to explain ILR’s concerns, and had been heard sympathetically.⁴

¹“AIRC is concerned that UK radio developments now being contemplated are examined in the context of all independent radio, and requires the government, and the Independent Broadcasting Authority, to take full account of the possible effects of any changes or additions to independent radio on the existing ILR system.

²AIRC requires that any funds drawn from Independent Local Radio by the Independent Broadcasting Authority must not be used for the provision of transmitters, or to meet any other costs, associated with the development of Independent National Radio.

³AIRC resolves to commission EIU Informatics, as a matter of urgency, to carry out in-depth research into the various levels and consequences of radio de-regulation. EIU Informatics will also be asked to examine the IBA and its relevance to the current and future needs of ILR.

⁴AIRC totally supports the most recent letter from the chairman of the Independent Broadcasting Authority to the home secretary on pirate radio. The association calls on the government to increase resources immediately, and use all the powers available to it, in order to halt at the earliest possible moment the blatant flouting of the Wireless Telegraphy Act 1949 and the Marine &c Offences Act 1967 by illegal broadcasters. AIRC resolves that, in the event Government does not take such actions, the members of AIRC will reconsider their own various statutory and royalty payments, currently costing the industry in excess of £13m a year.

⁵Recognising the nature of the market place, independent radio companies in the UK should be able to trade with the same degree of freedom as other commercial enterprises, limited only by the explicit requirements of the Broadcasting Act, the Companies Acts and the laws of the land applicable to all businesses and private individuals. Accordingly, AIRC resolves to enter into immediate discussions with the Independent Broadcasting Authority, and others, to secure:

i. A substantial reduction in the current annual IBA rentals bill to companies of £6m and subsequent further reductions in rentals;

ii. Reduction to an absolute minimum of IBA interference in company activities, including programming, broadcasting hours, advertising, technical standards, capital structures, shareholdings and diversification;

iii. A clear understanding that all forms of control will be reduced in accordance with the very much easier controls emerging for cable, and likely to be obtained for community radio and other new forms of UK broadcasting.

⁶AIRC calls upon the Independent Broadcasting Authority to acknowledge the essential difference between radio and television marketing opportunities, and relax the advertising control system which at present prevents ILR companies from seizing specific advertising and sponsorship opportunities.”
This was the key occasion when independent radio started to shift into commercial radio. Findlay is clear on this point. “If there was a moment when the seeds of change were sown, it was probably round that Heathrow Conference, when the industry found its own voice, which it hadn’t had up to that point. It found that politicians and Home Office officials were very keen to have a direct dialogue, and that the industry could have an influence and be listened to. That’s when the commercial momentum began. We could change things for our commercial betterment, and begin making money.” It was also the moment when the politics of the Thatcher era finally began to have their effect on independent radio in the UK, and to redirect it towards its commercial incarnation.

In the overall recasting of broadcasting structures in the UK, ILR did indeed become commercial radio. That was first formalized in the Broadcasting Act 1990, which allowed ILR stations to ditch their public service obligations of broad programming and output in favour of a more overtly music-formatted approach. That Act also began to allow the consolidation of ownership and networking of output which is the contemporary hallmark of commercial radio. However, the change was not immediate even in 1990, and it took the year right up to the Communications Act in 2003 for the shift to be completed. The reason for such uneven progress is to be found in inertia of the pre-existing systems and the surprising inability of the new political masters to deliver genuine change in broadcasting. It is two examples of that to which this paper will now turn.

Music copyright

The vexed issue of music copyright illustrates perfectly how Eighties Britain was still determined to maintain key social principles from what might be thought to be the old dispensation – in this case the sanctity of intellectual property – rather than go along with ‘mere’ commercial ends. Music copyright issues go back to the very start of broadcasting. The Performing Right Society (PRS) was first established in 1914, and the British Broadcasting Company had faced steady pressure on music copyright from its earliest days. The music publishers’ representative had told the Crawford Committee in 1925 that “it is the firm opinion of the owners of musical copyright that broadcasting has a deleterious effect upon the sale of music” while “paid musical performers were already suffering as orchestras in hotels were being replaced with wireless receiving equipment”.

From its birth in the Seventies, ILR’s main complaint was with the record companies, and their collective body, Phonographic Performance Limited (PPL). Commercial radio dispensations in much of the world recognised that the value to the radio stations of having unlimited access to recorded music was largely balanced by the value to the record companies of having their product played on the radio – what is called ‘airplay’. UK copyright law, however, was less accommodating to the broadcasters. It was predicated upon the need to protect the legitimate interests of the composers and performers, and PPL gained hugely as a consequence. The situation was reinforced – as in so many aspects of UK broadcasting policy – by the fifty year precedent set by the
BBC. The Corporation paid richly for the right to play records, accepted limitations on the amount of recorded music – so called ‘needletime’ – and was the major patron of musicians in the UK.2

Thus, when the IBA set up ILR, it entered into its negotiations with the copyright societies in a much weaker position that would have applied elsewhere in the world. The outcome was that the new radio companies would pay a significant proportion of their net advertising revenue in exchange for up to nine hours needletime in an 18 hour broadcasting day. The payment to PRS and PPL in total began at 10.75 per cent, rising over five years to 17 per cent. The Authority’s Director of Radio, John Thompson – the principal begetter of independent radio in the UK – explains the context. “We were really determined to get the figures down as far as possible, but granted the actual circumstances of that time and the actual copyright legislation there was very limited room for manoeuvre. And we were talking about the UK, not about North America, Australia, Canada.”vii

Just as soon as they found their feet, the ILR companies – through their trade association, AIRC – set out to challenge this settlement. Rebuffed by the Performing Right Tribunal in July 1980viii, they spent the rest of the decade trying to import the new principles of free operation of commercial markets into the restricted world of music copyright. They were unsuccessful. However much the prevailing political and economic philosophies had changed, that shift was not all-pervasive. A challenge in the High Court served only to have the matter put back to the Tribunal, which reached a new decision in October 1986 which was overall no more favourable to AIRC.ix

If the Eighties had been all that they were cracked up to be, it would have been reasonable to assume that there should have been the political will to liberalise the rules. The government was positioning itself as the champion of entrepreneurial activity against the restrictions of bureaucracy and ‘the state’. As a self-proclaimed opponent of restrictive practices it should have been less open to influence from the Musicians’ Union than any of its predecessors. The secretary of state for trade and industry, David Young, had clearly been convinced that there were issues which needed investigation, and in March 1988 referred “certain practices in the collective licensing of public performance and broadcasting rights in sound recordings” to the Monopolies and Mergers Commission (MMC).x Explaining his concerns in a reply to a carefully placed written question in the House of Lords, Young rehearsed the government’s “general concern over uncompetitive practices”, hoping for a report by October that year.xi

2The BBC at the time maintained eleven staff orchestras, employing nearly 600 musicians, and with a guaranteed level of casual engagements for musicians was spending nearly £3m a year on musical employment. BBC payments to PRS were to be £2.8min 1973–74 and £3min 1974–75, which equated to around 4.8 per cent of radio income. For its needletime, the BBC also paid PPL a sum similar to the PRS figure (quoted in Stoller, op. cit. p 187)
However, the new Copyright Act in 1988 gave no ground to the radio companies’ aspirations. When the MMC report arrived in December 1988 it received a mixed reception from ILR. It endorsed the principle of collective licensing bodies, so long as they could be restrained from abusing their monopoly position, not least in order to protect smaller record companies who would otherwise have little bargaining power. Its main recommendations were aimed at avoiding any abuse of monopoly. Importantly, these included the concept of a ‘statutory licence’, whereby a new station could operate on the basis of self-assessed royalties pending a Copyright Tribunal order. AIRC won one and lost one of its other main practical concerns: the MMC recommended that there should be no changes in PPL’s current royalty rates; but also that needletime constraints should be abandoned.\textsuperscript{xii}

Thus despite the notion that market economics now ruled the roost, and even amid general moves to de-regulate independent radio and broadcasting as a whole, the Eighties came and went without ILR achieving any real relaxation in the strict and expensive copyright regime. It was not to be until a Copyright Tribunal in 1993 that the rates were eased, and still only to around 5 per cent of revenue.\textsuperscript{xiii} The supposed liberalisation ushered in by the 1979 election took a long time to percolate through to non-BBC radio. \textit{Independent} radio gave way only gradually to \textit{commercial} radio in a process signalled by the 1990 Broadcasting Act but not completed until the Communications Act 2003.

\textbf{Community Radio Experiment}

The music copyright issue showed how little movement was available to radio in the direction of greater commercial liberalization in the Eighties. The ghastly failure of the Community Radio experiment between 1984 and 1986 showed that the Eighties were wholly inhospitable to social enterprises even when conceived in the spirit of libertarian Toryism which was supposed to be integral to the new political climate.

Community radio had been one of the rallying cries of the Radical Left in the Sixties and Seventies. Nevertheless, at the end of 1984, the Conservative government – in full Thatcherite mode by now – contemplated its own community radio experiment. This arose partly from concerns about land-based pirate radio output. George Thomson for the IBA had launched an “attack” on “government inaction” on the matter in June 1984,\textsuperscript{xiv} with the \textit{Listener} noting that “if numbers are anything to go by, the appeal of such stations seems considerable”.\textsuperscript{xv} The Telecommunications Act, effective from July 1984, was aimed at preventing such piracy. The community radio lobby – never fond of the Thatcher government’s laws against activists of any stripe – correctly saw this as counterproductive. Simon Partridge asserted that “simply to crack down without thinking about an alternative to what some of the pirates are providing will be an invitation to more piracy. The problem is, there is just not room for everyone who wants to broadcast to do so, so there must be some kind of institutional solution.”\textsuperscript{xvi}
On 23 January 1985 Brittan announced his intention to “enable community radio to develop as soon as possible”. That was at least partly at the urgings of Home Office officials, keen to try out new media projects. Nevertheless, Brittan’s personal enthusiasm shines through to a remarkable degree; presumably his libertarian Toryism made him warm to these potential social entrepreneurs, from however unlikely a stable. The language of the official statement is strikingly personal, especially for official documents of that period. “I have for some time been interested in the idea of community radio and am anxious to provide the opportunity for its development…we now know what spectrum will be available to the UK, in what timescale, so that it will now be possible to establish what assignments could be devoted to community radio … It is most commonly seen as representing a third tier of radio quite distinct from those services provided by the BBC and the IBA.”xvii Even pirate radio operators would be encouraged to apply, which came as rather a shock to Graham Symonds of Sunshine Radio in Shropshire, who had only just handed over all his illegal broadcasting equipment to the Department of Trade as a gesture of good faith.xviii

On 26 July, Brittan announced plans for “an initial” 21 community radio stations, ranging from the Shetland Isles to five stations in London, for what was to begin as a two-year experiment. Carol Thatcher, the PM’s daughter, wrote in the *Daily Telegraph* that “it may be a long time before community radio achieves the status it has in Australia, where there are over 50 stations involving 20,000 volunteers, but the experimental licences are an exciting start”.xix The IBA, however, was furious. “The IBA is anxious that this new development is not introduced to the detriment of the existing Independent Local Radio system. In any case, the IBA believes that ILR already provides an effective and self-financing form of local community radio…[the new stations] should be required to operate under similar financial and general obligations to the ILR companies; otherwise they will constitute unfair competition.”xx Radio Clyde’s chairman, Ian Chapman, thought it quite simply “a mistake … to announce an experiment in community radio without first examining exactly what that term meant and what effects it would have on the existing broadcasting system”.xxi

It was indeed a remarkable departure. For the first time in British broadcasting history – at least since the BBC was granted its Royal Charter to separate it from direct government control – there were to be free-to-air services licensed directly by the government with no intervening body, raising real issues of democratic concern. It had been axiomatic that governments acknowledged the democratic danger if they had direct control over broadcasters; the temptation to interfere would be irresistible, as it was in the several European countries where such arrangements applied. Whether it was a chartered BBC, or independent regulators, some intervening body was needed to keep elected politicians at arm’s length. Actually, the Home Office intended that community radio services would be very largely unregulated, even in terms of their commercial revenues.

The first signs that the idea might not have been fully thought through came with subsidiary technical regulations for the new stations, issued in September, which were
“so strict that even the BBC or the IBA could not meet them” according to *Broadcast*.xxii Nevertheless, the Home Office was deluged with 245 applications for the 21 licences by the revised closing date of 31 October, and set up a panel to select the first stations. There was some suspicion among the more radical applicants that this selection body was drawn overmuch from ‘the great and the good’, which might also have reflected a slight cooling of the government’s feet. Still, the panel set to work, and submitted their recommendations to the home secretary early in 1986. Then there was silence, which continued to be deafening for months. Was the government unhappy with the panel’s recommendations, which leaks said favoured ethnic minority services? Did the anguish of the ILR stations, which had only recently started to gain freedom from IBA regulations in a move strongly favoured by government, worry the free-marketeers in the cabinet?

AIRC director Brian West speculated that “there is concern over the public order aspect of community radio”.xxiii There had indeed been riots in Brixton, Toxteth, and Peckham which brought into sharp focus the simmering discontents within many minority communities, and the fragile state of law and order in England’s cities, but these had preceded the start of the panel’s work. It was rumoured that there was division within the cabinet, and opposition from the Foreign Office and the Northern Ireland Office, both concerned about broadcasting by ‘enemies of the state’. Moreover, the panel’s recommendations for licence awards showed the likelihood of licensing just the sort of ‘marginal’ groups that the hated GLC – poised for abolition that year – would have favoured.

It seems most likely that community radio was a libertarian step too far. The true instinct of the Thatcher/Blair governing philosophies has been to liberalise business and individual commercial enterprise, but to keep personal radicalism firmly in check. This instinct was probably reinforced by personality issues in Cabinet. Leon Brittan resigned over the Westland Helicopters affairs and was succeeded as home secretary by the measured diplomat, Douglas Hurd, on 29 September 1985. Hurd may have had doubts from the start. The original application date for the licences was postponed as soon as he took office. Certainly, once the problems inherent in the experiment started to appear, the new home secretary would instinctively have sought an administrative resolution.

There was one to hand. The Peacock Committee was about to issue its report (it actually appeared in July 1986), and there was growing government dissatisfaction with the institutions of broadcasting, and especially with the IBA’s regime for ILR. It was time for a green paper, which followed in 1987. In the meantime, the community radio experiment could be safely postponed, until it could be considered within the broader picture. Hurd issued the announcement accordingly on 30 June. The community radio folk were outraged. John Gray, a BBC stalwart, later to embody small-scale radio in Scotland – and certainly not a political militant – spoke for them all. “As an example of insensitive incompetence, the indefinite postponement of the experiment in community radio is a terrifying example of political ineptitude by the present government. To start a scheme, to
encourage widespread participation and then, on dubious grounds, ditch the whole effort at the last moment is almost incredible."

Conclusion

The gradual move from independent to commercial radio mirrors the general change in UK society in the Eighties, and the nature of that shift illustrates the uneven speed with which the market philosophies triumphed as a whole. Change required a significant trigger – in the case of ILR that was the Heathrow Conference of 1984. It typically ran up against existing structures which hindered early and unchallenged adoption of the new approach – the copyright problems for ILR throughout the Eighties show that well. And the uncertainties inherent in a time of economic revolution meant that social enterprises were that much more difficult to get off the ground, even when they enjoyed support from the very heart of the ruling group – as was the case with the failed community radio experiment between 1984 and 1986.

During the Eighties, ILR spoke with and to huge audiences in the vernacular, mediated by popular music and with the close relationship which only a local medium can provide. Its success and wide popularity means that for the historian it also speaks eloquently about those people, in a way which reveals a good deal of what was happening across the UK as a whole.

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5. Richard Findlay interview, op. cit.

See Michael Freegard and Jack Black *The Decisions of the UK Performing Right and Copyright Tribunal*, Butterworths, London, p 118

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