



Changes to PPL's online linear webcast licences Summary of consultation responses

27 November 2020

1. Introduction

On 8 October 2020, PPL began a [four-week consultation](#) on potential changes to the way that PPL licenses online linear webcast services from 1 January 2021.

Online linear webcast services are defined as services (for example, online radio stations) where the audience cannot change their listening experience by, for example, skipping tracks or pausing the broadcast, and that are not a simulcast of another station's existing output.

PPL contacted individual licensees holding the current licences for online linear webcast services – the Small and Standard Webcaster Licences – inviting them to review and comment on the planned changes, providing response forms that could be completed and returned via email. PPL also set up a dedicated area on its website where the relevant information (including a summary of the potential changes, other supplementary information and the response) was made available to read and download along with a dedicated email address allowing any comments or queries to be submitted.

PPL has now considered the responses received and have finalised the proposed terms of the new licence: the **2021 Linear Webcast Licence**. The finalised terms of the Linear Webcast Licence will take effect from **1 January 2021**.

2. Consultation responses

PPL is grateful to the individuals and organisations that responded to the consultation. In total, 21 responses were submitted, 20 from online linear webcast services currently licensed by PPL and one from a trade organisation.

a. Responses to consultation question 1

“Please provide any feedback in relation to the new structure of the licence with the three planned bands and the new rate structure.”

The majority of respondents provided positive feedback in relation to the introduction of a single tiered licence. One respondent commented that the *“bands and structure appear to make the process fairer and easier to understand”*, with another commenting that the revised structure *“seems much simpler and easier to understand for new licensees”*. Another respondent also commented that many online linear webcast services are *“operated as hobbies”* and that the planned *“new lower price structure would help these stations survive”*.

A further submission suggested that the planned minimum fee under the top band of the potential licence was too high, and should be set at £270, rather than £500, with the planned fee for the middle band set at £150. Two further respondents also commented that they would like to see either the lowest fee under any new licence reduced further or the planned stream threshold for the lowest fee increased.

One respondent suggested that the way in which online linear webcasters are licensed should be more akin to how terrestrial broadcasters are licensed, with an option to pay a *“higher-rate starter*



fee (e.g. £5,000)” followed by a percentage share of revenue, with audience not taken into account when calculating licence fees.

Two responses were received in relation to the planned change in the rate per stream from 0.0854p (£0.000854) in 2020 to 0.1p (£0.001) in 2021, with the respondents raising a concern regarding the use of the US rate of \$0.0018 (0.14p/£0.0014) as a comparator.

PPL’s response:

In relation to the suggestion from some respondents that the annual minimum fees should be further reduced, PPL does not consider this appropriate given that the planned changes are designed to reduce the annual minimum fees payable for many existing licensees. The minimum fee payable to license an eligible online linear webcast licence is already reducing from £231 in 2020 to £150 in 2021, a 35% reduction.

Similarly, PPL does not consider the change suggested by one respondent to a structure using a ‘higher-rate starter fee’ and a percentage of revenue to be appropriate for the services in scope of this licence. Charging for webcasts using a per stream rate is a long established method both in PPL’s webcast licences and when PPL’s members license their content directly. PPL notes that many of PPL’s current licensees choose not to operate on a fully commercial basis and thus do not actively seek to generate advertising or other revenues, and this was substantiated by six respondents to the consultation.

In relation to the use of the US rate as a comparator, PPL considers this entirely appropriate, given the established nature of the US market and the rigorous, independent, evidence based rate-setting process undertaken by the US Copyright Royalty Board.

For the smallest users, paying on the Band 1 basis, the licence fees in the new 2021 tariff are equivalent to a daily rate of 41p, and for Band 3 users paying the minimum fee only, the equivalent daily rate is £1.37. It follows that PPL considers the level of the minimum fees proposed to be fair and reasonable.

PPL will include the minimum fees and rate in the 2021 Linear Webcast Licence at the levels originally proposed in the consultation document.

b. Responses to consultation question 2

“Please provide any feedback in relation to the planned changes in reporting requirements and frequencies.”

The majority of respondents were content with the proposal to reduce the number of reports required for those licensed under the current Small Webcaster Licence each calendar year from four to two. One submission stated that the new requirements would *“reduce the current workload... [and] make [the] process better”*.

Two further submissions referenced the frequency and nature of the reporting required, with a suggestion that smaller stations could report annually and one commenting that details on what information needs to be reported can be very difficult to find.



PPL's response:

PPL welcomes the positive response received in relation to the reduction in reporting frequency for the smallest licensees. While annual reporting for the smallest licensees was considered, PPL is aware that not all streaming providers hold the required data for longer than six months.

Consequently, PPL's will amend the reporting frequencies for webcaster licensees in accordance with the planned changes as set out below:

Band	Webcasting Report	Territory Report	Music Usage Report
1	Required twice per year	Not required	On request
2	Required twice per year	Not required	On request
3	Required quarterly	Required quarterly	Licensees that recoup their advance, or use a digital playout system: Quarterly Others: <i>On request</i>

We note the comment received regarding the difficulties some licensees may have in determining what information is required in the reporting required under the licence. PPL seek to address this concern in 2021.

PPL will require reporting from licensees as set out in the table above (and as originally proposed in the consultation document).

c. Responses to consultation question 3

“Please provide us with any additional feedback on the planned changes that you would like PPL to take into account.”

A further submission suggested that the commercial revenue threshold at which the smallest licence should apply could be reconsidered – for example, by increasing from £5,000 to £6,000.

PPL's response:

Given the reduction in the lowest fee applicable under the 2021 Linear Webcast Licence, PPL does not consider it appropriate or necessary for the revenue threshold to be revisited at this juncture. However, PPL will keep the revenue threshold under review throughout 2021.

PPL will retain the £5,000 revenue threshold for Band 1 and 2 licensees, as described in the original consultation document.

3. Conclusion

Whilst the majority of licensees contacted regarding the consultation chose not to respond, those who did were largely supportive of the proposal as an opportunity to reduce the licence fees and administration for the smallest licensees.

PPL will implement the planned 2021 Linear Webcast Licence from 1 January 2021 based on the terms provided in the consultation document.