

Commercial radio in Wales

There are 20 local commercial radio stations licensed to serve communities across Wales (a full list is attached as an Annex to this letter). These services are complemented by 30 UK-wide commercial radio stations, mainly on digital radio with availability depending on location.

There are four commercial radio companies with operations in Wales – Global, Communicorp, Nation Broadcasting and Wireless Group. Global operates UK-wide stations like Classic FM, as well as UK-wide brands, delivered locally like Heart South Wales and Capital North Wales. Communicorp operates Capital South Wales and Heart North Wales, licensing the brands from

Global but operating them separately. Nation Broadcasting owns Nation Radio, Radio Carmarthenshire, Bridge FM, Radio Pembrokeshire, Swansea Bay Radio and Radio Ceredigion. Wireless Group owns The Wave and Swansea Sound.

The commercial radio stations available in Wales provide a wide variety of different content that is popular with listeners. Large regional stations like Heart South Wales (which has a weekly audience of 416,000) combine a trusted brand and contemporary music format with a commitment to regularly updated local news and information. Smaller stations like Bridge FM provide a high level of engagement and a local presence, supporting local events and charitable appeals to great effect and in a way that puts them at the heart of their community¹. This is also evident with stations like Radio Pembrokeshire, which reaches 38% of the local population and commands a 10.3% share of local listening due to this approach, making it more popular than BBC Radio Wales and BBC Radio 1 in that area.

These commercial stations share a commitment to providing the best possible radio output for the people of Wales and a real alternative to the BBC, which is

¹ <http://www.walesonline.co.uk/news/local-news/best-ever-response-bridge-fm-10637354>

good for competition, choice and plurality. In order to continue to play this role effectively commercial radio recognises the need to continue to support locally-relevant output and news for Wales, a responsibility that it takes extremely seriously.

In common with the rest of the UK commercial radio stations in Wales provide news in short digestible bulletins with considerable local content. On average, UK commercial stations broadcast around 23 news bulletins a day, which are typically around two minutes in duration. They also broadcast an average of 5 sports, 17 weather and 16 travel bulletins each day. While much of this speech content is short and focussed the total amount of time devoted to public service content on commercial radio stations is significant, with an average of 13 hours 15 minutes of this type of output broadcast each week.

This content is part of what helps reinforce radio's position as the most reliable and trusted medium in an era of fake news, with 77% of listeners saying that they trust radio news output, compared to only 15% for social media, in a recent survey commissioned by Radiocentre². These findings are also consistent with the latest research conducted by the European Commission (Eurobarometer 88, 2017) which concluded that radio is the most trusted media across Europe, as well as Ofcom's survey of UK news consumption (June 2017).

Radio listening in Wales

BBC radio is stronger in Wales than other parts of the UK. Commercial radio's overall share of listening in Wales is currently 40% (compared to 59% for BBC). This compares to 44% share for commercial radio and 53% for BBC radio across the UK as a whole.

In terms of the total number of listeners commercial radio currently reaches around 1.57m adults in Wales each week (61% of the population). However the BBC reaches 1.8m adults each week (70% of the population). The overall combined audience for radio in Wales is almost 2.28m adults each week (88% of the population). The biggest single station in Wales by audience numbers is Radio 2, reaching almost 1m (936,000) listeners per week.

² http://www.radiocentre.org/files/RC-BREAKING_NEWS_2017_DPS_FINAL.pdf

The relative strength of BBC radio is unsurprising given the narrower range of commercial stations available in some areas, principally due to the difficulty in achieving full broadcast transmission coverage for commercial radio stations. This is true on both analogue platforms (FM/ AM) and digital radio (DAB).

Overall 49.9% of UK radio listening is now to digital services, including DAB, online and digital TV. This figure is slightly lower in Wales (48.6%), again due to constraints on coverage and the topography of many parts of Wales.

Regulatory reform

The strength of competition from the BBC is one of a number of significant challenges faced by commercial radio. The audio and radio market is evolving rapidly, with an unprecedented growth in digital music services, which are now used by 14% of UK adults each week and is significantly higher among younger audiences (32% of 15–24 year olds). Alongside this there has been a major shift of advertising to online platforms, with digital advertising growing from 1% to around 50% share of UK ad revenue in the last 15 years.

There are also a number of challenges particularly pertinent to operators in Wales. For example, the Ofcom policy of licensing a large number of community radio stations, which are also able to compete for a proportion of local advertising revenue, poses a serious threat to the viability of commercial radio services in small population areas (including rural parts of Wales). Many of these small commercial radio stations already fulfil a strong community role and rely almost entirely on the small and limited amount of local advertising revenues available in these areas for its survival. Introducing further competition for this revenue undermines the viability of these stations.

In addition, the cost of expanding DAB digital radio coverage is expensive and challenging. While the average level of local coverage across the UK has been improved (to an average of 90% overall) as part of a plan with the BBC, commercial radio and UK Government, the level of coverage in rural areas with smaller populations such as West Wales is still relatively low and prohibitively expensive. This will need to be addressed if the UK is to move towards some form of digital radio switchover in future.

The overall growth in digital radio listening also highlights the fact that different regulatory requirements currently apply to radio stations broadcasting on analogue

(FM/ AM) as opposed to those on digital (DAB) and online. For analogue stations there are a range of requirements that still exist, largely as a legacy of legislation from a pre-internet age that was designed to ensure choice and a diversity of content when radio was one of a very small number of ways to access news or listen to music. While these rules were well intentioned the world has moved on since that time. Listeners are now able to access a range of content on-air and online that was inconceivable just a few years ago.

Radio needs to be able to respond to the demands of its audiences and advertisers, otherwise it will become uncompetitive which will threaten its investment in talent and the creative industries, as well as professional news journalism and plurality. Sustaining the current high-quality range of services is already difficult due to these demands, not to mention the challenge of recruiting and retaining editorial staff at an appropriate level.

Therefore the commercial radio sector has welcomed the proposals from the Department for Digital, Culture Media and Sport (DCMS), following advice from Ofcom, to proceed with a number of changes to the existing regulations. The final proposals for change in this area were published by DCMS in December 2017 following almost a year of discussion and consultation, which included a series of roundtable meetings across the UK (including Cardiff, Edinburgh, Manchester and London). They include plans to make sensible amendments to the current rules in three main areas.

1. Music formats

The current legislation means that Ofcom places conditions on local radio stations determining the music they can play. This can cause anomalies where stations are technically in breach of their licence if they play too much music from the wrong year or genre. These rules may have provided relevant protection in a pre-internet age, but audiences now have access to an unlimited range of music due to the expansion in radio services and digital music platforms. The UK Government proposes to remove these rules and give stations greater freedom. We agree with this approach. As a result of this change commercial radio stations in Wales will have more freedom to choose their own music and respond to listener demand, rather than being directed by Ofcom.

2. Local news and information

The UK Government is proposing to revise Ofcom's powers to help secure the future of local news and other local information (such as travel information and weather) on commercial radio. As a result current rules on local news content will continue to apply to local stations on FM and AM – and will be extended to DAB services in future to help reinforce plurality of local news. Failure to act would risk undermining local content, especially if there is to be a digital radio switchover at some point in the future. These measures will protect locally-sourced news and journalism from Wales and ensure that these requirements are extended to DAB services in future.

3. Content production

Current legislation requires a 'suitable proportion' of commercial radio content to be locally-made. However these rules on the location do nothing to support production of local news and locally relevant information, which we believe should be the priority for listeners. Therefore while the UK Government is looking to extend the requirements on local news and information output (above) it is proposing to relax rules and quotas on where content is made. This change means radio stations will continue to produce strong local output from Wales with a Welsh voice, but will have the flexibility to share more music and entertainment content if they wish.

These recommendations would seem to provide a sensible basis for modernising the current regulation of commercial radio, while also providing re-assurances on the future of local news content in places where this is a particular concern, such as Wales. Therefore we would urge the committee to support this work and the proposed deregulation.

These measures also appear to have widespread political support. Radiocentre engaged with hundreds of parliamentarians from across the political spectrum throughout the consultation period. This included a briefing event targeted specifically at MPs and Peers from Wales, which provided an opportunity to hear directly from commercial radio operators and local news editors. We believed it was vital to give parliamentarians the opportunity to review and discuss the proposals directly with industry and outline why these changes are so important to the future of commercial radio.

Following these extensive discussions on the potential impact of the changes, no formal objections were made or submitted to the Government's consultation by any party. The All-Party Parliamentary Group (APPG) on Commercial Radio also submitted a response supporting the proposed changes on behalf of the group's cross-party members.

Next steps

Now that the UK Government's position has been outlined we are keen to see reforms enacted as soon as possible. While we appreciate that the parliamentary timetable is extremely tight, the UK Government has said it will bring forward legislation in this area – and that it will support moves by Ofcom to exercise flexibility in the interim.

While we appreciate that the Welsh Assembly has no direct competence over the regulation of radio services, which remains reserved to Westminster, we would welcome the support of the committee for these important changes.

ANNEX: Local commercial radio stations broadcasting in Wales

Station Name	Area	Group
Capital South Wales	Cardiff/Newport	Communicorp
Heart (North Wales)	North and Mid Wales	Communicorp
Smooth Radio	Cardiff/Newport	Global
Smooth Radio	Wrexham & Chester	Global
Heart (South Wales)	South Wales	Global
Capital FM (Wrexham & Chester)	Wrexham & Chester	Global
Capital FM (North Wales Coast)	North Wales Coast	Global
Capital FM (Caernarfon)	Caernarfon	Global
Dee on DAB	DAB/ Wrexham & Chester	Dee Radio
Love 80s	DAB/ Wrexham & Chester	Dee Radio
Sunshine Radio	Herefordshire and Monmouthshire	Independent
Swansea Bay Radio	Swansea	Nation Broadcasting
Radio Pembrokeshire	Pembrokeshire	Nation Broadcasting
Radio Ceredigion	Ceredigion	Nation Broadcasting
Radio Carmarthenshire/ Scarlet FM	Carmarthenshire	Nation Broadcasting

Nation Radio	South Wales (FM) / North Wales (DAB)	Nation Broadcasting
Dragon Radio	DAB Wales	Nation Broadcasting
Bridge FM	Bridgend	Nation Broadcasting
The Wave 96.4	Swansea	Wireless Group
Swansea Sound	Swansea	Wireless Group