

Tuning in Inquiry into Radio in Wales

December 2018



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Tuning in Inquiry into Radio in Wales

December 2018



About the Committee

The Committee was established on 28 June 2016. Its remit can be found at:
www.assembly.wales/SeneddCWLC

Committee Chair:



Bethan Sayed AM
Plaid Cymru
South Wales West

Current Committee membership:



Mick Antoniw AM
Welsh Labour
Pontypridd



Dai Lloyd AM
Plaid Cymru
South Wales West



Jane Hutt AM
Welsh Labour
Alyn and Deeside



Caroline Jones AM
Independent
South Wales West



David Melding AM
Welsh Conservatives
South Wales Centra



Rhianon Passmore AM
Welsh Labour
Islwyn



Jenny Rathbone AM
Welsh Labour
Cardiff Central

The following Members were also members of the Committee during this inquiry:



Suzy Davies AM
Welsh Conservatives
South Wales West



Siân Gwenllïan AM
Plaid Cymru
Arfon



Neil Hamilton AM
UKIP Wales
Mid and West Wales



Jack Sargeant AM
Welsh Labour
Alyn and Deeside



Lee Waters AM
Welsh Labour
Llanelli

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1. Background and Terms of Reference

Background

1. The Culture, Welsh Language and Communications Committee was established in large part because of a recognition in the fourth Assembly that the role of broadcasters and the media in Wales is of enormous cultural and political importance. There was a wide consensus that, although most aspects of broadcasting and media policy are not currently formally devolved in Wales, it impacts on a range of matters, such as the Welsh language, the arts and culture, that are devolved. Therefore the National Assembly has a clear and legitimate interest in holding broadcasters, and the media more generally, to account.
2. In its first major report, “**the Big Picture**”, published last year the Committee signalled its intention to hold inquiries looking at all aspects of broadcasting and the media during this Assembly. The Committee has since published reports on the future of S4C and into news journalism in Wales. The Committee also intends to look in due course at how Wales is portrayed on UK broadcast networks.
3. This inquiry is the third strand of our work on the major issues affecting Wales’ relationship with broadcasting and the media.

Terms of Reference

4. The Committee agreed that it should assess the following issues during the Inquiry:
 - the extent to which BBC Cymru Wales radio services, commercial radio services and community radio services meet the needs of audiences in Wales;
 - the possible impact of the deregulation of commercial radio on audiences in Wales;
 - ownership structures of commercial radio and their impact on local content;
 - the impact of new technology on local content;
 - the financial sustainability of community radio services in Wales; and
 - the suitability of Wales’s radio broadcasting infrastructure.

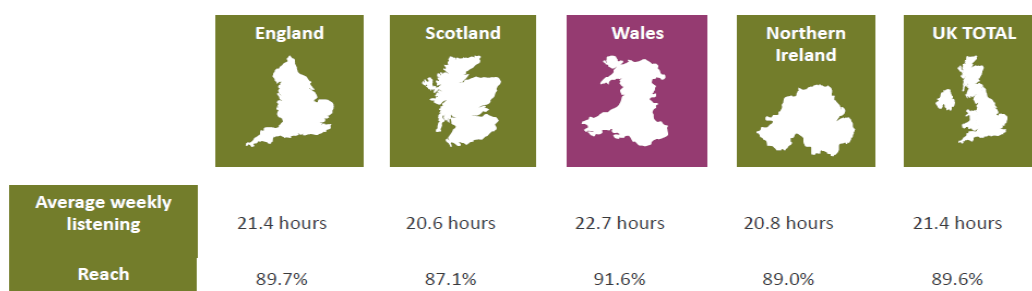
Consultation

5. The Committee conducted a written consultation between 19 January 2018 and 16 February 2018. Further details of the responses to the consultation are in Annex B. Details of those from whom the Committee took oral evidence are at Annex A.

Context

6. Radio is, after the printed word, one of the oldest mass media technologies. Despite this, its importance is undiminished as a key part of the way in which people receive their news and experience the world. This is particularly true in Wales where in the 12 months up to the first quarter of 2017, radio services reached 91.6% of the adult population in Wales, the highest reach of any UK nation.

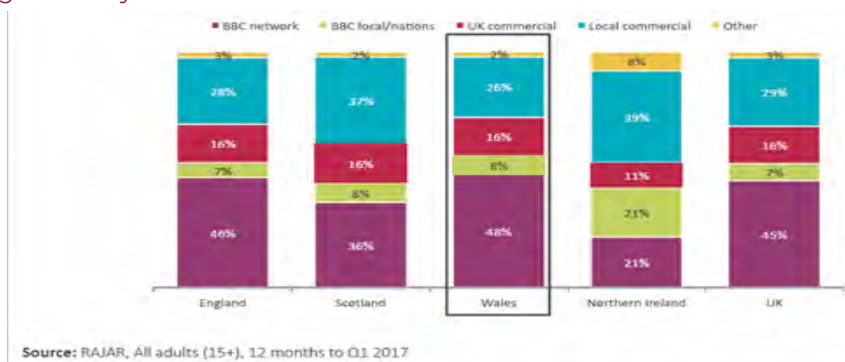
Average weekly reach and listening hours



Source: RAJAR, All adults (15+), 12 months to Q1 2017. Reach is defined as the number of people aged 15+ who tune to a radio station within at least 1 quarter-hour period over the course of a week. Respondents are instructed to fill in a quarter-hour only if they have listened to the station for at least 5 minutes within that quarter-hour.

7. As well as having a greater proportion of people listening, people in Wales listen for longer compared to the UK as a whole, 22.7 hours per week on average, the highest figure since 2012.

Share of listening hours by nation¹



¹ Ofcom 2017 Communications Market Report, Radio and audio content www.ofcom.org.uk/.../data/assets/pdf_file/0012/105006/wales-radio-audio.pdf

8. The amount of time spent listening to any radio in Wales has increased by over a million hours in the past year (54.1 million hours compared to 52.9 million). Listening to UK-wide services accounts for 64% of all listening within Wales, the highest of any UK nation. This is driven by listening to BBC network services, which account for 48% of all listening.

9. Listening to UK-wide commercial services within Wales has seen the largest increase year on year, adding 2.3m hours since 2016. Despite this, local commercial stations in Wales have the lowest share of total listening hours of any UK nation for these types of service, at 26%, 3 percentage points lower than the UK average. Similarly, the share of listening to commercial stations overall (i.e. both local and UK-wide) in Wales is the lowest of any UK nation, at 42%.

10. Listening to BBC services overall within Wales, including the BBC's nations services (BBC Radio Wales and BBC Radio Cymru) accounts for 56% of all listening; the highest of any UK nation.

Provision and Availability of Radio Services in Wales

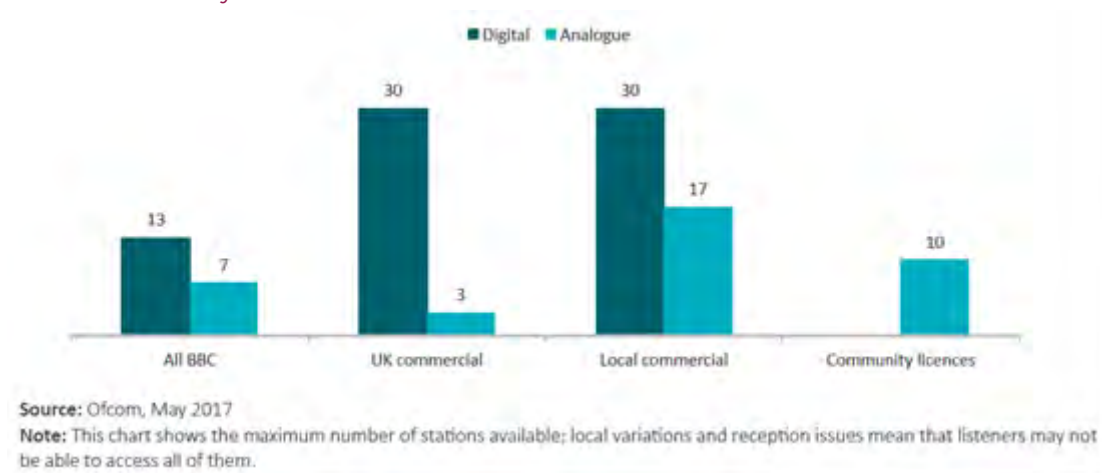
11. Radio services in Wales primarily consist of:

- **BBC radio services:** the two non-network (i.e. not broadcast across the whole of the UK) BBC services broadcast in Wales are Radio Wales and Radio Cymru;
- **Commercial radio:** 20 local commercial radio stations licensed to serve communities across Wales and run by four commercial radio companies with operations in Wales – Global, Communicorp, Nation Broadcasting and Wireless Group. These services are complemented by 30 UK-wide commercial radio stations, mainly on digital radio with availability depending on location.
- **Community radio:** there are nine community stations on air in Wales.
- In addition, listeners in Wales have a variety of options for tuning in to other radio services including BBC network stations and, through the internet, other stations within the UK and more widely.

12. The Assembly has no competence over the regulation of radio services, which remains reserved to Westminster. The Welsh Government is able, however, to provide grant-funding, as it has previously done, in the area of community radio.

13. Ofcom is the UK’s communications regulator. It regulates the TV, radio and video on demand sectors, fixed line telecoms, mobiles, postal services, plus the airwaves over which wireless devices operate.

Radio station availability in Wales²



14. There are 73 stations broadcasting on DAB in Wales, although not all are currently accessible in all parts of Wales. This consists of 13 from the BBC, 30 stations on the Sound Digital and Digital One multiplexes and 30 commercial stations on local DAB multiplexes.

15. However, not all these digital stations will be available on DAB to listeners across all of Wales. The proportion of households within the coverage area for each type of station varies, and there are different services on each of the local DAB multiplexes serving different parts of Wales. There are currently ten community radio stations on air in Wales. There are a further 37 analogue stations available in Wales overall.

16. Ofcom reports annually on the availability and uptake of digital radio services across the UK. In these reports “digital radio” is used in its broadest sense to include all platforms and technologies that allow listeners to access digital radio services.

² Source: Ofcom 2017 Communications Market Report, Radio and audio content

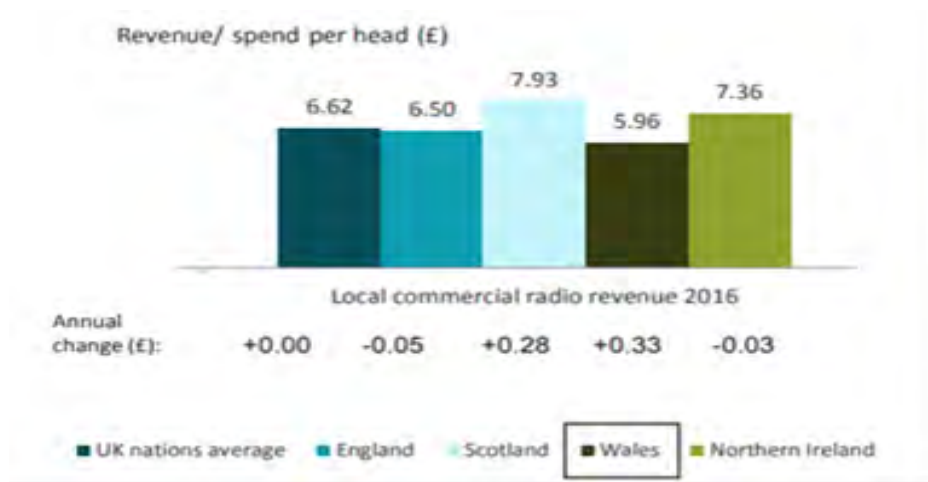
2. Commercial Radio

Background

17. There are 20 local commercial radio stations licensed to serve communities across Wales. These services are complemented by 30 UK-wide commercial radio stations, mainly on digital radio with availability depending on location. These stations are listed at Annex D.

18. There are four commercial radio companies with operations in Wales – Global, Communicorp, Nation Broadcasting and Wireless Group.

Local commercial radio revenue 2016³



19. On a per-capita basis, revenues increased by £0.33 in real terms from 2015 to 2016. Despite this high growth, Wales still has the smallest local commercial revenue per head of population of any UK nation.

Deregulation of commercial radio – Impact on Welsh audiences

20. The UK Government Department for Digital, Culture, Media and Sport (DCMS) plans to deregulate aspects of commercial radio. It argues that this is necessary to enable analogue commercial services to compete with online and DAB-only services, where the same degree of regulation does not apply.

21. In its written evidence to this Committee, DCMS summed up the context for this proposed deregulation as follows:

³ Source: Ofcom 2017 Communications Market Report, Radio and audio content – www.ofcom.org.uk/_data/assets/pdf_file/0012/105006/wales-radio-audio.pdf

“The UK commercial radio sector faces a number of important challenges over the coming decade, from the growth and proliferations of new ways of consuming audio content and not least the challenge from online services, along with the need to invest in new content services and in accessing new platforms to maintain its audiences.”

22. In February 2017, DCMS published its consultation, on the deregulation of commercial radio. In December 2017, the UK Government published its response⁴. The Government’s proposals include:

- Changes to the structure of licensing to give commercial radio greater freedom to operate their businesses in the way that best suits them.
- Removal of requirements for Ofcom to regulate music formats on commercial radio.
- Relaxing the current rules that state that local analogue commercial radio stations must produce a significant proportion of their content locally.
- There should not be enhanced requirements in the nations. The Government stated:
 - having such a power may disadvantage local stations in the nations and that a better approach is for Ofcom to have regard to the needs of all UK audiences in setting the requirements on a UK basis.
- Maintaining requirements to carry news and other local information sourced locally.

23. Neil Stock from Ofcom expanded on the balance between regulation and deregulation in the proposed approach when he provided oral evidence to the Committee:

“commercial radio will still be required to deliver local news, local weather, local travel. And I believe the Government has also said they want that to be locally made. So, in other words, they can’t pump it in from somewhere else, which, actually, is a change to some stations that do that currently. So, in other words, that’s an increase in regulation. So,

⁴ www.gov.uk/government/consultations/commercial-radio-deregulation-consultation

in what is, overall, a set of deregulatory initiatives, there are actually some areas where there will be an increase in regulation.

In terms of local news, I think what we found, over the years, is actually doing local news well and doing it properly is quite expensive and quite difficult. Community radio stations, on the whole, struggle to provide a good local news service. They deliver social gain in all sorts of other ways and provide training and volunteering and all that sort of stuff. Doing local news is actually quite difficult, which is why I think there's an intention to maintain a regulation on commercial radio to do it on the basis that commercial radio should have the funding ability to actually provide proper local journalism in a way that community radio might struggle to do.”⁵

24. The next phase is for DCMS to begin the detailed work to develop the new legislative structure and to bring forward legislation prior to the analogue licences coming up for renewal in 2022. In the meantime, the Government has said it would support any moves by Ofcom to consider whether there is scope to make changes to its rules and guidance in lieu of longer-term reform. Ofcom is currently consulting on proposed changes to Ofcom's localness guidelines for local commercial radio stations, which would see changes to:

- the “approved areas” within which programmes are considered to be locally-made;
- the minimum number of locally-made hours each station should provide, and when these programmes should be scheduled.

25. The Committee heard from the Ofcom Advisory Committee for Wales that it:

“supported the broad thrust of the proposed relaxation of current regulatory provision, including the removal of existing music format requirements and Ofcom's role in ensuring a range of choice in radio services.”

26. However, it stated that it is:

“vital to maintain” news and information provision, and this is “especially vital in Wales.”

⁵ RoP 15 February 2018

All-Wales News

27. The Ofcom Advisory Committee for Wales argued for the introduction of the regulatory concept of “all-Wales” news. Currently, regulation and the DCMS’s proposals cover local news, and UK-wide news, omitting the mid-tier of constituent nations of the UK. The Ofcom Advisory Committee argued that: “the provision of news is of a particular importance to civic life in Wales”.

28. Glyn Mathias expanded on this point in oral evidence:

“Our complaint against the DCMS response is that they pay absolutely no attention to all-Wales news, that the legislation as it exists refers only to UK national news and local news, whereas, in Wales, as we know, there is a demand for, and an increasing need for, all-Wales news, Welsh news, and we believe that that should be an obligation in Wales, something which they have dismissed. And they dismissed our previous evidence to that effect. And we believe that that is absolutely vital.

...

Given that the legislative requirement isn’t there for Welsh news at the moment, or Wales news, the DCMS is planning fresh legislation in the next couple of years or so to impose the extra obligation on digital platforms of a news requirement. And, in that process, we regard this as a golden opportunity to amend the legislation, so that, in Wales, and in Scotland and Northern Ireland for that matter, there should be a reference to Welsh news as an ingredient of that obligation. That does not exist at the moment. It does appear in some of the formats for commercial radio stations, but it’s not there in the legislation, and here is a chance for it to be included.

...

I think the Welsh Government could very usefully pursue that argument, but I think this committee could also pursue it and make representations to the DCMS.”⁶

29. The University of South Wales’s Steve Johnson has called the absence of all-Wales news in the DCMS proposals “concerning”, and asked rhetorically “where Wales-orientated content will be generated, aside from the BBC”.

⁶ RoP 15 February 2018

30. He noted that, if commercial stations lose localness requirements:

“community radio stations in Wales may well have a vital role to play, in the accumulation and provision of genuine local news and information.”

31. Nation Broadcasting made the following points in its evidence:

- It supports the removal of regulation of music formats on analogue stations.
- It supports “local news and information being the regulatory benchmark, as long as there are no additional requirements on operators than at present”.
- It states “there should be equal status for UK nations with no additional news/programming burden”. It cites the lower spend per head in nations outside of England as a reason why they should not be subject to greater regulatory requirements.
- News specific to devolved powers should be considered part of local news commitments on stations within each nation.

32. Nation Broadcasting’s Martin Mumford expanded on his views on all-Wales news when he gave oral evidence to the Committee:

“I think it’s a massive deficiency in current regulation that news specific to the region is not viewed by Ofcom as relevant local content on our services. It’s something that, at Nation Broadcasting, we looked at carefully, and we took it on ourselves to create a bulletin called News for Wales, which we get no credit for from a regulatory perspective. And, actually, I think that the market’s already providing a great deal of content around Wales, not because we have to, but because it’s the right thing to do in terms of the audiences that we broadcast to.”⁷

33. Global welcomed the UK Government’s proposals.

34. Communicorp stated that it welcomes the removal of regulations around music formats and local production in the DCMS proposals. It stated that it:

⁷ RoP 26 April 2018

“would expect any changes to future news regulation to be focused on output and local relevance rather than production.”

35. Marc Webber stated that these proposals pose:

“more of a threat to Welsh content than offering a chance to enhance it...whilst the reforms secure the need for local news content, it must be understood that there is more to Welsh life than news.”

36. Mr Webber also said that:

“the monopoly held by Global and Communicorp groups [is] holding back market development [in Wales].”

37. And that:

“The decision by the Global/Communicorp group to cut local investment in content has led to a race to the bottom by the other groups that remain in Wales.”

38. He expanded on this view in his oral evidence:

“I have my concerns [...] that we do not have a plurality of commercial radio stations in Wales, because I think there has been a chance for two radio groups—and I will be nice about them, genuinely; they’re sitting next to me now—to basically take the majority of the market in both listenership and frequencies. Now, to be clear, I do not blame Global and I do not blame Communicorp for buying licences and doing their business. That’s their job. I actually, genuinely believe there’s been a market failure in commercial radio in Wales, and I believe that’s down to Ofcom. I believe that Ofcom have not looked at the rules that are passed down, UK wide, from the Department for Digital, Culture, Media and Sport and do not look at how that has played out in the various nations of the UK.

So, if you look at Northern Ireland, for example, they’re under the same broadcasting rules as us, their revenue from local radio continues to rise, but with only 1.5 million population they have 11 local radio stations to choose from. The majority of them, if not all of them, are 24/7 run from Northern Ireland with Northern Irish voices and Northern Irish people on them, whereas in Wales, the majority of the radio listening that occurs is done to output that’s from London, so it’s either BBC Radio 2

or it's Heart or Capital in their various forms, with the majority of the programming networked from London.

...

I look at the UK-wide regulations that have been applied by Ofcom and the DCMS, and there is only one nation amongst the constituent parts of the UK where I see market failure, and it's Wales.”⁸

39. He also noted the difficult contemporary environment for commercial radio broadcasters, who are competing for listeners with unregulated digital competition:

“Yes, I'd just like to add that [...], actually, Heart and Capital's competitors now are not necessarily Swansea Sound or, to a certain extent, Nation Radio. There's Spotify, and they are podcasting, and people in Wales are actively choosing to plug their iPhones into their car stereos every morning and ignoring any FM signal at all. I think that's something that I'm absolutely conscious about: that if we talk about how we make Heart more Welsh, or Global more Welsh, let's talk about how we make Spotify more Welsh as well, because that's the next generation of our audience.”

Welsh language

40. In his written evidence, Mr Webber suggested that if commercial radio were to pool its Welsh language content it could “challenge BBC Cymru”.

41. The Minister's paper said:

“As a Government we would not wish to see further relaxation or removal of the current localness rules on commercial radio. It is vital that there is an appropriate level of localness provision in particular local news. This is even more important in Wales considering the weakness of the print media in Wales and the lack of coverage of Welsh affairs in UK newspapers.”

42. It also made the following points about the importance of regulating commercial radio to ensure Welsh language content:

“When television and radio licenses (sic) for stations in Wales are awarded or reviewed, due consideration should be given to the

⁸ RoP 26 April 2018

bilingual nature of Wales and the importance of the Welsh language in the context of the Welsh Government’s aim of having one million Welsh speakers by 2050 by specifying in the contract that a set number of hours be broadcast in Welsh along with a statement about Welsh-language web content such as text, streams and clips.

Linguistic diversity, especially the Welsh language in services for Wales, should be set as a target when granting and regulating services for Wales.”

43. However, when giving oral evidence the Minister seemed fatalistic in his belief that the Welsh Government could not influence the UK Government on the future policy for commercial radio regulation:

“The United Kingdom Government policy is very clear on that so whatever I say or whatever you say, there won’t be any change in that. I think we have to be realistic about that. If we’re dealing with areas that haven’t been devolved, then we have to have a different way of influencing them and ensuring that Welsh interests are maintained within that regime. That’s what we’re trying to do as a Government, and I’ve been involved in this process now for six months.

We have tried to influence by ensuring there’s representation from Wales on the bodies that regulate—Ofcom in particular, of course, and to some extent the BBC. That has been done successfully, before my period in the post, and perhaps Hywel would like to talk about that. But we, as a Government, can’t take any decision that affects broadcast policy unless we work by ensuring strong representation from Wales on the Ofcom board, and that process is ongoing.”⁹

44. He expanded on this view over the course of the session:

“I’m not particularly fond of this idea that the role of Crown Ministers is to go, cap in hand, to ask DCMS Ministers, ‘Please remember Wales’, because that’s not the way to operate. I think that the way to operate is that Wales has statutory representation, robust representation on the UK regulatory bodies. That’s what we do have with the BBC. That’s what we now have in Ofcom.”

⁹ RoP 26 April 2018

Our View

The Minister's Approach

The Minister's approach to radio policy is confusing and disappointing. Despite providing us with evidence outlining clearly the Welsh Government's views on the implications of broadcasting policy on a number of devolved issues – even suggesting that Welsh Government policy (one million Welsh speakers by 2050) should be considered whilst licensing commercial radio stations – the Minister seemed reluctant to advance these views beyond appointing a Welsh member of the Ofcom board. This seems a clear instance of shutting the stable door after the horse has bolted; seeking to influence how Ofcom exercises its powers and duties, rather than seeking to shape what these powers and duties should be.

News Content

The advent of devolution has amplified the need for the reporting of distinctly Welsh news so that the people of Wales are aware of decisions made in their name and so that decision makers in Wales, not least politicians, are held to account. A number of those who gave evidence argued in favour of commercial radio licences in Wales containing a requirement to report distinct Welsh news and current affairs, in addition to local and UK news.

This is a concept that should perhaps apply more widely to all the nations and regions of the UK. However, as we have argued in previous reports,¹⁰ the need in Wales is arguably greater and we believe that the DCMS should use its planned reform of commercial radio to introduce a regulatory requirement for commercial radio stations in Wales to report on distinctly Welsh news in addition to current requirements for local and UK news provision.

Market Development

We heard some evidence that the commercial radio market in Wales is dominated, to a greater extent than other parts of the UK, by a small number of relatively big players, such as Global, Communicorp and Nation. For instance, the contrast between Wales and Northern Ireland was drawn to our attention, where there appears to be a far more diverse commercial radio market. Whether this relative market dominance in Wales is holding back market development in Wales is a matter for debate. The relatively small number of companies active in Wales suggests that this is an area that Ofcom should look

¹⁰ [Read all about it](#)

at more closely to see how greater market diversity and ownership can be encouraged.

Ofcom Consultation on “Localness on commercial radio”.

Near the end of our Inquiry Ofcom began a consultation on proposals to amend guidelines for local commercial radio stations in respect of the “approved areas”, within which programmes are considered to be locally-made, and the minimum number of locally-made hours each station should provide, and when these programmes should be scheduled. As a result of the evidence we have received, the Committee was concerned about both sets of proposals.

The proposal to reduce the minimum number of locally-made hours that local commercial stations must broadcast may pave the way for an increasing homogenisation of content, as stations will likely take the opportunity to further reduce the number of hours of local content that they produce.

The proposals to merge three “approved areas” into one in Wales would allow companies which own multiple local licences to switch programmes produced in one part of Wales to a bigger hub somewhere else in Wales.

As well as possibly resulting in job losses, as companies take the opportunity to centralise production, there could be a detrimental impact on rural communities, with larger towns and cities being chosen for more centralised production. This might also result in production being switched from more Welsh-speaking areas and have a detrimental impact on the volume of Welsh language content.

The Committee responded to the consultation, calling for Ofcom to reassess the proposed reductions to both the number of approved areas and locally-made hours. The Committee argued that:

“In 2016 Wales had the smallest local commercial revenue per head of population of any UK nation. As it would seem that there is less of a market incentive to provide local radio content in Wales, such content must be secured by regulation. Whereas a relaxation in local content requirements may not lead to a diminution of local content in areas well-served by a competitive market, this is simply not the case in Wales. The small number of companies that dominate commercial radio in Wales will see the ability to reduce and centralise local content as a cost-saving opportunity: at the loss of local, distinctive content.”

Ofcom then issued a revised consultation on localness guidelines, which said:

“Following careful consideration of the 48 consultation responses, we are now amending our localness guidelines to include the following new minimum expectations:

Local FM stations that provide local news at regular intervals throughout the day should air at least three hours of programming each weekday between 6am and 7pm which has been made in the local (or approved) area.

Local FM stations that provide local news only at breakfast and drivetime should air at least six hours of programming each weekday between 6am and 7pm which has been made in the local (or approved) area.

The above amendments mean that there is no longer an expectation under our localness guidelines that weekday breakfast will be locally-made, or that locally-made programmes will be provided at the weekends or on public holidays.”

On approved areas, the revised proposal was changed. Instead of reducing the number of approved areas in Wales from three to one, the revised proposal suggested two.

In response, the Committee wrote:

“The changes that are now proposed go some way to addressing our concerns but our fundamental point remains in relation to the proposed reduction of approved areas in South Wales from two to one.

We continue to have concerns that as well as the economic and social impact of job losses, removing the boundary between South East and South West Wales could potentially reduce the extent to which radio stations are embedded in – and reflect – the areas to which they broadcast, leading to a further homogenisation of content. The proposed removal of the boundary between South East and South West Wales (which contains very significant Welsh-speaking areas) continues to be a cause for concern that Welsh-speaking audiences will lose out.”

The consultation responses are currently being analysed by Ofcom.

Recommendation 1. The Minister should reassess his approach to engaging with the DCMS over the deregulation of commercial radio and should seek to shape the powers and duties of Ofcom as well as trying to influence the issues it takes into account.

Recommendation 2. The DCMS should consider introducing a regulatory requirement for commercial radio stations in Wales to report on distinctly Welsh news, as well as local and UK news as part of its reform of commercial radio.

Recommendation 3. Ofcom should explore the issue of competition in the commercial radio industry in Wales to see how greater market diversity and ownership can be encouraged.

Recommendation 4. We recommend that, in relation to Wales, Ofcom should maintain the current “approved areas” and the minimum number of locally-made hours local commercial radio stations should provide.

3. Community radio

Background

45. There are currently nine community radio stations on air in Wales – Calon FM, Tudno FM, BRfm, Radio Tircoed, Radio Glan Clwyd, Môn FM, Radio Cardiff, Bro Radio and GTFM. Community radio was introduced following legislation, to introduce a new tier of radio broadcasting in the UK, focused specifically on community engagement. Stations are not for profit and focused on delivering social gain, working to involve the local community in running the service. The DCMS has stated that:

“The take-up of community radio licences in Wales is less in comparison to other nations. This could be for a number of reasons, such as lack of willing volunteers to run the stations.”

46. Each station can carry advertising and sponsorship, although there are rules on how much income they can take from these sources (income above £15,000 from advertising and sponsorship must be balanced with additional income from other sources). A small number of community stations – where they overlap with small commercial services whose studios are not co-located with other stations – are restricted to a maximum of £15,000 from advertising and sponsorship.

47. The Welsh Government previously had a Community Radio Fund, which ran from 2008-2014. Nine community radio stations were awarded grants in 2013-14 on a competitive basis. During these financial years, the Welsh Government’s Community Radio Fund distributed £100,000 per annum to radio stations, which had been awarded a full five-year community licence by Ofcom. The Fund was established in order to help meet the core costs of running a community radio station, including management, administration, fund raising, community outreach and volunteer support.

48. The Minister’s paper stated:

“In view of cuts to budgets across the then Culture and Sport portfolio difficult decisions had to be taken with regard to funding and unfortunately, therefore the fund came to an end.”

49. DCMS funds a UK-wide Community Radio Fund,¹¹ which is operated by Ofcom. It has an annual budget of £400,000. DCMS’s evidence points out that “Ofcom’s latest analysis suggests there has been a decline in other grant funding available for community radio, with stations relying more on volunteers and self-generated funding”.

50. The DCMS is currently consulting on a proposal to allow Ofcom to license small-scale DAB, which would be appropriate for community radio.

Radio Beca

51. There is no community radio which broadcasts solely in Welsh. A licence was awarded by Ofcom to Radio Beca in May 2012 to serve Ceredigion, Pembrokeshire and Carmarthenshire – the station intended to broadcast mostly in Welsh. However, the licence was revoked three years later without the station having started broadcasting.

52. There was also concern Radio Beca had only managed to raise £20,000, of a total of £320,000 that was required to get the station on air.

53. Steve Johnson (University of South Wales) recounted the fate of Radio Beca in his evidence:

“It had been agreed by Ofcom that Radio Beca would be given a much wider broadcast range than the standard five-kilometre radius, in order for it to serve pockets of the Welsh-speaking community across a range of small towns, villages and hamlets in Carmarthenshire, north Pembrokeshire and Ceredigion, west Wales. This was a welcome and imaginative initiative on the part of Ofcom. However, in reality, that would not, in itself, have been enough to keep Radio Beca on-air, as restrictions on commercial income generation have a disproportionate and highly restrictive impact on community radio stations based, like Radio Beca, in rural, less affluent parts of Wales.”

Evidence

54. Steve Johnson (from University of South Wales) advocated the return of the Welsh Government’s Community Radio Fund, arguing that the benefits of community radio included “enabling participation, widening levels of media plurality and endeavouring to give a platform to marginalised, often unheard

¹¹ www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/radio-broadcasters/community-radio-fund

voices”. He stated that “limitations within the Welsh commercial and BBC radio sectors, provide a unique opportunity for community radio in Wales” and that “Further decreases in restrictions on community radio commercial revenue are vital, if the sector is to survive in Wales”. He expanded on the value of community radio in his oral evidence:

“Community radio gives you this opportunity to get the indigenous, ground-up information from the actual communities and lots of stories that will never actually get covered that are very significant locally. Community radio has an opportunity, I think, to be that funnel of information for local communities. I think there’d be a great benefit to the communities of Wales if that was to be supported.”¹²

55. In oral evidence, Communicorp’s Neil Sloan argues against reinstating the Community Radio Fund if community radio revenue restrictions were also lifted, stating:

“If the restrictions are removed from how much revenue can come in, to be then having support from another angle is a bit incongruous.”¹³

56. Nation’s Martin Mumford suggested that “potentially, a contestable public service broadcasting fund might deliver better value” than a specific community radio fund.

57. Responding to questions, Mr Johnson said that encouraging the Welsh Government to use community radio for public information campaigns would be “fantastic and beneficial to both parties”.

58. Mr Johnson also suggested that, though community radio stations have difficulty collaborating, as those involved are very busy running their stations:

“I think the way forward for that ... is through just coming together and sharing and syndication and networking and collaboration.”

59. Marc Webber expanded on the lack of collaboration in the community radio sector in his oral evidence:

¹² RoP 22 March 2018

¹³ RoP 26 April 2018

“Any power that you guys can give to marketing that group of people and supporting that group of people, morally more than financially, if you like, would be great.”¹⁴

60. A number of respondents noted that RAJAR – the company that measures radio listening figures – does not provide audience figures for community radio. This makes it hard to gauge the health of the sector, and makes it harder for community radio stations to sell advertising space.

61. Marc Webber noted the problems caused for community radio by not having RAJAR ratings, but said in his oral evidence:

“I’m not a person saying that anybody should be given a Government handout or an Assembly handout for that RAJAR situation. If that money is available, great, but I don’t think it’s the way it should go.”

62. Martin Mumford was also sceptical about the value of obtaining RAJAR figures for community radio:

“To an extent, this is a bit of a red herring because community radio stations are incredibly small. I run some very small local radio stations. The reason we’re in RAJAR is to access national advertising. National advertisers have very specific ways that they want to purchase and have reporting around their advertising. It’s a completely different type of business to knocking on a local business person’s door in Wales and selling radio advertising. So, in some of our smallest stations, the cost of the survey is roughly equivalent to what we receive in national advertising. I think, from a commercial perspective, community radio may not like what the result would be if they were able to access RAJAR.”¹⁵

63. Nation states that it favours “a wholesale change to regulations surrounding community radio in order to create a more level playing field between community radio and commercial radio”, and that “community stations should be free to become wholly commercial services”.

64. In oral evidence, Nation’s Martin Mumford said

¹⁴ RoP 16 May 2018

¹⁵ RoP 26 April 2018

“I think it’s very difficult in certain areas to see the difference between a local commercial radio station and a community radio station.”

65. Mel Booth from Global Radio made the case for maintaining the distinction between commercial and community radio when he gave oral evidence:

“Community radio stations are staffed by volunteers, and therefore the mechanism of their funding needs to be considered differently to a professional radio station that employs people. So, I think there is a need for it to be considered differently.”

66. This view was echoed by Communicorp’s Neil Sloan, who said:

“I think that, actually, what the community radio station does, the clue’s in the title—it’s for the community—so it shouldn’t, in my opinion, be swallowed up by commercial stations, because then you’re just extending the reach of commercial stations and not having that distinction.”

67. Marc Webber notes that, because community radio cannot access RAJAR figures “we honestly have no idea how well community radio is doing in Wales”. He states that this is a “big issue” when it comes to community radio stations trying to increase their revenue. He also notes that community radio is hindered by limitations placed on their commercial activity. Specific recommendations that he makes include:

- Free or subsidised transmission costs for community radio stations in Wales on FM and DAB.
- RAJAR to offer free or low-cost service to community stations for audience measurement.
- A free audio news service, supplying clips and bulletins of Senedd sessions to all independent and community radio and podcasters in Wales and beyond.
- Offer subsidised marketing support to community radio stations in Wales to help raise awareness of their existence to listeners in their area.

68. Mr Webber also stated that:

“digital technologies have caused the creation of an underground scene of content about Wales which is becoming increasingly attractive to Welsh people.”

69. Communicorp said that it is:

“...concerned about the distinction between community and commercial radio stations and the share of local advertising revenue that community radio stations can take out of a market which may put into question the sustainability and commercial viability of local commercial radio services.”

70. The BBC’s Colin Paterson described collaboration between the BBC and community radio in his oral evidence:

“I could probably pick up on that. Yes, I think that we’re very supportive of community radio. In the past, we’ve had formal memorandums of understanding and informal ones. Currently, there’s no formal agreement, but in 2011 we did have one, and that was a mix of content sharing, both their ability to use our content, which we’d still be happy to look at, but also using the community radio stations and community reporters to feed into Radio Wales content. So, that’s happened in the past.

Now we have informal relationships. So, I’m involved with Radio Cardiff in Butetown; there’s an element of mentoring and training as part of that. Calon FM in Wrexham is based in the same building at the university. So, we’re based in the same building as them. We support them in terms of training. Some of their volunteers are actually involved in some of our outputs. Janice Long’s programme on Radio Wales comes from Wrexham in the evening. Some of the volunteers there help us with live bands and sessions, and elements like that.

So, there’s no formal agreement at the moment. We’re keen to work with community radio and support them; it’s very much an open door. I think we’re also cautious, though, that we don’t want to force ourselves on them. They are independent organisations. Sometimes, as I say, we see a very mutually beneficial relationship with working with Radio Cardiff, for example, and Calon FM in Wrexham, but as editor of Radio Wales, I don’t really want to go round the country forcing myself on radio stations that don’t want it, but very much an open door and willing to work with anybody who wants our support.”¹⁶

¹⁶ RoP 22 March 2018

71. Radio Beca’s Euros Lewis noted that his station’s relationship with the BBC had improved markedly since its inception:

“Well, to be honest, at the time, it was quite clear that, from the BBC’s point of view, Welsh-medium broadcasting was the property of Radio Cymru and there was no role for anyone else to threaten that hegemony. But I do emphasise that, in terms of our relationship with Radio Cymru, that has been transformed, I’m very pleased to say. I do anticipate and I do hope that we, at some point, will hear about things that are being developed though Radio Beca being broadcast on Radio Cymru.”¹⁷

72. The DCMS’s written evidence stated that, in light of the weaker presence of community radio in Wales compared to other areas of the UK:

“We will be looking for ways in which community radio can develop further in Wales and we plan to have a discussion with the Welsh Government about how to take this forward.”

73. In oral evidence, Welsh Government officials told us that when the Community Radio Fund was stopped, it had succeeded in its aim of strengthening the community radio sector:

“This was a fund specifically for Wales, so it was unique and it was a substantial boost to the sector. It was a five-year fund and then it was extended for a year in order to give the stations an opportunity to prepare for the period when that fund came to an end. So, it was specifically in place for five years. It didn’t lapse because it had failed—quite the opposite. It was a huge success, but, unfortunately, we had to consider that fund along with the other things that were being budgeted for within the department. So, that’s why it came to an end; not because it failed, not at all. It was a huge success.”

74. The Minister stated that he was not in favour of supporting community radio with paid-for Government communications, stating:

“I don’t think that you should sponsor broadcasting or any other medium through the medium of Government communications. I think it’s a very dangerous situation to be in. If you’re saying that public sponsorship or funding is required for any form of culture or any medium, then I think you should make that case on the basis of the

¹⁷ RoP 26 April 2018

needs of the market or the inadequacy of the market in dealing with a situation, and not expect Government to cross-subsidise any activity through advertising.”

75. However, when questioned as to whether paying for adverts on community radio to support individual Government campaigns would be appropriate he said “Yes, that is different”.

Our View

Community Radio can provide relatively low cost, accessible radio, which can help draw communities together and develop greater community cohesion in the areas they serve. They may also be of considerable value in helping improve the diversity of Welsh language broadcasting, as well as providing valuable volunteering and training opportunities.

Financial Restrictions and Support

Some witnesses have argued for the removal of current financial restrictions on Community Radio to allow them the freedom to become wholly commercial services if they choose. Others have counselled that this could simply lead to them being swallowed up by the commercial sector.

We agree that Community Radio should address a different need to wholly commercial radio. It requires an approach that puts communities, particularly smaller and less well-served communities, at its centre. But, particularly in those less well-served communities, Community Radio needs help and support to allow it to flourish.

The UK Government should consider how its current financial restrictions on Community Radio are working in practice. Financial restrictions ensure that Community Radio remains distinctively community based and it doesn't unfairly distort the commercial market. Nevertheless, the current restrictions may be unnecessarily restricting the development of the sector.

We noted the considerable success claimed for the Welsh Government's Community Radio fund, which was wound up in 2013-14. We believe that the time has come to reassess this decision and to reintroduce specific funding in this area. There may also be synergies between Community Radio, hospital radio and hyperlocal news providers and any funding source might help address all areas.

We would also like the Welsh Government to publish its evaluation of the success of the previous fund, so that there is an evidence base to inform future policy and the development of a new fund.

Ofcom also operates a UK Community Radio Fund on behalf of the DCMS. This funding does not seem to be well-known in Wales and Ofcom should consider whether the availability of the fund could be better publicised, particularly in Wales.

Advertising

As advocated by GTFM, the Welsh Government should also consider Community Radio more carefully as a vehicle for government advertising, particularly in relation to public information campaigns that require a community focus. There does appear to be evidence that, even when Community Radio might be a viable and appropriate way of publicising government campaigns, they are often not included. The Welsh Government should aim to place more government advertising, particularly public information campaigns, with Community Radio stations and provide guidance to other public sector bodies in Wales to draw their attention to the possibilities of using the sector to a greater extent.

Measuring Success – A National Symposium for Community Radio

Part of the reason that Community radio may not be considered for advertising campaigns is that it is far from clear what the success of community radio is. This is in large part due to the absence of authoritative listening figures from RAJAR. In our view, there is a clear need for much better information on listening figures. However, we are not clear whether using RAJAR is the right vehicle or whether listening figures produced on the same basis as for commercial radio could give a false impression of the sector.

We have heard that the sector can find it difficult to find opportunities to get together, work collaboratively and address common issues. In the light of this, we intend to host a national symposium for Community Radio in Wales to try to provide such an opportunity. Among the issues that we will ask those invited to address is how best to measure the success of Community Radio in Wales, including number of listeners.

Recommendation 5. The Welsh Government should publish its evaluation of the Community Radio fund and, drawing on any lessons learned, consider introducing a new fund, taking account of any synergies between Community Radio and other hyperlocal news providers.

Recommendation 6. Ofcom should do more to publicise the availability in Wales of the Community Radio Fund that it operates on behalf of the DCMS.

Recommendation 7. The Welsh Government should place more government advertising, particularly public information campaigns, with Community Radio stations and provide guidance to other public sector bodies in Wales to draw their attention to the possibilities of using the sector more.

Recommendation 8. The UK Government should consider how its current financial restrictions on Community Radio are working in practice and whether some of the current restrictions are unnecessarily restricting the development of the sector in Wales.

Recommendation 9. The Community Radio sector in Wales should consider how best to measure success, including number of listeners and RAJAR ratings. To facilitate this, the Committee intends to organise a symposium for Community Radio stations in Wales to provide an opportunity for them to get together and consider a range of common issues, including use of RAJAR ratings services.



4. BBC radio in Wales

Background

76. The BBC’s non-network radio services for Wales are Radio Wales (Wales’ national broadcaster in the English language), Radio Cymru (BBC Cymru Wales’ Welsh-language national radio station) and Radio Cymru 2 (a digital-only second Welsh-language radio station, broadcast in the morning).

2016-17 performance data

Performance by service

Dedicated services	Content We spent a total of £27.8 million on these services in 2016/17	Reach Wales population who use the service each week	Time spent watching or listening to a service each week Length of time the average listener spent each week with the service	Appreciation Index by service Aggregate of how people rated individual programmes, expressed as a number out of 100	Costs per user hour How much it costs to deliver each service to individual users
	£M	%	H:M		P
 BBC Radio Wales is a speech-led service for adults, which offers a wide range of genres and reflects the issues, events, culture and interests of the people of Wales.	£14.2m 2015/16: £15.1m	13.9% 2015/16: 14.8%	08:19 2015/16: 08:15	82.7 2015/16: 82.5	9.1p 2015/16: 9.0p
 BBC Radio Cymru is a speech and music radio service for Welsh speakers, which offers a wide range of genres and reflects the issues, events, culture and interests of the people of Wales.	£13.6m 2015/16: £14.2m	4.2%* 2015/16: 4.3%	10:42 2015/16: 10:47	78.8 2015/16: 77.0	22.6p 2015/16: 22.3p

Reach definition: 15+ minutes for all services and on audiences aged 15+
Sources: reach and time spent RAJAR; Appreciation Index: Pulse panel of 20,000 UK adults, 16+ by G9. Data based on Total Survey Area (TSA)
* BBC Radio Cymru reaches 16.7% of the 15+ Welsh-speaking population in a week who use the service for 12:23 a week on average. Welsh-speaking listeners give it an average Appreciation Index score of 78.8. RAJAR data (reach and time per listener) based on 'Understand Welsh'. Appreciation Index data based on 'Speak Welsh Fluently & Speak Welsh but not Fluently'

Source: BBC Annual report 2016-17¹⁸

77. On average, 372,000 people listen to BBC Radio Wales each week (RAJAR average for 2017). Radio Wales’s share of all radio listening in Wales is around 5% and it is the fifth most-listened to station in Wales behind BBC Radio 1, BBC Radio 2, BBC Radio 4 and Heart South Wales. On average, Radio Wales listeners tune in for around eight hours each week.

78. BBC Radio Cymru reaches 127,000 adults in Wales – with the average listener spending over 11 hours each week with the station. Radio Cymru is the most popular station with fluent Welsh speakers, accounting for 20% of all their radio listening in 2017. Radio Cymru accounts for more than 60% of all the Welsh language media hours consumed by audiences.

79. The total spend on these two services in 2016-17 was £27.8 million, down from £29.3 million in 2015-16. Reach of both radio services decreased very slightly between the two years.

¹⁸ <http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc-annualreport-201617.pdf>

80. Since 2013-14, the cost per user hour of Radio Wales services has risen by 40%, to 9.1p. For Radio Cymru it rose by 48% to 22.6p. For comparison, the BBC Radio Scotland cost per user hour is 6.0p, and the BBC Radio nan Gaidheal (Scottish Gaelic service) cost per user hour is 15.6p.

81. In January 2018 the BBC launched a second Radio Cymru schedule in peak-time – BBC Radio Cymru 2 – to provide a choice for Welsh speakers on DAB and the BBC Radio iPlayer. While BBC Radio Cymru will continue to offer a full news service in the morning, Radio Cymru 2 will offer a mix of music and entertainment. The news follows the trial of an alternative option for Radio Cymru listeners last year – Radio Cymru Mwy.

82. In its assessment of the BBC’s performance in Wales in 2016 with regard to radio, the BBC Audience Council stated:¹⁹

“Despite some reduction in audience reach of Radio Cymru and Radio Wales in Wales, the Council considers the performance of both stations to have been largely stable and in-line with the overall reduction in all BBC Radio listening. Having met the Editors of both stations regularly, the Council is supportive of their actions.

The Council congratulates Radio Cymru on the 40th anniversary of its establishment (with Radio Wales due to celebrate the same anniversary at the end of 2018). It believes that generations of Welsh speakers have been informed, educated and entertained by the station. Council members look forward to hearing about the outcome of the RC Mwy pilot which saw alternative Radio Cymru output offered each morning for a month both on-line and in south-east Wales on DAB. This gave the BBC an opportunity to test the technology as well as providing a platform for new presenting talent.

The Council has heard audience concerns about the extensive schedule changes on Radio Wales in recent years as more speech content has been included in daytime. There is an audience perception that the station was no longer reflecting their communities and connecting with them in the way it once did and the Council considers that reconnecting with those communities to be a priority for the station.”

83. In the Committee’s report into broadcasting (the Big Picture²⁰), it recommended a Wales news opt-out for Radio 2 and Radio 1. In 2016 BBC Cymru

¹⁹ www.bbc.co.uk/bbctrust/who_we_are/audience_councils/wales/annual_review_2017

²⁰ The Big Picture etc 2017

Wales Director Rhodri Talfan Davies discussed with the Committee the possibility of an opt-out on Radio 2 news to allow for a Welsh news bulletin. He estimated that this proposal would cost £0.5 million in distribution costs, along with an editorial cost for providing the new news bulletin. BBC Director General Lord Hall previously told the Committee that a Wales opt-out for Radio 1 and Radio 2 news was “absolutely on the agenda for the news review”.

84. The BBC’s Rhys Evans recently told the Committee that, though this concept was “a valid one”, it was currently not possible for technical reasons. He explained that, when broadcast on FM, the signal targeting Wales also broadcasts to the south-west of England, meaning these audiences would also receive Welsh news. And on digital, he explained, “you can’t opt out ... It’s one single frequency network across the UK on the Radio 1 and Radio 2 BBC multiplex”.

85. The BBC is currently progressing a number of plans to improve coverage of local democracy. These revolve around funding 150 journalists who will be employed by qualifying local news organisations to provide coverage of local democratic activity to local news providers including the BBC.

Evidence

86. The BBC’s evidence stated that BBC radio services attract more listening in Wales than any other UK nation. It states that:

“This strong performance is largely attributable to the appeal of network services such as Radio 1 Radio 2 and Radio 4 – and the relative weakness of commercial radio. In particular, the audience growth of Radio 2 in recent years has been striking.”

87. The BBC notes that Radio Wales introduced “The Welsh A-list” in 2017, which accounts for 40% of its fortnightly playlist of new music.

88. In oral evidence, the BBC’s Rhys Evans outlined how the BBC’s local democracy project may be of help to community radio stations:

“So, to go back to your hypothetical meeting with the community radio stations, I make this offer here now: if they are interested, that content is there, assuming they meet the eligibility criteria, and I can’t see any reason why not. That content, including news copy and also clips, is

there available to them. So, that would, I suggest, be very helpful in helping them better reflect the communities that they serve.”²¹

89. Marc Webber called for the BBC to “do more to enhance the relevance of UK-wide services to people in Wales”. Specific recommendations he makes include:

- BBC Radio 2 to run news bulletins produced in Wales on the hour during weekday breakfast and drivetime for Welsh frequencies.
- BBC Radio 1 to reinstate the Thursday night Evening Session from Wales for transmission in Wales only or UK wide.

90. In oral evidence he questioned the BBC’s view that the Wales-only news opt-out was not technically possible:

“What I found very interesting about the BBC’s submission was that one minute they were telling you, ‘You absolutely can’t do this; we’d affect 2 million people in Somerset’ and then suddenly they find 200,000 listeners from Somerset down the back of a sofa and say, ‘Oh no, if we put this transmitter over here and put that transmitter—.’ I think if you keep on asking the question you’ll get that number down to zero. I think anything is possible technically. I think both are possibly technical, with investment, I grant you that.”

91. Communicorp states that “as a public service the BBC radio services should be distinctive” compared to commercial services.

92. The Minister’s paper states, with regard to BBC radio services in Wales, “we are concerned that the range of non-news programming generally is narrowing”. With regard to network content, the Minister’s paper says:

“Very little of the BBC’s commissioning for UK network radio appears to come from Wales. We would like to see a greater contribution to the radio network being commissioned from BBC Wales; the BBC should set more stretching targets in this regard.”

93. The Committee has previously called for Ofcom to introduce network production requirements for BBC radio in Wales (see the chapter of this report on Ofcom’s regulation of the BBC).

²¹ RoP 22 March 2018

Our View

The BBC is fundamental to radio output in Wales. Not only does it provide four of the five most listened to stations in Wales, its news output on Radio Wales and on Radio Cymru has the highest journalistic standards and is a central part of how people in Wales are informed about Wales and Welsh life. Radio Cymru is listened to more by fluent Welsh speakers than any other station and the creation of Radio Cymru 2 is an important step in further widening the reach of Welsh language radio. We congratulate BBC Cymru Wales on its achievements with Radio Wales and Radio Cymru and hope they will continue to prosper.

The BBC's other stations are, in many ways even more successful in Wales. In Radio 1, Radio 2 and Radio 4 the BBC provides the three most listened to radio stations in Wales. However, this very popularity presents its own challenges.

As we noted in our “Big Picture” report last year, Radio 2 is the most listened to radio station in Wales and yet provides virtually no Welsh specific news content. Much the same can be said for Radio 1 and Radio 4. The news output of these stations does little to promote the very distinctive news agendas in Wales or elsewhere in the UK and does much to create and reinforce confusion about responsibility for political decisions within the different nations of the UK.

For these reasons, we called for Wales news opt-outs on Radio 1 and 2. However, despite being considered as part of the BBC's news review, we have been told that it is currently not possible for technical reasons. This is extremely disappointing. The BBC should actively pursue possible technical solutions and prioritise investment to help overcome the current technical issues.

We also note the Minister's view that very little of the BBC's commissioning for UK network radio appears to come from Wales. We share his view that the BBC should set itself more stretching targets for this content. We also think that BBC Cymru Wales radio news needs to be more assertive in promoting news stories from Wales that offer an insight into policy developments elsewhere in the UK.

Recommendation 10. The BBC should pursue further options available to it to provide a Wales news opt-out on network radio services and should prioritise investment to help overcome the technical issues that are currently preventing this.

Recommendation 11. The BBC should set itself more stretching targets for UK network radio content from Wales. BBC Cymru Wales should be more assertive in promoting news stories from Wales and Welsh music for the UK networks.

5. Ofcom’s new role as the external regulator of the BBC

94. The current BBC Charter (the constitutional basis of the BBC, which sets out in broad terms how the BBC should be organised and what it should do) came into force in January 2017 and is set to run until December 2027. The Charter includes a new role for Ofcom as the BBC’s first external regulator.

95. Under the last Charter, oversight of BBC performance was the responsibility of the BBC Trust, and was rooted in a system of individual service licences which prescribed each service’s “share of responsibility” for delivering the public purposes. The public purposes are the broad mission statements for what the BBC should do.

96. Ofcom’s new role includes ensuring that audiences in the individual nations of the UK are “well served”. Ofcom must “secure the provision of more distinctive output and services” on the BBC. As well as policing content, Ofcom is responsible for ensuring that a “suitable proportion” of network programmes are made outside of London, including in each of the UK’s nations.

97. Ofcom must report annually on the extent to which the BBC is meeting its performance measures, and is able to enforce sanctions – including financial penalties – if the BBC does not meet its new regulatory conditions.

What has Ofcom done?

98. Ofcom has developed a single operating licence for the BBC containing, in its words “clear, measurable and appropriately challenging regulatory conditions in relation to the BBC’s services”.

99. Last year this Committee held meetings with the Ofcom Advisory Committee and Ofcom looking into Ofcom’s proposals as to how to regulate the BBC. It subsequently wrote to Ofcom, making the following key points in relation to radio:

- Ofcom had proposed that, in respect of BBC Radio Wales, the BBC must ensure that in each week, the time allocated to news and current affairs is not less than 32 hours. This is the same as the current equivalent licence condition. In 2015-16 the output figure was 53 hours.
- The Ofcom Advisory Committee for Wales (ACW) told the Committee the section on radio was “unnecessarily timid”. It noted that Radio

Scotland, which Ofcom proposes has an equivalent requirement of 50 hours, is an “equivalent service” to Radio Wales. It calls for parity between these two services on this point.

- ACW called for the introduction of 5% quotas for UK radio production made in Wales (equivalent to the regulatory condition relating to network TV production).

100. The Committee endorsed these proposals.

101. Following the consultation, the Operating licence was not changed to either increase the time allocated to news and current affairs for BBC Radio Wales (which remained at 32 hours a week) or introduce a specific quota for network radio production in Wales.

102. Ofcom has recently consulted on how it will measure representation and portrayal on BBC services,²² though it has stated that this review will look “primarily at television”. The Committee has written to Ofcom to respond to this consultation. Key points in the Committee’s response included:

- Wales must be included as one of the “different groups” about which Ofcom intends to gather qualitative and quantitative data regarding representation and portrayal on the BBC.
- Ofcom or the BBC should collect and publish the full data - not simply the names of television and radio shows - used by the BBC to measure portrayal. The Committee has previously requested this information from the BBC, and not received it.

Evidence

103. The Minister’s paper states:

“The Welsh Government provided a detailed response in July 2017 to Ofcom’s consultation on its first Operating Licence for the BBC. In our consultation response, we raised a number of concerns about the draft Licence, which we urged Ofcom to address to create a final Licence that was fit for purpose. It was disappointing that the Licence was not amended to reflect a number of important improvements which were

²² www.ofcom.org.uk/consultations-and-statements/category-3/bbc-thematic-review-representation-portrayal

suggested and explained in detail by the Welsh Government in its response to the consultation.”

Our View

The Committee has previously expressed its concern at the lack of challenge for the BBC in Ofcom’s new licence. We also regard the requirements for Radio to be undemanding. We reiterate the points we made in our earlier correspondence with Ofcom where we agreed with the Ofcom Advisory Committee for Wales in calling for:

- Parity with Radio Scotland, which Ofcom proposes should have an equivalent requirement for news and current affairs output of at least 50 hours, a week (the current proposal for Wales is 32 hours; and
- The introduction of 5% quotas for UK radio production made in Wales (equivalent to the regulatory condition relating to network TV production).

In view of the undemanding nature of the requirements, we also believe that the BBC should view them as a floor rather than a ceiling and seek to grow both.

Ofcom’s new role also includes ensuring that audiences in the individual nations of the UK are “well served” and they must “secure the provision of more distinctive output and services” on the BBC. As well as policing content, Ofcom is now responsible for ensuring that a “suitable proportion” of network programmes are made outside of London, including in each of the UK’s nations.

In our view Ofcom should use its new duties to ensure that more music by Welsh artists is played on the radio in Wales.

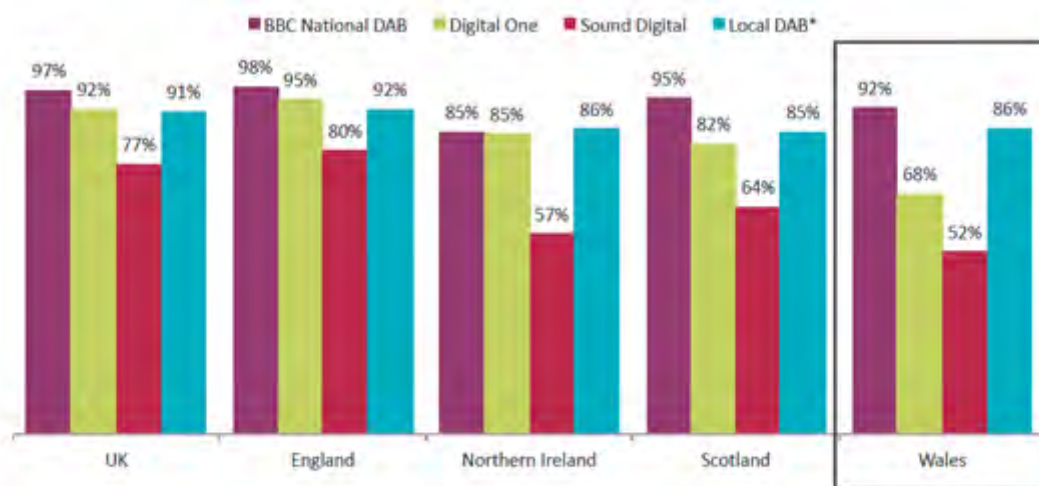
Recommendation 12. That, in view of the lack of challenge posed for the BBC by Ofcom’s new operating licence, the BBC treats these regulatory conditions as a floor rather than a ceiling, and seeks to grow:

- the volume of news and current affairs coverage on Radio Wales and Radio Cymru; and
- the volume of network radio production made in Wales.

Recommendation 13. Ofcom should use its new duties of ensuring that audiences in Wales are “well served” with “...more distinctive output and services” to ensure that more music by Welsh artists is played on the radio in Wales.

6. Infrastructure

Household DAB coverage



Source: BBC, Arqiva, Ofcom, May 2017. *Figures for local DAB are projections of expected coverage for mid-2017 based upon a planned list of transmitter sites. The plan is continuing to be refined and actual coverage may differ slightly from those figures when the current programme of expansion completes during 2017

Source: Ofcom 2017 Communications Market Report, Radio and audio content²³

104. The UK Government DCMS has said that a decision on whether to set a date for digital radio switchover would be considered when the following criteria are met:

- when 50% of all radio listening is via digital platforms; and
- when national DAB coverage is comparable to FM, and local DAB reaches 90% of the population and all major roads.

105. The BBC’s evidence states that it expected digital listening to reach 50% in the first quarter of 2018, triggering the DCMS review.

Evidence

106. The BBC’s evidence states that, should DCMS decide to begin the digital switchover process:

“The BBC has committed to ensure that substantially the same proportion of households in the UK that receive BBC national radio

²³ www.ofcom.org.uk/___data/assets/pdf_file/0012/105006/wales-radio-audio.pdf

services in analogue form (MW/FM) can receive those services digitally, subject to a full value for money assessment by the BBC.”

107. In June 2017 BBC Cymru Wales announced planned improvements to its services for Wales. The BBC plans to extend Radio Wales’s availability on the FM band to an estimated 330,000 people, increasing its nationwide FM coverage in Wales from 79% to 91%. The BBC says that this change will particularly benefit listeners in North East Wales and Mid Wales.

108. The BBC notes that in 2017 it completed its expansion of the BBC’s National DAB network. This entailed “increasing the coverage of BBC network services in Wales to 92% households and 72% major roads”.

109. Nation states that “Wales is considerably behind the UK as whole in relation to a drive to DAB listening and any roadmap for switchover should take this into account”.

110. Marc Webber notes the “frightening cost of transmitting on FM” and that, although the hilly terrain “has to take some of the blame”, a “virtual monopoly in transmission companies in Wales is the real reason behind this”. He suggests that “the decision of Radio Beca to hand back their community radio licence” is an example of this problem. He stated that Arqiva has:

“a monopoly on the delivery of FM and DAB signals in Wales [which is] worth investigation.”

111. Specific recommendations he makes include:

- Free or subsidised transmission costs for community radio stations in Wales on FM and DAB.
- Nationwide Welsh Language popular music channel on FM and DAB with no transmission costs for first three years, or a programme-sharing partnership between current Welsh Language show makers.

112. Communicorp states that it:

“would like to see a more coordinated Government led transmission architecture for all broadcasters in Wales.”

113. DCMS described a programme to improve local DAB coverage, which in Wales received £7.3 million of capital funding, that completed in March 2018. It notes that:

“with respect to this programme, Wales accounts for 4.7% of UK population and has received a higher proportion – 7.7% – of the total DCMS capital funding allocated to support local DAB network expansion.

As part of a review on the future of digital radio we will seek input from stakeholders including the Welsh Government.”

114. The Minister’s written evidence states:

“The Welsh Government continues to be concerned that even when the proposed criteria for radio switchover are met on a UK basis, there would almost certainly be a significantly lower level of DAB penetration in Wales.”

115. When addressing the issue of concentration of ownership of transmission companies in Wales, the Minister said:

“I very much regret that this matter was not addressed properly earlier on, as this monopolistic, or duopolistic, situation was developing.”

Our View

We note that on a UK basis the criteria for reviewing whether the digital radio switchover should proceed is likely to be met soon, if it hasn’t already. Despite this, Wales is some way behind some other parts of the UK.

We would be concerned if digital switchover were contemplated while coverage in Wales was still lagging behind, particularly given that people in Wales tend to listen to the radio in greater numbers and for longer than in other parts of the UK. The ability of digital multiplexes to deal with issues such as Wales news opt-outs also needs to be considered in deciding when to move forward.

In the short term, and without these issues being addressed, we would be very concerned if digital switchover was to proceed.

A number of witnesses have commented on the cost of broadcasting on FM and DAB frequencies and have attributed this to the “virtual monopoly” that Arqiva has in delivering these signals. We have not taken evidence in any depth on this point but, the apparent lack of competition is a cause for concern.

Recommendation 14. DCMS should not take any decision on digital switchover until the relative lack of digital coverage in Wales has been improved.

Recommendation 15. Ofcom should review competition concerns arising from Arqiva having a virtual monopoly over transmission in Wales.

7. Devolution of broadcasting

116. The backdrop to this inquiry is that radio regulation, along with the rest of broadcasting, is reserved to the UK parliament. Direct activity from the Welsh Government is limited to interventions such as the previous Community Radio Fund, as well as some formal involvement in reserved matters: such as appointing members to the boards of Ofcom and the BBC. The question of whether to devolve responsibility for radio – and broadcasting more generally – arose several times during this inquiry.

117. Steve Johnson argued for devolving responsibility for radio to Wales in the following terms:

“I just generally feel that nobody’s going to do Wales any favours, and why would they be helping us to tell our story? So, therefore, we should put ourselves in the strongest position to tell our story for ourselves.”

118. Marc Webber, when discussing what he saw as the market failure of commercial radio in Wales, said:

“if Wales had the ability to manipulate the current laws, I think that would be good enough.”

119. The Minister said in oral evidence:

“It’s not the policy of the Welsh Government to devolve broadcasting because we believe that the broadcast economy is very important to us here in Wales, and that we want to see the broadcast economy strengthened in Wales.”

Our View

This Inquiry has raised the issue of whether broadcasting, or aspects of it, should be devolved to the National Assembly and the Welsh Government. This is an issue to which we will no doubt return at some point. For now, while Members of the Committee have different views on the matter, we acknowledge that it is not the policy of either the UK or Welsh Government to devolve broadcasting to Wales.

However, the Minister’s stated reason for the Welsh Government’s policy is of some concern. It suggests a general lack of belief in devolution as a way of improving and developing policies tailored to Wales’ needs. Possibly, his

concerns are simply at the capacity of the Welsh Government to deal with this issue at present .

However, the debate on this issue is unlikely to go away and it would, therefore, be helpful if the Welsh Government could set out clearly its strategy for ensuring that Radio in Wales meets the objectives for it that the Welsh Government has outlined in other evidence to the Committee.

Recommendation 16. The Welsh Government should set out clearly its strategy for ensuring that Radio in Wales meets the Welsh Government’s own policy objectives.

Hospital/Student Radio

At the Chair's request the Clerking team has also asked representatives of hospital and student radio stations whether they have anything they wish to contribute to the inquiry. The only response received was from the Chair of Radio BGM, Prince Philip Hospital Radio, Llanelli as set out below.

Does the Committee wish to say anything specific about Hospital or Student Radio in the report?:

Further to the message which you sent out I was wondering if you were still looking for any additional comments or helpful details which could assist the committee.

I have been the chair of the hospital radio at Prince Philip hospital in Llanelli for a number of years and met recently with Bethan Sayed and explained the way in which hospital radio has now become a lot more community based, also becoming a vehicle for the Hospital trusts media dept as well as serving the needs of the patients.

We get frequent requests from Colleges and Schools and Social Workers for us to provide volunteer work opportunities to allow experience to be gained and confidence development.

Back in the early 70s the concept of hospital radio was to provide general light relief to patients whilst recovering in hospital , nowadays its a hi tech multi platform service which caters for the needs of a whole community , the only problem we face is the constant need to keep on upgrading which means we have to be applying for financial assistance to keep our systems running and useful as a viable training tool. The prospect of small scale DAB is something which we are closely considering as a future path when Ofcom release the licences.

Most recently we have been working closely with hyperlocal news outlet Llanelli on line and feel that this is working well and a good example of how Hospital and Community radio can take shape in the future.

I would be delighted to assist in any way if you require any further information on the subject or welcome to visit us at any time.

David Hurford

Annex A: Oral evidence sessions

The following witnesses provided oral evidence to the Committee on the dates noted below: Transcripts of all oral evidence sessions can be viewed in full at:

<http://senedd.assembly.wales>

Webcasts are available on www.senedd.tv

Date	Name and Organisation
15 February 2018	Ofcom Advisory Committee for Wales Glyn Mathias, Chair of the Committee Hywel Wiliam, Member of the Committee.
15 February 2018	Ofcom Rhodri Williams, Director in Wales Neil Stock, Director of Broadcasting Licensing
22 March 2018	Steve Johnson Senior Lecturer, Cardiff School of Creative & Cultural Industries University of South Wales
22 March 2018	BBC Betsan Powys, Editor BBC Radio Cymru and Cymru Fyw Colin Paterson, Editor BBC Radio Wales Rhys Evans, Head of Strategy and Education
26 April 2018	Marc Webber , Senior Lecturer in Journalism & Media Martin Mumford , Managing Director at Nation Broadcasting Ltd Mel Booth , Managing Director Wales, Global Radio. Neil Sloan , Head of Programming, Communicorp UK
26 April 2018	Dafydd Elis-Thomas AM , Minister for Culture, Sport and Tourism Hywel Owen , Media Policy Team Leader, Welsh Government
26 April 2018	Radio Beca Euros Lewis, Secretary Radio Beca Co-operative Society Lowri Jones, Motivate and Facilitate Team Leader

Annex B: Written evidence

Evidence to the committee was received throughout the inquiry. The responses we received are listed below and are available in full at:

<http://senedd.assembly.wales/>

Reference	Name and Organisation
RADIO01	Ofcom Advisory Committee for Wales
RADIO02	Marc Webber
RADIO03	Steve Johnson - University of South Wales
RADIO04	Global
RADIO05	The Welsh Language Commissioner
RADIO06	BBC Cymru Wales
RADIO07	Radiocentre
RADIO08	Bro Radio
RADIO09	Cymdeithas yr Iaith Gymraeg (Welsh only)
RADIO10	Radio Cardiff
RADIO11	GTFM
RADIO12	Department for Digital, Culture, Media and Sport

Annex C: Text of Letter to Ofcom in respect of its consultation on “Localness on commercial radio”

Jon Heasman
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

30 July 2018

Dear Mr Heasman,

The Culture, Welsh Language and Communications Committee of the National Assembly for Wales has recently concluded taking evidence for its inquiry into radio in Wales, which it aims to report on in the autumn. As a result of the evidence received, the Committee has the following concerns over Ofcom’s proposed relaxation of the localness guidelines for local commercial radio stations.

Reduction in the number of hours of local content

- Ofcom has proposed reducing the minimum number of locally-made hours each local commercial station must broadcast. The Committee is concerned that this change paves the way for an increasing homogenisation of content, as stations will likely take the opportunity to further reduce the number of hours of local content that they produce.

Reduction in the number of “approved areas”

- Ofcom has proposed reducing the number of approved areas in Wales within which programmes are considered to be locally-made. By merging three approved areas into one, companies which own multiple local licences will have the ability to switch shows that are produced in one part of Wales to a bigger hub somewhere else in Wales.
- The Committee is concerned that this change will lead to job losses, as companies may take the opportunity to centralise production to one site. This would likely have a detrimental impact on rural communities, with Cardiff likely being the chosen area in which to centralise production. If production were to move out of rural, Welsh-speaking

areas it could also have a detrimental impact on the volume of Welsh language content: a matter of huge concern for Welsh-speaking audiences who are already inadequately served by the commercial radio market.

- As well as the economic and social impact of job losses, this change could potentially reduce the extent to which radio stations are embedded in – and reflect – the areas which they broadcast to, leading to a further homogenisation of content.

In 2016 Wales had the smallest local commercial revenue per head of population of any UK nation. As it would seem that there is less of a market incentive to provide local radio content in Wales, such content must be secured by regulation. Whereas a relaxation in local content requirements may not lead to a diminution of local content in areas well-served by a competitive market, this is simply not the case in Wales. The small number of companies that dominate commercial radio in Wales will see the ability to reduce and centralise local content as a cost-saving opportunity: at the loss of local, distinctive content.

In his evidence to the Committee, Marc Webber, a senior lecturer in journalism and media at the University of Northampton, told us “it must be understood that there is more to Welsh life than news”. These proposals would likely lead to a further erosion of non-news content that reflects the lives of local radio audiences in Wales, and the Committee calls on Ofcom to reassess them accordingly.

Yours sincerely

Bethan Sayed AM
Chair