RADIOCENTRE

Bethan Sayed AM
Chair
Culture, Welsh Language and Communications Committee
National Assembly for Wales
Pierhead Street
Cardiff
CF99 1NA

9 December 2019

Dear Ms Sayed,

I am writing to you on behalf of Radiocentre, the UK's industry body for commercial radio, regarding your consultation on the devolution of broadcasting to Wales. I thought that it would be helpful to provide some observations on behalf of our sector.

Commercial radio in Wales

There are 26 licensed commercial radio stations serving local areas across Wales. The most popular of these are Heart, Capital and Smooth, with separate services covering South Wales and North and Mid-Wales. Other services include Nation Radio and smaller stations covering specific towns and regions, such as The Wave in Swansea and Radio Pembrokeshire. The majority of these analogue stations (FM/ AM licences) are required to support Welsh language and culture.

In addition there are 46 UK-wide services available on DAB digital radio (35 commercial, 11 BBC). In terms of listening share, the BBC is stronger in Wales than in the rest of the UK. In Wales commercial radio accounts for 42% of radio listening compared to 57% to BBC–whereas UK-wide commercial radio accounts for 48% of radio listening compared to 49% to BBC.

In terms of the total number of listeners, commercial radio reaches over 1.65m adults each week (62% of the population). In comparison, the BBC reaches 1.9m adults each week (71% of the population). This high level of competition for listeners means that commercial radio revenues per head or population are lower in Wales than elsewhere in the UK (£5.84 vs £6.84 per head in 2018).

Like 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 28 weather and 20 travel bulletins each day[1].

UK broadcasting regulation and nationwide issues

At present the UK Government is responsible for broadcasting policy across England, Scotland, Wales and Northern Ireland. Ministerial responsibility lies with the Secretary of State for the Department for Digital, Culture, Media & Sport, with the regulation of television and radio broadcasters overseen by Ofcom.

[1] https://www.radiocentre.org/wp-content/uploads/2018/12/Valuing-Radio.pdf

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This established position provides welcome continuity for radio broadcasters, many of whom operate across the UK's four nations and face increasing competition from unregulated international digital competitors. Moreover, as the UK ostensibly heads towards Brexit in 2020, it is perhaps more important than ever that the UK has a united voice on broadcasting issues when engaging with both Europe and other international stakeholders.

One crucial element of broadcasting that requires ongoing national coordination is spectrum management. Consistent and efficient use of spectrum can only be managed on a national scale. This has been demonstrated recently in the radio sector with Ofcom's work earlier this year on licensing small-scale DAB[2]. This exciting new broadcast technology, which received cross-party support in Westminster, will allow new and existing small community and commercial radio stations across the country to launch hyperlocal services on DAB, giving audiences greater choice than ever for local services.

In Wales alone Ofcom has identified 16 potential small-scale radio multiplex service licenced areas or 'polygons', each of which is potentially capable of carrying around 10 new DAB services. This presents a great opportunity to local broadcasters and Ofcom expects to begin licensing new multiplexes in early 2020. As well as providing wholly new services with an opportunity to broadcast on DAB, small-scale technology also provides existing community and commercial radio broadcasters with a cost-effective path to DAB.

Specific initiatives such as these require a UK-wide perspective as the technical and planning requirements involved in managing the spectrum are not isolated to a single geographical area. Separately there are also matters of international spectrum management and co-ordination that require a unified approach.

A broadcasting policy that is reasonably consistent is also necessary in order to support sustainable businesses, at a time when media companies are facing unprecedented challenges. As the committee will know, earlier this year following Ofcom's update to the Localness Guidelines for commercial radio broadcasters in late 2018, a number of operators made changes under the new flexibility. The benefit of these changes are that they protect local news and information output on commercial radio; ensure that local studios and a proportion of locally-produced hours are retained; and provide stations with an opportunity to share more music and entertainment content in order to compete more effectively for audience and advertising. It also means commercial radio now offers true national competition to BBC Radio 1 and BBC Radio 2 in the peak breakfast listening slot for the first time.

Not all radio companies will take advantage of these changes but so far listeners have reacted well, with audiences remaining strong. Local news bulletins continue to be produced by journalists in the local area, with the ability for stations to respond immediately to breaking news stories. Through technology, stations also have the ability to customise the news and information they broadcast, irrespective of the presenters' location and where the programme is made.

The changes allow stations to invest in content and re-organise their operations to offer the best service possible for listeners. This investment has the potential to grow audiences and attract greater ad revenue, which should boost the industry and the economy. There has been a small reduction in overall level of freelance presenter or producer roles in some cases, but the total

[2] https://www.ofcom.org.uk/_data/assets/pdf_file/0020/155450/consultation-licensing-small-scale-dab.pdf

number of jobs in news and broadcast journalism are unaffected. In fact, Global has recently announced that it has increased its news team by 10%.

Future challenges

While this increased operational flexibility is helpful, competition to traditional broadcasters is considerable and continues to grow as consumers shift away from traditional media to digital platforms, dominated by global tech giants. In the audio world, streaming services such as Spotify and Apple Music are a significant threat to radio services. Nevertheless, commercial radio broadcasters continue to innovate in order to retain and grow audiences.

These increasing threats from global players require a swift and a coordinated response which, ultimately a centralised regulator is in the best position to undertake. Steps have already begun to address this nationally, which would mean that any policy shifts towards devolution in this area would potentially harm the UK's broadcasting sectors ability to compete both here in the UK and internationally.

Maintaining the prominence of UK services is an ongoing issue for traditional broadcasters, particularly Public Service Broadcasters. Ofcom has proposed a framework toaddress this issue in television and the House of Lords Communications and Digital Committee published a report in November that supported this approach. The Government has not yet had opportunity to formally respond but it is evident that a harmonised approach must be taken at the earliest opportunity in order to maintain the considerable public value provided by British broadcasters.

The commercial radio industry is currently considering developing research on how the prominence debate impacts on radio and audio as although the majority of radio listening is likely to continue to be over broadcast radio (FM and DAB) for a number of years, the proportion of listening over internet connected devices like smart speakers is expected to continue to grow.

This future scenario presents a number challenges for radio and listeners. In particular there is growing concern at potential impact of US tech companies (Amazon, Google, Apple) becoming gatekeepers and controlling a major distribution platform for radio through their dominance of the smart speaker market. The worldwide nature of these challenges and the speed at which technology develops underscores the importance of the UK having a united policy.

I hope that these comments are helpful to the committee.

With best wishes,

Siobhan Kenny
Chief Executive
[redacted]