

## 3 Radio and audio content

### 3.1 Recent developments in Scotland

The principal development during the year was the acquisition by Global Radio Holdings Limited (Global) of 15 Guardian Media Group licensed commercial radio services (Real & Smooth stations). In Scotland the affected services are Real Radio Scotland, Real Radio XS (Paisley) and Smooth Radio (Glasgow).

On 2 August 2012, the then Secretary of State for Culture, Media and Sport, Jeremy Hunt, issued an intervention notice in relation to the proposed acquisition. The notice specified *“the need, in relation to every different audience in the United Kingdom or in a particular area or locality of the United Kingdom, for there to be a sufficient plurality of persons with control of the media enterprises serving that audience”*. He asked Ofcom to investigate and to report to him with advice and recommendations by 28 September 2012.

Although the merger resulted in a reduction in the number of media owners, we found that there will continue to be a variety of other platforms, including TV, newspapers and online. In relation to nations’ /regional/ local news and current affairs, we did not identify any substantive plurality concerns resulting from the transaction. Our advice to the Secretary of State was that we did not consider that it is, or may be, the case that Global Radio’s acquisition of GMG Radio operates, or may be expected to operate, against the public interest.<sup>34</sup>

As in the case of all such changes of control, Section 355 of the Communications Act requires Ofcom to undertake a review of each analogue radio station’s Character of Service. In the case of Scotland, additional programming obligations, reflecting the content that the previous owner had been delivering, have been incorporated into the Format for Real Radio Scotland, adding news and sport into the character of service as “important ingredients.”

In October 2012, the Office of Fair Trading referred the merger to the Competition Commission and it published the result of its investigation in May 2013. The Competition Commission decided that Global Radio must sell radio stations in seven areas of the UK, including Central Scotland, following its completed acquisition of Real and Smooth Limited<sup>35</sup>. In Central Scotland, the Competition Commission decided that Global should sell either Real Radio Scotland or Capital Scotland.

#### **Most radio stations in Scotland are local commercial services**

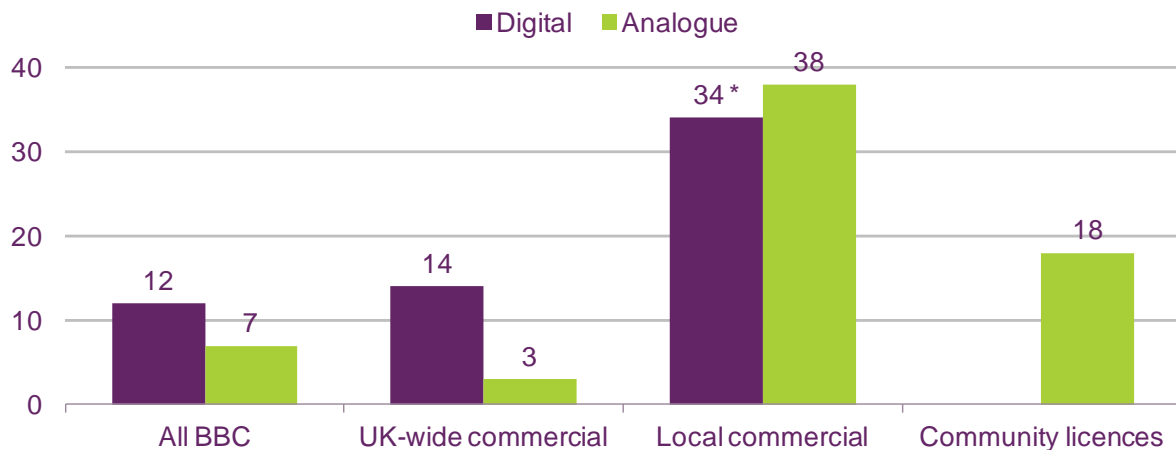
Across Scotland there are a total of 66 analogue radio services. This comprises 56 licensed local commercial and community stations alongside ten BBC and commercial national radio services.

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<sup>34</sup> Ofcom’s report on the public interest test on the acquisition of GMG’s radio stations by Global Radio, 11 October 2012 <http://stakeholders.ofcom.org.uk/binaries/consultations/gmg-radio-holdings/annexes/final.pdf>

<sup>35</sup> Competition Commission report 21 May 2013 [http://www.competition-commission.org.uk/assets/competitioncommission/docs/2012/global-radio-gmg/130521\\_global\\_radio\\_gmg\\_final\\_report.pdf](http://www.competition-commission.org.uk/assets/competitioncommission/docs/2012/global-radio-gmg/130521_global_radio_gmg_final_report.pdf)

**Figure 3.1 Radio station availability: Scotland**



Source: Ofcom, April 2013

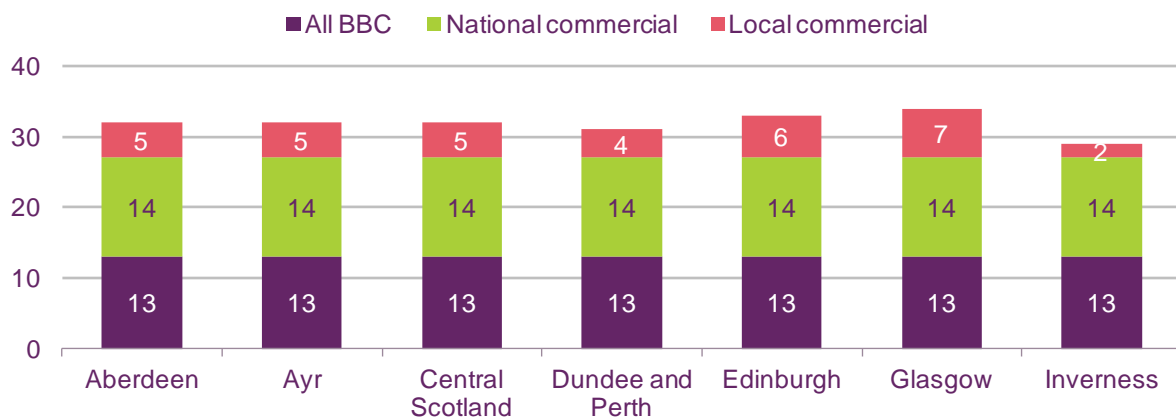
Note: This chart shows the maximum number of UK radio services available in Scotland; local variations along with reception constraints mean that listeners may not be able to access all of these.

\* Excludes nationally branded services on certain local multiplexes, e.g. Gold and Heat

### Digital availability

Digital radio is available in six areas ('central Scotland' covers both Edinburgh and Glasgow). The average number of digital stations across these areas is just under 32. (Figure 3.2)

**Figure 3.2 Digital radio availability: Scotland**



Source: Ofcom, April 2013 Note: This chart shows the maximum number of digital stations available in each area; local variations along with reception constraints mean that listeners may not be able to access all of these

## 3.2 Radio licensing

### Local analogue and digital licence renewals

During the past year, key developments include:

- the granting of local analogue commercial radio licence renewals to Moray Firth Radio AM (Inverness), Moray Firth Radio FM (Inverness), Radio Tay AM (Dundee & Perth) and Radio Tay FM (Dundee & Perth);

- a 12-year renewal for Aberdeen/Switchdigital (Scotland) Limited for its local radio multiplex licence;
- Bauer Digital Radio's local radio multiplex licence renewal for Dundee/Perth; and
- a Change of Control review of the local FM commercial radio licence for Dumbarton (Your FM) following a change of the parent company to Romanes Media Group Ltd.

### 3.3 Community radio broadcasting

Scotland's community radio sector is growing year on year in terms of audience, influence and stations. Ofcom has completed a third round of licensing in Scotland, making 13 awards since May 2012. These stations are now preparing to come on air; indeed, East Coast FM in East Lothian launched at the end of April 2013.

The Department for Culture, Media and Sport appointed a development officer for the sector across Scotland. The year-long brief is to identify and aid development and funding potential. At its heart is securing funding to enable stations to focus on the content and the community rather than constantly facing a battle to meet costs.

The Scottish Community Broadcast Network is now chaired by a representative of Two Lochs Radio, Gairloch and has evolved into Scotland's largest independent radio network.

Caledonia Media produces a radio programme, *The Week in Holyrood*, from the Scottish Parliament, which is broadcast on 29 community radio stations in Scotland. In the past year the programme has doubled in length to an hour. Other network programming includes Hogmanay specials, coverage of the Edinburgh Festivals, the Celtic Connections festival from Glasgow and the Cowal Games from Dunoon. It remains a stated desire of community radio in Scotland to establish its own news service, and discussions are under way to try to make that happen.

#### Licence awards and renewals

Total awards in Scotland amount to 33, with two licences handed back, 18 on air and with the remaining 13 as the newly awarded licences preparing to launch. The Super Station (Orkney) had its licence extended to 13 January 2018.

The awards over the course of the past year were spread geographically throughout Scotland:

An Radio/An Ràidio	Outer Hebrides islands of Berneray, North Uist, Baleshare, Grimsay, Benbecula, South Uist and Eriskay
Camglen Radio	Cambuslang, South Lanarkshire
Celtic Music Radio	Glasgow
Sound of Mull Radio	Isles of Mull and Iona
Crystal FM	Penicuik, Midlothian
East Coast FM	Haddington, East Lothian
K-Town FM	Kinglassie, and surrounding area, Fife
KYFM	Kirkcaldy and surrounding villages, Fife
Nevis Radio	Fort William and surrounding area, Scottish Highlands
Irvine Beat FM	Irvine, North Ayrshire
Keith Community Radio	Elgin, Buckie and Keith, Moray
Deveron FM	Banff and Macduff, Aberdeenshire
TD1	Galashiels, Tweedbank, Melrose and Selkirk

Three existing radio stations took the opportunity to apply for community radio licences in this licensing round. Celtic Music Radio operates in Glasgow on AM, and when an FM frequency became available it applied for, and was awarded, an FM licence (in due course it will surrender its AM licence). Nevis Radio, which serves Fort William and surrounding areas, was licensed as a commercial radio service, but chose to become a community radio service, applied, and was awarded a community radio licence. Keith Community Radio currently operates as a limited opt-out service from one of Moray Firth Radio’s transmitters. It has now been awarded a community radio licence to broadcast full-time in the Moray area.

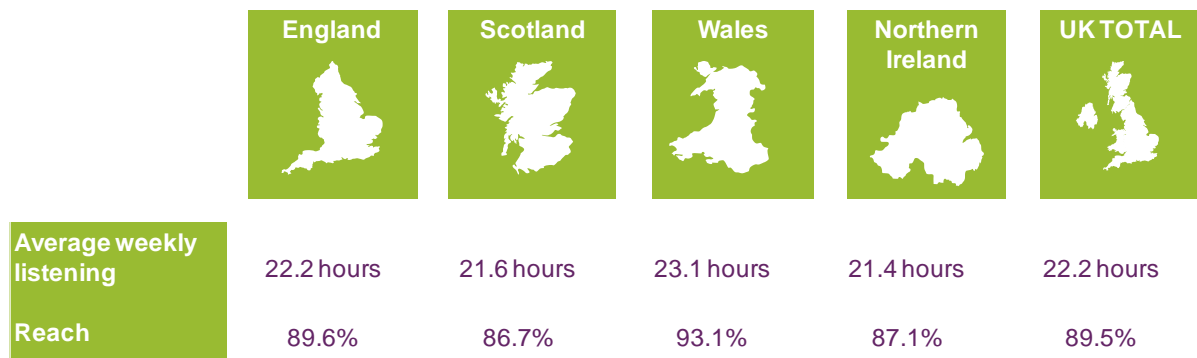
In 2013, there were 18 community radio stations on air in Scotland – the same as in the previous two years.

### 3.4 Patterns of listening to audio content

#### Among all the UK nations, Scotland continues to have the lowest reach for radio

Radio services reached 86.7% of the adult population in Scotland, the lowest of all the UK nations and 2.8 percentage points lower than the UK average of 89.5%. Compared with average weekly listening hours elsewhere in the UK, listeners in Scotland listened less. Adult radio listeners in Scotland spent an average of 21.6 hours each week listening to the radio in 2012. (Figure 3.3)

**Figure 3.3 Average weekly reach and listening hours: 2012**



Source: RAJAR, All adults (15+), year ended Q4 2012. Reach is defined as a percentage of the area adult population who listen to a station for at least five minutes in the course of an average week.

#### Local commercial stations are more popular in Scotland than in other nations

In 2012, local commercial stations accounted for a 38% share of all listening hours in Scotland, a higher share for this sector than in any other UK nation. Over half (53%) of all listening hours were to commercial stations, again higher than in any other nation and higher than the UK average of 43% (Figure 3.4).

**Figure 3.4 Share of listening hours, by nation: 2012**

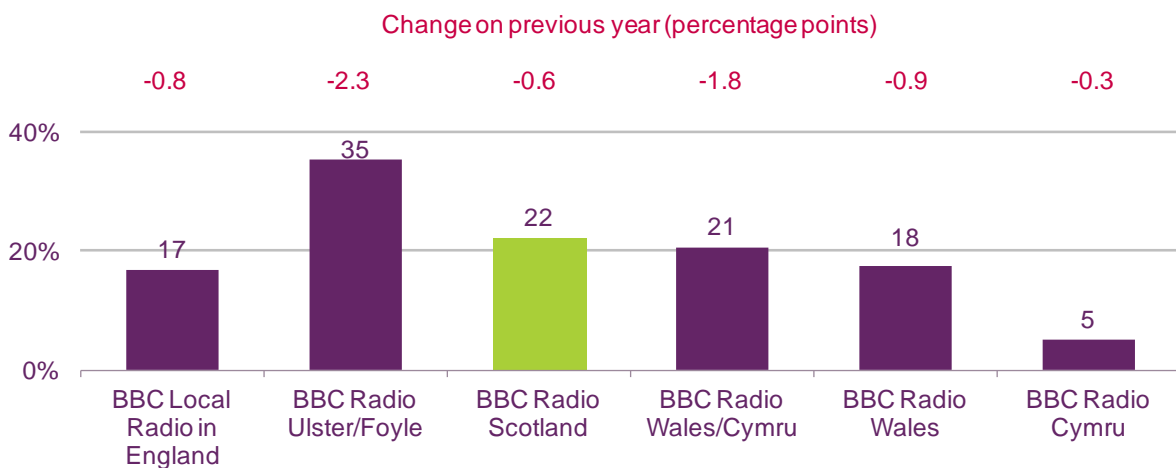


Source: RAJAR, All adults (15+), year ended Q4 2012

One fifth (22%) of adults listened to BBC Radio Scotland in an average week in 2012, a fall of 0.6 percentage points on the previous year. (Figure 3.5) Listening to the BBC nations' station in Scotland accounted for 9% of total listening hours in 2012. This is similar to the share of listening to local and nations' services in Wales and England and the UK average, but lower than in Northern Ireland.

BBC Radio's Gaelic language service, Radio nan Gàidheal, reached 69.5% of Gaelic speakers aged 16+ in Scotland in 2012. Listening to Radio nan Gàidheal is measured separately to other radio services through a panel of Gaelic speakers by Lèirsinn Research Centre and is not comparable to the figures sourced by RAJAR in Figure 3.5.

**Figure 3.5 Weekly reach for BBC nations'/ local services**



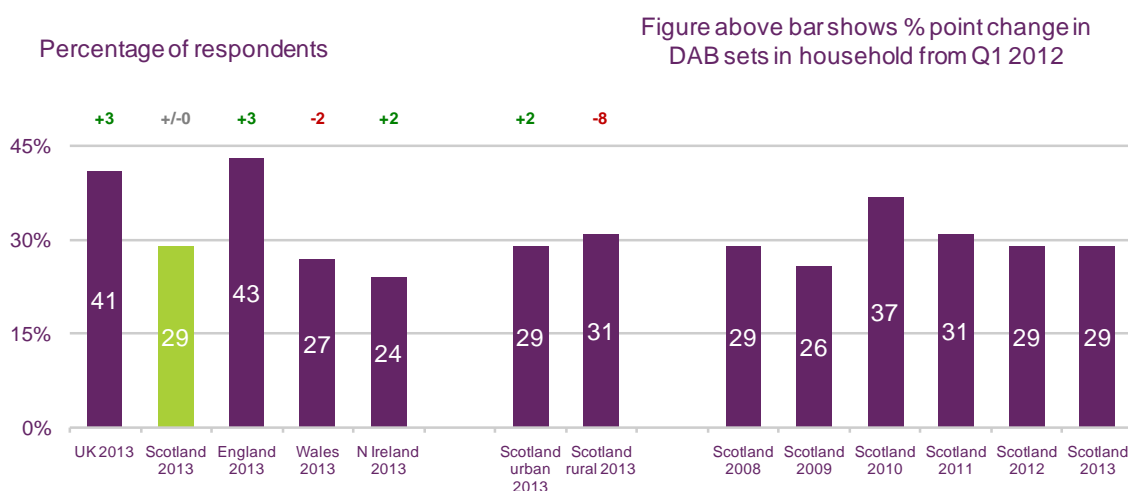
Source: RAJAR, All adults (15+), year ended Q4 2012

### 3.5 Digital radio set ownership and listening

#### Three in ten adults in Scotland have a digital radio set

DAB radio set ownership in Scotland remains unchanged since 2012, with three in ten adults (29%) who listen to the radio reporting that they have at least one DAB radio set at home. Ownership of DAB radios in Scotland is 12 percentage points lower than the UK average (41%) and does not differ across Scotland's urban or rural areas. DAB radio is receivable in six areas across Scotland: Aberdeen, Ayr, Dundee & Perth, Edinburgh, Glasgow and Inverness.

**Figure 3.6 Ownership of DAB digital radios**



Source: Ofcom research, Q1 2013

Base: Adults aged 16+ who listen to radio (n = 2910 UK, 375 Scotland, 1747 England, 383 Wales, 405 Northern Ireland, 187 Scotland urban, 188 Scotland rural, 766 Scotland 2008, 780 Scotland 2009, 1034 Scotland 2010, 357 Scotland 2011, 364 Scotland 2012, 375 Scotland 2013)

Note: Remaining percentages are Don't know responses.

NB. Data in 2011 based on those who listen to radio and have any radio sets in the household that someone listens to in most weeks.

Question. How many DAB sets do you have in your household?

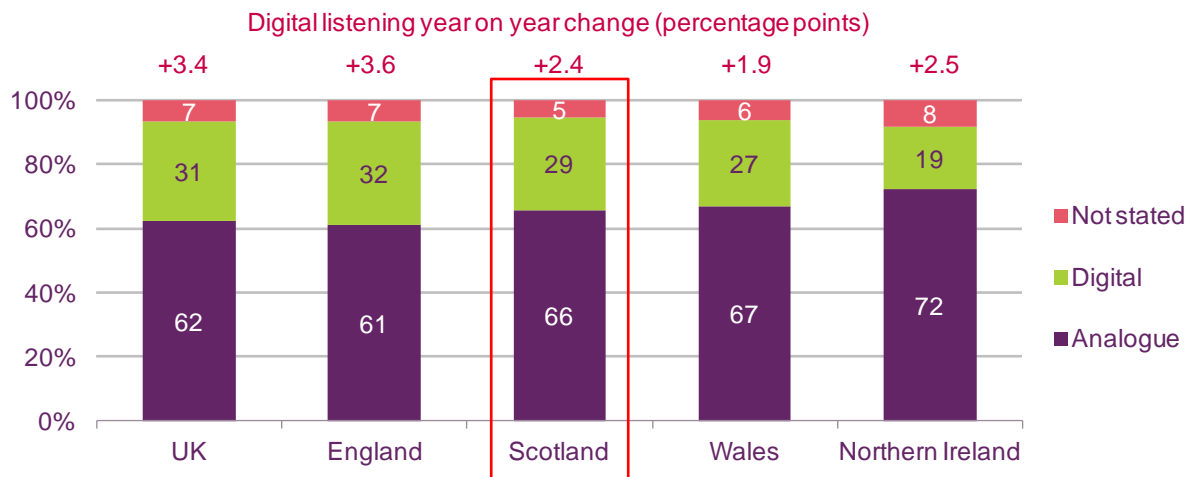
Source: Ofcom research, Q1 2013

#### Twenty-nine per cent of listening in Scotland was through a digital platform

Although the proportion of listening through a digital platform in Scotland grew by 2.4 percentage points in 2012, (Figure 3.7) digital listening in Scotland was still lower than the UK average. Part of this may be attributed to signal coverage.

A Memorandum of Understanding was signed in July 2012 by the Government, the BBC, commercial radio multiplex operators and the transmission provider Arqiva. This sets out the intention to match DAB coverage to that of analogue FM while maximising value for money.

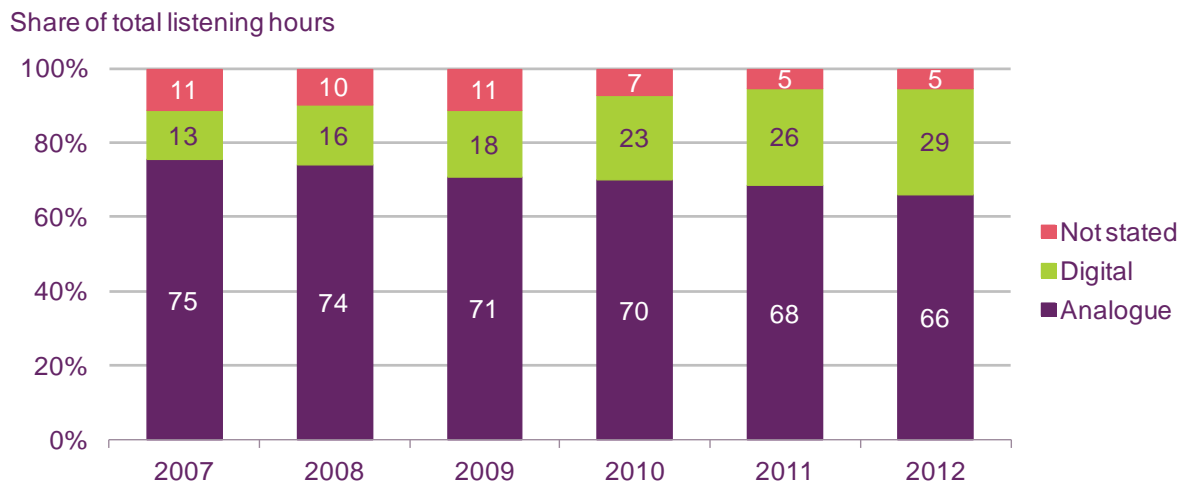
**Figure 3.7 Share of listening hours via digital and analogue platforms: 2012**



Source: RAJAR, All adults (15+), year ended Q4 2012

Looking at the share of digital listening since 2007 reveals steady growth. While the fall in 'not stated' over six years reflects a change in RAJAR methodology, the underlying trend is still evident. Digital radio's share of listening in Scotland has grown by 16pp over the past five years; more than either Wales or Northern Ireland, while analogue accounts for over two-thirds share of radio listening.

**Figure 3.8 Share of listening hours via digital and analogue platforms in Scotland: 2007-2012**



Source: RAJAR, All adults (15+), calendar years 2007 - 2012

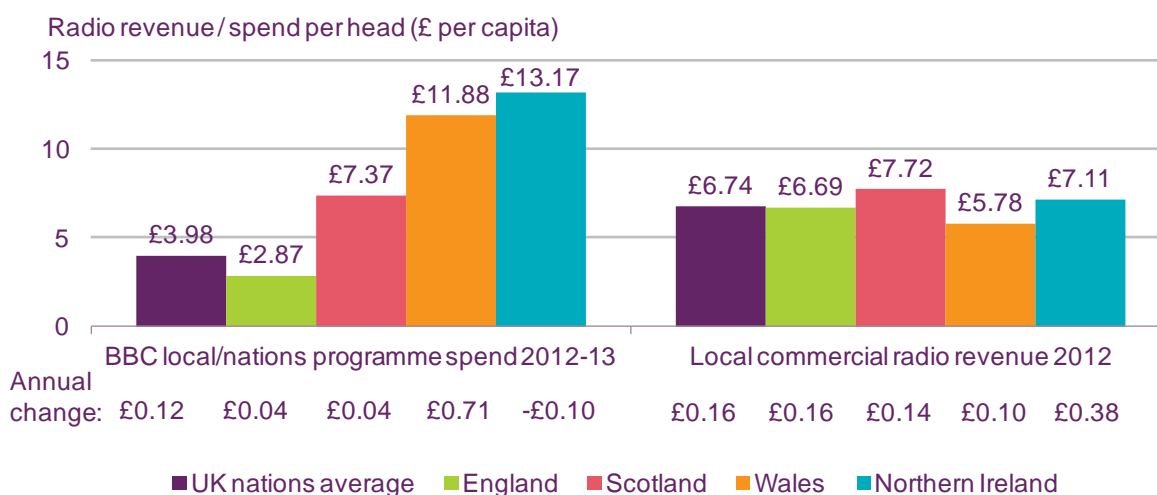
### 3.6 The radio industry

#### Commercial radio revenue per head of population was highest in Scotland

The commercial revenues generated by local commercial radio stations in Scotland reached £40.6m in 2012. Adjusting for population size, Scotland has the largest revenue per person of all the UK nations, at £7.72, a £0.14 increase on 2011 (Figure 3.9).

BBC Radio spend on BBC Radio Scotland and BBC Radio nan Gàidheal totalled £39.0m in 2012-13, up from £38.1m in the previous year. Expenditure per head increased slightly to £7.37.

**Figure 3.9 Local/ nations' radio spend and revenue per head of population: 2012-2013**



Source: Broadcasters

Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes revenues for the UK-wide commercial stations: Classic FM, talkSPORT and Absolute.