

Commercial radio licence award: Ceredigion

Statement

Summary

The fully re-advertised FM local commercial radio licence for Ceredigion has been re-awarded to the sole applicant, Radio Ceredigion Limited.

Ceredigion licence award decision

Ofcom¹ considered the licence re-application against the four statutory local commercial radio licence award criteria specified in section 105 of the Broadcasting Act 1990, which are set out in full in the second part of this statement.

The decision makers noted that, with an existing Measured Coverage Area of around 72,000 adults (aged 15+), Ceredigion is a very small licence (in population coverage terms) in a predominantly rural area. With this in mind, Ofcom considered that section 105(a) – the ability of the applicant to maintain the service – was of key importance when considering the characteristics of the licence to be awarded and the application for it.

In its application, Radio Ceredigion Ltd ('RCL') said that, for the new licence term, it would replace the existing Radio Ceredigion service with a relay of the service provided under the South Wales licence (Nation Radio). Both Radio Ceredigion and Nation Radio are part of the Nation Broadcasting group.

In assessing the ability of the applicant to maintain its proposed service, we noted that, historically, the Ceredigion licence has been a challenging one to operate profitably, due in part to a large coverage area requiring three different frequencies and a small population and low potential commercial revenue base. Although RCL has recently become loss-making, having been marginally profitable for the last few years, its parent company Nation Broadcasting is cash generative and free of external debt, with positive shareholders' funds. Because, editorially, the proposed new Ceredigion service will be a 100% simulcast of Nation Radio (South Wales), it will essentially only require expenditure on marketing and transmission, while RCL will still be able to obtain local advertising revenues from the licence.

The decision-makers considered that RCL had provided barely any evidence that its proposal to provide the Nation Radio service would cater for the tastes and interests of listeners in the Ceredigion area. The lack of a commitment to provide any Ceredigion-specific local content for the new licence period, and the removal of any obligation to provide content in the Welsh language in an area with a relatively high proportion of Welsh speakers, contributed to this view. The decision-makers were also of the view that the proposed Nation Radio service would be less likely to broaden choice for listeners in the Ceredigion area than the current Radio Ceredigion service. This is because of the lack of a commitment to provide local material, including local news, and the lack of any commitment to provide content in the Welsh language. The decision-makers also considered that Nation Radio's Format would allow its music output potentially to overlap considerably with that of the Heart service which is also available in the Ceredigion area. The proposed commitment to produce 21 hours of output per day from within Radio Ceredigion's existing approved licence area² was noted, but the decision-makers recognise that, as illustrated by the recent amendments to Ofcom's localness guidelines, a commitment to locally-made programming does not necessarily

¹ This decision was taken by Ofcom executives under delegated authority from the Ofcom Board. They are referred to in this statement as the "decision makers".

² Radio Ceredigion was previously granted permission by Ofcom for all its local programming hours to be broadcast from studios at St. Hilary, in the West Wales approved area.

equate to content which is local in character. RCL's commitment to providing Welsh national news at peak-time was however considered by the decision-makers to represent a potential point of difference for the service, although we make clear in our localness guidelines that we expect local news bulletins to feature nations' news where relevant.

In considering the extent to which there was evidence of demand or support for the applicant's proposals, we noted that RCL had not conducted any market research in the area to test the potential appeal of broadcasting Nation Radio to Ceredigion. It was therefore difficult to take a view on whether Nation Radio would be likely to be more or less popular with listeners in Ceredigion than the existing Radio Ceredigion service, which currently achieves a 4.7% share of listening hours in its RAJAR survey area³.

In summary, while we considered that RCL would be in a very strong position to continue to sustain the Ceredigion licence, given the various shortcomings of RCL's application described above we considered very carefully whether or not this licence should be re-awarded. On balance, our view was that, given the significant economic difficulties the Ceredigion licence has faced in the past under a variety of different ownership models, and that no company other than RCL submitted a valid application for this licence, it would be preferable for listeners in the Ceredigion area to continue to be able to have a choice of local analogue commercial radio services. In reaching this view, we were mindful of Ofcom's duties under section 85(2)(b) of the Broadcasting Act 1990, to do all that it can to secure the provision within the UK of a range and diversity of local radio services.

Statutory requirements

The section below sets out the statutory requirements relating to analogue commercial radio licensing. The public version of the application can be found at:

<https://www.ofcom.org.uk/manage-your-licence/radio-broadcast-licensing/radio-licence-awards-process>

Statutory requirements relating to the specific local licence award criteria

In considering the applications it receives for local commercial radio licences, Ofcom is required to have regard to each of the statutory criteria set out in section 105 of the Broadcasting Act 1990. These are as follows:

- (a) the ability of each of the applicants for the licence to maintain, throughout the period for which the licence would be in force, the service which he proposes to provide;
- (b) the extent to which any such proposed service would cater for the tastes and interests of persons living in the area or locality for which the service would be provided, and, where it is proposed to cater for any particular tastes and interests of such persons, the extent to which the service would cater for those tastes and interests;
- (c) the extent to which any such proposed service would broaden the range of programmes available by way of local services to persons living in the area or locality for which it would be provided, and, in particular, the extent to which the service would cater for tastes and interests different from those already catered for by local services provided for that area or locality; and

³ RAJAR Q3 2018

- (d) the extent to which there is evidence that, amongst persons living in that area or locality, there is a demand for, or support for, the provision of the proposed service.

The legislation does not rate these requirements in order of priority, but it may be that Ofcom will regard one or more of the criteria as being particularly important in view of the characteristics of the licence to be awarded and the applications for it.