

Ofcom Advisory Committee for Wales (ACW)

Response to Ofcom Consultation: Localness on Commercial Radio, Proposals to Amend Guidelines

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Introduction

Radio continues to play an important role in peoples' lives in Wales. According to the most recent Ofcom Communications Market Report for Wales, radio has the highest weekly reach in Wales out of the UK nations. A higher proportion of people in Wales listen to radio than in the UK overall and they listen for longer than listeners in other parts of the UK¹. However, commercial radio revenues in Wales continue to be lower per head than in the other UK nations, even though Wales saw the highest growth in local commercial radio revenue of any UK nation in 2016. This may be related to the lower number of commercial stations per head in Wales compared to other parts of the UK and the more limited choice available to listeners.

We recognise that mainstream FM radio faces increasing competition for listeners from other platforms including on-line services and UK based DAB stations and as fixed cost businesses, FM and AM stations face increasing challenges to remain profitable and sustainable in the longer term. Listeners in Wales have been slower to adopt digital platforms including DAB than in other parts of the UK and currently the access of radio operators to FM frequencies remains a key commercial objective. Such services can still reach large audiences and, where significant centres of population are served, can still generate substantial commercial income. We therefore recognise that Ofcom has regulation with sustainability in setting obligations on the commercial operators that reflect the value of the licences they hold.

Wales' commercial radio services are essentially provided by three operators, Global², The Wireless Group and Nation Radio. Both Global and Nation already operate significant centralised production hubs in Wales, while the Wireless Group operate just two stations serving the Swansea area. In principle, we recognise that the changes proposed by Ofcom could offer some significant cost savings and potential for further rationalisation for these groups, if they wished to take advantage of these proposals.

However, the reductions proposed in locally-produced content could impact on staffing levels and have an unintended consequence of leading to a further reduction in the number of paid journalists working in Wales. While we recognise that this is a wider problem, applying to the press as well as the radio industry in Wales, we would be very concerned by any further reduction in independent journalistic capacity, particularly when taking account of the very limited plurality of news sources available in Wales and the dominance of the BBC in terms of news provision.

In our view, the potential impact of the changes proposed regarding locally-produced hours proposed in this consultation will have no significant impact on the local content of radio services

¹ Page 45, Ofcom Communications Market Report for Wales 2017

² We note that the licences for Capital South Wales which primarily serves Cardiff and Newport, and Heart North and Mid Wales are held by Communicorp, which was the result of a competition remedy applied to following a merger to form the Global group. In practice, the services for both these stations are provided through a commercial agreement with Global.

provided in Wales, and we note, as stated in Section 5 of the consultation document, that Ofcom is not amending its expectations regarding the provision of local material within local commercial radio services.

However, there is one significant exception. Ofcom has indicated in the consultation document that breakfast services will no longer need to be included in a station's locally-produced hours. As breakfast listening is the most important peak time slot for most stations, we believe that the loss of a local service at this time of day, if replaced by a celebrity-led UK wide networked show, would not be in the listeners' interests. We acknowledge the broad findings of Ofcom's listener research, which shows that, for example, audiences prioritise the quality of the music available over the need for presenters to be locally based. However, local breakfast presenters have been heavily marketed in recent years and they have emerged as significantly identifiable local personalities. Despite the presence of big celebrity names in a networked show, we believe that the absence of local presenters in a station's flagship breakfast show could impact significantly on a station's local character of service. For example, Capital South Wales' Character of Service states that it is,

“A LOCALLY ORIENTED MAINSTREAM POPULAR MUSIC AND INFORMATION STATION FOR UNDER 44s IN THE CARDIFF AND NEWPORT AREA.”

Given the crucial role played by the breakfast service in the overall output of a radio service, in terms of its listener reach and impact, we believe the station's local character would be undermined by the absence of a locally presented breakfast show.

Responses to Consultation Questions

Question 1. Do you agree that Ofcom's duty to secure 'localness' on local commercial radio stations could be satisfied if stations were able to reduce the amount of locally-made programming they provide? If not, please explain the reasons and/or evidence which support your view.

We accept Ofcom's broad argument that requiring locally-produced programming does not of itself guarantee that local content would be provided, and we also note the low priority given generally in the listener research evidence to the location of presenters. However, we remain concerned that specifically in the case of a breakfast service, which defines the sound of a station and its inherent local character, that listeners expect to hear a local service with locally based presenters. While we accept that it would still be possible to include hourly local news bulletins in a networked show, we believe that it could be much more difficult to include other local material such as weather and travel in a way that would be credible for local listeners. The loss of immediacy and local relevance, for example the inability of a presenter to comment informally on local events, would be very apparent in a networked generic programme. In our view the prominence and particular role played by a station's flagship breakfast show sets it apart from the rest of the day's output.

Question 2. Do you agree with our proposed amendments to the localness guidelines relating to locally-made programming? If not, please specify any amendments you think should be made instead (if any) and explain the reasons and/or evidence which support your view.

Following on from our response to Q1, we accept that broadly, the research evidence suggests that listeners are not generally concerned about the physical location of presenters and that the

proposed reductions in locally-made programme hours should aid sustainability and offer opportunities for cost savings through rationalisation. However, we would be concerned if staff reductions resulted in an overall reduction in a station's journalistic capacity, such as a significant reduction in the number of journalists employed. In our view the result of such a reduction, in the medium term, would negatively impact on a station's capacity to deliver good quality local content. While a broadcaster may commit to provide local news from a networked, out-of-area location, in future this is likely to result in a poor service with reduced knowledge and awareness of local affairs.

Question 3. Do you agree with our proposed new approved areas? If not, please specify any alternative proposals you think should be considered (if any) and explain the reasons and/or evidence which support your view.

The proposal for a single area for Wales appears to be reasonable in our view and given the current location of the existing hubs, the proposals leave only limited scope for further rationalisation.

The existing hubs are:

- Swansea, (The Wireless Group)
- Wrexham and Cardiff, (Global/Communicorp)
- Narberth and St Hilary, (Nation Radio)

More broadly, we support the idea of Wales being recognised as one unified territory as it is consistent with the concept of reporting news from the nation. The Welsh Government has extensive responsibility for domestic policy matters including health, education, transport and the economy and we would expect that stations based in Wales would give attention to relevant stories in these areas, along with UK and international news where relevant. Creating a single area for Wales offers an opportunity to produce cohesive news that serves the Welsh national interests of listeners - a democratic deficit that must be filled.

Question 4. Do you agree with our proposed amendments to the localness guidelines relating to local material? If not, please specify any amendments you think should be made instead and explain the reasons and/or evidence which support your view.

We agree that Ofcom should not amend its expectations regarding the provision of local material within a station's output, but it is perhaps unfortunate that, unlike the provision for locally-made content in the station formats, the amount of local material required to be broadcast by local commercial stations is not specifically quantified. We believe that listeners living in an area served by a commercial station licensed on this basis should still expect a locally-relevant service. This requirement is wider than just the provision of a news service and we believe that a local station should also provide local information including traffic news and weather, along with coverage of local events and for example, an area's local music scene.

Music is a force for local cultural cohesion, as well as entertainment. In many areas, local music scenes are alive with energy and creativity. As media organisations whose prime purpose is music, serving audiences for whom music is also the primary listening reason, local radio stations have a tremendous opportunity to do more to promote local music, threaded in between UK and international hits, in a way that is both entertaining and uniting. With the development of the internet and digital radio, consumers have never had so much choice. However, it is important to note that few parts of this new plurality primarily serve local interests. At the grassroots, there is a

reawakening of local cultural activity, mobilised somewhat by social network activity, but this is reflected little in radio. Spotify and Apple Music contain local music, but they do nothing to present it. This makes preserving the localness of radio paramount, for reasons of local cultural cohesion.

We support the view that the requirements for local stations to provide local material should remain and we accept that in the future the individual 'character of service' for each station will be key in assessing this delivery. As the number of locally made hours will decrease significantly in many cases in the future, it is in our view sensible to de-couple this requirement from the need to broadcast local material. Our only concern, as stated in our reply to Q1, is whether networked breakfast shows will be able to deliver sufficient local material (other than a local news bulletin) which will be consistent with Ofcom's localness guidelines and the required character of service for individual stations. We remain to be convinced that this will be possible in practice during a generic networked breakfast show.

ACW

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