

## Your response

Question	Your response
<p><b>Question: Do you agree with our revised proposals for approved areas in Scotland and Wales? 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.</b></p>	<ol style="list-style-type: none"> <li>1. Nation Broadcasting has interests in Wales including pan Wales DAB programme services, shareholdings in numerous local DAB multiplexes and 6 analogue FM licenses.</li> <li>2. Nation Broadcasting entered the commercial radio market in Scotland during 2018 with the launch of Nation Radio Scotland in Glasgow and West Central Scotland and the further acquisition of Your Radio in Helensburgh and Dumbarton.</li> <li>3. Nation Broadcasting is a member of Radiocentre and we strongly support their submission to this consultation.</li> <li>4. We are disappointed that more onerous and restrictive regulations are proposed in Wales and Scotland than in other UK nations. We do not understand the rationale for listeners or operators in Wales and Scotland being placed at a comparative disadvantage and unable to benefit from deregulation.</li> <li>5. It is plainly unfair, inconsistent and irrational that operators of licenses in North Wales and Scotland will receive no benefit from an exercise which was intended to provide licensees additional flexibility. In this regard, in Wales and Scotland, Ofcom will have failed to deliver on the clear direction towards deregulation signalled by DCMS during 2018.</li> <li>6. We suggest Ofcom, who consistently state they are evidence-based regulators, appears to have been unduly influenced by a very small</li> </ol>

number of responses to the initial consultation.

7. There appears to be no new evidence presented in the consultation document to justify the change in Ofcom's initial position on approved areas in Wales and Scotland with Ofcom citing the opinion of a few respondents. In many areas, the opinion of the respondents is in direct conflict with Ofcom's own evidence base of listener attitude, where it is well established that listeners are less interested in the location of production resource compared to the quality and availability of locally-relevant output.
8. For example, we note at 4.11 Ofcom quotes "The Scottish Government said it was "not confident that the creation of such a large approved area will not have a negative effect on the character and quality of local material." There were also concerns expressed about an increasing tendency towards 'centralisation' of Scottish media in Glasgow." This is no evidence to substantiate this statement and is inconsistent with Ofcom's submitted research on listener attitudes. Why should radio be singled out as the one media that is not free to move and use technological advances? Commercial Radio is far smaller and less profitable than Scottish Television, which can benefit from basing its operations at a single site.
9. The revised proposals will plainly restrict innovation and offer existing operators limited opportunity to achieve economies of scale and will likely be detrimental to operators' future investment in Scotland and Wales.
10. The Culture, Welsh Language and Communications committee of the Welsh Assembly stated in its response "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.” In our view, this statement demonstrates that the Committee does not understand the way this market actually operates. The evidence that Wales has such a small revenue per head is precisely the reason why it should not be unduly prejudiced compared to the rest of the UK.

11. In its initial response the Ofcom Wales Advisory Group stated: “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.” The original proposal from Ofcom was consistent with this response and was also in line with the wider evidence and research presented.

12. We fully support that initial position; however, we note that Ofcom appears to have asked the Advisory Group in

Wales to reconsider its submission after the close of the consultation (4.18 of the consultation document). This is highly unusual and unsatisfactory and we note the group now appears to support Ofcom's revised position. We submit that this intervention by Ofcom tarnishes the transparency and credibility of the whole consultation process. It also reads to us that Ofcom might have unduly influenced its own Advisory Committee which is supposed to operate at arm's length.

13. The case for a single area in Wales is overwhelming. We believe it is illogical to apply more onerous production criterion to commercial radio compared to television. ITV Wales operates across a single licensed area in Wales and we submit that commercial radio should follow the same principle. The same is true of the BBC in Wales and Scotland.

14. The recent significant growth of well marketed UK national digital radio brands, predominantly operated from London, is one of a number of mid-term threats to local radio operators. These stations have no local content obligations and their growth looks set to continue. Ofcom needs to consider the approved areas policy in this context. Local DAB multiplexes in Glasgow and Edinburgh multiplexes are full – mainly with national brands. Just two Edinburgh based stations are on the local multiplex. Similarly, the Glasgow Multiplex is full, with 3 Glasgow services, 2 Scottish regional services and the remainder consisting of national brands.

15. Local operators will need as much regulatory flexibility as possible to survive and compete against these services in the future. The initially proposed relaxation of approved areas in Scotland and Wales is one way in which Ofcom can provide this flexibility.

To straightjacket local services when the vast majority of services on DAB are already national services operating without the same restrictions has the potential to hasten the demise of operators on the FM platform.

16. DAB digital services operating in Scotland and Wales can be based anywhere. This has driven experimentation, innovation and investment. Despite having no obligation to do so, new services in Scotland such as Rocksport, Go Radio and the 3 stations from Scottish Sun are providing locally relevant content without content regulation. We submit that the same should be applied to stations operating in the FM band.
17. We question why operators within Scotland and Wales in smaller areas in both population and licence numbers compared to most regions within England should have greater restrictions on their operation, particularly given that operators in Scotland and Wales already face relatively lower income per head and higher transmission costs to deliver their services.
18. When broken down to licence numbers, to persist with an approved area in North Wales containing only 6 licenses appears to be wholly inconsistent in the context of deregulation and the other newly created Approved Areas in England.
19. We also note that of the 6 licenses in the now-proposed North Wales area, Smooth Radio operates on AM and therefore may not be subject to localness requirements, whilst Radio Ceredigion is included in the North Wales Approved area despite having had dispensation to operate from the West Wales approved area since its acquisition by Nation Broadcasting in 2010. In effect, Ofcom is maintaining

an approved area for just 4 licences.

20. A similar situation exists in the proposed continued area for Edinburgh and the Borders. Discounting the two Central Scotland licenses – which appear in both areas and Forth 2 which operates on AM and therefore may not be subject to localness requirements, the now-proposed area holds just 4 licenses.
21. By contrast to the proposed situation in Wales and Scotland, the new approved areas for Central England and South of England each hold 40 radio licenses.
22. The revised proposal for Wales sees a continuation of arbitrary dividing lines which bear no resemblance to economic or political planning and are also inconsistent with other areas of Ofcom's own radio policy. The counties of Ceredigion (and Powys) are widely recognised within Wales as being located in Mid-Wales. The editorial area of Local DAB for Mid and West Wales continues to straddle the North and South Wales approved areas. Ofcom should take the opportunity to resolve these long-standing issues by reverting to a single approved area in Wales.
23. In the event the revised proposal is accepted we also take this opportunity to restate that Ceredigion shares at least as much cultural affinity with the other former counties of Dyfed (Pembrokeshire and Carmarthenshire) as it does with counties in North Wales and Ofcom should take this opportunity to reflect both this and the fact the station has held dispensation to locate in the current West Wales approved area by including the Ceredigion license in both the South Wales and North Wales approved area. This follows the example of the two Central Scotland Licenses which are listed in two approved areas in Scotland.

24. Whilst we understand that the revised proposal is likely to have been framed with existing license ownership and the continuation of production from existing centres in mind, we submit that far from securing the future of production in these places, the unintended possible future consequence is that they could actually lose commercial radio services and future investment altogether.

25. In Wales, for example the revised proposal actively prevents an existing operator (of services in South Wales) locating their group headquarters in North Wales. The same is true if a Glasgow operator wished to base their Scottish station portfolio in Edinburgh.

26. Whilst we cannot speak for the current owners of other licenses in North Wales or Scotland, we advance the scenario that in the event that the continuation of production became uneconomic, the lack of flexibility in the location of production resource could significantly reduce the number of potential purchasers of these licenses to the point where the incumbent licensee may surrender the license.

27. As we head towards digital switchover, the potential exposure to of a lack of willing investors in FM commercial licenses is likely to grow. In a worst-case scenario, it could be this Ofcom Approved Area policy that denies listeners in North Wales or Scotland access to local commercial radio services altogether.

28. We urge Ofcom to take this opportunity to avoid repeating the mistakes of the operation of approved areas in the past. The strict application of the original approved areas policy has already contributed to the under-provision of commercial services in Wales with the closure of Valleys Radio

in 2009 following the refusal of an application to co-locate the service in the adjacent county of Neath Port Talbot. The same policy contributed to redundancies and the sub-optimal studio location of Swansea Bay Radio at Narberth in Pembrokeshire rather than Culverhouse Cross in the Vale of Glamorgan between 2011 and 2014. Had Ofcom not permitted the co-location of Radio Ceredigion in West Wales, it is certain the station would have closed in 2010. This is clear evidence that burdening Wales with more approved areas than is necessary delivers less choice for listeners, fewer jobs in the industry and reduced opportunity for strong radio operators, based in UK nations to emerge.

29. Whilst we understand the arguments forwarded to Ofcom relating to cultural affinity in North Wales and areas within Scotland, we believe these could be equally applied within any of the significantly larger (by population and licence number) approved areas Ofcom has created in England. There is a big difference for example between the accent, culture, and lifestyle between the major centres of almost all of the approved areas and we cannot see the reason why North Wales and Scotland merit alternative treatment when there appear to be no such concerns in England where the regions being created are vast by comparison.

30. In summary, for all the reasons stated above we strongly urge Ofcom to revert to the original position in Wales, namely a single all-Wales approved area and in Scotland move to a new all-Scotland approved area.