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# Community Radio Fund

End-of-year report: 2020-21 (emergency fund)

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[Annual report on Community Radio Fund](#) – Welsh overview

# 1. Overview

This document reports on how the Community Radio Fund (“the Fund”) was administered in 2020-21. Ofcom has been tasked by the Department for Digital, Culture, Media and Sport (“DCMS”) with administering the Fund. DCMS provides a sum of money each year for the Fund and grants are awarded to Ofcom-licensed community radio stations.

In April 2020, DCMS advised that the Fund should be used to provide emergency funding to support stations that would otherwise be unable to continue operation due to the impact on advertising and sponsorship revenue streams as a result of the coronavirus outbreak. Therefore, for 2020-21, grants were given as emergency cash funding to support core costs of stations facing severe financial difficulty due to the pandemic.

# 2. End-of-year report

- 2.1 The Fund exists to help community radio licensees and to support core costs incurred in the provision of community radio services. In April 2020, DCMS advised that the Fund should be used to provide emergency funding to support stations that would otherwise be unable to continue operation due to the impact on advertising and sponsorship revenue streams as a result of the coronavirus outbreak. Therefore, for 2020-21, grants were given as emergency cash funding to support core costs of stations facing severe financial difficulty due to the pandemic.
- 2.2 Ofcom administers the Fund on behalf of DCMS. The money allocated to the Fund is given out in the form of grants, following a formal application process.
- 2.3 The decisions on grant applications are made by the Community Radio Fund Panel (“the Panel”), which reports to the Ofcom Policy and Management Board.
- 2.4 DCMS allocated £400,000 to the Fund for the financial year 1 April 2020 to 31 March 2021. £6,810 of mis-spent or underspent funds from the previous year was reallocated to the Fund. In addition, DCMS provided a further £200,000 to the Fund for a third round in December 2020. As a result, £606,810 was available for the year.
- 2.5 The Panel met three times during the year to consider applications for grant awards, in May and August 2020, and February 2021.

## Summary of payments

- 2.6 In the first round, grants totalling £333,152 were awarded to 81 stations.
- 2.7 In the second round, grants totalling £73,098 were awarded to 31 stations.
- 2.8 In the third round, £200,560 worth of grants were awarded to 53 stations.
- 2.9 Over the three funding rounds 370 applications were considered, requesting a total of £2,646,139 (£1,820,843 in the first round, £355,091 in the second round and £470,205 in

the final round). Given the disparity between the amount of funds available and the demand for grants, the Panel set a maximum grant amount of £7,500 for both the second and third rounds. A total of 241 stations applied and 138 stations were awarded at least one grant.

- 2.10 Grants awarded ranged from £500 to £12,075, with an average award of £3,678. A total of 165 grants were made across the three rounds.

## Panel priorities

- 2.11 Ofcom publishes a statement from the Panel following each funding round which sets out the awards made and explains the Panel's funding priorities. Because of the emergency nature of the grants being paid out during 2020-21, no information about individual awards was published, to ensure confidentiality of those seeking emergency funding.
- 2.12 In the statements, the Panel emphasised that it could not make grants to all applicant stations as there was a limited amount of money available. It reviewed each application, along with accompanying material, and considered the level of need described by applicants, as well as the anticipated benefit of the grant.
- 2.13 In the full year, the Panel offered financial support to more than six times as many stations as in previous years, with a lower average amount awarded than usual. Across the three rounds, the Panel prioritised:
- a) applications which made a strong case that they required urgent support from the Fund;
  - b) applications from stations reliant on sources of funding which proved to be precarious during the pandemic, such as advertising, training and events income;
  - c) applications from stations which had reviewed their existing operations and exhausted other potential sources of funding;
  - d) applications where a small grant could be used to purchase equipment to enable remote working;
  - e) applications where sufficient information was provided to enable the Panel to make an informed decision;
  - f) funding fixed costs such as rent, rates and utilities over a three to six-month period, rather than projected revenue shortfalls; and
  - g) funding a wide range of stations to support the viability of the sector as a whole, and particularly those stations where a lower amount of money would make a big difference to keeping that station on air.
- 2.14 In the second and third rounds, the Panel also considered whether stations had previously received an emergency grant from the Fund. In the third round, the Panel also awarded a small number of grants to stations who wished to generate income from advertising sales in the coming months.

- 2.15 During the third round, the Panel welcomed applications from stations who demonstrated that they were taking steps to tackle loneliness and isolation within their communities.
- 2.16 The summary award statements, and additional comments by the Panel, are available via the [Community Radio Fund page](#) on Ofcom's website.

## Grant monitoring

- 2.17 The Panel has a reporting procedure in place to check that grant awards are spent as agreed. A grant agreement is put in place between Ofcom and each licensee awarded a grant, and this sets out the terms of the award, including an expenditure period. At the end of the grant expenditure period successful applicants are required to complete a report (the 'grant report') detailing how they spent their grant. In addition, interim grant reports are requested halfway through the relevant expenditure period. The interim reports help identify any potential issues arising with the grant spending. If a satisfactory report is not made, the Panel may require repayment of the grant and may consider not making a further grant to a licensee.
- 2.18 To reduce the burden on licensees receiving emergency funding, it was agreed that no grant reports would be requested for grants awarded in 2020-21. Some grant reports were provided to Ofcom during the funding rounds and for other purposes, and these reports were satisfactory.
- 2.19 In the event that a licensee ceases to hold its broadcasting licence (e.g. by surrender or revocation) while a grant agreement is in place, any unspent grant monies will be required to be repaid in full.
- 2.20 Due to the Coronavirus outbreak and the additional round for 2020-21, we have delayed some of our requests for interim and final reports for grants awarded from the Fund during 2018-19 and 2019-20. Some stations have also requested extensions to their expenditure period due to the impact of the pandemic. These requests have been agreed and therefore the deadlines for these grant reports have been changed.
- 2.21 All grant reports received during 2020-21 were either satisfactory or are still being reviewed. Ofcom checks each report carefully and seeks clarification from grant recipients during the review process where necessary.
- 2.22 One licensee awarded a grant in January 2019 provided a grant report that showed that some of the money was not spent on the designated grant purpose. Thus, £1,791 was reimbursed to the Fund. Two other underspent grants have been returned to Ofcom since the 2019-20 annual report was published, totaling £3,551.73.
- 2.23 Four requests to repurpose existing grants were agreed by the Panel. Two stations awarded grants in 2018-19 and two stations awarded grants in 2019-20 repurposed portions of their existing grants to spend on running costs and equipment. The Panel agreed to these changes but hoped that the awardees would still be able to use as much of their grants as possible for the purpose for which they were originally intended.

## Community radio sector and future of the Fund

- 2.24 The community radio sector has continued to grow; there were 307 stations broadcasting at the end of the 2020-21 financial year, compared with 298 in 2019-20. We concluded the final round of analogue community radio licensing in March 2020, following our [update on our stated priorities for community radio](#) published in September 2019.
- 2.25 We invited applications for prospective community radio services in the town of Northampton in July 2020. This is because the existing applicant failed to meet the statutory deadline to submit an application to extend the duration of its licence but stated its desire to continue broadcasting. We considered it essential that the licensee was afforded an opportunity to apply for a licence, to ensure that listeners were not deprived of a valued local service in the middle of a pandemic. Ultimately, we received three applications from prospective licensees and awarded a licence to all three (including the licensee who missed their statutory deadline to apply for an extension).
- 2.26 Twenty-three applications for community digital sound programme service (“C-DSP”) licences were received during the 2020-21 financial year. Eight C-DSP licences were issued in 2020-21 but none had commenced broadcasting. Holders of C-DSP licences will be eligible to apply for the Fund from 2021-22 if the service is broadcasting on the date of application.
- 2.27 Ofcom’s current funding agreement with DCMS has been extended to cover the 2021-22 financial year.

## Panel members

- 2.28 The Panel is made up of three members appointed by Ofcom’s Policy and Management Board. For 2020-21 these were:
- Wendy Pilmer, the Chairman of the Panel, who is a consultant who works with the world’s leading broadcasters in implementing strategy and managing change;
  - Richard Hilton, who is Senior Finance Business Partner at Business in the Community, a charity and membership organisation that works with companies to improve the positive impact of business on society; and
  - Fiona Lennox, an Ofcom employee, who has extensive experience in communications strategy, policy, research and management.