



Application for the
FM Independent Local Radio
licence for

SOUTHEND-ON-SEA

January 2006

GENERAL INFORMATION

(A) Name of the Applicant

Estuary FM Ltd

PO Box 5468
Southend-on-Sea
Essex SS0 7WL

(B) Main Contact (for public purposes)

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| Name | Neil Romain |
| Telephone | 020 8843 5303 |
| Email | neil.romain@estuaryfm.co.uk |

(C) Proposed Station Name



(D) Brief Description of Proposed Programme Service

Estuary FM is at the heart of the Southend area: the voice of and for local listeners of all ages. It will broadcast comprehensive news, information, features and speech with local emphasis, together with a wide variety of classic and contemporary popular music from a broad range of eras and styles.

(E) Contact (for Ofcom purposes)

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| Name | Neil Romain |
| Telephone | 020 8843 5303 |
| Email | neil.romain@estuaryfm.co.uk |

ESTUARY FM: AT THE HEART OF SOUTHEND

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| ABILITY TO MAINTAIN PROPOSED SERVICE | <p>Our vision: <i>Vocal radio at the heart of local life</i> - reflects many years' dedication to establish a local station for Southend and a true passion and concern for the future of our area</p> | <ul style="list-style-type: none"> • Our vision is for a station which is not just local but vocal for Southend, at the heart of local life • We are passionate for Southend and have demonstrated Estuary FM's commitment to be an out-going, forward looking, 'in touch' station through many public events and face-to-face consultations |
| | <p>An effective partnership: harnessing the competence, skills and experience of professionals within radio, finance, the community and business support environments</p> | <ul style="list-style-type: none"> • The partnership between Estuary Media and LMC combines deep local knowledge with established radio industry expertise, underpinned by financial resource and stability • Our extensive networks, developed by Estuary Media, span listeners, advertisers, community groups and businesses, which have influenced our programming Format • The expertise and focus of our local board, together with the full commitment of LMC, mean that we will clearly be able to establish, maintain and develop Estuary FM |
| | <p>Substantial experience: establishing, maintaining, developing and promoting small-scale radio services</p> | <ul style="list-style-type: none"> • Estuary FM plans draw on significant experience of operating small local stations in highly competitive metropolitan and urban areas, similar to Southend • A highly experienced operational manager will direct the launch of the station |
| | <p>Commitment of financial and technical resources: We will commit significant and ongoing resource to ensure high quality sustainable delivery of the service, throughout the licence period</p> | <ul style="list-style-type: none"> • We will employ four full-time journalists to ensure an extensive and high quality Southend news and information service • Our funding assures the long-term commitment of shareholders, underwritten by the financial strength and strategic commitment of a substantial privately owned company • Effective synergies through off-air resource-sharing with LMC's parent group and neighbouring station |
| CATERING FOR TASTES AND INTERESTS/ BROADENING CHOICE | <p>Style and format: Our programme plans recognise that what matters most to Southend people doesn't follow a 'template'</p> | <ul style="list-style-type: none"> • We will cater for what Southend people have said they want to hear most; combining music with high quality local news, extensive traffic and travel reports, whats-on and other local information • We will encourage interaction with the station, as well as meeting a demand for discussion and reliable local information • We will reflect the distinctive brash, out-going, youthful and yet diverse character of local people, with an upbeat, fun and vocal style of programming |
| | <p>A distinctive and alternative local choice: We will provide a local focus and mix of music not currently available</p> | <ul style="list-style-type: none"> • Estuary FM will focus entirely on the Southend area • Realistic, sustainable plans will enable us to provide extended information and news coverage • Our music mix will offer low-repetition and draw on a broad playlist from today and across the previous four decades |
| EVIDENCE OF DEMAND OR SUPPORT | <p>Research-based evidence of demand: Our research has led to findings which underpin the evidence for demand relating to this application</p> | <ul style="list-style-type: none"> • Our evidence for the demand for the specific format we are proposing has been informed by a long history of research, consultation and interaction • We have used a variety of means to seek broad feedback for our plans amongst a wide range of interest groups, including many high-profile individuals and organisations in the area |
| | <p>Evidence of widespread support: Massive support has been demonstrated for Estuary FM throughout the period of its development</p> | <ul style="list-style-type: none"> • In seeking support, we have actively tested our programme proposals in order to ensure that any support given to us is based on actual knowledge of the service we will provide • Our commercial proposals have received wide support from local advertisers |

SECTION 105(A)

ABILITY TO MAINTAIN THE PROPOSED SERVICE

1. OWNERSHIP AND CONTROL OF THE COMPANY WHICH WILL OPERATE THE LICENCE

- Estuary FM is a partnership between Estuary Media Limited (EML), a company formed by the founders of Estuary Media who have long campaigned for this licence to be made available, and London Media Company (LMC), the subsidiary that operates the Sunrise Group's non-ethnic radio interests.
- Estuary FM will be 91% owned by LMC and 9% by EML, an equity structure designed to protect the long-term interests of the station.
- Led by local Chairman Sir Teddy Taylor, the Board of Estuary FM comprises two directors proposed by EML, two local independent non-executive directors and two directors from LMC. All are committed to bringing Southend its own local radio station. The Station Manager will join the Board, when appointed after the licence award.

(A) Board of Directors

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| <p>Sir Teddy Taylor Non-executive Chairman</p> <p style="text-align: center;">Age 68</p> <p style="text-align: center;">Occupation Company Director</p> <p>Other Media Interests None</p> <p>Other Directorships Shepherds Foods Ltd Estuary Media Ltd</p> | <p>Teddy is Southend's best-known and undoubtedly best-loved public figure. As MP for Rochford and Southend East, he served his constituency conscientiously for over 25 years before retiring from Parliament in 2005, always placing issues of concern to Southend above national politics. A graduate of Glasgow University, Teddy first entered Parliament as a Glasgow MP in 1964, serving as a junior minister in the Heath government and as a member of Mrs Thatcher's shadow cabinet; he subsequently achieved a high national profile as a leader of the 'Euro-sceptic' rebels within the Conservative Party.</p> <p>Teddy has worked tirelessly for the good of the people in Southend, estimating that he has shaken hands with close to half the town's entire population! His high personal integrity, warm sincerity and accessibility have made him a popular champion for many local people and businesses. He is a patron or member of several local charities and associations, and continues to busy himself in many community engagements. Teddy was recently awarded the Freedom of the Borough of Southend, a rare honour, receiving wide praise from colleagues across the political spectrum and from opinion leaders in the town.</p> <p>His association with Estuary Media spans more than six years. Teddy avidly supported the group's campaign for a licence dedicated to Southend and became actively involved in each of the RSL trials. This even allowed him briefly to revive the journalistic skills he used as a reporter for the <i>Glasgow Herald</i> before entering politics.</p> <p>Teddy enthusiastically agreed to become Chairman of Estuary FM, although only on the condition that he would receive no remuneration. He has always given generous time to the venture and will continue to chair Estuary FM. His continued guidance and support will assist Estuary FM at a time when the town is facing challenges as well as many opportunities.</p> |
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| <p>Filomena Kettlewell Non-executive Director</p> <p>Age 54</p> <p>Occupation Company Director Programme Manager</p> <p>Other Media Interests None</p> <p>Other Directorships BlythEden Ltd</p> | <p>Over the past decade, Filomena has been heavily involved in the regeneration of the Southend area, through her work in both the public and private sectors. She is a founding director of BlythEden Ltd, a company which supports and manages the high quality development of systems and people in new projects and ventures.</p> <p>After a successful teaching career in large secondary schools in London and Essex, she took the post of area representative for Essex Training and Enterprise Council, advising businesses on the benefits of training, which enabled her to combine her educational experience with the challenge of delivering guidance to business, and led to the establishment of the Business Education Partnership in South East Essex, a company limited by guarantee to service the business-education link needs of S.E. Essex schools.</p> <p>Since 1998, when Southend became a unitary authority, Filomena has been involved with regeneration projects in the area, initially as Southend Council's Funding Officer, when she secured designation for Southend as an EU Objective 2 area and in excess of £25 million of funding. As Southend's Regeneration Manager, she was responsible for developing and implementing economic and physical regeneration projects, including the SSHAPE High Street refurbishment. In this role, she became experienced in the processes of local consultation, and developed communication skills and a network of contacts from which the board of Estuary FM will draw much practical benefit. More recently, she has been responsible for working with consultants to develop a Town Centre Masterplan for Southend.</p> <p>Filomena first met the founders of Estuary FM in 2000, as they were consulting locally in preparation for the group's RSL trial broadcasts, and has remained strongly supportive of our ambitions since then.</p> |
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| <p>Mark Willmore Non-executive Director</p> <p>Age 43</p> <p>Occupation General Manager South Essex Chambers of Commerce</p> <p>Other Media Interests None</p> <p>Other Directorships None</p> | <p>In April 2005, Mark was appointed as General Manager of the South Essex Chamber of Commerce, with responsibility for providing business support and guidance for local businesses. His roles include the relationship management of members of the Chamber of Commerce, brokering business opportunities between members, representing the interests of the business community on local issues, and working with other local interest-groups for the benefit of the whole community.</p> <p>Mark has spent most of his life in the Southend area, where in the early part of his career he was engaged in the development and operation of telephone call-centre resources. Other positions in the financial services industry included three years in a key strategic role in London, before he chose to return to Southend, where he and his wife set up a successful leisure company and, more recently, an independent business consultancy.</p> <p>He has other local involvements as the Business Representative of the Southend Together Local Strategic Partnership, as the Southend-on-Sea representative at the Essex Olympic Forum, and as a member of the Southend-on-Sea Police Executive Board.</p> <p>Mark is a family man, with four children attending local schools, and has a range of active sporting interests.</p> |
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| <p>Clive Johnson Non-executive Director</p> <p>Age 43</p> <p>Occupation Management Consultant and Publisher</p> <p>Other Media Interests None</p> <p>Other Directorships Estuary Media Ltd</p> | <p>Clive is a founder and director of Estuary Media (EML), the group which for many years led the campaign for a radio licence dedicated to the Southend area. He has been at the forefront of the group's planning, research and RSL activity and in forging its partnership with LMC. Clive will represent EML on the Estuary FM board, bringing both local passion and business skills to this role.</p> <p>Born and bred in Southend, Clive is a passionate advocate for the town and is well known locally through his active business forum memberships and proactive support for several local charities.</p> <p>After completing an MBA, Clive worked for many years for one of the UK's leading management consultancies, building a large base of 'Fortune 500' clients across Europe and North America and acting as a senior adviser on global projects (for example, AT&T's \$4 billion modernisation programme for Saudi Telecom and Nortel's expansion of the one2one cellular network). He also managed several high profile projects himself, including a significant part of bp's global internal launch of its new brand and managing significant parts of the wholesale outsourcing of IT services for Thames Water.</p> <p>Clive has recently set up his own publishing business, while continuing to undertake freelance consultancy projects and acting as coach to small businesses and individuals.</p> <p>Following licence award, Clive will maintain his active involvement with Estuary FM, in particular through liaising with the many stakeholder organisations with whom he has built strong relationships, co-ordinating local feedback, and project-managing some special events.</p> |
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| <p>Neil Romain Non-Executive Director</p> <p>Age 47</p> <p>Occupation Managing Director London Media Company</p> <p>Other Media Interests None</p> <p>Other Directorships London Media Co Ltd Time FM 107.5 Ltd Tristar Broadcasting Ltd Time FM 106.8 Ltd Time FM 107.3 Ltd Palm FM Ltd Radio Plymouth Ltd Ingenu Ltd</p> | <p>Neil joined the Sunrise Radio Group in January 2004 as the Managing Director of its newly-established London Media Company (LMC) subsidiary, responsible for the management of the Group's mainstream (English language) radio services. He led the team which negotiated the acquisition of the stations in Romford and Slough, which brought the number of stations within the LMC stable to five.</p> <p>As well as taking responsibility for the overall financial and programming performance of the LMC services, Neil represents the Sunrise Radio Group in its dealings with its regulator, the trade association, and other radio industry players. He has also been involved in the Group's non-broadcasting commercial activities, including the re-launch of its night-club in London's West End.</p> <p>Neil has a deep understanding of radio industry finance and operations both as a practitioner and previously as a regulator. Prior to joining Sunrise, he served for thirteen years (1991-2003) with the Radio Authority as its Finance Director and latterly Deputy Chief Operating Officer, and previously as Radio Finance Officer with the Independent Broadcasting Authority. Neil was actively involved in developing many of the policies and strategies that have shaped the present structure of the UK radio industry.</p> <p>Neil is a qualified Company Secretary. He lives in South-West London with his wife and two children. His interests include horse-racing, rugby and golf.</p> |
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| <p>Mark Reason Launch Director</p> | <p>Mark is Managing Director of Time 107.5 FM in Romford and Operations Director for LMC. He has substantial experience of small-scale ILR station management and will act as Launch Director for Estuary FM through the pre-operational period and the crucial launch and following period, working closely with the Estuary FM Station Manager when appointed.</p> |
| <p>Age 37</p> | <p>He started his working life in the advertising industry as a copywriter, rising after five years to Head of Creative in a London agency. During this period he was involved with various radio stations on a part-time basis.</p> |
| <p>Occupation Managing Director Time 107.5</p> | <p>In the early 1990s Mark moved back to his home town of Harrogate in North Yorkshire, and his radio hobby became a full-time occupation with the launch of Stray FM. During its first four years on-air Mark became Programme Controller and helped the station become number one in its TSA. When Mark joined the Darlington station Alpha 103.2, it was in seventh place in its marketplace; three years later he left the station as market leader (a position it has retained since). Mark then took on the challenge of the struggling Yorkshire Dales AM licence in 1999. During his four years as Station Manager, Mark re-launched the station as Fresh Radio and managed to deliver a modest profit to shareholders, while winning numerous accolades from the local community, especially for the station's coverage during the outbreak of foot-and-mouth disease.</p> |
| <p>Other Media Interests None</p> | |
| <p>Other Directorships None</p> | <p>Since joining LMC, Mark has re-launched Time FM in Romford and has been instrumental in the improved performance, notably financial and sales, of LMC's stations in South-East London. Mark's strength in developing profitable radio services with real local character will greatly assist Estuary FM in its formative stages.</p> |

Estuary FM's board combines a mix of prominent Southend business people and experience from the radio industry. All will remain Directors after the licence award and are committed to assisting the station in becoming an essential part of local life and a commercial success.

We plan to recruit an experienced Station Manager, who will be invited to join the Board on his or her appointment. The position will be advertised shortly after the licence award.

(B) Proposed Investors and Shareholding Structure

(i) Full details of the proposed shareholding structure should be provided.

London Media Company Limited (LMC) - 91%
Sunrise House, Merrick Road, Southall, UB2 4AU

Estuary Media Limited (EML) - 9%
PO Box 5468, Southend-on-Sea, SS0 7WL

(ii) Total number, class of shares and issue price of shares.

600,000 ordinary voting shares of £1 issued at par.

(iii) All voting shareholders and holders of 5% or more of non-voting shares and loan stock. State the number, class/classes and price of shares.

LMC: 546,000 ordinary voting shares of £1 issued at par.
EML: 54,000 ordinary voting shares of £1 issued at par.

Outline any shareholders' agreements or arrangements which exist.

LMC will hold 91% of the share capital of Estuary FM and EML 9%.
A shareholders' agreement has been entered into that includes provisions for:

- The nomination by EML of two directors of Estuary FM
- Pre-emption rights in the event of any disposal of shares
- Payment of dividends
- Provision of services at market rate or lower cost

In addition, Sunrise Group has undertaken to provide sufficient funds to enable LMC to meet its obligations in respect of its shareholding. Sunrise Group has also agreed to provide additional short-term financing through its group facilities, should that be required.

(iv) Where a corporate body other than a current Ofcom licensee will be providing 30% or more of the required funding, details should be given of its directors and main shareholder, and of its activities.

London Media Company and its parent Sunrise Radio are both existing Ofcom licensees. The following summarises the activities of these companies; further details can be provided on request.

(a) London Media Company Limited (LMC)

LMC was established in January 2004 as a wholly-owned subsidiary of Sunrise Radio Ltd (Sunrise Group) in order to expand the Group's interests in English language broadcasting. LMC currently operates Time FM 106.8 in South-East London, Time FM 107.3 covering the London boroughs of Lewisham and Southwark, Time FM 107.5 in Romford, and Star FM 106.6 serving Slough, Maidenhead and Windsor, together with Easy Radio London on DAB. It is also a 60% shareholder in Palm FM, which was recently awarded the licence for Torbay and will commence broadcasting in mid-2006. The company aims to extend its operations through selective application for new licences and further acquisition.

The directors of LMC are Neil Romain and Avtar Lit.

(b) Sunrise Radio Limited (Sunrise Group)

Sunrise Group has operated as a successful and profitable ethnic broadcaster in the UK for over 15 years. Its mainstay Sunrise Radio, broadcasting on the analogue 1458 kHz AM frequency to Greater London, has also been available for much of its life on satellite (initially on the Astra satellite and latterly on the Sky platform). The Group has also recently launched its Kismat Asian-talk format in Greater London on the 1035 AM frequency. The company has made a substantial commitment to and investment in digital radio, and operates six DAB services with its Sunrise format, in Edinburgh, Glasgow, London, Birmingham, Coventry and Wolverhampton, and four under its new Yarr (Young Asian Radio) format, in Bradford, Coventry, Wolverhampton and London. Through its majority shareholding the Group also operates radio stations in Sri Lanka and Mauritius. The company also has a number of non-radio interests.

Sunrise Group is ultimately controlled by Avtar Lit and other family interests. The Directors of the Company are Avtar Lit, Tony Lit, Shammy Batra and Ravi Jain.

(c) Estuary Media Limited (EML)

EML represents the interests of the originators of Estuary FM, a group which has since 1997 led the campaign for the establishment of a separate localised radio service for Southend-on-Sea and the immediately surrounding districts of South-East Essex.

The company was registered in February 2000, in furtherance of the group's objective of seeking and operating an FM licence for the Southend-on Sea area and initially as the trading entity for the group's RSL trial broadcasts. This followed a three-year period during which initial market research was conducted to assess the viability of the business opportunity and the group's future plans were developed. Estuary Media conducted two 28-day trial broadcasts, both on-air for 24 hours a day, in July/August 2000 and December 2000/January 2001, in order to enhance its broadcasting and commercial skills and generate and demonstrate local demand for a permanent service. During this period, upwards of 50 local enthusiasts were actively involved in progressing the Estuary project.

EML first submitted a formal 'letter of intent' to the Radio Authority in 2000, registering its ambition to apply for a licence to operate a permanent local service based in Southend-in-Sea. Since then, it regularly communicated with the industry regulators to press the case for the advertisement of a Southend licence. To the best of our knowledge, EML is the only group which was actively campaigning for the establishment of a new Southend-based station, prior to the addition of the area to Ofcom's licensing plans.

EML has focused on raising the business case locally for a new station for Southend, expanding networks and understanding of market demand, and sustaining a high profile in the area through numerous roadshows, involvement with local business and social associations, and by actively supporting numerous community events. Interest in EML's activities has also been built through a periodic newsletter, a regularly updated website and high profile press coverage (more than 35 articles have been generated over six years – these are summarised in an Appendix and full copies are available on request).

EML has four directors (all shareholders apart from Sir Teddy Taylor). All are deeply passionate about Southend and have strong business and personal connections within the area.

- **Alan Johnson**, 40, is an accountant and business adviser. He is financial controller to a logistics company (for which he was instrumental in turning round performance from near bankruptcy) as well as running his own accountancy practice that serves a number of radio and entertainment industry professionals. Alan initiated and has led many aspects of EML's licence campaign, including the RSL trial broadcasts and roadshows. His extensive local business and personal networks have assisted in developing Estuary FM's plans.
- **John Hawthorn**, 61, is Sales and Marketing manager for a large UK shipping company. John brings former sales expertise from Essex Radio, and now heads a national sales team. He has been deeply involved in most of EML's activities, and has helped Estuary FM develop strong local business relationships. His enthusiasm and 37 years' sales experience in both commercial radio and other industries will play an important part in helping to secure a solid launch for Estuary FM.
- **Clive Johnson**, 43, is a management consultant and publisher, and represents EML on the Estuary FM board.
- **Sir Teddy Taylor**, 68, is a company director, and has a long and active association with the group. Sir Teddy is also Chairman of Estuary FM Limited.

EML recognised the importance of securing a long-term commitment of financial and other resources for the station, together with strong radio expertise. EML felt that only a well-established radio group which understood the challenges involved in operating small-scale stations in a competitive urban environment could assure this degree of commitment.

EML discussed its plans with a number of small-scale local radio operators, but felt that LMC was alone amongst potential partners in meeting these requirements, as well as sharing EML's vision for the station and commitment to Southend. The group's local founders were impressed by LMC's experience, the logical opportunity for resource sharing with another station within the Thames Gateway, and its welcoming of the genuine involvement of EML as a valued partner. Following consideration of several alternative equity structures, EML is satisfied that its agreed minority position, backed by a robust Shareholders' Agreement, is most appropriate for the company, believing that this arrangement will guarantee stability in the partnership over the long term.

Following licence award, EML will continue to play a key role in sustaining the strong relationships which it has already forged with many local stakeholders and contribute actively to the development of the station's local programming and community activities.

(v) Additional information

Documentation confirming LMC's ability to provide the committed finance is available to Ofcom, should this be required.

Sunrise Group will underwrite all the initial equity investment set out in this application. It will also provide through its group facilities any further funding that is necessary to establish the station.

(C) Involvement of the Applicant in Specified Activities

Details are required of the involvement of the applicant and its participants (including shareholders or other subscribers of more than 5% of the applicant's total funding requirements) in any of the activities listed below, and the extent of the interest.

(i) Advertising agencies

Not applicable

(ii) Newspapers

Not applicable

(iii) Other broadcasting interests

| SUNRISE GROUP – UK BROADCASTING INTERESTS | | | |
|--------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------|----------------|
| | Analogue | Digital | Holding |
| Sunrise Radio | London AM | Birmingham, Coventry, Edinburgh, London, Glasgow, Wolverhampton Sky Channel 883, Cable | 100% |
| Kismet Radio | London AM | Sky Channel 923 | 100% |
| Star FM | Slough, Windsor & Maidenhead | | 100% |
| Time 106.8 FM | Thamesmead | | 100% |
| Time 107.3 FM | South-East London | | 100% |
| Time 107.5 FM | Romford | | 100% |
| Sunrise FM | Bradford | Bradford & Huddersfield | 33% |
| Palm FM | Torbay | | 60% |
| Easy Radio | | London | 100% |
| Yarr Radio | | Bradford, Coventry, London, Wolverhampton Sky Channel 937 | 100% |

(iv) Bodies whose objects are wholly or mainly of a religious nature

None

(v) Bodies whose objects are wholly or mainly of a political nature

None

(vi) Local authorities

None

(vii) Other publicly-funded bodies

None

2. FINANCIAL AND BUSINESS PLAN

(A) Overall Financial Strategy

Provide a concise summary of how the applicant considers it is able to establish and maintain, throughout the licence period, its proposed service, and how this licence fits with the investors' strategy.

Our overall financial strategy is based on:

- **Understanding the Southend area and its social and business environment in order to respond to the requirements of listeners, businesses and other local stakeholders.**
- **A partnership between Estuary Media and LMC that is committed to the local character of the station and to building its financial success.**
- **Applying the lessons and skills LMC has learned in operating other small-scale stations in highly competitive urban markets.**
- **Sound and realistic business and financial planning, drawing on industry benchmarks, actual operational experience and the opportunity for sharing certain back-office resources.**
- **Substantial backing from a privately-owned group with the resources to ensure the station's long-term development and success as part of the group's growing investment in non-ethnic, local broadcasting.**

(i) Local environment

Southend has its own individualistic identity and needs a radio station that recognises and reflects this. Estuary FM will be that station, built upon local passion, trial broadcasts, extensive local presentations and consultation and formal research. Southend is "big, brash and blunt", although the full picture is naturally more complex, with diverse sub-areas in both Southend and the wider area encompassing Rochford and Castle Point. A recurrent feature is that the area often bucks national trends, or precedes them.

Like many areas of its size, Southend is destined to have a different local economy in the future to the one that it has now; this new economy will be largely driven by strategic developments and major government funding overseen by the Thames Gateway South Essex Partnership. At the same time, there are considerable opportunities for the future of the area, but this should not mask the difficulties and challenges that accompany those possibilities.

Our detailed consumer and advertiser research, summarised under Section 105(D) below, has shown that Estuary FM will be well received by listeners and advertisers alike and that the developing economy of Southend will provide the new station with the strong local interest and an economic environment in which it can prosper.

(ii) Partnership and local commitment

Estuary FM combines Estuary Media's long-standing commitment to developing a truly local station for the Southend area with the industry experience and resources of LMC, bringing together the skills, dedication and understanding needed to create a viable and distinctive local radio station.

LMC currently operates four small-scale local services in and around the Greater London area, under Time FM and Star branding; in addition it is currently launching Palm FM covering the Torbay area, in conjunction with a local group of investors. While the extension of group 'brands' may be appropriate in larger markets, LMC feels it more important that small local radio stations, such as Estuary FM or Palm FM, should retain and exploit a specific identity that reflects the market in which they operate.

LMC values the involvement and input of local directors, whose knowledge, contacts and local input are important components in the development of the business and in maintaining its quality and relevance.

(iii) Competitive urban experience

Our listener research has highlighted that Southend is a marketplace which is very much like the other smaller areas on the fringe of Greater London in which LMC operates and where it will be necessary to compete not only against the 'heritage' ILR stations for Essex, but also against a large number of popular and strong London and Kent ILR services which are currently listened to by a majority of people in this area.

Unlike some other operators of smaller-scale licences, whose stations are mainly located in relatively undemanding provincial marketplaces, LMC is experienced in dealing with the daily challenges posed by running its business within highly competitive radio markets in largely urban areas. LMC will bring to Estuary FM the tenacity and imagination that is required to battle for local listeners and advertisers, in fierce competition with other ILR stations which are much larger, longer established, and more generously resourced.

(iv) Sound and realistic business planning

LMC's experience of competitive urban markets has been reflected in the realistic financial and audience projections set out below, as well as in our programming proposals which emphasise the importance of direct local involvement with listeners and with the business community in both on-air and off-air activity.

Estuary FM will be almost entirely autonomous in its programme output, with at least 17 hours a day locally-produced and broadcast live during the week and a substantial local news resource and output. Our plans make full provision for providing the ambitious local coverage and output the research shows listeners await.

At the same time, the proximity of LMC's nearby station in Romford will enable staff to be rapidly redeployed for cover in the event of short-term emergencies, will facilitate co-operation in various off-air activities such as promotional initiatives and will provide opportunities for the *ad hoc* sharing of relevant information (for example, on road traffic problems, where these are also relevant to listeners in the other station's area). In addition, Estuary FM will benefit from reduced back-office costs by utilising Group resources in commercial production and traffic, finance and administration, engineering and maintenance, etc.

(v) Substantial backing and commitment to growth

Estuary FM will be financed by an initial fully-paid share issue of £600,000, which our financial plans show will be sufficient to establish and maintain the service until it is profitable. Funding is fully underwritten by LMC/Sunrise Group. In the event that further funds might be required, these will be provided by Sunrise Group through its existing financial resources.

Sunrise Group has operated in the UK successfully and profitably, under stable ownership and management, for over 15 years. The Group has been profitable in each of the past ten years, with almost all profits being re-invested in the development of its businesses; the shareholders in what is essentially a family-owned enterprise rarely accept dividends, the last time being in 1999. In the last financial year Sunrise Group generated profits before tax of over £1.6m, after taking account of its £600k annual investment in its DAB services. As Ofcom is already aware, Sunrise Group has confirmed it has the finance available for investment in developing its radio interests.

(B) Funding

Detail the sources of finance that will be used to fund the licence.

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| (i) | Share capital | £600,000 |
| (ii) | Loan stock | Nil |
| (iii) | Leasing/HP facilities (capital value) | Nil (excluding value of TBC) |
| (iv) | Bank overdraft | Nil |
| (v) | Grants and donations | Nil |
| (vi) | Other (please specify) | Nil* |

*Sunrise Group will make available through its group facilities any additional funding necessary for Estuary FM Limited

Where relevant please provide information on:

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| Loan terms (e.g. interest rate, repayment terms, redemption/conversion terms) | N/A |
| Assets leased. | N/A |

(C) Financial Projections

The purpose of this question is to allow the applicant to demonstrate its understanding of the market. The forecasts should be based on reasonable assumptions, that are logically applied and justifiable.

The Applicant should provide financial projections on an annual basis for the licence. The projections must include (i) Profit & Loss accounts, (ii) Balance Sheets, (iii) Cash-flow Forecasts.

Estuary FM's financial plans are realistic and achievable, based on:

- **A positive but measured view of the economic prospects and future development of the area.**
- **Our conclusion, based on market analysis and research among advertisers, that there is real demand among businesses of all sizes in the area for localised advertising, sponsorship and related activities.**
- **Prudent projections as to both revenues and costs, drawing on administrative and back-office savings from LMC's existing resources, verified against actual expenditure and experience at our neighbouring stations in the Thames Gateway area.**
- **Revenues, based on realistic audience projections, built up from cautious sales and spot-rate hypotheses and cross-checked against results for LMC as well as other similar stations.**
- **Plans that incorporate a significant sensitivity margin, allowing for an 18% revenue variance before any management action on costs, backed by the availability of additional funding, if required, from Sunrise Group.**

(i) Financial forecasts

A full set of financial forecasts and the assumptions underpinning them, including projected profit and loss accounts, balance sheets and cash-flow forecasts, is submitted in a separate Financial Appendix. These cover the full period of the licence; detailed assumptions are applied during Years 1-4 and are projected forward on a consistent basis for following years. We request that these be kept confidential.

The completed Ofcom Financial Template is also included in the Financial Appendix.

The following brief summary is provided for general information purposes:

| ESTUARY FM – P & L SUMMARY | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | Pre-Op | Year 1 | Year 2 | Year 3 | Year 4 |
| Revenues | - | 512,755 | 649,198 | 764,077 | 875,710 |
| Costs | 151,059 | 648,914 | 665,109 | 687,337 | 714,180 |
| Operating Profit (Loss) | (151,059) | (136,139) | (15,911) | 76,740 | 161,530 |

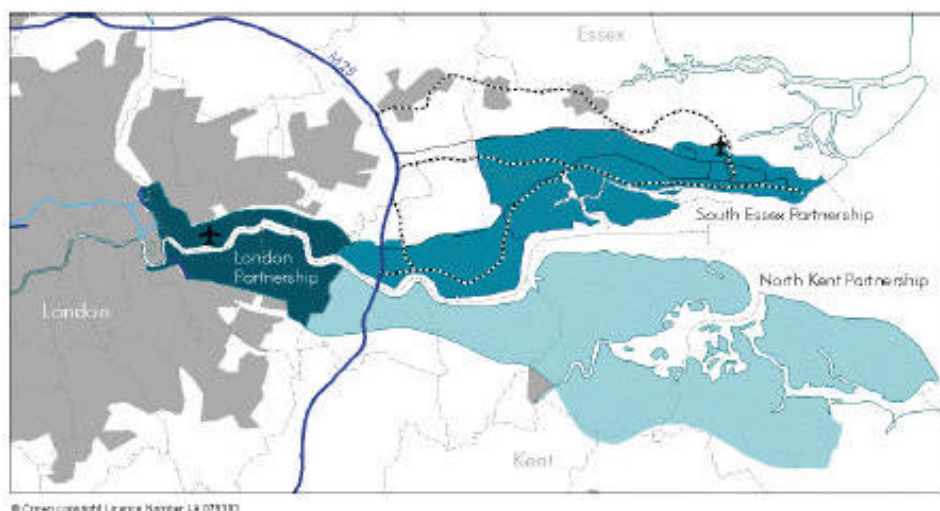
(ii) Southend area and the Thames Gateway

Initiated in 1995, the Thames Gateway was extended in March 2001 to include more parts of South Essex, specifically the Boroughs of Castle Point and Southend-on-Sea, as well as important parts of Rochford. Significantly for Estuary FM, the South Essex areas correspond to a large extent with that which the new station will serve.

The Thames Gateway Strategic Partnership is subdivided into three partnership areas: London Partnership, North Kent Partnership and South Essex Partnership (TGSE – Thames Gateway South Essex). The TGSE Partnership was launched in September 2001 and members include government offices, regional development bodies, Essex County Council and local authorities, notably those for Castle Point, Rochford and Southend.

Overall, TGSE has identified four regeneration "hubs" in the Essex part of the Gateway area, with a specific focus for each. In particular, Castle Point will develop, with Basildon, as a business hub, with Southend-on-Sea and Rochford as a cultural and intellectual hub and centre of excellence for higher education. It is expected that some 43,500 homes and 50,000 jobs will be created in the TGSE part of the Thames Gateway in the next 15 years, with 13,000 of these homes and 18,000 jobs in the Southend area.

As a catalyst, Southend now benefits from a government-approved Urban Regeneration Company, Renaissance Southend Limited, one of just 21 such bodies in the UK. This is a public/private partnership for the achievement of the targets for employment and housing delivery in the area. It also benefits from European Union Objective 2 structural funds, that have already contributed a third of the £17m town centre renewal project (SSHAPE).



This is not just a matter for reports and projects, but reflects life in the Southend area as it changes and will develop over the first licence period. Estuary FM will be an essential partner for the different actors responsible for driving and delivering development, as well as a key medium both for informing the public and for reflecting the views and concerns of listeners.

(iii) Economic and social development

Supported by crucial regeneration initiatives, change is happening in Southend following many years of stagnation. Realistic plans, under-pinned by a strategic government commitment and funding, envisage Southend becoming an important cultural and learning centre and a focus for new housing and jobs. The town is seeking to transform itself from a destination for summer day-trippers into a major centre for leisure, while London Southend Airport has received approval to expand its operations, although

unfortunately with a shorter runway than initially anticipated. Such initiatives will help stimulate local businesses and increase the general prosperity of the area.

Southend town centre has been rejuvenated. The impressive multi-million pound new building for South East Essex College has attracted new students to the town and the development of Essex University Southend will not only play a central role in Southend's status as a cultural hub but is also bringing about the long-overdue overhaul of landmarks such as the Palace Hotel and derelict Odeon site. Together with ongoing improvements in the transport infrastructure, a certain optimism for the future of the area has been created. However, there are also significant financial and competitive challenges. Local retailers experience considerable competition, particularly for larger household items, from the major shopping centres nearby at Thurrock Lakeside and over the Dartford Crossing at Bluewater; public spending is under pressure; and natural disasters such as the cliffs slippage and the pier fire all serve to mitigate the optimistic view.

The area's population is growing slowly, although it is projected to expand most significantly amongst both the oldest and youngest adult age groups. The population comprises few non-indigenous groups and its working-age component enjoys above national average employment rates across most of the area. During recent years, alongside retirees, most newcomers have been affluent, high-aspiring city-commuters, attracted to high-quality housing in lively *nouveau-riche* neighbourhoods such as Leigh-on-Sea.

Our straw-polls (conducted at various business forums) indicate that the character of the local people can be generalised. Common observations are that Southend people are entrepreneurial, outgoing, critical, defensive, active, independent and straight-talking. They take pride in their area and do not generally identify with the rest of Essex (most family ties and commuter/shopper flows are with or towards London). Southenders enjoy going out and are active? as one indicator, there are more restaurants per capita in Southend than in any other town in the UK. Crucially, they are also keen spenders and good patrons of local retailers.

Our view is that the balance of opportunities and difficulties for the area over the coming years is largely positive, and that Estuary FM will have a natural role to play in encouraging, explaining and accompanying those developments.

(iv) Retail and business environment

As the largest town in Essex and the fifth largest urban area in South-East England, Southend has traditionally served as the major shopping centre for all of South-East Essex. Whilst the large shopping centres at Thurrock Lakeside and Basildon attract out-flows from the area for non-food purchases, Southend centre attracts around 350,000 shoppers. High Street foot-fall is increasing, existing retailers are seeking to expand store space, and a large-scale modernisation and expansion of one of the town's two main shopping malls has been approved. Southend provides more jobs than it has inhabitants, therefore drawing in workers from the surrounding area (naturally contributing to the travel problems identified).

Outside of the centre, many of the area's shopping sub-centres have a character of their own, and here, many smaller, independent retail stores predominate (higher than the national average). The pace of business start-up is amongst the highest in the UK.

To add to the general economic and research data available, Southend Council undertook a substantial survey of retail business and consumer habits in the area in 2002. Among a wealth of detail by product category and sub-areas, this indicates:

- Over three-quarters (76%) of main retail purchasing takes place within the Southend area, with 14% in Basildon/Brentwood and 9% in Lakeside, Bluewater and surrounding areas. Little expenditure takes place in London – just 1%.
- Within this, there are differences by category of expenditure. Nearly all food purchases are made locally (88%), as well smaller non-food items (86%) and electrical goods (75%). However, the figure drops to around one-third for clothes, furniture and larger household or electrical goods. Here, a higher proportion is bought in Basildon/Brentwood and the shopping centres of Lakeside, Bluewater and other parts of Thurrock, Dagenham, Romford, etc. Still there was little evidence of spending in London; the highest category was for clothes and fashion goods where 2% said they bought in London.
- Over 80% of people in the area travel by private vehicle to do their main food and non-food shopping, confirming that the problems of car use are not restricted to work or peak-times.

This combines with the less statistical but equally useful information we have gathered from many direct interviews and consultation with local organisations and businesses – summaries of these are included in the Research Appendix.

We went on from this desk and anecdotal research to undertake a structured survey among local advertisers, summarised with our other original research below.

Our conclusion is that Southend's independent retail market is likely to remain healthy but competitive, and in turn, the opportunity for sustaining a positive demand for local radio advertising is high. The response of potential advertisers to advertising on Estuary FM, which we present in our response to Section 105(D) below, bears out this confidence.

(v) Basis of Financial Projections

Estuary FM's financial projections are prepared on a prudent basis, as to both costs and revenues, in what is a relatively small TSA. We have drawn on industry data, benchmark comparisons and our operating experience, resulting in realistic and achievable plans.

(a) Costs

Our objective is to maintain back-office and administrative costs as low as practicable, thus freeing resources for the public face and programme output of Estuary FM where we have chosen to invest significant resources in our local news and other operations. We have reflected actual costs of operating Estuary FM in our financial forecasts. Estuary FM will also benefit from other back-office and administrative services and support, from both Time 107.5 and other Sunrise/LMC resources: IT support (part of the group function is already based in Romford), group traffic scheduling also based in Romford, and group financial administration and technical support based at Southall. The sharing of resources will help to ensure that Estuary FM launches with access to more resource than it could otherwise afford.

(b) Marketing

We have included in our projections a significant initial and ongoing marketing budget across various media, reflecting our view of the cost of establishing this station and generating the awareness and necessary market impact in an area with a 25 year old 'heritage' commercial station.

(c) Capital expenditure

The financial projections assume that all fixed assets are purchased outright, transmission facilities are financed on a TBC (Total Broadcast Contract) basis, and any additional ongoing cash requirements are resourced from Sunrise Group facilities.

(d) Working capital

Working capital at the on-air date is over £185k, which we are satisfied is adequate to finance the anticipated requirements of the company in its development stage.

(e) Sensitivity

Our financing plans allow us to accommodate an 18% shortfall in revenues before any recourse to additional group funding or other measures would become necessary.

(vi) Revenues

The revenue projections for Estuary FM take both a bottom-up and top-down approach. They have been built from realistic spot yields and levels of inventory sold and have been sense-checked against our estimates of average yields per thousand listening hours for a range of comparable stations.

Our bench-marking has used data from stations of a similar size across the UK as well as ILR stations operating within Essex, using as a base MMS data, published information and our own industry knowledge. We have also used LMC's station in Romford as a cross-check for our revenue estimates. The stations we took as a reference are set out in the 'Revenue Key Assumptions' worksheet in the Financial Forecasts. We have also provided the current management accounts for Time 107.5 in Romford for information.

Our revenue model incorporates interdependent variables for spot rates and inventory sold in respect of both the local and national revenue assumptions.

Price is a key determining factor for local sales, particularly in establishing a market rate. The experience of stations which LMC has acquired is that it is very difficult to increase rates when a station has

historically been sold to maximise volume and not yield. Although low spot rates can deliver short-term turnover, that approach can significantly hold back the development of a viable business in the longer term. Our assumptions therefore assume a relatively low volume of advertising sales, but at rates which are sufficient to establish and develop a profitable business.

Similarly, in establishing our assumed spot rates for national revenue and the level of inventory we will sell, we have based our assumptions on the experience of LMC stations. In June 2005 LMC cancelled its representation agreement with First Radio Sales (FRS) because the CPT yield generated from national advertisers buying through FRS was significantly less than our local sales team could achieve. Agencies now buy on a spot rate basis for all LMC stations, handled either locally or by Sunrise Group's own national sales team. The impact of this strategic move has been to reduce significantly the inventory used for national clients without significant loss of revenues. Some clients have withdrawn – those without a local outlet in the station's area and whose motive for advertising was to generate national awareness through impact delivery, such as the COI. However, agents whose clients have a local outlet – car dealers, shopping centres, etc. - have been prepared to buy at a spot rate equivalent to the local rate.

Our prudent assumptions result in the following forecast revenues for the first year of operation:

| | Local | National |
|----------------------------|--------------|-----------------|
| Total inventory | 105,120 | 105,120 |
| % of inventory sold (Yr 1) | 30% | 3% |
| Spots sold | 31,536 | 3,153 |
| Assumed spot rate | £12 | £12 |
| Revenue (Yr 1) | £378,432 | £37,843 |

The estimates were then compared with RAJAR data, calculating the revenue yield per thousand listened hours for local, national and sponsorship revenue for each station as well as averages for the full sample of stations. Given the historic nature of the revenues, the current and projected growth in radio advertising and that Year 1 for the new station will be 2006/7, we have assumed an increase (5% for local, zero increase for national and 5% for sponsorship) from the current benchmark calculation in testing our projections.

Applied to our audience projections for Year 1, this results in the following revenue comparators, from which the prudent yield levels projected by Estuary FM can clearly be seen:

| | Average local revenue yield per 000 hours | Average national revenue yield per 000 hours | Average sponsorship revenue yield per 000 hrs |
|-------------------------|----------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| Benchmark | £25.91 | £3.24 | £5.47 |
| Benchmark 2006/7 | £27.21 | £3.24 | £5.74 |
| Estuary FM Hours Year 1 | 16,241 | 16,241 | 16,241 |
| Estuary FM | £23.30 | £2.33 | £5.82 |

(D) Audience Projections

- Estuary FM will broadcast to a TSA of 243,800 adults aged 15+ (less than a quarter of the population covered by Essex FM).
- We project that Estuary FM will achieve 16% reach rising to 20% during the first three years of broadcasting in this highly competitive area, resulting in an estimated listening share of around 5% rising to 7.5%.
- We estimate that Estuary FM would attract listening in roughly equal proportions from Essex FM, out-of-area ILR stations and BBC Radio.

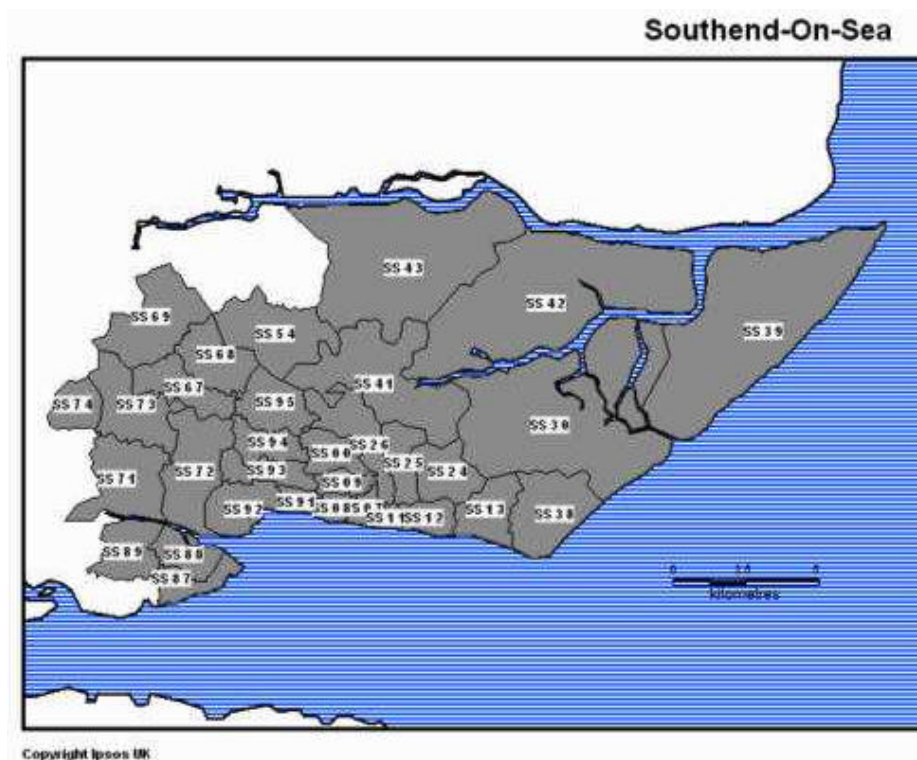
(i) The projected adult (aged 15+) population of the Total Survey Area (TSA) within which it is intended to measure the listenership of the service:

The TSA which we propose to use for audience measurement purposes has been derived from the predicted coverage map provided by Arqiva (formerly NTL Broadcast), based on the Maitland House site in Southend-on-Sea, with the transmission characteristics outlined in the following section of this application. We then matched the main 60dB contour as closely as practicable with postcode sector boundaries, although a few peripheral parts may only receive 54dB in matching whole postcode sectors.

Ipsos UK calculated the population total and its breakdown for the selected postcode sectors from the RAJAR database. We have used these population figures as the basis of our listenership projections below. This results in a TSA population of 243,800 adults aged 15+, as shown more fully in the table below (with all figures rounded to nearest 100).

| ESTUARY FM – TSA POPULATION AND PROFILE | | | | | | | |
|------------------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|
| | All | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
| Males | 116,900 | 17,400 | 16,800 | 22,000 | 18,700 | 18,500 | 23,400 |
| Females | 126,900 | 16,100 | 17,800 | 22,100 | 19,100 | 20,000 | 31,900 |
| Adults 15+ | 243,800 | 33,400 | 34,600 | 44,100 | 37,900 | 38,500 | 55,200 |
| | | | | | | | |
| Males | 100% | 15% | 14% | 19% | 16% | 16% | 20% |
| Females | 100% | 13% | 14% | 17% | 15% | 16% | 25% |
| Adults 15+ | 100% | 14% | 14% | 18% | 16% | 16% | 23% |

The proposed Estuary FM TSA was also the area within which Ipsos UK conducted our own quantitative research survey, the findings of which are reported in section 105(D) of the application. The following map shows the boundary of the planned Estuary FM Total Survey Area:



(ii) Projections for listenership ratings over the first three years of the service, with detailed demographic breakdowns:

As a small-scale radio station which will aim to win listeners primarily through reflecting the distinctive localised identity of its audience, Estuary FM will expect to attract a broadly based listenership, rather than one that is more narrowly defined by its demographic characteristics; indeed, it will be essential for the station's commercial viability for it to obtain a good spread of listeners. The basis of the following projections of the anticipated size and profile of Estuary's weekly audience by the end of each of its first three years on air, and the assumptions underpinning these estimates, are outlined fully in response to question (iv) below.

| ESTUARY FM - AUDIENCE PROJECTIONS | | | | | | | | | | | |
|------------------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|------------|-------------|
| | All | M | F | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | ABC1 | C2DE |
| TSA ('000s) | 244 | 117 | 127 | 33 | 35 | 44 | 38 | 39 | 55 | 140 | 104 |
| YEAR 1 | | | | | | | | | | | |
| Reach (%) | 16 | 16 | 16 | 15 | 19 | 20 | 18 | 15 | 9 | 15 | 17 |
| Reach ('000) | 39 | 19 | 20 | 5 | 7 | 9 | 7 | 6 | 5 | 21 | 18 |
| Ave. hours | 8.0 | 8.0 | 8.0 | 5.5 | 7.0 | 8.5 | 9.0 | 9.5 | 9.5 | 7.0 | 9.0 |
| Total hrs ('000) | 315 | 152 | 163 | 27 | 48 | 75 | 62 | 56 | 47 | 149 | 166 |
| YEAR 2 | | | | | | | | | | | |
| Reach (%) | 18 | 18 | 18 | 17 | 21 | 22 | 20 | 17 | 10 | 17 | 19 |
| Reach ('000) | 44 | 21 | 23 | 6 | 7 | 10 | 8 | 7 | 6 | 24 | 20 |
| Ave. hours | 8.5 | 8.5 | 8.5 | 6.0 | 7.5 | 9.0 | 9.5 | 10.0 | 10.0 | 7.5 | 9.5 |
| Total hrs ('000) | 376 | 180 | 196 | 35 | 51 | 88 | 76 | 68 | 58 | 183 | 193 |
| YEAR 3 | | | | | | | | | | | |
| Reach (%) | 20 | 20 | 20 | 19 | 23 | 24 | 23 | 20 | 12 | 19 | 21 |
| Reach ('000) | 49 | 23 | 26 | 6 | 8 | 11 | 9 | 8 | 7 | 27 | 22 |
| Ave. hours | 9.0 | 9.0 | 9.0 | 6.5 | 8.0 | 9.5 | 10.0 | 10.5 | 10.5 | 8.0 | 10.0 |
| Total hrs ('000) | 444 | 208 | 236 | 38 | 61 | 102 | 88 | 83 | 72 | 219 | 225 |

The projections are shown using standard RAJAR demographic classifications and definitions of weekly reach, average hours of listening and total listening hours, with estimates of average hours rounded to the nearest 0.5 hours per week.

(iii) The expected impact of the proposed service on existing services, in listenership terms

In our quantitative research survey, we asked those respondents who said that they were either "extremely or very likely" or "quite likely" to listen regularly to a new Southend-focused local station how they would alter their current listening habits in order to accommodate this (see section 105(D) of the application for full details of this question and the responses obtained).

79% of our sample of 15-64 year olds expressed some degree of likelihood to listen to the type of service proposed by Estuary FM and of these 60% (i.e. 48% of the full sample) thought they would reduce or cease their listening to some of the radio stations which they currently tune into. Taken at face value, these responses suggest that around half of all radio listeners would reallocate some of their existing choice of service in order to include Estuary within their listening repertoire.

However, we are conscious that, in absolute terms, the claims made by respondents in all research surveys about likely future changes in their listening behaviour tend to exaggerate what occurs in practice, according to subsequent RAJAR measurement of audience levels to newly-established services. The more useful guidance that can be drawn from the responses to this set of survey questions is as regards the relative (rather than the absolute) level of impact upon existing radio services. Those respondents who said they would in future listen less, or not at all, to some of the stations which they currently tune into, were then asked which station(s) these were.

As set out in the 'Evidence of Demand' section of our application, the impact of a new local commercial station upon radio audiences in and around Southend would reflect the distinctive listening patterns that currently exist in this particular area. The majority of listening to Estuary FM would be likely to occur at the expense of established commercial stations, with less listening coming from BBC Radio. The breakdown of respondents' nominations of the individual station(s) which they would in future listen to less, or not at all, in order to accommodate listening to Estuary FM, can be summarised as follows. (Note: These figures aggregate to more than 100% because some listeners named more than one station).

| | National | Local | Total |
|------------|----------|-------|-------|
| BBC | 25% | 11% | 36% |
| Commercial | 6% | 77% | 83% |

33% of the respondents who considered that they would alter their existing pattern of station choice identified Essex FM as a station to which they would reduce or stop their listening (including 38% of those who thought they were "extremely or very likely" to listen to Estuary FM). This is unsurprising, because as a music-led local commercial radio station, Essex FM provides the closest approximation among existing services to Estuary FM. A good proportion of Estuary's weekly listening will be drawn from Essex FM, primarily through offering more locally relevant speech content than the existing service with its near-countywide editorial coverage, and through providing a more varied popular music output than Essex FM.

However, the other major loser of audience to Estuary FM would be the out-of-area (i.e. London and Kent) ILR services. Currently, as regards its listening patterns, Southend functions as a 'London fringe' area (see section 105(D) below for fuller details), with the local commercial stations serving adjacent areas taking a very significant slice of the radio listening that occurs in and around Southend. Of those respondents who named one or more stations that they would tune away from in favour of a new local station, 8% identified Invicta FM, 7% each nominated Heart FM, Virgin and Magic FM, 4% each Capital FM and Kiss FM, with 1% each naming one of four other London ILR stations; collectively, these stations would lose roughly the same amount of listening as Essex FM, in contributing the audience for Estuary FM.

Around one-third of Estuary FM's audience would also be taken from BBC Radio, according to these findings. Among radio listeners aged 15-64, BBC Essex and BBC Radio 1 would be the biggest losers of listening hours (each with 10% of respondents identifying them as candidates for reduced usage), followed by Radio 2 (8%), Radio 4 (4%) and Radio 5 Live (3%).

Because RAJAR data cannot be obtained for the proposed Estuary FM Total Survey Area, it is difficult to quantify precisely the expected impact of the new service upon listening hours. The existing TSA surveyed by Essex FM has an adult population of 1,154k, which is more than four times the size of the TSA (244k adults) which Estuary intends to claim. Within the Essex FM TSA, the average weekly amount of radio listening per adult in the population is 23.6 hours (RAJAR, Q3 2005). *Pro rata*, this would translate into a weekly total of around 5,750k hours per week within the smaller Estuary TSA.

Although some 31% of the respondents in our own survey claimed they would increase the amount of time each week that they spend listening to the radio in order to accommodate Estuary FM, the historical evidence from RAJAR indicates that introducing new services into a market has at best only a marginal effect upon the total amount of listening recorded. If we were to assume a slight increase in total radio listening hours following the establishment of Estuary FM, to some 6,000k hours per week within our proposed TSA, our projected weekly listening hours for Estuary of 315k per week (see table above) would represent a market share in year 1 of 5.3%. By the end of year 3, this would have risen to 7.4%.

When measured against the market share figures achieved by existing smaller-scale ILR services operating in areas on the fringe of the London TSA, these estimates appear to be wholly achievable.

(iv) The basis on which the listenership estimates have been calculated, and the assumptions taken into account:

Although our quantitative research survey (see section 105(D) of our application) included a question asking respondents about their likelihood of listening to a new local station such as planned for Estuary FM (albeit that, at that stage, the 'station concept' had to be framed in quite general terms), we do not believe that the responses can be used meaningfully to predict, in absolute terms, the level of weekly audience that would be achieved in practice. We are sceptical about the use made by some radio licence applicants of spurious formulae which purport to translate claims about likelihood of listening into actual reach predictions, particularly when these involve a further arbitrary 'factoring-down' in order to give the figures credibility. We consider that the value of 'likelihood of listening' responses is two-fold: first, to provide evidence of the basic acceptability of the format being developed; and second, to provide an impression of the relative appeal of the proposed service within different demographic sectors of the local population, and in comparison with the results obtained from undertaking the same exercise elsewhere. It is in this latter respect that we have made use of these survey findings: i.e. as one of the factors taken into account in assessing the likely size and demographic profile of the audience which Estuary FM would attract.

Rather, we prefer to use relevant audience measurement data from RAJAR as the main guide to the levels of weekly reach and average hours of listening which a new station should expect to achieve, both among all adults in its Total Survey Area and within each demographic sub-group. In producing audience projections which we regard as readily achievable, we have looked carefully at the published RAJAR results for a 'basket' of existing smaller-scale ILR stations operating in broadly comparable markets to Southend, in areas that are mostly covered by well-established larger 'heritage' ILR services, and where the proximity of a metropolitan centre such as London means that the range of available ILR choice is in practice much wider, and competition for audience accordingly much more intense, than would appear the case if only 'official' measured coverage were to be taken into account.

We consider that the audience projections put forward at (ii) above are compatible with, and reflective of, the data providing evidence of listenership levels that are achieved in practice by stations operating in comparable markets. They also correspond with our own quantitative survey finding that Estuary FM can expect to draw significant numbers of listeners from every age-group within the 15-64 range, and appeal to listeners of both sexes and all socio-economic backgrounds.

The detailed demographic breakdown of our listenership estimates takes into account that Essex FM has a more youth-oriented format than Estuary FM will adopt which, together with the unusually high audience for BBC Radio 1 in this local area, means that young adults (aged under 25) will be somewhat less likely to tune into Estuary than those in the 25-54 age-range. We also recognise that those under-25s who do tune in will tend to record fewer hours of listening than other age-groups. We have also allowed for the lower propensity of older listeners to tune into commercial radio (other than services specifically directed at them), by assuming lower reach levels among those aged 55 and over (especially those in the 65+ age-range). However, we also recognise that those older listeners who do listen to their local ILR service tend to have more time available to listen to radio, and therefore record higher listening hours per week on average.

Thus, although we anticipate that Estuary FM will, through the nature of its locally relevant programming, appeal to listeners from right across the age-range, our assessment of the existing Southend radio market and our study of RAJAR evidence from broadly comparable areas elsewhere leads us to expect that there will be a slight peak in audience reach in the middle part of the age spectrum, as shown in the projections set out above.

3. TRANSMISSION PROPOSALS

(A) Details of the transmission site

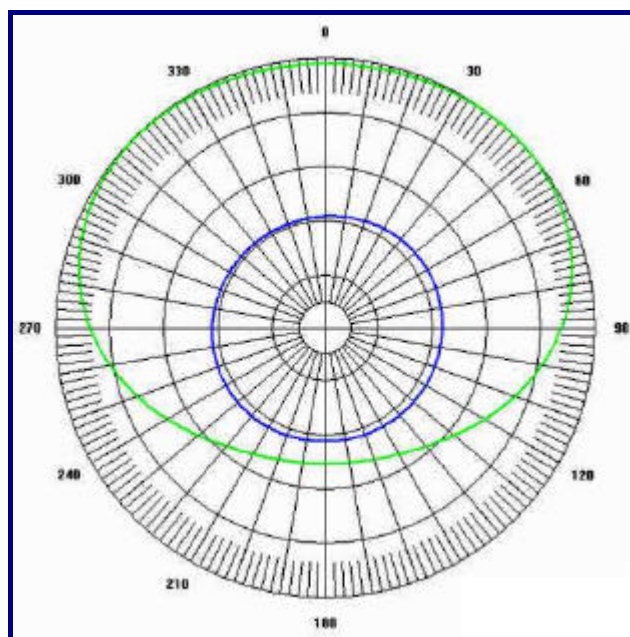
Over the years, Estuary Media has investigated a number of existing and potential new sites for transmission. We have found no ideal site that would provide equally strong coverage to all parts of the area. With preference for a town-centre site, so as to achieve optimal coverage of Southend-on-Sea itself, we have based our proposal upon use of the existing Maitland House site operated by Arqiva, which provides good coverage of Southend and the surrounding area, within the restrictions set by Ofcom for this licence.

Arqiva has been in contact with the owners of Maitland House where it has an existing antenna, which Arqiva confirms can be made suitable for sharing. Accommodation is available for the transmission equipment.

We would be content to broadcast from this site, although we would welcome the opportunity after award of the licence to consider with Ofcom if there were any preferable alternatives.

- (i) **Name and National Grid Reference of site : Maitland House NGR: TQ882857**
- (ii) **Height of site above Ordnance datum : 20 metres**
- (iii) **Height of transmitting aerial above ground level : 43 metres**
- (iv) **Radiated power in either or both planes of polarisation, and aerial Radiation pattern (if no aerial radiation pattern is submitted, it will be assumed without exception to be omnidirectional).**

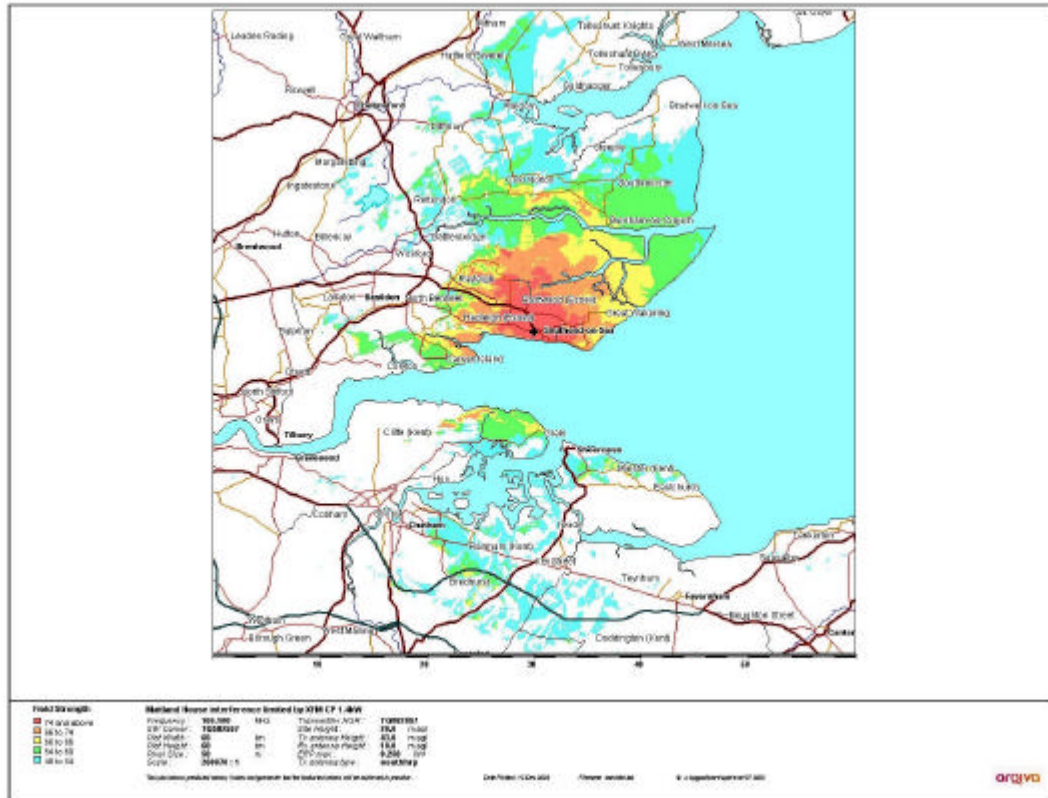
**250 watts vertical + 62 watts horizontal
Antenna pattern directional**



Southend Antenna Pattern

(B) Coverage anticipated

Please provide a detailed computer predicted map (in colour) of the coverage anticipated using the transmission site(s) and parameters described above.



(C) Transmission arrangements

Describe proposed arrangements for transmission provision (installation, maintenance and repair). The transmission system and equipment must comply with the Engineering Code originally published by the Radio Authority, which represents Ofcom's current policy.

We plan to enter into a Total Broadcast Contract (TBC) with Arqiva for the installation and maintenance of the complete transmission system. Arqiva will maintain and monitor the transmission parameters, with telemetry and remote monitoring systems providing information back to its control centre (carrier power, lack of modulation, etc.) on a 24-hour basis.

Arqiva provides transmission services to all of the LMC stations, and we are confident of Arqiva's resources and ability to provide high-quality and timely service.

(D) Time-lapse

What is the anticipated time-lapse between the award of licence and start of broadcasting?

We would be in a position to launch Estuary FM around nine months after the award of the licence, subject to matters outside our control such as frequency clearance or planning permission.

However, we are conscious that, with an expected licence award in or around April 2006, this would imply a launch in January 2007, at the time of year when advertising is traditionally at its most sluggish. We should therefore wish to consider the options, for commercial reasons, of either bringing the launch forward to Autumn 2006 if preparations had proceeded sufficiently smoothly, or deferring it until the Spring of 2007 if not.

SECTIONS 105(B) AND (C) CATERING FOR TASTES AND INTERESTS / BROADENING CHOICE

4. PROGRAMMING PHILOSOPHY

(A) Overall Programming Philosophy and Vision for the Radio Service

This sub-section should take the form of a statement setting out the applicant's overall programming philosophy and vision for the radio service.

This application has been built upon of years of campaigning and planning by Estuary Media Ltd, including background research, two trial broadcasts and numerous road-shows, presentations to local leaders, businesses, public and private bodies, and widespread consultation within the local community, to which has been added LMC's practical experience of what works effectively in programming for local audiences in areas with a strong sense of their own identity and the findings of the group's recent audience survey. Above all, we have listened to what people in the Southend area want from a local radio station, their new station:

A dedicated local service

Most areas believe they are unique, and Southend is no exception; but, without exaggeration, Southend is a special place with a character of its own. This corner of the county has very little in common with rural Essex and its market town neighbours in more reserved places like Chelmsford. Southend is upfront, brash and outgoing; everyone has an opinion on everything! Estuary FM's founders are Southend 'born and bred', and our shared philosophy is to bring to this area a radio service that is truly local, distinctive and committed and that will remain so through continued research, consultation and understanding of our listeners. Our aim is to ensure that Estuary FM is an essential part of everyday life in Southend, a vibrant radio station that captures and reflects the personality and style of our local audience.

“Not just local radio for Southend – vocal radio for Southend”

Personality and style

As well as the local relevance of its speech content and the breadth and variety of the music, it will be the personality and style of Estuary FM which sets it apart from all other radio stations – commercial and BBC - which can be heard in this area. Our presenters will have the personality, maturity and experience to engage, empathise with and (when appropriate) provoke our listeners, who will relish having a station that genuinely reflects the sparky, no-nonsense character of the local area itself.

Emphasis on local news and information

The quality, content and local relevance of our speech output will make Estuary FM the first choice for authentically local news, real-time travel and traffic reports and for the prompt and reliable delivery of the practical local information which listeners need. Estuary FM will have the necessary staff and budgetary resources to provide locally-produced news, travel updates and other features throughout the day and beyond the standard 13 hours of "daytime".

A wide variety of music across a broad spread of eras

Our music output is designed to appeal to listeners across a wide age-range. We will play a well-balanced mix of songs from the past which have lasting appeal, complemented by the most accessible of the current and recent releases. Estuary FM will offer a greater variety of popular music, including non-chart album tracks, with relatively lower rotation than any one of the existing ILR services. Estuary FM's music will be carefully selected, at a local level, and not 'quasi-simulcast' from a central music schedule.

(B) Catering for the tastes and interests, general or particular, of persons living in the area

Estuary FM has developed its plans based on:

- **In-depth listener and advertiser research**
- **Extensive local consultation and knowledge**
- **Two RSL trial broadcasts by EML**
- **LMC's experience of running small local radio stations in similarly competitive markets on the periphery of Greater London**

Our programme proposals are therefore based around a number of key elements designed to provide listeners of all ages in the Southend area with the new radio station they await:

- **Personality programming**
- **High-quality local news focus**
- **Comprehensive traffic and travel coverage**
- **Relevant local information and speech features**
- **Real music variety with low repetition**
- **Community action and involvement**
- **Coverage of local sports**

(i) Personality programming

Our recent audience research highlighted that "the personality of the programme presenter" is an important factor in determining which station listeners prefer. Living and breathing Southend, we know that our part of Essex has its own character, its own accent and its own peculiar views – and at Estuary FM we will reflect this through our programming ideas and our recruitment policy. Our presenters will be the type often out-of-favour with many of today's music radio groups – they will be individualistic, opinionated, challenging, provocative and entertaining. They will be local through and through and have the personality and on-air skills necessary to take advantage of local identity and rivalries in a dynamic and entertaining way.

Estuary FM is not another "more music" station; it will be loud and proud to be Southend, with informative and also opinionated speech as well as entertaining and practical features. Our 'Southenders' breakfast show will be presented by a well-known local celebrity presenter who is just waiting to go (details available in confidence). Throughout the day our other presenters will engage, entertain and challenge listeners, to a degree seldom heard these days.

(ii) High-quality local news focus

News principles

Our recent research into listeners' news priorities identified a high demand for "local news from Southend and immediately surrounding parts of South-East Essex" and "very local news about the community where you live". We believe this aspect of our service will be crucial in our attempt to win audience from Essex FM, the other commercial stations and BBC Radio. Our area is also poorly served by regional television as it is overlapped by three services yet is the focus of none.

Estuary FM will positively invest in our in-house local news team, not just in terms of the number, experience and local knowledge of our journalists but also in our commitment to the range, depth and real quality of our journalistic content. Estuary FM is about 'real news' – what a story means to local people and how it affects them, not shuffling press releases or just putting a local spin on a national story.

Locally-produced news bulletins will combine local, regional, national and international stories, based upon their journalistic relevance to our listeners but strongly biased towards local stories. Other than in exceptional circumstances, at least 50% of the content of locally-produced news bulletins will consist of local news relating to our licence area, a commitment included in our proposed Format.

News happens 24 hours a day so, as at other LMC stations, one of our journalists will always be on call outside of normal hours. An important local news story, such as the recent night-time fire on Southend Pier, would be brought to Estuary FM's listeners straight away; they would not have to wait until the following morning to hear about it. Similarly, where there is important breaking news, our journalists will be on hand to inform listeners ahead of the next scheduled bulletin.

News schedule

Our Southend-based journalists will compile and present hourly news bulletins on weekdays from 06.00 until 22.00, with additional headlines at 06.30, 07.30 and 08.30, and then 16.30, 17.30 and 18.30. At weekends local bulletins will be broadcast from 07.00 until 19.00.

Bulletins will generally be between three and five minutes in duration, except at 13.00 on weekdays when we will have an extended seven-minute lunchtime bulletin, and at 18.00 when we will present our *'Southend Tonight'* news round-up and magazine of around 15 minutes duration. On Friday evening this will become *'The Big Southend Weekend'* and will be increased to 30 minutes, incorporating pre-match news and interviews from Southend United and Canvey Island football clubs, together with previews of local entertainment and events for the weekend.

On Sunday (19.00-22.00), our *'Sunday Night Live'* magazine programme will combine music with a review of the main local stories of the past week and a look forward to the week ahead, regularly accompanied by guest commentary and discussion. The Estuary FM news team will produce news packages, organise guests and participation from the Leigh Times, and co-present the programme in rotation. Local bands will be given a forum within the programme to showcase their material and publicise their gigs and recordings.

When we do not broadcast locally-produced news, Estuary FM will carry hourly bulletins with national and international news from Sky News, again providing a point of difference from the existing local commercial services that carry bulletins from IRN.

News resources

Estuary FM has ensured in its Financial Plans and partnership agreements that it will have resources to provide the news coverage to which it is committed.

Estuary FM News Team

Estuary FM will employ four qualified local journalists based in our Southend newsroom. This well-staffed news team means that we will not just edit and broadcast news, as inevitably happens on stations with minimal staff resources. We will also be able to visit our local contacts, attend press briefings, court cases and local events – all the elements that will enable our journalists to cover and develop real stories of local interest.

We have already established excellent relationships with important opinion-formers throughout the area (including the four local MPs, who all actively support Estuary FM's proposals, numerous councillors, business leaders, local organisations, emergency services, etc) and will continue to develop these. We will work in our local communities, developing the contacts that fuel an effective newsroom, and establish a network of neighbourhood correspondents to provide early leads on local stories.

The following roster shows in a practical manner how our planned staff resources will be able to deliver our news commitment. Our Financial Plan also provides for additional freelance cover for holidays and sickness.

| MONDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
|----------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| ON-AIR SHIFT | Blue | Blue | Blue | Blue | Red | Red | Red | Red | Red | Red | Red | Red | Green | Green | Green | Green | Green |
| REPORTER SHIFT | | | | | Blue | Blue | Blue | Blue | Green | Green | Green | Green | | | | | |
| TUESDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
| ON-AIR SHIFT | Blue | Blue | Blue | Blue | Red | Red | Red | Red | Red | Red | Red | Red | Green | Green | Green | Green | Green |
| REPORTER SHIFT | | | | | Blue | Blue | Blue | Blue | Green | Green | Green | Green | | | | | |
| WEDNESDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
| ON-AIR SHIFT | Blue | Blue | Blue | Blue | Red | Red | Red | Red | Red | Red | Red | Red | Yellow | Yellow | Yellow | Yellow | Yellow |
| REPORTER SHIFT | | | | | Blue | Blue | Blue | Blue | Yellow | Yellow | Yellow | Yellow | | | | | |
| THURSDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
| ON-AIR SHIFT | Blue | Blue | Blue | Blue | Red | Red | Red | Red | Red | Red | Red | Red | Yellow | Yellow | Yellow | Yellow | Yellow |
| REPORTER SHIFT | | | | | Blue | Blue | Blue | Blue | Yellow | Yellow | Yellow | Yellow | | | | | |
| FRIDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
| ON-AIR SHIFT | Blue | Blue | Blue | Blue | Red | Red | Red | Red | Red | Red | Red | Red | Yellow | Yellow | Yellow | Yellow | Yellow |
| REPORTER SHIFT | | | | | Blue | Blue | Blue | Blue | Yellow | Yellow | Yellow | Yellow | | | | | |
| SATURDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
| ON-AIR SHIFT | | Green | Green | Green | Green | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow | Yellow |
| REPORTER SHIFT | | | | | | | | | | | | | | | | | |
| SUNDAY | 06.00 | 07.00 | 08.00 | 09.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 | 22.00 |
| ON-AIR SHIFT | | | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green |

| | | | |
|--------------|------|--------------|--------|
| NEWS EDITOR | Blue | JOURNALIST 2 | Green |
| JOURNALIST 1 | Red | JOURNALIST 3 | Yellow |

Local Newspaper Partnership

To assist our local news operation, Estuary FM has established an agreement with the Leigh Times local newspaper group to share planning and news gathering resources. We will work in a mutually beneficial manner, deploying reporters in a way that minimises duplication and maximises the number of stories that can be covered between us. We will have an ISDN link to the newspaper's offices and one of its journalists will take part in our 'Southend Tonight' extended news programme. On Friday evening the Editor or a senior journalist will be live in the studio to take part in the 'Big Southend Weekend'. The Leigh Times group is an independent company, based locally, that publishes titles covering Southend, Canvey and Rayleigh.

Estuary FM will naturally be happy to co-operate with other local newspapers, notably the Southend Evening Echo, the area's main paid-for title.

Sky News

Listeners in and around Southend give priority to news and information about their local area, but are not divorced from the wider world: our research also showed an appetite for "national and world news". Our team will receive national and international input and actuality from Sky News, which we will incorporate in our locally-produced bulletins to provide a comprehensive mix of what is happening locally, together with the important events around the UK and globally.

(iii) Comprehensive traffic and travel coverage

Travel in our area is an economic issue for policy-makers and a daily issue for those who live and work here. Southend has some of the country's worst congestion hotspots: daily traffic flows into and out of our area are amongst the highest for any town of comparable size in the UK. We were not surprised when our audience survey confirmed that the provision of accurate and frequent traffic and travel information was an essential ingredient for the new radio service, and that better traffic and travel information was one of the improvements which local people most wanted from local radio.

But these problems do not start and stop during drive-time hours; Estuary FM will therefore provide regular and detailed information throughout daytime and into the evening. Nor are difficulties limited to road traffic; despite increased business in the town and a growing population, we are not aware of any plans for more parking. Car-parking availability is another information requirement that Estuary FM will supply in real-time for its listeners.

Estuary FM Travel Centre

Estuary FM will invest significantly in this essential part of our service, establishing a Travel Centre with a dedicated member of staff monitoring information, preparing scripts and reporting on traffic and travel issues. Our local news team will also assist in the gathering and presenting of travel news that will be broadcast from 06.00 to 21.00 every weekday and until 19.00 on Saturday and Sunday.

Bulletins will be broadcast every 15 minutes during weekday breakfast, half-hourly during the day, then reverting to every 15 minutes for afternoon drive-time. We will also offer the only local traffic and travel service continuing into the evening, with the Travel Centre broadcasting live bulletins every weekday evening until 21.00. Evening bulletins will be provided every half-hour to accommodate the significant volume of commuter traffic coming back into our area. Both Essex FM and Classic Gold Breeze cease their weekday travel reports at 18.45, even though the volume of commuter traffic remains significant until well after 20.00. BBC Essex has little local relevance, being compiled largely in London, and as such includes few local road names or landmarks.

Estuary FM Travel Centre weekend bulletins will be broadcast half-hourly between 07.00 and 14.00, providing travel news and up to the minute car park information and then hourly until 19.00, again extending coverage beyond any existing on radio locally at present. Geoff Bray Motors of Westcliff have stated their intention to sponsor the travel centre.

Resources

To oversee our Travel Centre we will have a dedicated full-time member of staff who will also co-present the Breakfast Show and be the voice of travel news at this important part of the day.

The Estuary FM Travel Centre has an agreement to be linked to the Essex Traffic Control Centre and c2c Rail Operations Centre, with live ISDN feeds where appropriate. We will additionally draw on CCTV coverage of Southend Borough, monitored in partnership with Southend Council and Essex Police, as well as traffic volume and car park data from the SCOOT system. The centre will also be supported by our well-resourced news team of four local journalists, additional data from a recognised travel provider, a network of eye-witness correspondents and a high profile listener 'jam-line'. Jet Tyres of Canvey Island is keen to sponsor the jam line.

Additionally, to compensate for shortcomings in the existing road traffic monitoring arrangements, we shall establish a number of web-cams streaming up-to-the minute information from key locations, feeding live to our studios and to our consumer web-site. We have identified key sites such as Victoria Avenue, Kent Elms Corner on the A127, Priory Crescent, Rayleigh Weir, Progress Road, Sadlers Farm, Tarpots and Vic House Corner, and have already secured permission for the housing of some of these.

(iv) Relevant local information and speech features

In our research we looked at the types of informational and other speech material that would make local listeners more likely to tune into a new local station. A number of elements were highlighted in our consumer research and face-to-face consultations and will feature regularly in our output:

Weather: Research, local feedback, and just living in the area bears out the importance of this – perhaps it's something to do with living by the sea, or the fact that Great Wakering is often described as the driest place in Britain! We will broadcast three-day forecasts every hour, including low and high tide times and sea conditions, plus a half-hourly 'weather line' at peak times. At certain times of the year, details of the pollen count and air quality will be incorporated. These reports will be compiled using the latest information from PA and micro-level information from the local Met Office, plus a word when needed from the Southend or Thames coastguards.

What's on: Estuary FM will provide the definitive guide to everything that's happening in the area, from live music, theatre, and cinema to karaoke, pub quiz nights and weekend family events. We will feature a representative mixture of size of venue and style of entertainment, including the likes of the iconic live music venue Club Riga in Westcliff, Chinnerys the major live music venue on the Golden Mile in Southend, the comedy nights at O'Neill's in Southend, Stuart Thomas and his weekly salsa nights at the Ekco, Club Monico on Canvey Island, Pink Toothbrush in Rayleigh and Capones Night Spot in Benfleet, as well as the two local cinema complexes. In compiling our daily guide we will also benefit from our relationship with the Leigh Times newspaper group.

Estuary Crime Desk: Senior officers from our local police forces will become the 'voice' of this important feature. Within *'The Big Southend Weekend'* magazine programme on Friday evening we will include a

pre-recorded sequence of around 5 minutes duration of current crime and crime prevention issues. We will also regularly schedule the *headlines* of this item throughout the rest of the week. The experience of our sister-stations is that this feature can be informative for listeners and effective for the police: Bexley Police enjoy the involvement with their local LMC station so much that all of their police cars have a radio station sticker in them! Sarah Gale from Essex Police, Julia Pack from Southend Police and Alan Jones from Rayleigh Police (Southend and Rayleigh are soon to be merged) have all told us how much they would welcome this kind of feature.

Job Spot: In our advertiser contacts we heard frequently of the difficulty of staff recruitment and the prohibitive cost of existing advertising. Estuary FM will have a twice daily 'job-spot' featuring vacancies from the Job Centres and selected employment opportunities from local companies.

Business Brief: Estuary FM will be fully involved with the business community, and to reflect the developing business climate in the Southend area and Thames Gateway we will broadcast a lively business news feature in weekday peak times. This will be a mix of local business achievements, news relevant to local business and new enterprise along with general business news. We are fortunate to have on our board Mark Willmore, General Manager of the South Essex Chambers of Commerce, who is well placed to help us extend our network of local business contacts for editorial input and comment.

Local and topical issues will be tackled in our daily *Southend Spotlight* feature which is part of our *Estuary Day* programme. Items of local interest, local celebrities, and regular interviews will be included in this friendly and chatty daytime programme. We will also take a regular look at the issues that impact on local people, including the 'casino debate', drugs, tourism and Southend regeneration, featuring interviews with the key players in matters of local concern.

We have secured the opportunity to broadcast music concerts, celebrity interviews and coverage of local arts and entertainment generally with both the Cliffs Pavilion and the New Empire Theatre. We will also work closely with other venues around the area to promote local music, theatre and the arts.

(v) Real music variety

We have spent considerable time and used various techniques – from the quantitative research detailed later in this application to the experience gained from EML's local trial broadcasts - to form the basis of our music programming. We will continue to conduct ongoing music research during the licence period to ensure that Estuary FM always stays in touch with evolving local tastes.

In our research survey, "less repetition in the music played, and playing a larger number and variety of records" was identified by listeners as one of the most significant potential improvements that could be made in the provision of local commercial radio in the area. We also assessed interest in hearing different styles and genres of music: the highest scoring options were for a new radio station playing "a wide variety of songs from different styles" and "a broader range of songs from popular artists". This again reflected the feedback from EML's trial broadcasts and face-to-face consultations, where recurrent themes have included "less repetition" and "greater variety".

Breadth and variety of repertoire is the basis for Estuary FM's music policy:

- Breadth through a mix of contemporary and classic tracks from today and spanning the previous four decades;
- Variety by playing songs from a wide range of styles and genres and including a larger selection of songs from popular artists than existing local stations, including non-chart album tracks.

Breadth of repertoire

Both the earlier research undertaken by EML and our recent Ipsos survey asked about listeners' preferences for hearing music from particular eras. The results, summarised in section 105(D) below, showed demand for music right across the spectrum from the 1960s to the present day, with natural emphasis on certain periods linked to the age of the respondent. This contrasts vividly with the polarised music output of Essex FM and Classic Gold Breeze. We believe that Essex FM's concentration on contemporary material, by playing over 80% of its music from the last five years, is a significant factor in the strength of listening in our area to London stations like Magic and Heart.

We plan a much more balanced mix, reflecting the preferences shown in our survey, that would result initially in the following average proportions:

| | |
|-----------------|-----|
| Current | 25% |
| 2000s | 15% |
| 1990s | 20% |
| 1980s | 20% |
| 1960/70s | 20% |

In terms of a Format commitment, we have framed this in terms of periods from the date of broadcast, in order to allow for the advance of time through the licence period and guarantee distinction from existing services.

Variety of songs from popular artists

The range of musical styles and the diversity of tracks in rotation will ensure that our output offers real music variety. Estuary FM will play tracks from a wide variety of genres of popular music, notably classic pop and rock, soul and Motown, soft rock, easy listening and ballads, that our research showed were particularly appreciated by a wide range of ages, with a sprinkling of other tracks that may be played more extensively in thematic or more specialised programmes.

As well as the most obvious tracks from a popular artist we will also play some of the less well-known songs, including album tracks that were never hit singles featured in the Top 40 charts. Estuary FM will deliver a more extensive and varied musical offering than any of the other ILR stations which are available to listeners in the Southend area. Our active music library will feature in excess of 3,500 songs, augmented by an even larger number of occasional and 'feature' songs.

This extensive library will ensure significantly lower song repetition than on existing services. In general, current songs will not be repeated more than three to four times a day, recurrent songs once a day, classic songs from previous decades once a week, and album tracks once a month.

Specialised and thematic music programmes

On weekday evenings from 19.00, when Essex FM has its networked youth-orientated *Core Control* programme, we will broadcast *Estuary's Evening Selection*, a hand-picked sequence of high quality tracks appealing to a broader audience, spanning genres such as soul, Motown and classic rock which were shown as being particularly popular in our survey.

Each weekday late evening (23.00-01.00), when Essex FM and Classic Gold Breeze (and Magic and Heart) are in 'love songs' mode, Estuary FM will reflect Southend's heritage as the club capital of Essex with our *After Dark* programme. In our formal audience research, demand was shown for "disco, 'club classics' & dance music", and our own strong appreciation of the area's musical tastes has always recognised this type of music as being very popular. *After Dark* will feature *club classics* from the last 30 years, spanning 70s disco, 80s soul and 90s dance anthems, and the pick of the current favourites in the local pubs and nightclubs. Guest DJs from local venues will help to compile some of the music sequences and co-present this specialised music programme.

At weekends we will also include a number of thematic programmes exploring different aspects of our wide music library. These will naturally evolve over time, but we have already planned an initial slate of programmes. On Saturday night our *Southend Beach Party* will again cater for the demand shown in the research and the general popularity of the 'disco' and 'club classics' genres, contrasting with Essex FM's *Ministry of Sound* contemporary and *hard* dance music programme. On Sunday morning (07.00-11.00), *Estuary's Easy Sunday* will comprise laid-back soul and Motown, soft rock, easy listening and ballads, all of which scored well in our research. On Sunday afternoon (15.00-19.00), we will offer an alternative with our *Solid Gold Sunday* show scheduled at the same time as the networked ILR and BBC chart hit programmes. Our programme will feature classic tracks plus a *retro chart*, and has already attracted a sponsor in the shape of the area's largest independent chain of hi-fi shops, Rayleigh Hi-Fi.

(vi) Community action and involvement

Community action was a feature that was welcomed in EML's trial broadcasts and was positively endorsed in our recent survey: respondents stated they wanted "news about the community where you live", a "community bulletin board", and "features about local schools". This type of activity is also very much a part of the ethos and day-to-day operation of other LMC stations - Time 107.5 in Romford recently won a media award, presented at the House of Commons, for media services to the disabled.

Central to our wider community involvement is *Estuary Action*, a short pre-recorded feature presented by the representatives of a local community group. Whether the members of a local organisation are appealing for help, sponsorship, or just explaining what it does, we will invite them into the radio station and help them to script and record their feature. These will be broadcast free of charge, generally a few times a day for a couple of weeks.

Both EML's activity in running 'Estuary FM'-branded road-shows over the past few years and the experience of LMC's existing stations testify to the importance of direct contact with audiences. Community activity and events have always been an important part of Estuary's past involvement in the community; it has hosted many road-shows over the past few years, including events like Southend Shakedown, Castle Point Show, Ashingdon Carnival Fayre and the Southend 10k Classic Road Race. Like other LMC stations, Estuary FM will have a full-time Promotions & Community Manager, a fully equipped radio car and an objective to be heavily involved in the day-to-day life of the local community. Building on the events which EML has already supported and our existing diary of local activity, we already envisage being involved in the following during our first year of broadcasting:

| ESTUARY FM - EVENTS CALENDAR 2007 (Draft) | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January | February | March |
| My First Gig – Rayleigh Canvey Steam Train Rides Southend Farmers Market | Launch of Battle of the Bands Estuary FM Valentine's Ball Essex on Tour New Season at Cliffs Pavilion | The Big Draw Estuary's Easter Egg Hunt Essex on Tour Canvey Steam Train Rides Southend Farmers Market |
| April | May | June |
| Southend Shakedown* Essex on Tour Estuary FM Easter Event Southend Garden Show Affordable Art Show Essex Book Festival | Southend Airshow* Seaside Exhibition Rochford 5-a-side football Canvey Steam Train Rides Southend United FC end of season Music Festival at Cliffs Pavilion | Southend Historic Bus Show Half Marathon & Fun Run* Leigh Art Trail Southend Pier festival Essex Youth Games Leigh Folk Festival Rockin' In The Park Castle Point Show* |
| July | August | September |
| London-Southend Bike Ride* Battle of the Bands Heats Southend Illuminations London-Southend Classic Car Run* Estuary FM Party In The Park Tudor Day Sutton Music Festival Praise in the Park | Southend Carnival Week Southend International Jazz Festival Seafront Fireworks Battle of the Bands Final Grand Punnet Festival Film Festival* Ashingdon Carnival Fayre* Southend Garden Show Barge Regatta | Leigh Fishing Festival Southend Bikeathon* Southend Cricket Festival Canvey Steam Train Rides Old Leigh Regatta Battle of Britain Parade |
| October | November | December |
| Seafront Fireworks Seaside Exhibition Southend 10k Road race* Canvey Steam Train Rides Estuary FM Spookathon | Gunners Park Fireworks Display Firework Fiesta Remembrance Day Parade Rayleigh Christmas Lights Leigh Lights & Procession Westcliff Lights Southend Christmas Festival Rayleigh Police Open Day* | Santa On The Pier Hadleigh Xmas Lights Estuary FM Xmas Bash Priory Christmas Fair Panto at Cliffs Pavilion Hockley Kids Choir Cliffs Pavilion Panto* Affordable Art Show |
| * Events which have already been supported by Estuary FM or which we have agreement in principle to attend | | |

(vii) Coverage of local sports

As is often the case, our audience research has confirmed that football and other sports coverage is of limited interest to many listeners, particularly women, whereas for others it is an important ingredient. Getting the balance right is obviously crucial, and at Estuary FM we are confident that regular strands of

sports-related programming with a local accent, complemented by a comprehensive weekend sports preview as part of 'The Big Southend Weekend' magazine programme, will be satisfying both to followers of sport and those with a more casual interest.

Local and national sport will be featured in short sports bulletins at peak times and within main news bulletins at other times, including evening football results of Southend United and Canvey Island FC (when Essex FM and Breeze are networked with no local content).

On Saturday afternoons during the football season we will keep listeners updated with scores and reports from our local clubs. We have developed a good relationship with Geoffrey King, the Deputy Chairman of Southend United Football Club who is also Chairman of Canvey Island FC, and anticipate his and the clubs' participation in our programmes and on-air discussion.

Cricket is another local sporting passion we will follow closely - not just the mighty Essex County team but also Southend-on-Sea Cricket Club and Ekco Monarchs and Trojans. In our day-to-day sports coverage we will also follow the fortunes of our local clubs like Southend Rugby Union Club, Southend Athletics Club, and prominent local sports personalities like Leigh boxing champion Danny Hunt.

(C) Local Material and Production

(i) The provision of local material

Estuary FM's speech output will amount, on average, to at least 30% of programming during daytime, almost all of which will consist of local material. Local information and involvement in our community is fundamental to Estuary FM. We have ambitious plans when it comes to our local news service, Travel Centre, what's on and community information and our calendar of events and community activity, both on- and off-air.

(ii) The proportion of locally made programming

Estuary FM will broadcast a minimum of 17 hours a day of locally-produced and presented live programmes from Monday to Saturday, and a minimum of 15 hours on Sundays. This commitment to local and live programming will include all daytime hours.

We have made a conscious decision to maximise journalistic resources to provide our daytime and extended locally-produced news schedule. To compensate for this investment in news, we will economise with, but not downplay, overnight programming. We currently plan that overnight broadcasts will be locally-produced with voice-tracked automation 'as live'. However, if it should appear that this would be preferable to our listeners, we would consider instead sharing live overnight programming with Time 107.5 in Romford, originating from either location. Any shared programming would be individually branded and retain appropriate local 'flavour'.

We do not intend to carry the 'Hit 40' network chart show, or any equivalent that we do not feel would be appropriate for our broad local format. On Sunday afternoons we plan to provide an alternative with our 'Solid Gold Sunday' show, including a retro chart. If an alternative, adult-oriented chart were to be launched that we felt was more appropriate for our format and would add something for our listeners, we would certainly consider carrying it at that time.

Similarly, there may be other occasional syndicated programmes that we might consider, if they added value for our listeners and the station.

(D) Section 105(C): Broadening Choice

Estuary FM will provide a distinctive alternative in the Southend area through:

- **Local focus: The only station dedicated exclusively to the Southend area**
- **Local output: Almost all locally produced and presented programmes from Southend**
- **Local news and information: Locally produced throughout the day and in the evening**
- **Music range: A blend of tracks from today and the past four decades**
- **Music variety: A wider selection of popular songs and non-chart album tracks**
- **Local involvement: Both on- and off-air participation in the life and fabric of the area**

The commercial radio landscape in the Southend area has the following distinctive features:

- There is presently no local commercial radio station dedicated exclusively to the area. The existing stations, Essex FM and Classic Gold Breeze, both offer near-countywide services for most parts of Essex (indeed, in the case of Classic Gold, this is essentially a quasi-national network).
- There are no regional commercial services aimed at the area; the East Anglian service Vibe FM does not cover the Southend area.
- As our research clearly showed, the paucity of local and regional services in Southend is compensated for through significant listening to out-of-area ILR stations, notably from London and across the estuary from Kent.

As a group which is rooted in the Southend area, we are already well aware of the output of our existing 'local' stations. Nevertheless, to provide more formal confirmation, we examined the stations' official formats and conducted quantitative analysis of recorded samples of their programme output.

Monitoring was undertaken for both Essex FM and Classic Gold Breeze between 06.00 and midnight on Wednesday 28 September 2005, thereby encompassing output for a full daytime and evening. Files with the transcribed output data and analysis are submitted as an Appendix with this application; the underlying recordings are available on request.

Based on our initial observations, we wished to examine news output and its relevance to Southend in more detail. We therefore undertook a further monitoring exercise aimed at prime-time (06.00-10.00) news output, recorded for both Essex FM and BBC Essex, between Monday 7 November and Saturday 12 November inclusive.

(i) Formats

Although Essex FM has responded to a limited extent to demands for local programming of the kind broadcast when the station was under independent ownership, the station basically follows the standard form for ex-GWR Group FM stations. Although its Format does not specify any particular demographic target, Essex FM is defined as a contemporary hit radio station, and as such it is implicitly aimed particularly at listeners aged under 35. Its obligations are rather minimal: speech may drop as low as 10% during daytime (with no minimum at other times); local news is only required at peak-times; network programming can be carried for a third of the time during the week and half or more of the time at weekends.

In general, we understand that networked output on Essex FM amounts to as much as 48 hours a week, equivalent to two whole days' worth, or 29% of output. The amount would be increased if one were to include the 'Sunday Revival' programme which originates from Essex FM but is broadcast to other GCap stations.

Classic Gold Breeze also has a standard Format similar to other stations in the Classic Gold network. However, surprisingly, its obligations are greater than for most Classic Gold stations: Breeze is required to provide at least ten hours per day of locally produced/presented programmes (compared with just four hours for Classic Gold stations generally) and is also required to provide one "extended" bulletin including local news (in this respect, its obligation is theoretically greater than for Essex FM!). However, based on our observations, Breeze achieves neither its local news nor its local programme output obligations.

In any event, the nature of the station's output is no different from other Classic Gold network stations, and the music played during the locally-presented segments is effectively the same as that throughout the network. This will naturally continue and indeed increase if, as seems probable, Classic Gold Breeze is now incorporated into an even larger regional network group comprising London and the Home Counties.

| EXISTING ILR STATIONS FORMAT SUMMARY | | | | |
|---------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Station | Music | Speech | News | Local Production |
| ESSEX FM | A CONTEMPORARY & CHART MUSIC AND INFORMATION STATION | | | |
| | Current chart hits, new releases or hits up to 10 years old. Max 25% over 10 years. | Minimum 10% of daytime output. | Bulletins with local news hourly in peak-times. National news otherwise. | Min 16 hours weekdays, 12 hours Saturdays, 8 hours Sundays |
| CLASSIC GOLD BREEZE AM | A CLASSIC POP HIT-LED STATION TARGETED PRIMARILY AT OVER 35s | | | |
| | Classic pop hits from prior 15-40 years. Max 35% from prior 10 years. | Max 30% daytime & 50% non-day. Balance of info across the area must be maintained. | Bulletins with local news hourly in peak-times. One extended bulletin. National news otherwise. | Min 10 hours/day locally produced/presented. |
| Estuary FM from Ofcom Format documents | | | | |

What is evident, just from the Format documents, is that neither Essex FM nor Classic Gold Breeze provides a real local service for the Southend area; both operate near-countywide services across Essex and include substantial amounts of even broader 'network' programming.

We went on to examine the actual output of the stations based on recordings of a sample mid-week day.

(ii) Commercials

On Essex FM over 17% of airtime monitored was devoted to commercials and sponsored promotions (3 hours 10 mins., out of 18 hours). Commercial loads were almost as high (14% - 2 hrs. 40 mins. in total) on Classic Gold Breeze due to national campaigns with high repetition to achieve impacts against low audiences.

Verification, based on separate simultaneous monitoring of the north (Chelmsford) and south (Southend) transmitters of Essex FM, confirms that there are variations in the commercial, although not the programme, output between the two transmission areas.

(iii) Music eras

The contemporary hit format of Essex FM is evident in its music output: over half of the tracks played were current and recurrent songs from the last 10 months, while over 80% of the music played was from the last five years. Almost no music was from more than 25 years ago.

Classic Gold Breeze offers the contrary: almost no music from the last five years and over 90% from more than 15 years ago, with around two-thirds from over 25 years ago in the 1960/70s.

Neither service devotes much attention to music from the 1990s, which appeals especially to listeners whose music tastes were formed during that period; Estuary would broadcast more than twice as much 1990s material as either of the area's existing ILR services.

| ILR SOUTHEND/CHELMSFORD – MUSIC OUTPUT BY ERA | | | | | | |
|------------------------------------------------------|-------------|---------------|--------------|--------------|--------------|--------------|
| | 2005 | 2000-4 | 1990s | 1980s | 1970s | 1960s |
| ESSEX FM | 56% | 25% | 9% | 10% | <1% | - |
| BREEZE AM | - | 2% | 6% | 27% | 38% | 27% |
| Estuary FM from broadcast output 28 September 2005 | | | | | | |

(iv) Music repetition

As a contemporary hit station, it is normal that Essex FM rotates current chart songs frequently. Nevertheless, the most played songs were repeated 5-7 times during the 18-hour period monitored, on average therefore playing every two and a half to three hours. Overall, just 20 songs accounted for 40% of the station's music output, with 10 songs accounting for over a quarter of all music played!

The advantage of contemporary hit formats is that, even played to death, a current song will then be dropped and replaced by another (which probably then receives the same treatment). But classic golden oldies are not renewable and the same stock turns over all the time; if the selection played is not sufficiently wide, listeners keep hearing the same songs and eventually tire of even their favourite tracks. During the relatively short period monitored, Breeze did not repeat songs; but we are aware that many titles repeat within a few days, some even daily.

(v) News

(a) Phase 1 – General Monitoring

News on Essex FM is broadcast across most of the county; although this would be technically possible, there is no separate localised output for the north (Chelmsford) and south (Southend) transmitter areas. During the period monitored, Essex FM broadcast a total of 150 news items (including travel and weather), of which 79 (53%) were local to the county of Essex. If one excludes the 31 travel and 16 weather reports (separately sponsored and presented from the news), 32 of the remaining 103 news items were identified as local to the Essex area – 31% of the total.

We did not undertake the same analysis for Classic Gold Breeze, as locally-produced news is effectively provided from or shared with Essex FM. The monitoring we did undertake indicated that local content in Breeze bulletins is restricted to 1 min., preceding the networked national bulletin, in order to fit with the scheduling constraints. This structure offers no flexibility to alter the weight or mix of local and national stories according to relevance or importance (as demonstrated by the scant coverage given by Breeze to the recent Southend Pier fire), or to reflect the generally greater appetite of older listeners (Classic Gold's target audience) for local news.

Our initial examination of news output on Essex FM suggested that relatively few of the items were stories about Southend or of direct relevance to the Southend area – indeed most references seemed to be to Southend United football club. We are naturally proud of our local team in the Southend area, especially when it is doing well as at present; however, there is far more happening in the Southend area than just football.

(b) Phase 2 – Additional news monitoring

We felt that this issue warranted further exploration. We therefore logged the news output of Essex FM and BBC Essex during peak breakfast-time from 06.00 to 10.00 for the week of Monday 7 November to Saturday 12 November 2005, in total a period of 24 hours. The output logs and analysis are again appended with this application.

(c) News output

Overall, Essex FM broadcast 1 hr. 12 mins. of news (5% of broadcast output), of which 49% was national and international news (35% national, 14% international) and 51% news concerning Essex (including Southend). The Southend news averaged two stories a day, accounting for 14% of total news output (36% of the Essex news).

During the same time, BBC Essex broadcast over twice as much news – 2 hrs. 39 mins., or 11% of broadcast output, in proportions broadly similar to Essex FM. As one would expect with a higher overall volume of news, BBC Essex covered more Southend stories than Essex FM, although still amounting to only 17% of total news output.

(d) Sports output

We also examined the stations' sports output. Here the position was more contrasted. The great majority of sports news on Essex FM concerned UK national items; 80% overall was national and international, while just 20% related to Essex sport (15% Southend, essentially Southend United). Sport was more balanced on BBC Essex: 50% national and international and 50% relating to Essex (20% Southend).

Southend naturally has its place in the news and sports coverage of both Essex FM and BBC Essex, but is the focus of neither, and accounts for only a minor part of their output which embraces the wider Essex area.

By devoting over half of our news and sports output, other than in exceptional circumstances, to stories directly concerning the Southend area, Estuary FM will provide dedicated local coverage unlike any existing service.

(vi) Estuary FM difference

Estuary FM will therefore provide a distinctive alternative for listeners in the Southend area in many ways:

Local focus

The basic character of Estuary FM will be clearly different from the existing ILR services: Estuary is designed for and aimed at listeners in Southend and neighbouring Castle Point and Rochford. Both Essex FM and its associated AM service, Classic Gold Breeze, have almost countywide coverage of which the Southend area is but a part – just one-fifth of those stations' TSA coverage of 1.15 million adults.

Local output

In reality, Breeze can hardly be regarded as a 'local' station when the large majority of programmes are from the Classic Gold national network; and even the main Essex FM station carries a significant proportion of 'network' programmes. Estuary FM will provide music, news, information and speech specifically for local listeners in the Southend area.

Local news and information

Although Southend is an important centre for Essex FM, it is only one of many. Only Estuary will provide the sustained local priority and focus that will make its local news and information specific to and essential for the Southend area, including Castle Point and Rochford that are essentially linked to Southend but also have their own characters and issues. Our Format commitment that at least 50% of news bulletin content will be devoted to specifically local stories relating to the Southend licence area will distinguish Estuary from Essex FM and Classic Gold Breeze. The distinction will not only be in local news coverage, but also dedicated travel information, what's on, leisure and the like, as well as regular discussion and debate about the local issues that matter in Southend.

Music range

80% of the music on Essex FM is from the last five years and over 90% of the music on Classic Gold Breeze is more than 15 years old. However, as our research clearly showed, such a harsh segmentation is not what a large proportion of listeners in the Southend area would really like to hear on the radio. Estuary FM will play a broad range of music from both today and the previous decades, in a more balanced mix that straddles both the past and the present of popular music. It will sound less remorselessly contemporary than Essex FM and less uniformly 'golden' than Classic Gold Breeze, instead providing a 'one-stop shop' for listeners who want to hear a wider range of music than they can currently obtain on either of the area's existing ILR services. It will offer far more music from the 1990s, a decade which is largely neglected by both of the area's existing ILR services.

Music variety

Estuary FM will not just play music from a broad range of eras; it will also play a wide variety of songs - not just the 'standard' hits but also a large selection of additional titles from popular artists. Again, greater variety and less repetition was a recurrent demand from listeners in the Southend area.

Local involvement

Our commitment does not end with broadcasting: Estuary FM will also play a leading role, in partnership with the local authorities, voluntary bodies and other agencies, off-air as well as on-air, making our radio station part of the fabric of local life. Only a service exclusively dedicated to the Southend area can achieve this.

(E) Outline Programme Schedule

| ESTUARY FM OUTLINE PROGRAMME SCHEDULE live & local unless shown otherwise* | | | | |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| | Weekday | Saturday | Sunday | |
| 06 | <p><i>'Southerners' Breakfast Show</i> Loud and proud to be from Southend! A big personality show with lots of fun and games, plus very regular traffic & travel updates and local news</p> | <p>Saturday Breakfast The Oracle of what's happening in Southend that weekend</p> | Estuary's Greatest Hits *Automated | |
| 07 | | | <p>Golden Years hits & headlines but what's the year?</p> | <p>Estuary's Easy Sunday Laid back music and few interruptions</p> |
| 08 | | | | |
| 09 | <p>Daytime Chatty & friendly featuring regular interviews</p> | <p>Saturday Daytime What's happening, sports previews and keeping an eye on shopper's car parking</p> | <p>Give it a Whirl Game Show The show for all the family with music, games and prizes</p> | |
| 10 | | | | |
| 11 | <p>Interactive Lunch featuring extended lunchtime news, the Lunchbox Soapbox and the All Request Lunch</p> | <p>All Request Lunch</p> | <p>All Request Sunday Lunch</p> | |
| 12 | | | | |
| 13 | <p>Afternoon Show Fast paced music and information with very regular traffic & travel updates</p> | <p>Sports Saturday Lots of music with updates of local sporting action as it happens</p> | <p>Solid Gold Sunday 'Solid Gold' classic hits plus retro charts</p> | |
| 14 | | | | |
| 15 | | | | |
| 16 | <p>Southend Tonight extended news & magazine</p> | <p>Southend Beach Party The biggest party in the area</p> | <p>Sunday Night Live! Round-up of the week including sport plus preview of coming week</p> | |
| 17 | | | | |
| 18 | <p>Estuary's Evening Selection (Fun on the Phones on Friday) Classic hits plus traffic & travel updates till 21.00</p> | <p>Southend Beach Party *Voice tracked</p> | <p>Sunday Night Love *Voice tracked</p> | |
| 19 | | | | |
| 20 | <p>After Dark Club Classics & Dance Anthems featuring local DJs *Voice tracked</p> | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | |
| 21 | | | | |
| 22 | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | |
| 23 | | | | |
| 24 | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | |
| 01 | | | | |
| 02 | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | |
| 03 | | | | |
| 04 | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | <p>Estuary's Greatest Hits *Automated</p> | |
| 05 | | | | |

5. FORMAT

ESTUARY FM STATION FORMAT

Licence Outline

| | |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Station Name | ESTUARY FM |
| Licence Area | Southend-on-Sea and the surrounding area (as defined in Ofcom's Measured Coverage Area map) |
| Frequency | 105.1 MHz |
| Service Duration | 24 hours a day (locally produced and presented live for at least 17 hours on Monday to Saturday and 15 hours on Sundays and public holidays) |

Definitions

| | |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Speech | "Speech" excludes advertising, programme/promotional trails & sponsor credits, and may be calculated across daytime or non-daytime. |
| Music Percentages | Any music percentages are calculated as a percentage of the total tracks broadcast in the period specified. |
| Peakttime(s) | "Peak-time(s)" refers to Weekday Breakfast and Afternoon Drive-time output, and Weekend Late Breakfast. |
| Daytime | "Daytime" refers to 0600 to 1900 weekdays, and weekend output from 0800 to 1400. Public holidays shall be as weekends. |
| Locally produced/presented | Production and presentation from within the licence area. All requirements for locally produced/presented output must include peak-time. |

Character of Service

Estuary FM is at the heart of the Southend area: the voice of and for local listeners of all ages. It will broadcast comprehensive news, information, features and speech with local emphasis, together with a wide variety of classic and contemporary popular music from a broad range of eras and styles.

Detail

Estuary FM is music-led, playing a wide selection of popular music tracks from today and across the previous four decades. Music will be combined in a balanced mix, with no particular era or genre dominating output: current and recurrent songs from the preceding 18 months will not exceed 35% of output and songs over 20 years old will comprise at least 30% of output. Music variety and low repetition (relative to existing stations in the area) are important features, reflected in an extensive music library and a weekly average of 5% of album tracks that have not featured in the Top 40 UK Singles chart. Themed or specialised music programmes, in keeping with the general music output, will account for at least 10 hours a week.

Speech is an essential part of the programme output and will account for an average of 30% of daytime programming (at least 15% in other live programmes). Speech will include: comprehensive news; regular local traffic, travel and weather; information about local life, leisure, entertainment, sport and other "what's on" items; interviews and discussion with a local focus. Community action and crime features will be included regularly during daytime programmes.

Locally produced news bulletins of 3 to 5 minutes duration will be broadcast hourly from 06.00 to 22.00 on weekdays (07.00 to 19.00 at weekends and on holidays), with additional headlines during weekday peak-times and extended weekday bulletins at lunchtime (around 7 minutes) and early evening (around 15 minutes). Locally produced bulletins will combine local, regional, national and international news, with a strong bias toward local stories; in normal circumstances bulletins will comprise at least 50% local news. At other times, national/international news from a recognised news provider will be broadcast. A roundup of local news, features and discussion will be included in a weekly programme broadcast at the weekend. Local traffic and travel information will feature strongly, with regular coverage from 06.00 to 21.00 on weekdays and 07.00 to 19.00 at weekends. Estuary FM will actively engage in the local community and will participate in local events and initiatives.

SECTION 105(D) EVIDENCE OF LOCAL DEMAND OR SUPPORT

6. EVIDENCE OF DEMAND

This section should provide an analysis of the reasons as to why it is considered that there is a demand for the type of service proposed, with reference to the size and nature of the proposed target audience.

Over the past eight years, Estuary Media Ltd and, following the establishment of the partnership with LMC, Estuary FM Ltd have undertaken a research programme that has included formal audience surveys, wide-ranging consultation and other background analysis designed:

- to confirm the market opportunity for Estuary FM;
- to explore local tastes, interests and preferences for a new radio station dedicated to the Southend area;
- to test programme concepts through trial broadcasts and collect further feedback and information from listeners, businesses and a wide range of local bodies;
- to examine other background factors that affect the environment in which the station will operate in the lives of local people.

This approach has enabled us to refine our proposals progressively and to present a developed proposition in both our recent research and face-to-face consultations, resulting in informed responses and support.

(A) Research and Consultative Programme

Over the years of developing plans and preparing for an eventual licence application, Estuary's founders have amassed a wealth of knowledge and opinion about listeners' hopes and expectations for a local radio station dedicated to the Southend area.

In April 1999, a preliminary survey was undertaken among 184 adult respondents which provided a number of early indications about listening patterns and desires, confirming the market interest in a new station dedicated to Southend (1999 Survey).

This exercise was followed by two RSL broadcasts in July/August 2000 and December 2000/January 2001. During and after those broadcasts, as well as at many roadshows and other local activities, EML consulted widely and had a great volume of listener response and interest. Throughout this time, face-to-face meetings were held with local leaders, businesses and organisations in order to discuss what they felt was needed from a new radio station in the area and to obtain feedback about EML's ideas. The pattern of opinions and the themes that recurred have been of considerable value in understanding local demand and in shaping Estuary's proposals to meet that demand.

EML also studied a considerable volume of local reports, analysis, research and strategic papers, as well as population and listening data relating to the area. References to the full sources are provided in the Research Appendix to this application. This preliminary research helped in designing our original research programme and has been useful in refining our programme proposals.

Following the establishment of the partnership between LMC and EML, we as a group consolidated our understanding of local demand with two further pieces of original research: a comprehensive survey undertaken by Ipsos UK in November 2005 of 500 radio listeners in the Southend area aged 15-64 (2005 Survey) and a survey of 40 advertisers in the area undertaken in October and November 2005 (Advertiser Survey).

Our findings are summarised below; the questionnaires and full data reports for the 1999 Survey, the 2005 Survey and the Advertiser Survey are provided in the Research Appendix to this application. RAJAR, population and other data are also included in the Appendix, together with references for and links to other sources of information used.

Overall, the combined aspects of this programme have led us to conclude that:

- **It is clear from the strong support we have received for our campaign, from the earlier trial broadcasts and wide local consultations, that potential listeners and advertisers are avidly waiting for a radio station dedicated to the Southend area;**
- **The Southend area is distinctive, through the nature of its people, its geography, and the prospects and challenges for economic development and regeneration;**
- **Radio listening patterns in the area are unusual, with little 'official' local competition yet significant listening to 'out-of-area' stations from London and Kent;**
- **Southenders' new local radio station should be music-led: it should not only play a broader mix of music than existing stations, ranging from current releases to older songs across the past decades, but also a wider variety of songs within each category and overall;**
- **Local focus and relevance is the key requirement for speech output: news, emphasising local stories, is the priority, together with comprehensive weather, traffic and travel information, and a range of other locally-oriented information, discussion and features;**
- **Listeners are enthusiastic about the broad format proposals of Estuary FM, giving confidence that our listenerhip projections are realistic;**
- **Local advertisers too are keen for Estuary FM to begin broadcasting, attracted by relatively low-cost advertising directed specifically at the local area, together with flexible off-air and related possibilities that existing stations covering the area cannot deliver, providing additional confidence in our prudent revenue and financial plans.**

(B) Background Analysis

(i) Radio Listening in Essex (RAJAR)

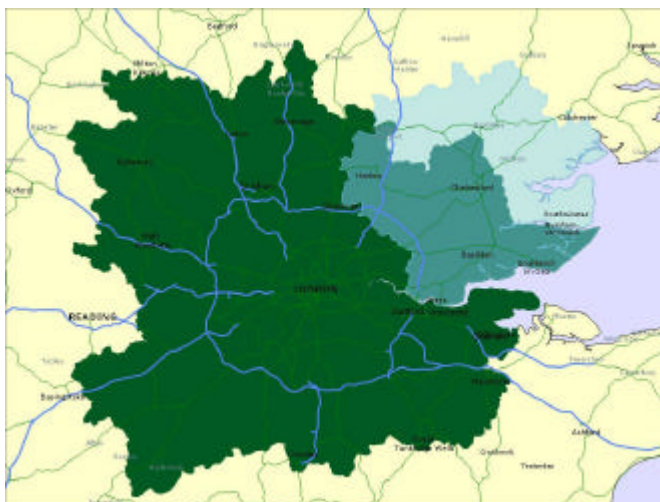
We have monitored radio listening trends in the Essex area, as reported by RAJAR, over a period of time as the campaign for a dedicated Southend licence has developed. For this application, we have set out our analysis from the latest data, published in October for Quarter 3, 2005. We would obviously have preferred to look at sub-area data directly related to the TSA that Estuary FM will cover, but unfortunately such data are not available. Our analysis below is therefore based on RAJAR data for the considerably larger TSA of over 1.15m adults covered by Essex FM (both the Southend and Chelmsford transmission areas, plus Ten-17 in Harlow for which separate figures are no longer published). To obtain a picture of radio listening patterns within the Southend area itself, and an impression of how these compare with those in the wider Essex FM area, we included a set of questions about station listening within our own 2005 Survey, conducted exclusively within the proposed TSA for Estuary FM.

(a) Listening in the Essex FM TSA

The Essex FM area is unusual in that the 'heritage' ILR stations, Essex FM and Classic Gold Breeze (AM), have almost no direct competition from other local commercial services aimed at all or specific parts of the TSA, other than Dream 107.7 in Chelmsford. On the other hand, most of the Essex FM area is overlapped by numerous stations from neighbouring areas, most notably London. Thus, although Chelmsford and Southend are not within the measured coverage area for which London services are

designed, both are included in the 'standard' TSA claimed by almost all Greater London ILR services. Indeed, most of the main London stations have run promotional campaigns covering the Southend area.

This is a significant feature not only for Essex FM but also Estuary FM, as shown in the map below where the Essex TSA is in blue, London in green and the overlap therefore appears in darker blue (source: RAB). Our TSA area in Southend is wholly within both the Essex FM and London TSAs.



Essex FM is by far the leading radio service in its TSA, with a weekly reach of 28%, an average of 10.5 listening hours and a market share of 12.6% - a creditable performance for a heritage ILR FM station. Again, this reflects the limited nature of its localised competition, balanced by the wider overlap from numerous stations. That said, the station continues to benefit from levels of listening that have long disappeared among commercial stations in the hotly contested London market although, as noted below, Essex FM's audiences have declined over the last five years.

On the other hand, Classic Gold Breeze makes little mark in the area: just 2% reach, 6.8 average hours and under 1% listening share. Gold formats and AM services generally have declined in their attraction, but Breeze clearly underperforms to a significant extent: reach across the Classic Gold network overall averages 4% with 2.2% listening share. Indeed, despite officially separate ownership, RAJAR now reports the combined Capital Gold and Classic Gold stations under the heading GCap Gold Networks: this shows average reach of 6%. In any event, local listeners are just not attracted by Breeze: three times as many listen to Capital Gold London as to their "local" AM station!

| RADIO LISTENING – ESSEX FM/BREEZE AM TSA | | | | | | | |
|--------------------------------------------------------------|------------------|------------------|----------------------|-------------------|----------------|-------------------|------------------|
| | Essex FM | Breeze AM | Other Local * | Classic FM | Virgin | Talk Sport | All Comm. |
| Reach % | 28% | 2% | 8% | 11% | 9% | 6% | 69% |
| Share % | 12.6% | 0.5% | 2.0% | 3.5% | 3.1% | 3.6% | 47.0% |
| | BBC Essex | Radio 1 | Radio 2 | Radio 3 | Radio 4 | Radio 5 | All BBC |
| Reach % | 19% | 15% | 23% | 3% | 20% | 12% | 64% |
| Share % | 12.4% | 4.8% | 15.4% | 0.5% | 11.2% | 4.5% | 51.4 |
| RAJAR Q3-2005 * Excludes London stations separately reported | | | | | | | |

Overall, commercial radio attracts 69% reach and 47% listening share in the Essex FM area, ahead of its national scores of 62% and 43.5% respectively. However, this is largely due to the addition of substantial listening to out-of-area commercial services rather than localised services.

In addition to the listening recorded for other local stations generally, RAJAR for the Essex FM area includes listening to the London stations individually: Heart 16% reach, Magic 11%, Kiss 11%, Capital FM 8%, Capital Gold 6%, LBC 3%, Smooth (Jazz) and Xfm each 2%. In total, listening to London radio stations accounts for more than 20% of radio listening in the Essex FM area; overall, 24% of listening in the area is to local commercial stations other than Essex FM or Classic Gold Breeze. Given the strength of this out-of-area listening, we sought to explore this further in our own audience survey of the Estuary FM TSA, summarised below.

BBC services overall therefore achieved slightly lower reach and listening share than nationally: 64% reach compared with 67% nationally, and 51.4% share compared with 54.6%. However the BBC still achieves higher overall listening in the Essex TSA than in London: 63% reach and 47% share.

Individually, BBC services perform largely in line with their national or London figures: reach for Radio 1 is weaker in this area (15%) than nationally (21%) but on a level with London, while Radio 2 performs better in Essex (23%) than London (20%) but less well than nationally (26%). Clearly Essex FM does a better job competing with the youth-oriented music of Radio 1 than with the adult output of Radio 2.

(b) Essex FM

Although it is essentially a Contemporary Hit station in terms of output, Essex FM retains relatively broad appeal across all of the younger and middle-aged groups due to its heritage status and lack of local competition. Reach is strongest at the youth-end among 15-24 year olds (46%), although it remains strong with all under-45s before dropping among 45-54s and tailing off rapidly among those over 55. However, listening share was greatest among 35-44 year olds, largely as a result of high average hours (particularly among females) and the population bulge in this age group. Otherwise, listening share shows a similar broad spread to reach, with accent on 15-24 year olds and dropping off among those aged 45 and over. In both reach and to a greater extent in listening share, Essex FM shows a marked female bias.

| ESSEX FM - RAJAR LISTENING | | | | | | | | | |
|----------------------------|-------|------|-------|-------|-------|-------|-------|-------|------|
| | 15+ | M | F | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
| TSA 000s | 1,154 | 557 | 597 | 154 | 180 | 218 | 189 | 176 | 236 |
| Reach % | 28% | 27% | 30% | 46% | 41% | 38% | 27% | 15% | 9% |
| Share % | 12.6% | 9.8% | 15.6% | 17.7% | 14.3% | 19.7% | 13.4% | 6.7% | 1.7% |
| Reach Profile | 100% | 45% | 55% | 22% | 23% | 25% | 15% | 8% | 7% |
| Share Profile | 100% | 41% | 59% | 16% | 21% | 27% | 18% | 10% | 8% |
| RAJAR Q3-2005 | | | | | | | | | |

(c) Classic Gold Breeze AM

Dating from the time when the stations were but one, Breeze shares and is measured across the same TSA as Essex FM. Its audience is small, just 20,000 weekly listeners across the whole area. As a result, diary counts are low and RAJAR data \$ extrapolated from relatively few respondents. While broad parameters are helpful, lower-level detail is likely to be less sound. What is clear is that, as one would expect, the station has little or no listening among people under 35 (although in the previous Q2 2005, listening was recorded among 25-34s). Overall, listening is strongest among those aged 45-64, particularly 55-64 year olds. This is a broad conclusion, recognising that in Q2 over half of listening was concentrated among 35-44s while in this Q3 2005 54% is among 55-64s; while such a swing is more due to hazard among a small sample than sudden change in listening, it is likely that the combined picture presents a reasonable view. There is again evidence of a distinct female bias, a feature confirmed (to an even greater extent) in Q2 data.

| CLASSIC GOLD BREEZE AM - RAJAR LISTENING | | | | | | | | | |
|------------------------------------------|-------|------|------|-------|-------|-------|-------|-------|------|
| | 15+ | M | F | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
| TSA 000s | 1,154 | 557 | 597 | 154 | 180 | 218 | 189 | 176 | 236 |
| Reach % | 2% | 1% | 2% | - | - | 1% | 2% | 6% | 1% |
| Share % | 0.5% | 0.4% | 0.6% | - | - | 0.4% | 0.6% | 1.5% | 0.1% |
| Reach Profile | 100% | 40% | 60% | - | - | 15% | 20% | 55% | 15% |
| Share Profile | 100% | 42% | 58% | - | - | 14% | 19% | 54% | 12% |
| RAJAR Q3-2005 | | | | | | | | | |

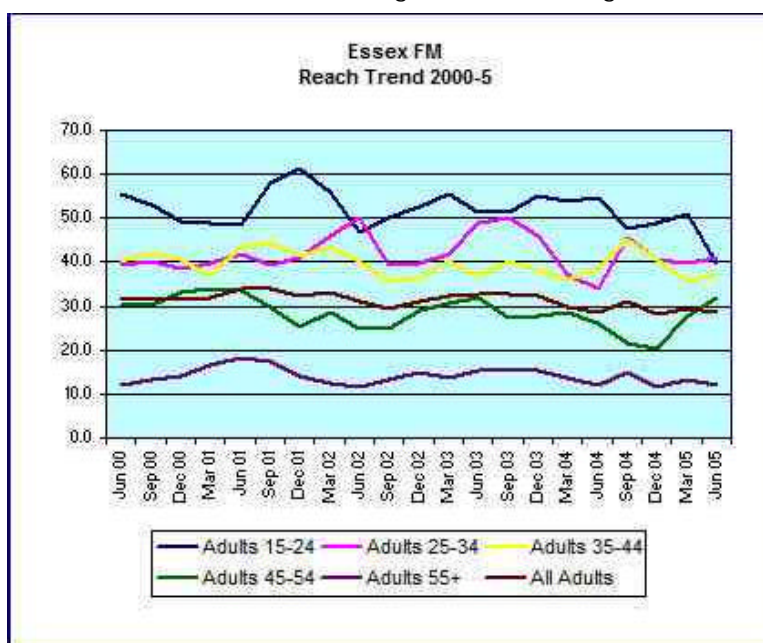
Combined, the existing stations achieve appreciable listenership across all age groups up to 65. Naturally, the very low level of listening to Classic Gold Breeze means that its addition has little effect, other than in the 45-64 age brackets, with the result that the combined listening peaks among 35-44 year olds at the point where older Essex FM listeners overlap with younger listeners to Classic Gold Breeze.

| ESSEX FM AND CLASSIC GOLD BREEZE COMBINED - RAJAR LISTENING | | | | | | | | | |
|-------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| | 15+ | M | F | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
| Share | 13.1% | 10.2% | 16.2% | 17.7% | 14.3% | 20.1% | 14.0% | 8.2% | 1.8% |
| Share Profile | 100% | 41% | 59% | 15% | 20% | 26% | 18% | 12% | 8% |
| RAJAR Q3-2005 | | | | | | | | | |

(d) Listening Trends

RAJAR shows that, with fluctuation along the way, the overall reach of Essex FM has declined over the last five years, from 31% at the beginning of 2000 to 28% in June 2005, a level maintained for Q3. This relative stability masks a shift in the profile of listening, with younger listeners aged 15-24 declining, although they might be expected to be most attracted to a contemporary hit station. From 55% reach among 15-24s in 2000, reach had declined to 40% in Q2 2005, though it increased again in the latest data for Q3 2005. This has been balanced by a relative increase in adult listeners aged 25-54.

During this time, BBC Essex appears to have spread its younger listening more evenly, but its reach and the proportion of listeners over 55 has increased. We have not examined Classic Gold Breeze in any particular detail, as its overall audience is so small that any sub-sample would have little meaning. Nevertheless, what the overall data do show is the dramatic fall in overall listening to the service - from an 'all adults' reach of 8% five years ago to just 2% today; in particular, the station has lost its key listeners aged over 45.



(e) Conclusion

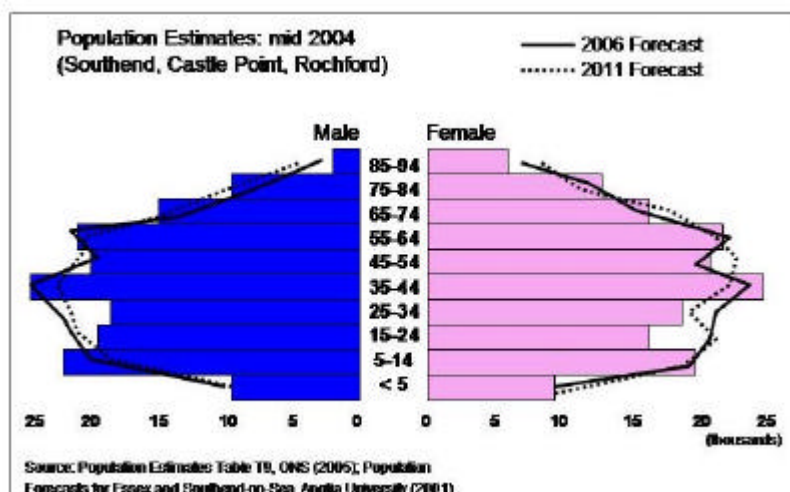
Overall, it is clear that between them the two existing local commercial services, Essex FM and Classic Gold Breeze, offer programming and attract listeners across the age spectrum, indeed peaking among middle-aged listeners where the older end of Essex FM's audience coincides with the younger end of the Classic Gold listeners. This was so when the stations were under common ownership and remains the case now that ownership is largely separated.

There is no particular demographic segment that could be the specific target of the new station. This analysis suggested that the area would benefit from a station with strong local focus and broad appeal across age groups.

(ii) Population

Over the next five years and beyond, the population of the area will grow; it is estimated that this will be around 1% per annum in the next few years, increasing especially as a growing student and younger population is attracted to the new University campus and projected affordable housing in Southend's town centre.

Additional in-flows might be expected to result from the major regeneration initiatives proposed by the Thames



Gateway South Essex Partnership, anticipating 13,000 new homes and 18,000 new jobs in the Southend area over the next 15 years.

We also asked Ipsos to produce a custom report from Acorn sociological data specifically covering the Estuary FM TSA. Among the five main Acorn categories, the area has a higher proportion of comfortably off people (index 167) and wealthy achievers (index 102) than the UK average, while those hard pressed amount to only half the UK proportion (index 49).

At the more detailed level of Acorn Types, one finds significantly higher proportions of home owners, middle income and wealthier people and older people. At the same time, there are three times the UK average of low income singles and twice the proportion of lower income older people, reflecting the fact that the area comprises pockets of deprivation 'cheek by jowl' with affluence.

The table below ranks the top 12 types (out of a total of 56 recognised by Acorn), together accounting for 60% of the households in the Estuary FM TSA.

| ESTUARY FM TSA – MAIN ACORN TYPES | | | |
|------------------------------------------|----------------------|--------------|-------------------------|
| Acorn Type | Estuary TSA % | U.K % | Estuary/UK Index |
| Middle income, older couples | 10.5% | 3.0% | 351 |
| Low income singles, small rented flats | 5.5% | 1.7% | 331 |
| Retired home owners | 3.4% | 1.1% | 310 |
| Older people, flats | 6.7% | 2.4% | 280 |
| Elderly singles, purpose built flats | 2.2% | 0.9% | 249 |
| Mature couples, smaller detached houses | 5.2% | 2.1% | 243 |
| Well-off managers, detached houses | 8.7% | 3.8% | 232 |
| Mature families in suburban semis | 6.3% | 3.0% | 213 |
| Student flats & cosmopolitan sharers | 1.4% | 0.7% | 208 |
| Lower incomes, older people, semis | 4.7% | 2.3% | 202 |
| Skilled workers, semis & terraces | 5.2% | 3.9% | 134 |
| Established home owning workers | 4.1% | 3.6% | 116 |
| Ipsos from Acorn, 2005 | | | |

(iii) Transport and travel

Improving transport and infrastructure has been identified as a "key concern" for the TGSE and is of particular relevance in the Southend area. As we have been told time and again, this is an issue of great importance in the lives of our listeners and one to which Estuary FM will respond with detailed programme coverage and innovative initiatives.

The Southend area is roughly a peninsula, surrounded on three sides by water, with access essentially by three roads (A13, A130, A127) and two railway lines (Shoeburyness to London Fenchurch Street and Southend Victoria to London Liverpool Street). Large parts of the population commute, particularly in the Castle Point and Rochford residential areas. In Rochford 30% travel towards Southend, 14% to London, 9% to Basildon and 15% elsewhere in the region; as many as 70,000 vehicles a day use the east-west route along the A127/A1159 in the Southend area. With such a high volume of commuting, train services and access to rail stations is also of great importance. However, with public transport limited locally to a bus network requiring significant further investment, local travel also is essentially by car. Without development of and investment in a new integrated transport strategy, it is recognised that the objectives for housing and job creation would rapidly saturate resources and become unsustainable.

An initial detailed Local Transport Plan was drawn up covering the years 2001-2006, with a total budget of over £36m. That period is drawing to a close and consultations are under way for a follow-up plan for the period 2006-2011, effectively the first half of the new licence period, that will continue the projects in progress and extend them in conjunction with the wider plans for the sub-region.

Transport and travel is a major factor in residents' lives today and also one of the most critical elements in the future development of the area. It is small wonder that we have found at each stage in developing our plans that detailed local travel information is a key demand from listeners in the area. Our programme plans respond fully to this demand.

(iv) Other sources and studies

In the course of our investigations and in preparing this application, we have also consulted a considerable number of other data, studies and reports. A listing of the principal sources, with links as appropriate, is included with the Research Appendix.

(C) Original Research

Our group has undertaken three original research exercises in developing and preparing this application, in addition to the output monitoring detailed in answer to Section 105(C) above.

Early in EML's campaign for a licence for a new local station in Southend, it conducted a survey to assess listeners' habits and preferences. This was followed by the RSL broadcasts, which were substantial undertakings designed to demonstrate and test initial programme ideas. In preparing this application, we commissioned a substantial formal survey of listeners in the area, conducted by the RAJAR contractor Ipsos UK, and undertook a further survey ourselves among local advertisers.

The results of these exercises are summarised below; full details of the methodologies, questionnaires and data are provided as an Appendix to this application.

| Estuary FM – Original Research Summary | | | |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 1999 Survey | 2005 Survey | Advertiser Survey |
| (i) Key objectives | Obtain a preliminary view of local listening, music and speech preferences, general views. Test the likely market for a station dedicated to the Southend area | Examine listening in TSA Identify programme priorities Ascertain listeners' tastes Assess likely listening | Examine advertising expenditure among local businesses of different sizes. Explore interest in advertising on Estuary FM |
| (ii) Specific questions | Listening habits Music preferences Speech interests Open-ended comment | Measure listening in the new TSA Assess out-of-area listening Examine ways to improve ILR Explore listeners' preferences for music, speech, etc Gauge likely listening to Estuary FM and its effects | Level of advertising expenditure Media mix for current advertising Local advertising motivation Interest in advertising on new local station Advertising format mix Open-ended comment |
| (iii) Methodology | Self-completion questionnaire distributed and returned by post Undertaken by: Estuary Media | CATI telephone interviews Undertaken by: Ipsos UK | Face-to-face interviews at respondent's workplace Undertaken by: Estuary FM |
| (iv) Samples | 186 returned questionnaires from respondents aged 15-64 | Representative sample 500 adults aged 15-64 | 40 local businesses, large and small, with a range of advertising budgets |
| (v) Timing and location | April-May 1999 Southend District | 4-17 November 2005 Estuary FM TSA (244k adults, inc. 189k aged 15-64) | October -November 2005 Businesses based in Estuary TSA |

(vi) Summary of main findings

(a) Listener Demand : 1999 Survey

In April 1999, Estuary Media undertook an initial survey among listeners in the Southend area. A self-completion questionnaire was widely distributed, which respondents were asked to complete and return by post. A total of 184 completed and valid questionnaires were returned by respondents aged 15+, including 157 respondents aged under 65. There was a slight imbalance in the sample – 58% of respondents were female, compared with 52% in the population. Details of the 1999 Survey and full data are included in the Research Appendix with this application.

In summary this survey indicated that:

- Overall, 80% of respondents aged 15-64 listened to more than one radio station; on average between two and three stations (2.8). Classic FM and Radio 4 had the highest levels of solus listening (15%), falling to 5% for Essex FM and 3% for Classic Gold Breeze.
- 74% of respondents would be interested in hearing a new local radio station (no indication was given as to its likely nature, other than its local character).
- Respondents were then asked to rank the station(s) they currently listened to according to their preference or time spent listening. While not purporting to provide a measure of reach, this gave a more qualitative and relative view of levels and patterns of listening, including shared listening among other stations.

| RADIO PREFERENCES IN THE SOUTHEND AREA | | | |
|-----------------------------------------------|--------------|---------------|--------------|
| | First | Second | Third |
| Radio 4 | 26% | 6% | 2% |
| Essex FM | 23% | 14% | 7% |
| Radio 2 | 21% | 8% | 2% |
| Radio 1 | 17% | 8% | 10% |
| BBC Essex | 13% | 8% | 4% |
| Classic FM | 12% | 11% | 4% |
| Radio 5 | 9% | 5% | 5% |
| Breeze AM | 8% | - | 5% |
| Invicta FM | 6% | 3% | 2% |
| Virgin | 4% | 10% | 5% |
| Capital FM | 4% | 7% | 2% |
| Magic FM | 3% | 2% | 1% |
| Radio 3 | 2% | 3% | 3% |
| Capital Gold | 2% | 1% | 4% |
| Kiss FM | 2% | 1% | - |
| Jazz FM | 2% | 1% | 3% |
| Estuary Media, 1999 Survey | | | |

Essex FM was clearly the prime choice locally, with strong secondary and tertiary listening as well. At that time Breeze performed reasonably although, as examination of RAJAR confirms, it has sunk considerably since then. This survey provided early evidence of the strong influence of out-of-area commercial services, Invicta and the London stations, on listening patterns in the Southend area.

- The survey went on to question respondents about their music preferences, asking them to rank their preferences in a similar manner. There was little or no enthusiasm for specialised forms of music: country, dance, vintage, jazz or heavy metal. On the other hand, a clear consensus emerged in favour of both contemporary and older tracks with appeal to adults.

| MUSIC PREFERENCES IN THE SOUTHEND AREA | | | |
|-----------------------------------------------|--------------|---------------|--------------|
| | First | Second | Third |
| Adult pop/Soft rock | 47% | 23% | 12% |
| Ballads and love songs pre- 1970 | 20% | 13% | 4% |
| Classic 50/60s | 17% | 14% | 11% |
| Popular classical | 17% | 12% | 10% |
| Classic 80s pop | 16% | 19% | 11% |
| Ballads and love songs post- 1970 | 15% | 9% | 17% |
| 70/80s Disco | 11% | 11% | 7% |
| Serious classical | 11% | 7% | 6% |
| Teen pop | 10% | 13% | 9% |
| Pop country | 8% | 1% | 6% |
| Contemporary dance | 8% | 1% | 3% |
| Vintage shows/musicals | 6% | 2% | 4% |
| Jazz | 5% | 1% | 3% |
| Heavy metal | 1% | - | 4% |
| Estuary Media, 1999 Survey | | | |

These findings assisted EML in defining the scope of music to be played on the RSL trial broadcasts. Putting classical music aside, the group saw that there was mainly demand for a broad selection of accessible and melodic music across the ages, rather than just recent tracks exemplified by teen pop or contemporary dance genres.

- The 1999 Survey concluded with two open-ended questions, soliciting respondents' opinions about the features they particularly liked or disliked about existing radio stations, and any comments they might have about what a new station should provide. These are also recorded in summary form in the Appendix.

Several themes ran through respondents' comments. In particular, what people liked about their existing choice of listening was the music, engaging personality presenters (notably on national stations), and local news and travel information. Advertising (or excessive promos, on Radio 1) was high among aspects disliked, although interestingly it was not the fact of advertising that was criticised so much as when commercials are repeated too frequently or breaks become too intrusive. In opposition to appreciation of personality presenters, there was considerable criticism of "useless talk", such as "DJ prattle", silly phone-ins or competitions, and unfunny humour.

The 1999 Survey was used in planning the subsequent RSL broadcasts, designed to test programme ideas and collect feedback and opinion. EML then undertook an ongoing programme of consultations and interviews in order to collect subjective data and opinion which, together with the initial survey and broadcasts, helped shape Estuary FM's more recent in-depth research and programme proposals.

(b) Listener Demand : 2005 Listener Survey

In late 2005, having undertaken our 'desk research', including the analysis of existing listening patterns within the much larger TSA claimed by Essex FM, we commissioned original research into audience behaviour and programming tastes and requirements within the planned TSA for Estuary FM.

Current listening patterns

Respondents were asked to identify the one radio station which they would regard as their favourite, and then (from a list read out to them) all other stations which they also ever listen to nowadays. From the sample of 15-64 year olds as a whole, the findings were as follows:

| Base: 500 | Favourite station (%) | Also listen nowadays (%) | Overall reach (%) |
|----------------------|-----------------------|--------------------------|-------------------|
| Essex FM | 25 | 40 | 65 |
| BBC Radio 1 | 12 | 27 | 39 |
| BBC Radio 2 | 12 | 23 | 36 |
| BBC Essex | 2 | 33 | 34 |
| Magic FM | 5 | 29 | 33 |
| Invicta FM | 2 | 29 | 31 |
| Classic FM | 3 | 26 | 29 |
| Heart FM | 3 | 25 | 29 |
| Kiss FM | 6 | 21 | 28 |
| Capital FM | 1 | 23 | 24 |
| BBC Radio 4 | 11 | 13 | 24 |
| Virgin Radio | 3 | 21 | 24 |
| BBC Radio 5 Live | 4 | 19 | 23 |
| TalkSport | 2 | 12 | 14 |
| Xfm | 2 | 11 | 12 |
| Capital Gold London | * | 11 | 11 |
| Classic Gold Breeze | 1 | 10 | 11 |
| Smooth FM | * | 10 | 10 |
| BBC Radio Kent | - | 10 | 10 |
| Any local commercial | 50 | 36 | 86 |
| Any BBC national | 40 | 32 | 72 |
| Any BBC local | 2 | 39 | 41 |

These findings are extremely significant in a number of ways in illuminating actual patterns of station choice in and around Southend-on-Sea. First, they demonstrate that Essex FM, which although offering near-countywide coverage was until Autumn 2004 based in Southend itself, is by a large margin the most popular radio service in this area, both in terms of 'favourite station' nominations and of reach overall. Moreover, a higher proportion of Essex FM's listeners (39%) regard it as their favourite station than is the case for any other station except BBC Radio 4. Conversely, the only other ILR service which is designed to cater for listeners in this local area, Classic Gold Breeze, has a negligible listenership, ranking only seventeenth in terms of reach, and with just 1% of respondents naming it as their favourite radio station.

Amongst listeners aged 15-64, BBC Radios 1 and 2 have almost identical levels of appeal, as regard both 'favourite station' status and listening overall. BBC Radio 4 comes some way behind these. It is noteworthy that, while the local BBC station, BBC Essex, has very few listeners in this age-range who regard it as their preferred choice of listening (indicating that, like most BBC local services, BBC Essex appeals primarily to those of post-retirement age), nevertheless it picks up a good amount of more casual listening, with around one-third of survey respondents saying that they ever listen to it nowadays.

However, a most important finding emerging from this question is that, although the new Southend-on-Sea licence specification recognises only Essex FM and Classic Gold Breeze as being the two stations which, in the context of addressing the statutory criteria, are "existing ILR services available within the area", in practice listeners have a very much wider choice of commercial stations, and this strongly influences their listening behaviour.

While these may technically be regarded as 'out-of-area' services, the Southend area is included in the TSA within which almost all Greater London stations have chosen to have their audiences measured. There are six London ILR stations – in order of popularity, these are Magic, Heart, Kiss, Capital FM, Virgin and Xfm – which each attract more listeners in the Southend area than does Classic Gold Breeze. Within our sample of 15-64 year olds, 72% identified one or more of the London ILR stations as among the radio services which they listen to nowadays, a higher proportion than ever tune into Essex FM. In addition, the Kent ILR FM service, Invicta FM, also achieves a substantial listenership, with as many as 31% of respondents sometimes tuning into it. Moreover, as many as 24% of all respondents named one of the London or Kent ILR services as their favourite station – around the same number as nominated Essex FM. While the findings from our survey cannot be compared directly with weekly reach figures from RAJAR,

they clearly suggest that listening to 'out-of-area' stations is no less significant a factor in the Southend area than elsewhere within the Essex FM TSA.

Conclusions: There is in reality vastly more listening competition than would be apparent simply from the listing of stations which officially include Southend within their measured coverage, and most of this competition comes from well-resourced commercial stations based in the adjacent London and Kent areas which are clearly audible in and around Southend. This consideration must influence both the audience projections for Estuary FM and the way in which a new local station for Southend might attract listeners by offering something which is distinctly different from what, in practice, is currently available in this area.

Estuary FM response: We appreciate the real level of audience competition in this market and have been prudent in our audience projections and financial plans. Estuary FM will provide a highly localised service of news and speech with a broad spread and variety of music that will distinguish it not only from Essex FM and Classic Gold Breeze but also from any of the out-of-area stations from London or Kent.

Age-appeal of radio services

Of the demographic criteria, it is recognised that it is a listener's age which is the most potent determinant of his or her choice of radio listening. The overall reach figures for each of the four most popular stations, within each of the age-groups in the research sample, were as follows:

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|-------------|-----------|-----------|-------|-------|-------|-----------|
| Essex FM | 65 | 82 | 67 | 71 | 70 | 35 |
| BBC Radio 1 | 39 | 64 | 57 | 32 | 30 | 16 |
| BBC Radio 2 | 36 | 17 | 13 | 39 | 49 | 55 |
| BBC Essex | 34 | 12 | 20 | 33 | 41 | 61 |

Thus, Essex FM achieves a strong listenership right across the 15-54 age-range, and it is only amongst those aged 55+ that its appeal drops away. It is noteworthy that, in the absence of a youth-oriented regional ILR service (such as Vibe FM, which is available elsewhere in East Anglia), Essex FM performs extremely well within the youngest (aged 15-24) age-group. The main BBC music-based services are complementary in their targeting, with BBC Radio 1 appealing to younger adults, and Radio 2 achieving its highest listenership in this local area among those aged 45 and over. BBC Essex has an even older audience profile than Radio 2.

It is significant that none of these services – BBC or commercial – achieves its highest audience reach anywhere within the 25-54 age-range. Indeed, it is left to certain of the London-based ILR stations – Magic, Heart, Virgin and Capital FM – to achieve their Southend audience peaks in the middle part of the age spectrum, with Heart recording a particularly impressive 45% reach among 35-44 year olds. The full reach figures for each of the Essex, London and Kent ILR services were as follows:

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|---------------------|-----------|-----------|-----------|-----------|-----------|-------|
| Essex FM | 65 | 82 | 67 | 71 | 70 | 35 |
| Magic FM | 33 | 32 | 32 | 36 | 36 | 31 |
| Invicta FM | 31 | 49 | 36 | 25 | 33 | 18 |
| Heart FM | 29 | 28 | 26 | 45 | 24 | 17 |
| Kiss FM | 28 | 53 | 40 | 24 | 15 | 11 |
| Capital FM | 24 | 22 | 30 | 28 | 27 | 14 |
| Virgin Radio | 24 | 24 | 33 | 29 | 22 | 12 |
| Xfm | 12 | 29 | 24 | 6 | 5 | 3 |
| Capital Gold London | 11 | 5 | 9 | 9 | 17 | 15 |
| Classic Gold Breeze | 11 | 6 | 3 | 8 | 19 | 17 |
| Smooth FM | 10 | 7 | 5 | 16 | 12 | 8 |
| LBC FM | 4 | - | 1 | 5 | 7 | 6 |

Conclusion: There is a clear opportunity for Estuary FM to target a broad range of adult listeners with an authentically local character which neither Essex FM nor the London and Kent ILR stations can match.

Estuary FM response: Estuary will aim to attract local listeners across all age groups, although it is likely that the service will have particular appeal among those aged 25-54.

Travel and location of listening

Because Southend residents live on the fringe of the reception area for the London ILR services, we felt it would be interesting to examine the extent to which listening to the London-based stations was being undertaken at home, or whether it was largely confined to times while listeners were commuting or otherwise travelling closer to the London area.

| Base: 500 | Listen nowadays (total) % | Listen at home % | Listen while travelling % |
|---------------------|---------------------------|------------------|---------------------------|
| Essex FM | 65 | 42 | 52 |
| BBC Radio 1 | 39 | 22 | 31 |
| BBC Radio 2 | 36 | 25 | 26 |
| BBC Essex | 34 | 20 | 22 |
| Magic FM | 33 | 14 | 27 |
| Invicta FM | 31 | 13 | 24 |
| Classic FM | 29 | 18 | 20 |
| Heart FM | 29 | 12 | 23 |
| Kiss FM | 28 | 14 | 22 |
| Capital FM | 24 | 8 | 20 |
| BBC Radio 4 | 24 | 20 | 15 |
| Virgin Radio | 24 | 12 | 19 |
| BBC Radio 5 Live | 23 | 15 | 14 |
| TalkSport | 14 | 8 | 9 |
| Xfm | 12 | 5 | 10 |
| Capital Gold London | 11 | 5 | 8 |
| Classic Gold Breeze | 11 | 6 | 6 |
| Smooth FM | 10 | 3 | 7 |
| BBC Radio Kent | 10 | 3 | 6 |

After asking about the location of listening to each station tuned into (see table above), we went on to ask respondents who had indicated that they listen to one or more stations while travelling outside their home (441 respondents - 88% of the sample) whether this was the same station that they listened to at home, and what were the factors that determined the radio station they listened to while travelling. First, 71% of respondents replied that their choice of station was usually the same, while 26% acknowledged that they made a different choice of station when commuting or driving around. We then asked about the reasons why some listeners made a different choice of station while travelling. The percentages saying that each reason was, for them, an important one were as follows:

| Base: 441 | All who listen to radio while travelling | Station choice usually the same (71% of base) | Station choice usually different (26% of base) |
|---------------------------|------------------------------------------|-----------------------------------------------|------------------------------------------------|
| Reception quality | 89% | 89% | 89% |
| Type of music | 85% | 86% | 83% |
| Personality of presenter | 77% | 78% | 75% |
| News provided | 63% | 64% | 59% |
| Traffic or transport info | 61% | 60% | 63% |

Conclusions: These findings confirm what we had anticipated: that "listening while travelling" is relatively more significant in respect of the 'out-of-area' (London and Kent) stations than it is for those stations, both commercial and BBC, which are either Essex-based or are national services. Among listeners who tune into each of the London or Kent local stations, the number who listen to these stations while travelling away from home exceeds those who listen to them while actually at home in a roughly 2:1 ratio. The most crucial factor for respondents' choice while travelling is the reception quality of a station's signal, closely followed in importance by its music policy. Significantly, there are no appreciable differences between those who make the same choice of station while travelling as they do while at home and those who choose to listen to something different while out and about.

Estuary FM response: Our comprehensive traffic and travel information, provided through extended hours of the day, will provide an added incentive for listeners travelling to tune to Estuary FM. In the morning we will include information to assist people travelling out of our area toward London, before they may feel it necessary to tune to London stations.

Improvements required in area's local commercial radio provision

We next sought to explore listeners' perceptions of the ways in which the area's commercial local radio provision as a whole might be improved (implicitly, either through the existing ILR services or – more importantly, in the context of our own programming plans – by the introduction of a further local station).

Respondents were read out a list of thirteen "ways in which people might think that the existing local commercial radio provision in Southend and the surrounding districts of South-East Essex could be improved". For each one, they were asked whether "for you personally, this would make a big improvement upon the quality of the existing provision; or would make a small improvement; or would not be an improvement at all". Based on a scoring system of 2 for "a big improvement", 1 for "a small improvement" and 0 for "no improvement at all", the mean scores for each of the twelve options presented to these respondents were as follows:

| | |
|-----------------------------------------------------------------------------------------|------|
| Fewer commercials | 1.50 |
| Less repetition in the music played, and playing a larger number and variety of records | 1.39 |
| Better local information about what's on: events, concerts and so on | 1.26 |
| Better local information about traffic and travel | 1.19 |
| Greater range of different types and styles of music | 1.14 |
| More local stories from Southend and surrounding area in news bulletins | 1.00 |
| Presenters who sound more knowledgeable about this local area | 0.90 |
| Presenters who sound more professional | 0.87 |
| Playing more classic records from the past, and fewer current chart records | 0.83 |
| Much more of a local emphasis on the Southend area in the presenters' chat | 0.82 |
| More specialist music programmes | 0.78 |
| Programming which more strongly reflects distinctive character of this local area | 0.73 |
| Playing more current chart records, and fewer classic records from the past | 0.64 |

It is significant that - aside from reducing the volume of advertisements which, as so often in research surveys, emerged as the largest cause of dissatisfaction with ILR – the four potential improvements most strongly identified by respondents to this question were all concerned either with the variety of music currently provided on local commercial radio in this area or with the calibre of the factual local information supplied.

Among the ways in which the quality of ILR programming might be improved, having less repetitive music output, with increases in the number and range of individual records played (mean score of 1.39) and in the different types and styles of music offered to listeners (1.14) were both ranked highly as ways in which it was considered that the potential appeal of local commercial radio could be most significantly enhanced. There was a less pronounced desire for more specialist music programmes *per se* (score of 0.78), indicating that it is through the variety of music played during mainstream programming that the desired improvements would be most effectively implemented.

As regards the era of origin of the popular music played, there was a bias towards a greater emphasis on classic records from the past than is currently provided on ILR in this area, while the idea of actually

increasing the proportion of current chart records was the least welcomed of all the possibilities presented to respondents.

Of the various speech-related suggestions offered, it was the provision of better local information, as regards "what's on, in and around Southend: events, concerts, and so on" (mean score of 1.26), and also in respect of local traffic and travel news (score of 1.19), which were thought to be the most needed improvements.

Conclusions: It seems clear from the above responses that one of the most effective ways of enhancing the appeal of local commercial radio programme output to listeners in and around Southend will be to increase the range and variety of music provided. Moreover, the audience's requirement for a broadening of the music to which they are exposed is not confined to the provision of more specialist music shows, but embraces a firm demand for wider musical choice during main daytime programming. Estuary FM's plans for a more extensive music playlist, and a policy of lower rotation and less repetition of individual music tracks, than is offered by the existing Essex ILR services, are clearly in tune with the audience demand demonstrated by these research findings.

Estuary FM response: These findings are central to our programming approach. Estuary FM will play a broader spread of music from today and the past decades than any of the existing stations, with a wider variety of titles and relatively less repetition. Our speech content will focus on the provision of accurate and thorough local news and information, with professional presenters who are knowledgeable about the local area.

Music tastes and preferences

To research listeners' music preferences, we split the question into two parts: the first addressing the preferred period of origin for "popular songs", and the second focusing upon different styles and genres of music. Respondents were read out a list of widely understood categories of music, and for each one were invited to award a mark of between 1 and 5 as a measure of how much they "would like to hear each of these types of music on a new local radio station".

We decided not to play respondents any taped audio extracts of music purporting to represent each category, for two reasons, both of which we regard as methodologically important. First, we were conscious that the selection of a few short excerpts from what would inevitably be a very limited number of individual tracks is a potentially flawed research technique, because the actual choice of material selected can distort the pattern of responses according to the relative popularity or familiarity of the examples used. For the same reason, we also rejected the idea of offering respondents a brief list of artists or tracks claiming to represent an entire category of music. Second, we wished to examine listeners' views about a wide range of different musical options. Within the time-constraints of a telephone interview, the method we adopted allowed us to research listeners' views about a much larger number of music styles than we should otherwise have been able to include.

a. Period of origin

For the first part of the question, in which respondents were asked how much they "would enjoy hearing ... popular songs from [a given period of origin]", the mean scores awarded, from the sample of 15-64 year olds in total and within each ten-year age-band, were as follows. Within each age-group, the period of origin achieving the highest level of appreciation has been highlighted in red, with all other scores which were above-average (i.e. for the sample as a whole) shown in bold type.

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|-------------------|-----------|-------------|-------------|-------------|-------------|-------------|
| Current charts | 3.10 | 3.91 | 3.72 | 3.07 | 2.76 | 2.20 |
| Last 2 or 3 years | 3.11 | 3.65 | 3.62 | 3.06 | 2.89 | 2.44 |
| 1990s | 3.05 | 3.37 | 3.54 | 3.10 | 2.91 | 2.42 |
| 1980s | 3.09 | 2.95 | 3.36 | 3.43 | 3.08 | 2.57 |
| 1970s | 2.82 | 2.32 | 2.39 | 2.81 | 3.35 | 3.15 |
| 1960s | 2.86 | 2.26 | 2.07 | 2.61 | 3.32 | 3.92 |

This table demonstrates the clear relationship between listeners' ages and their preferred vintage of popular music. At the extremes of the age-range, listeners aged under 25 are relatively uninterested in pre-1990 music, while the oldest listeners in our survey mainly enjoy material from the 1960s and 1970s, when they were themselves young. Towards the centre of the age-spectrum, from where Estuary FM expects to draw the core of its listenership, there is a quite broad spread of interest in popular music from the different periods of origin. Further analysis of the relative appetite for music from different periods shows that adults aged 45-54 are more interested in current and recent music than the younger group aged 25-34 are in music from the 60s and 70s. Our format proposals fully reflect the balanced mix indicated by these findings.

b. Styles and genres of music

The same technique was then used to measure listeners' interest in hearing each of twelve different styles and genres of music. Respondents were again asked to rate, by awarding a mark of between 1 and 5, "how much you would like to hear each of the following on a new local radio station". The mean scores accorded to each category of music were as shown below. Within each age-group, the three most highly rated options are shown in red. Again, all scores which are above the 'all adults aged 15-64' level are highlighted in bold.

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|---------------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|
| A wide variety of songs and styles | 3.65 | 3.76 | 3.64 | 3.67 | 3.69 | 3.49 |
| Broader range of songs from popular artists | 3.42 | 3.63 | 3.60 | 3.26 | 3.48 | 3.18 |
| Brand-new releases | 3.31 | 4.05 | 3.91 | 3.26 | 2.98 | 2.48 |
| Classic rock from the 1960s, 70s and 80s | 3.07 | 2.63 | 2.54 | 2.95 | 3.48 | 3.66 |
| Classic soul and Motown | 2.98 | 2.37 | 2.50 | 3.25 | 3.48 | 3.16 |
| Disco, 'club classics' and dance music | 2.88 | 3.32 | 3.45 | 2.88 | 2.57 | 2.30 |
| Soft rock music | 2.81 | 2.94 | 2.78 | 2.67 | 2.91 | 2.77 |
| Easy-listening and ballads | 2.69 | 2.19 | 2.22 | 2.75 | 2.80 | 3.36 |
| Modern guitar-based music | 2.62 | 2.81 | 2.73 | 2.33 | 2.76 | 2.58 |
| Urban, hip-hop, rap and r'n'b | 2.30 | 3.33 | 2.99 | 1.98 | 1.89 | 1.56 |
| Hard rock music | 2.27 | 2.50 | 2.23 | 2.03 | 2.49 | 2.16 |
| More specialised music (country, jazz, etc) | 2.14 | 1.72 | 1.66 | 2.01 | 2.22 | 3.04 |

As with the earlier question about potential improvements in the area's ILR provision generally, these responses demonstrate the strength of demand for a wider choice of music to be offered by local commercial radio in this area. A desire to hear both "a wide variety of songs from different styles" and also "a broader range of songs from popular artists" transcends the level of demand for any individual genre of music. Moreover, this requirement is firmly expressed by listeners right across the age spectrum surveyed, from the 15-24 to the 55-64 age-group.

Otherwise, the degree of interest in hearing particular types of music varies quite considerably between the different age-groups. Young adults are especially keen to hear brand-new record releases, disco/dance and urban music. Conversely, it is among listeners in the older age-groups surveyed that the demand is greatest for classic rock from the 1960s, 70s and 80s; easy-listening and ballads; and more specialist music genres (although support for the latter two options is confined largely to the over-55s). Interest in both soft and hard rock music appears to have an unusual two-generational pattern, peaking amongst 15-24 but also 45-54 year olds, while classic soul and Motown also achieves its highest scores within the 45-54 age-group.

Conclusions: This set of findings reinforces our belief that, as a small-scale radio station which accordingly needs to win its listeners from across a fairly wide age-range, Estuary FM's main music mix needs to include a balance of popular material from across the decades. Again, it is clear that Estuary FM

can most effectively satisfy listeners of all ages by offering a more varied diet of music selections than is currently available on any one of the area's existing local services.

Estuary FM response: Our music programming will include songs from the 1960s to today, with no particular era dominating output, as set out in detail in the programming section of our application above. Estuary FM will also provide a wider variety of music, with less repetition than existing services in the area. We do not plan specialist programmes featuring largely unrelated genres of music, but will respond to the appreciable interest in certain types, such as 'club classics' and dance music or classic and soft rock, with programming strands of a more thematic musical character.

Listeners' news priorities

We were conscious that its geographical location places Southend-on-Sea apart from both the heartland of its county, Essex (a factor symbolised in the Autumn 2004 re-location of Essex FM's base from Southend to the county town of Chelmsford) and from the London area. Therefore we felt it important to assess what effect this has upon local listeners' priorities in respect of news coverage.

We asked respondents "how important each of the following kinds of news would be", for provision within hourly news bulletins on a new local radio station. Translated into a four-point scale, on which a response of "not at all important" received a score of 1 and "very important" a score of 4, the mean scores awarded were as follows:

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|-----------------------------------------|-----------|-------|-------|-------|-------|-------|
| Local news from Southend area | 3.39 | 3.25 | 3.46 | 3.48 | 3.35 | 3.37 |
| National and world news | 3.30 | 3.07 | 3.32 | 3.36 | 3.39 | 3.33 |
| Very local news about where you live | 3.14 | 2.92 | 3.06 | 3.24 | 3.19 | 3.23 |
| News from around county of Essex | 3.14 | 3.00 | 3.21 | 3.18 | 3.12 | 3.17 |
| News from around the East Anglia region | 2.81 | 2.70 | 2.76 | 2.74 | 2.85 | 2.97 |
| News from Greater London & Thames area | 2.62 | 2.72 | 2.60 | 2.58 | 2.58 | 2.64 |

These findings indicate a strong appetite for news *per se*; across the sample as a whole, four of these six types of news were considered to rate as being between "quite important" and "very important". Most important of all was "local news from the town of Southend and immediately surrounding parts of South-East Essex", although it was evident that, even on a local radio station, listeners expect this to be complemented with "national and world news". Thereafter, there are equivalent levels of interest in hearing news which takes a step in both directions from the local focus: either through being more parochial – "very local news about the particular community in which you live" – or through embracing the rest of the county, as "news from around the county of Essex". The lowest demand is for regional news, either from East Anglia or Greater London.

It is noteworthy that listeners in the youngest adult age-group (15-24) generally have a lower demand for all of the different types of news coverage than those who are older, with the sole exception of news about Greater London and the Thames Gateway area, where the under-25s record the highest score of all the age-groups. This may illustrate the more metropolitan orientation of young adults.

Conclusions: These findings underline that a strong emphasis on local news stories (i.e. from Southend and its immediate surrounds) will be crucial in winning listeners for Estuary FM, in competition with the existing countywide Essex, London and Kent ILR stations which are unable to bring the same degree of local relevance to their news coverage. To attract listeners, the station's local news output will, however, need to be complemented with reliable national and world news input from a competent supplier. News stories which have either a more parochial or more regional focus should be included only in moderation.

Estuary FM response: Local news is a priority for Estuary FM, for which we have made particular allowance in our staffing and financial plans. Estuary FM will provide locally-produced news bulletins, in an extended schedule from 06.00 to 22.00 on weekdays (07.00 to 19.00 at weekends), with additional headlines at peak-times and extended bulletins at 13.00 and 18.00 on weekdays. Locally-produced news will include a mix of local, national and international stories, according to the news of the day, and will normally feature a majority of local news.

Preferred elements of speech programming

Moving on to other types of speech programming, we next asked respondents whether the provision of each one of eleven possible types of speech material would make them more likely, or less likely, to tune into a new local station, or would make no difference to their likelihood of listening to it. In the full tables supplied with our application, mean scores fall within the range of +1.00 to -1.00; for ease of study, these have been translated into a potential range between +100 and -100 in the summary chart below. The age-pattern of responses has been highlighted, in the same way as for music genres above.

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|--------------------------------------------------|-----------|-------|-------|-------|-------|-------|
| Local weather forecasts | 63 | 58 | 59 | 63 | 62 | 72 |
| Road traffic and travel information | 60 | 37 | 48 | 73 | 69 | 67 |
| 'Crime desk' with local police | 44 | 28 | 38 | 49 | 48 | 56 |
| Early evening extended news | 32 | 20 | 31 | 36 | 33 | 40 |
| Public transport information | 27 | 34 | 23 | 20 | 28 | 33 |
| Community 'bulletin board' | 22 | 9 | 6 | 26 | 23 | 43 |
| Entertainment and showbiz coverage | 21 | 41 | 21 | 26 | 11 | 8 |
| Local schools and education issues | 9 | -13 | 29 | 31 | -7 | -1 |
| Local business and employment info | 7 | 16 | 20 | 6 | 3 | -9 |
| Interviews - celebrities and local personalities | 2 | 13 | 3 | 6 | -9 | -3 |
| Football and other local sports coverage | -3 | -1 | 17 | 2 | -11 | -21 |

As the table above illustrates, the three most strongly appreciated types of speech content – local weather forecasts, road traffic information, and a 'crime desk' run in association with local police – would provide a firm incentive to tune into a new local station for listeners right across the age-spectrum (with the exception that, for the under-25s, a 'crime desk' is supplanted in appeal by coverage of entertainment and 'showbiz' stories).

The intensity of various speech requirements varies according to the listener's age. Traffic reports useful to motorists are most important to those aged between 35 and 64, whereas information about public transport is most valuable to those in the youngest (under-25) and oldest (over-55) age-groups who are more likely to be reliant upon it for getting around. The provision of a 'crime desk' in association with local police, dealing with crime, crime prevention and community safety information would be most strongly appreciated by those aged over 55, and the idea of an on-air 'bulletin board' which local community groups and charities could use to publicise their activities also receives its highest endorsement from this age-group. Older listeners are also more enthusiastic about the idea of an early evening news round-up on the station. Information about local business and job opportunities appears in this local area to be especially relevant to those in the 15-34 age-range, while features about schools and education issues are the most important for listeners aged between 25 and 44 who are the most likely to have school-age children in their households.

The provision of lighter items such as interviews with celebrities living in or visiting the area and (apart from for younger listeners) coverage of entertainment and 'showbiz' stories appears to be less significant as a stimulant to listening than the broadcasting of harder factual types of locally relevant information. Coverage of football and other sports has a less widespread appeal than the other programming options put to respondents, although this could represent a significant attraction of a new station to those who regard themselves as sports fans; 34% of the sample (including 53% of the men interviewed) said that the provision of local football and other sports coverage would make them more likely to tune into the station.

Conclusions: Weather, traffic and travel are clearly essential features for listeners across all ages. A range of other items should be included, the range providing breadth of appeal across all ages. Items should be carefully scheduled; for example, school information clearly interests parents but not their children and would appropriately be programmed during daytime when the children are in school and not listening to the radio.

Estuary FM response: Weather information will be given regularly throughout programming. Traffic and travel is an issue that has appeared throughout our background analysis, local consultations and

structured research: Estuary FM will dedicate resources to this in an innovative way, providing extended real-time cover that exists nowhere else. Our programme proposals also include a range of other speech and information features, detailed above, that will appeal broadly across various sections of the audience.

Listener involvement

An authentically local radio station should seek actively to involve its listeners, rather than just broadcast to them. Accordingly, a question designed to explore respondents' interest in the various ways in which either listeners could participate in the programme output, or that the radio station could get out and about within its local area to become closer to its audience, was included in our survey.

Respondents were asked whether they would be very interested, quite interested, or not at all interested in hearing each of eight different forms of audience involvement, on a new local station. Based on a scoring system of 2, 1 and 0 respectively for these three possible responses, the mean scores awarded were as follows:

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|---------------------------------|-----------|-------|-------|-------|-------|-------|
| Local concerts and live music | 1.09 | 1.50 | 1.09 | 1.06 | 1.03 | 0.82 |
| Music request programmes | 1.04 | 1.55 | 1.14 | 0.92 | 0.92 | 0.77 |
| OB's from local events | 0.84 | 1.05 | 0.82 | 0.75 | 0.79 | 0.85 |
| Phone -ins on current issues | 0.81 | 0.90 | 0.81 | 0.77 | 0.78 | 0.80 |
| Phone -ins for expert advice | 0.79 | 0.83 | 0.68 | 0.71 | 0.78 | 0.96 |
| Listener competitions | 0.66 | 0.93 | 0.88 | 0.55 | 0.59 | 0.41 |
| Road-shows (schools, work, etc) | 0.61 | 0.75 | 0.61 | 0.65 | 0.56 | 0.49 |
| Daily poll of listeners' views | 0.57 | 0.51 | 0.63 | 0.59 | 0.58 | 0.54 |

Conclusions: Generally, it appears to be those in the youngest (under-25) age-group who are the most enthusiastic about audience participation, as they record above-average scores for seven out of the eight ideas presented to respondents. It is the 45-54 age-group which is least keen on listener involvement; they give below-average scores to seven of the suggestions. Of the various possibilities presented to respondents, it is the two which are concerned with music which achieve the most enthusiastic response overall. There is also good support amongst listeners of all ages for the idea of the station getting out and about in the local area, through "outside broadcasts, live from local events taking place around the area". There is a relatively low level of interest in "competitions for listeners to enter by phoning, e-mailing or texting the radio station", "road-shows which visit local schools, work-places and so on", and in having "a daily poll of listeners' views on an issue in the news".

Estuary FM response: The high demand for "request programmes" is reflected in our programme schedule, particularly our 'All Request Lunch' sequence aimed at both individual listeners and workplace groups. We will include local live music coverage where possible, although this will more logically respond to opportunities rather than forming a fixed feature in the programme schedule. We plan to devote considerable resources to outside broadcast activity, both for programming and promotional interest, a feature that was also strongly welcomed in our Advertiser Survey.

Likelihood of listening to new local service

In order to assess listeners' likelihood of tuning into a new local station of the type proposed, we presented respondents with a 'station concept' description which set out, in general terms, the nature of the service envisaged for Estuary FM. Clearly it was not feasible at this stage to include those details of the programming which could only be finalised once we had had an opportunity to study the findings of this survey. However, based upon our earlier research, the trial broadcasts and our group's local knowledge together with experience in similar markets, we encapsulated the broad format of the planned service to put to respondents as follows:

A new radio station is being planned, which will be a truly local station just for the town of Southend and the surrounding districts of South-East Essex.

It will play a wide variety of popular music from the past and the present, mixing classic hits from the last 40 years with the most widely appealing of the current chart records. Some more specialised music programmes may be broadcast in the evenings and at weekends.

At least a quarter of the station's output will be locally relevant talk, including news, practical information, and other speech aimed at listeners living in and around the Southend area.

Respondents were asked, "how likely do you think you are to listen regularly to a radio station like this?": extremely or very likely; quite likely; not very likely; or not at all likely. The following table shows the proportions giving positive responses to this question. It also provides, for the sample as a whole and within each age-group, mean scores based upon awarding marks of +2, +1, -1 and -2 respectively for the four possible responses.

| Base: 500 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|---------------------------|-----------|-------|-------|-------|-------|-------|
| Extremely/very likely (%) | 30 | 26 | 30 | 27 | 39 | 26 |
| Quite likely (%) | 49 | 56 | 54 | 44 | 41 | 54 |
| Total likely (%) | 79 | 82 | 84 | 71 | 81 | 80 |
| Mean score | 0.82 | 0.84 | 0.92 | 0.63 | 0.97 | 0.80 |

The most encouraging feature is the strong support apparent across all age groups. Looking at the figures for the different age-groups, there is no clear overall pattern to these responses: 45-54 year olds have the highest tendency to regard themselves as "extremely or very likely" to listen; however, the mean scores indicate that there is no consistent upward or downward trend as one moves across the age spectrum within the sample. As shown in the full research tabulations supplied with this application, women are somewhat more likely than are men to express an expectation of listening, and those from C2DE socio-economic grades are rather more likely to do so than are those in ABC1 grades.

Conclusions: The findings from this question suggest that Estuary FM could expect to attract a fairly 'flat' audience profile, with its listeners distributed quite evenly between the different age-groups surveyed. As a small-scale station which needs to attract a broadly-based audience in order to secure its commercial viability, we are greatly encouraged by this evidence that our format has such widespread acceptance.

Effect upon existing radio listening

Those respondents with the highest claimed propensity to listen to a new service as outlined in our 'station concept' were existing listeners to BBC Local Radio (mean score of 1.07) or to ILR (mean score of 0.96). Listeners to BBC National Radio (0.82) were somewhat less likely to say that they would tune in regularly. In terms of their existing 'favourite station', Essex FM listeners had the highest claimed likelihood of using the new station (mean score of 1.14). Listeners with an existing preference for any of the three most popular BBC national networks were markedly less likely to express an inclination to tune into it.

When asked to assess how the establishment of a new station would affect their existing listening habits, those respondents who had expressed some degree of listening to it (representing 79% of the total sample; see above) replied as follows (all figures are percentages of those answering this question):

| Base: 394 | All 15-64 | 15-24 | 25-34 | 35-44 | 45-54 | 55-64 |
|-------------------------------------|-----------|-------|-------|-------|-------|-------|
| Increase time spent listening | 40 | 49 | 33 | 30 | 37 | 52 |
| Listen less to present choice(s) | 51 | 39 | 61 | 58 | 52 | 43 |
| Stop listening to present choice(s) | 9 | 12 | 6 | 13 | 11 | 5 |

Listeners in the youngest age-group (who, according to RAJAR, tend to spend less time each week listening to radio) and in the oldest group (who include some retired persons who have more flexibility in their time usage) were the most likely to say that they would accommodate listening to a new station by increasing their usage of radio altogether. Within the middle segment of the age spectrum (i.e. those aged 25 to 54), it was much more strongly the case that listening to a new station would need to be at the expense of some or all of their current radio listening repertoire.

Respondents who felt that they would either listen less to their present choice of stations, or stop listening altogether to some of them (together representing 48% of the total research sample), were then asked to identify which of the stations that they currently listen to they would listen to less, or not at all, in order to accommodate listening to the new service. The stations named by 3% or more of those who answered this question were as follows:

| Base: 241 | |
|------------------|-----|
| Essex FM | 33% |
| BBC Essex | 10% |
| BBC Radio 1 | 10% |
| Invicta FM | 8% |
| BBC Radio 2 | 8% |
| Heart FM | 7% |
| Virgin Radio | 7% |
| Magic FM | 7% |
| Classic FM | 5% |
| BBC Radio 4 | 4% |
| Capital FM | 4% |
| Kiss FM | 4% |
| BBC Radio 5 Live | 3% |

These findings indicate that, in this area, a new local commercial station targeting an audience aged under 65 should expect to win the majority of its listenership from existing ILR services, rather than to take them from the BBC. It will draw its listeners in similar quantities from the near-countywide ILR station Essex FM, by providing a far more locally-focused programme service, and from a clutch of music-based London commercial stations, who offer polished presentation and music policies but no programme content that is specifically relevant to listeners in the Southend area. (See Audience Projections, in section 105(A) of the application above, for a fuller discussion of the expected impact of Estuary FM upon listening to existing radio services).

(c) Advertiser Demand : 2005 Advertiser Survey

In order to gauge more fully and in a more formal manner the pattern of local advertising and the level of interest of advertisers in Estuary FM, we undertook a survey in October/November 2005 among 40 businesses in the area, ranging from small local firms to a major shopping centre, and with advertising expenditure from under £1,000 to over £50,000 per annum. The survey comprised local businesses and did not include local outlets of national chains or brands. Overall, 60% of the sample were small businesses with up to 20 employees, 25% medium-sized enterprises with 21-100 employees, and 15% large companies with over 100 staff. The exercise concluded with an open-ended opportunity for the interviewee to provide comment or opinion. Interviews were undertaken face-to-face according to a structured questionnaire. The questionnaire and full data are appended with this application.

The survey provided several valuable insights into local advertising habits and expenditure.

- The first feature was that all of the local businesses surveyed spend most if not all of their advertising budgets locally. (Clearly this would have been different if we had included local outlets of national chains, but their budgets are largely determined nationally and were beyond the scope of our study). Significantly, local advertisers want to place their campaigns locally. This local focus was reinforced when we later asked about respondents' reasons for choosing different media.
- Overall, local newspapers continue to attract the greatest share of advertising (53%), followed by leaflets/direct mail (19%), outdoor/posters (8%) and directories (7%), with a clearly growing proportion (3%) already placed on internet advertising. At present, radio only attracts 5% of expenditure, with a noticeable difference between the larger advertisers who spend 9% on radio and the smaller ones spending just 2% of their budgets.
- The reasons for respondents' media choices are clear: every one of them rated cost as their main concern, followed by local area coverage (88%), the avoidance of wastage (66%) and reaching a specific demographic target (48%). Clearly, a combination of lower cost based on specific local coverage with little or no wastage of coverage will be highly attractive in the Southend market.
- We went on to ask about respondents' use of radio for advertising, specifically with reference to Essex FM. Overall, 65% had used Essex FM (including Breeze) at some time, while 35% had never used radio. More specifically, all of the larger advertisers had tried Essex FM at some time, compared with only 44% of the smaller advertisers – clear confirmation of the cost/localness/wastage factors.
- However, there also appears to be dissatisfaction with advertising on Essex FM: only 15% of all respondents were currently on Essex FM or had used it recently. Although all of the larger advertisers in our survey had used Essex FM at some time, only 40% of them had done so currently or recently, while none of the smaller advertisers who had used Essex FM were current or recent advertisers. Thus, overall, more than three-quarters of those who had used radio in the past had not used Essex FM recently.
- Interest in advertising on Estuary FM was strong among those surveyed. Overall, 53% said they would be very interested in advertising: 80% among the larger advertisers, and an encouraging 36% among the smaller advertisers who have generally less often used radio. These results were confirmed when classifying respondents according to whether they had previously used radio: 62% of those who had used radio said they were very likely to try Estuary FM, and 36% of those who had never used radio before.
- We asked respondents about the types of commercial activity that might interest them. Over 90% answered standard spot advertising, with 50% saying off-air sponsorship and activity, and 46% on-air sponsorship. There is clearly a market for more creative combinations, including activity in the community outside the radio station, which only a locally-based and locally-focused station can provide.
- Respondents interested in advertising with Estuary FM were then asked how this might affect their budgets. Overall, a third said they would increase their advertising expenditure to add new radio spending, while 68% said they would adjust their existing budgets. Among existing radio advertisers, 27% would increase their spending, while as many as 43% of non-radio advertisers said they would increase their budgets to include Estuary FM.

The final part of our Advertiser Survey was open-ended, allowing respondents to make comments or suggestions regarding Estuary FM, its advertising proposition, or other matters. Respondents were specifically asked whether their responses might be quoted, or not. The following selection confirms the positive reaction we found in the quantitative part of the survey, and illustrates the interest of a broad range of local advertisers in Estuary FM:

| ESTUARY FM ADVERTISER SURVEY | |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nigel Jackson Hometek UK | "Although we had a bad experience with Essex FM, I like the sound of Estuary FM and would be willing to give it a go and if it generates leads we'll advertise on-going." |
| Geoff Worden Phoenix Bedrooms | "Some of our contacts in the trade have done well out of radio. Essex FM is too expensive for us but Estuary FM sounds ideal. We will certainly advertise with you when you're up and running." |
| Kerry O'Sullivan Lakeside Shopping Centre | "Romford's Time 107.5 is now an important part of our schedules. Lakeside would commit to buying on your new Southend station which falls in our primary catchment area." |
| Sara Whybrow All About Babies | "As a new local company we have a very limited advertising budget and have to be sure it is focussed and spent wisely. We would welcome being able to advertise on Estuary FM." |
| Nicholas Drent Allegro Music | "We advertise quite frequently during the year including key times like new school terms and Christmas and would be interested to see how effective Estuary FM would be for us." |
| Richard Watson Fields Menswear | "We've seen Estuary FM in action over the years and would be keen to try advertising ourselves when you are on air." |
| Mark Geddes Essex Beds | "We have advertised with your station in Romford and have been very impressed with the results. Not only will we definitely advertise with Estuary FM we would like to be the first to sign up." |
| Sandra Adubi Chalkwell Insurance Services | "Estuary FM would be a good way of improving our awareness against competition from the national brands." |
| Chris Flint Carnoisneur | "Being a business that targets motorists we are keen to talk to people in their cars and would use Estuary FM to do this on a local level." |
| Jeffrey Penneck Independent Estate Agents | "Estuary FM would be the ideal medium for expanding the name awareness of our business throughout the Borough of Southend." |
| Darren Lang Royals Shopping Centre | "I'm quite sure that once Estuary FM is up and running we'll be working together on various projects. We would also welcome Estuary's involvement in our projects with Debenhams and other main retailers for town centre wide promotions." |
| Rod Potter Victoria Plaza Shopping | "If Estuary FM can offer more focussed and more affordable advertising than we are currently getting then we would definitely be interested." |
| Richard Potez BMTK Solicitors | "The concept of targeting adult audiences specifically in the Southend area offers considerable promise to local professional firms. BTMK would be interested in exploring opportunities." |
| Alan Braden Sofas For You | "We've always been big advertisers in the local area and would be interested in using estuary FM to increase sales at key retail periods." |
| Neil Raven Ravens | "I would certainly be interested in advertising on Estuary FM provided the cost is right." |
| John Boone Classic Carpets | "I would be very interested in advertising on Estuary FM and other promotional activity. I'm sure other Southend businesses would be interested. Estuary FM will be a positive addition to Southend." |
| Nigel Condon Sales Manager Geoff Bray Motors, Westcliff | "We are really impressed with your ideas for a Traffic and Travel Centre. As the area's leading Vauxhall dealership we would like to sponsor it and help you deliver the best service in the area which we are sure will be very popular with local people." |
| Alan Collin Manager Jet Tyres, Canvey Island | "Keeping people moving is really important in this area. We will sponsor your Jam Line so we can reach motorists when they're in their car." |
| Paul Francis Golf In One | "We are a bit sceptical about radio advertising as our only experience with Essex FM wasn't a good one. We would look at working with Estuary FM providing the cost and results were in line with our budgets." |
| Darren Albon Chips Away | "There are three local franchises of Chips Away and we would be extremely interested in promoting ourselves on Estuary FM." |
| Chris Bland Rayleigh Hi-Fi | "We'd definitely want to sponsor your 'Solid Gold Sunday' show and also any music or film events such as an Estuary FM party in the park." |
| Robert Byford Byfords | "We've advertised with Essex FM and Breeze in the past. Assuming Estuary FM is focussed and reasonably priced we would be interested in advertising and promotions." |

Conclusions: There are evidently advertisers, as well as listeners, who are waiting for Estuary FM. These findings clearly support our belief that local advertisers, large and small, will welcome a locally-targeted alternative, with high efficiency and relatively low cost. In particular, the larger advertisers and those

with radio experience will wish to add us to their media mix, while many smaller businesses that have not tried or been able to afford radio will come to Estuary FM.

Estuary FM response: Estuary FM will play to its strengths as a locally-focused and programmed station serving local listeners and businesses alike. Unencumbered by network programming or break constraints, we will offer innovative packages to our advertisers in which we are able to combine spot advertising and sponsorship opportunities with off-air activity and OB input where appropriate.

7. LOCAL SUPPORT

This section should provide evidence of support, where appropriate, from the Applicant's potential audience or from prospective local advertisers.

Local support for Estuary FM and its plans has been built up steadily over the past eight years, as the group's founders have conducted an extensive dialogue with local opinion-leaders, organisations, businesses and the public, to promote Estuary's aspirations, explain the group's ambitions for an authentically local station for Southend, and invite feedback on the programming and commercial proposals.

Although our programme plans have evolved gradually over time and were only finally firmed-up after study of the findings of our recent audience research survey, the basic Estuary FM proposition of a station aimed at a broad cross-section of the local population, and the core brand-values which we have emphasised throughout all of our local consultation and promotion, have remained consistent.

To outline Estuary's programming intentions, EML has used a website, promotions at Estuary FM road-shows, direct discussions with local associations and presentations at business forums, a detailed publicity leaflet, many one-to-one consultations with prospective advertisers and with community leaders, and a presentation brochure mailed to 440 local organisations and 'opinion leaders'. Support for Estuary FM is therefore based on knowledge of our proposals, not just the general idea of a new radio station.

For many years, Estuary was the **only** group promoting the idea of a small-scale local station directed just at the interests of listeners in and immediately around Southend-on-Sea, and the widespread recognition of this commitment is evident from the endorsements we have received. We have drawn broad support from political, business, public sector, community, charity, sports and social association, as well as from members of the general public.

In addition, we have demonstrated the support for the Estuary FM proposition from local advertisers, in the course of conducting our recent Advertiser Survey, as illustrated by the comments listed in response to Q.6 above.

We have received around 300 letters of support, which we can make available in full to Ofcom upon request. We present a selection of comments from these below, to provide a flavour of the extensive local support which Estuary FM has generated, and also to illustrate the efforts made to go out and talk about the group's plans, and to participate in local events. We also have retained many letters and other expressions of appreciation from listeners to Estuary FM's RSL trial broadcasts in 2000/2001, although these have not been included amongst those summarised below.

| ESTUARY FM – LOCAL SUPPORT AND INVOLVEMENT | |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mark Francois, MP Rayleigh | "As you know, we have been in contact on this issue for several years now and I have been impressed by the amount of work which you and your colleagues have put into this project over a considerable period of time ... I hope that [Ofcom] might allow you to have a crack at it. I would also like to thank you for all that Estuary FM has done to support local events in the community ... I hope that the time may now be approaching when your efforts will finally come to fruition." |
| James Duddridge, MP Rochford & Southend East | "I would like to add my support for your bid to establish a radio station especially for Southend. I've no doubt that Estuary FM will be able to provide a very valuable service for our community, and quickly become a first point of contact for local information. I look forward to hearing you 'on air'." |

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| Bob Spink, MP Castle Point | [Copy of letter sent to Ofcom] "I understand that you may soon be advertising a new radio licence for South East Essex and I wondered if I might put in a word for Estuary FM. I know that my constituents value very much local broadcasting, which Estuary FM offers, which can give an improved focus for our local area. Estuary FM has quickly established itself as an organisation with great integrity and a good ethos, and I trust that you will look favourably at them when you come to make your decision." |
| David Amess, MP Southend West | "Thank you for your letter with the excellent news that Ofcom plans to advertise a new radio station licence for Southend. You deserve it and I send you my very best wishes for your success". "I should be happy to support you in your quest to be awarded the new licence." |
| Jeffrey Titford MEP | "I do support your application for a full time licence for a radio station aimed specifically at the people of South East Essex. A licence for Estuary FM would be a positive step in restoring pride in the local area." |
| Tom Wise MEP | "I am pleased to offer my support to your enterprise." |
| Christopher Beazley MEP | "I wish you well in this project." |
| Elizabeth Hart Essex County Councillor | "I know that Estuary Media Ltd has been active in this area for some years ... I am sure they will offer an excellent and comprehensive service to the residents of the Southend area." |
| Tracey Chapman Essex County Councillor | "I would like to offer Estuary FM my support. South East Essex is unique ... it is vital that they have a good radio station such as yours to help disseminate information and keep people in touch with local issues." "I have supported this initiative in the past and will be happy to be involved ... in the future." |
| Ann Holland Southend Borough Councillor | "I have been a supporter of the proposal for Estuary FM for many years and sincerely hope Ofcom will recognise our needs for a truly local station." |
| Mark Flewitt Southend Borough Councillor | "I would value a very local radio station. I am pleased to support your bid." |
| Norman Ladzrie Castle Point Borough Councillor | "Regarding the local radio station Estuary FM, I consider this to be a very worthwhile project and am happy to give my support in any way I can. We are long overdue a genuinely local radio station that caters for the people and businesses of this area." |
| Chris Dandridge Mayor, Borough of Southend | "We are a region quite distinct from the more rural areas to the north of the county in both economic and social terms. Best wishes Estuary FM, and I look forward to tuning into your future broadcasts." |
| David Marchant Chief Executive, Castle Point Borough Council | "We would particularly value a station that discussed important subjects. We understand from discussions with you that Estuary FM would take in all these elements. We can confirm we support your stated intentions ..." |
| Humphrey Squier Chairman, Strategic Ctte., Essex Chambers of Commerce | "I wish to reiterate the Chamber's support of Estuary FM and London Media Company. Autonomy at a local level is clearly very important to ensure people see Estuary FM as 'their' radio station, whilst ensuring the infrastructure to support the station is robust. This is clearly where LMC will add great value and expertise." |
| A.M. Vincent Chairman, Chartered Management Institute | "Thank you for explaining your proposals ... the opinion of members was sought ... and I am pleased to advise you that all present shared my view that your proposal should be supported. ... We fully endorse your application for a licence." |
| Ahmad Khwaja Community-in-Harmony | "With Essex FM and Classic Gold Breeze moving to Chelmsford, there is a void that needs to be filled, and who better than Estuary FM to fill it." |
| Geoff Arnott Principal, Seevic College | "I write to support your quest to establish Estuary FM as a radio station for Southend and the surrounding area. I believe the area would benefit from a genuinely local radio station." |
| Jeremy Nutter Gen. Manager, Business Development, SEETEC | "So long as Estuary FM offered a quality service and had an acceptable reach, you could count on the support of SEETEC." |
| Andrew Pottle Centre Manager, Victoria Plaza | "I wholeheartedly support Estuary FM's campaign for the existence of a local radio station for the Southend area. Having had the pleasure of working with Estuary FM at the Victoria Plaza, it was clear to me that a local radio station would hold a genuine interest and desire to maximise the potential of the South East Essex area." |
| Theo Steel Chairman, S'end Business & Tourism Partnership | "I believe passionately that there is a need for a local radio station centred in Southend; this view, as you saw, was accepted unanimously by those present at the Partnership today. We therefore support and thoroughly recommend your application for a licence to operate." |
| Ron Couldridge Director & Trustee, New Empire Theatre | "Having listened to some of the trial broadcast of Estuary FM, and having received presentations concerning their planned strategy and programme ethos, I have no hesitation in saying the sooner the better for Estuary FM." |
| Chris Sternshine Milton Community Partnership | "My experience of Estuary FM was at the Community-in-Harmony event (June 2005) which attracted over 2,000. It could be difficult getting a sense of 'togetherness' at such a large event but I felt the station's involvement played a big part in the process. The interviews were well handled and those involved from Estuary were very much engaged in the day – an excellent balance of professionalism and interaction." |
| Steve Currell T/Chief Supt., Essex Police | "Thank you for your support of the recent Southend Police Open Day. As you will know, the event attracted considerable interest and we have received very positive feedback from members of the public who attended. We particularly appreciated the support we received from Estuary FM." |

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| Helen Sutherland Information Officer, Southend Assoc. of Voluntary Services | "Thank you for visiting us ... We certainly feel there are areas where we could work together with Estuary FM to benefit the Southend community. We are particularly interested in the idea of regular broadcasts about our member groups and Estuary FM's involvement in local events and promotional weeks, for example during the annual Volunteers Week." |
| Alison Williams Promotions Officer, Rethink | "I am very pleased to read about your aims and ideas for Estuary FM. I listen to Essex FM although it doesn't really work for the community. ... I wish you every success with your application." |
| Terry Joyce Chairman, Leukaemia Research Fund | "I would like to thank you and your team at Estuary FM for your continued support. The music ... lifts people's spirits and enhances the ambience, and the interviews and requests help get the riders and volunteers more involved and makes our events a more personal affair." |
| Janet Porter Rotary Club of Thorpe Bay Foulness Bike Ride | "We were all impressed by your professional approach and the smooth running of the whole operation. The programme was well balanced and struck just the right note for the event. It was clearly appreciated..." |
| Stuart Greengrass Chairman, Renaissance Southend | "I am writing further to our recent meeting in which you explained your ... ideas for a local radio station. ... Should your application be granted, I look forward to working with you on possible programming ideas and to a co-operative working relationship in the future." |
| Andrew Walters Chairman, London Southend Airport | "We are delighted by your proposal to develop a local radio station for Southend, to be called Estuary FM. The growing importance of Southend within the Thames Gateway promises to make the town a vibrant development area and the radio station will certainly help that." |
| Sarah Gale PR Manager, Essex Police | "Many thanks for coming into our offices to discuss the opportunities for Essex Police and Estuary FM to work together." |
| Philippe Pernstich Essex Travel Control Centre | "As discussed, we will be more than happy to provide you with live traffic and travel information in Essex." |
| Sarah Thapa Essex County Fire & Rescue Service | "Thank you for coming in to meet the media team at HQ County Fire & Rescue Service. Your new radio station Estuary FM and programme plans sound innovative and informative for the target audience." |
| Murray MacGregor Essex Ambulance Service | "You stated ... that one of the aims of Estuary FM is to profile the interests and needs of the people of the area and of community organisations. We therefore emphasise our support of your work in establishing a new radio station in South Essex." |
| Brian Houssart Taxi Drivers' Charity Fund for Children | "Indications are that you would give air time to local charities to let the public know about their local volunteers. You have our full support." |
| Jennie Hubbard Head of PR and Marketing, Fair Havens/Little Havens | "I would like to confirm that we will be only too happy to support this new radio station. As Estuary FM will be run by people living and working in the area, we feel this will reflect the feeling of the community." |
| T.H.R. Waite Chartered Accountants & Registered Auditor | "You have already proved that you can run the radio station and I am sure that you have amassed a lot of goodwill for the way you have promoted the radio for the benefit of Southend-on-Sea and its population." |

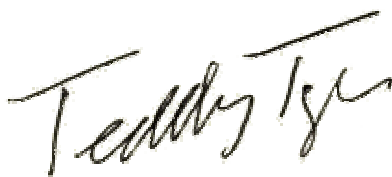
DECLARATION

The Directors of Estuary FM confirm that, to the best of their knowledge and belief:

- (i) The Applicant is not a disqualified person in relation to the licence by virtue of the provisions of section 143(5) of the Broadcasting Act 1996 (relating to political objects);
- (ii) No Director or person concerned directly or indirectly in the management of the Company or the Applicant Group is the subject of a disqualification order as defined by section 145(1) of the Broadcasting Act 1996;
- (iii) No person involved in the Application has been convicted within the past five years of an unlicensed broadcasting offence and that the Applicant will do all it can to ensure that no person so convicted will be concerned in the provision of the service, the making of programmes included in it, or the operation of a radio station if the Applicant is granted a licence; and
- (iv) Any matters which might influence Ofcom's judgement as to whether the Directors and substantial shareholders involved in the Application are fit and proper persons to participate in a radio licence have been made known to Ofcom.

By order of the Board:

Chairman



Date: 9th January 2006

ESTUARY FM - APPENDICES

APPENDIX 1 – FINANCIAL (Confidential)

Estuary Financial Projections.xls
Time Romford Management Accounts.pdf
Southend TSA Pop.xls
Population Forecasts 2004-2011.xls
LMC Finance Confirmation.jpg
Extract from Sunrise Board Minutes.doc

APPENDIX 2 – PROGRAMME

Essex Output Monitoring.xls
Essex News Monitoring.xls
C2C agreement.doc
ETCC Agreement.htm
Leigh Times Agreement.jpg

APPENDIX 3 – RESEARCH

1999 Survey Questionnaire.doc
Estuary 1999 Survey.xls
Estuary 2005 Questionnaire.doc
2005 Survey Tech Appendix.doc
Estuary 2005 Research Data.wyp
Advertiser Questionnaire.doc
Southend Advertiser Survey.xls
Essex RAJAR.xls
Southend Acorn.xls
Southend Retail Study (Extracts)
Estuary Source References.doc
Winyapsdll.exe (Winyaps Data Viewer)

APPENDIX 4 – SUPPORT

EFM Business Presentation.pdf
EFM Programme Flyer.pdf
Estuary Press Coverage.xls
Letters of Support (Extracts).xls
Consultation Summaries.doc



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

Company No. 5319271

The Registrar of Companies for England and Wales hereby certifies that
TIDE FM LTD

having by special resolution changed its name, is now incorporated
under the name of
ESTUARY FM LIMITED

Given at Companies House, Cardiff, the 9th September 2005



Companies House
— for the record —