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Community Radio: future licensing and technical policy

Statement

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About this document

There are 250 Ofcom-licensed community radio stations broadcasting in locations across the UK. These stations are small, not-for-profit services which bring a range of benefits to their target communities, and are run with the help of volunteers.

This statement sets out our decision to conduct a fourth licensing round for community radio services, and how we will seek to ensure that our processes for awarding licences are quicker and more focused than in previous rounds.

We have also made revisions to our technical policy in relation to the frequencies and coverage areas for these services to take account of individual station requirements, which may differ.

Finally, this statement sets out our position on the prioritisation of our future community radio work.

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Section 1

Executive summary

Community radio in the UK

1.1 There are currently 250 Ofcom-licensed community radio stations broadcasting in locations across the UK. These stations are small, not-for-profit services which bring a range of benefits to their target communities, and are run with the help of volunteers.

1.2 Ofcom is coming to the end of its third round of community radio licensing and would like to offer more licences where suitable spectrum is available. We recently consulted on a proposal to run a fourth round which is shorter and more focused than previous rounds. Our consultation sought views on how we might carry out this fourth licensing round. We also invited expressions of interest for new licences from potential applicants, to help us gauge the level of interest and to identify locations where we might invite applications for new licences.

1.3 We had also received feedback from stakeholders regarding our technical policy in relation to the frequencies and coverage areas for community radio licences. Some existing stations and applicants felt that it did not sufficiently take account of individual station requirements, which may differ. Our consultation considered how we might change our policy to address this.

1.4 Finally, our consultation sought views on which aspects of our community radio work we should prioritise after our current round of licensing is completed.

Stakeholder responses

1.5 We received 43 responses to the consultation questions, from a variety of stakeholders. These responses reflected stakeholder views on all three of the areas on which we sought views, as well as some additional views. The comments we received from stakeholders are reflected in Sections 3 to 5 of this document. We also received 98 expressions of interest from potential applicants for new licences.

Our decision

Future licensing of community radio services

1.6 Due to the level of demand for licences evidenced by the number of expressions of interest we received, we have decided to proceed with a further round of analogue community radio licensing.

1.7 As a result of the consultation feedback, we have decided to invite applications before carrying out frequency planning work, with a view to speeding up our processes for granting new licences.

1.8 We have therefore decided to proceed to invite applications for new community radio services in all the areas for which we have received expressions of interest.

1.9 We will:

- prioritise those locations that do not overlap with an existing community radio service, by inviting applications in those areas now; and
- later this year invite applications in the areas where there is at least one existing community radio service.

1.10 An invitation to apply for new licences in the first batch of areas will be published alongside this statement. An updated application form and notes of guidance will be published next Friday, 5 May.

Changes to our technical policy

1.11 In our consultation, we proposed changes to our technical policy which we apply in relation to the frequencies and coverage areas for community radio licences, in order to give a degree of flexibility while also giving some guidance on typical coverage areas. However, a number of respondents commented that the revised policy we proposed was overly restrictive.

1.12 In the light of the responses we have received, we have decided to amend our technical policy so that it no longer refers to limitations on the coverage radius and transmission power of community radio services. This will enable us adopt a more flexible approach and to consider new licence applications for wider areas, where that will better serve the target community and it is technically possible.

1.13 We have also made amendments to our technical policy as it applies to requests for improvements to coverage and coverage extensions for existing licensees. In relation to requests for coverage extensions, we will apply six “core considerations”:

- whether the area or locality into which the licensee wishes to extend its coverage has a relationship or affinity to the existing licensed area (e.g. whether a coverage extension would be appropriate in view of a station’s stated target community);
- whether the increase in the licensed area could be reasonably considered to be "significant";
- whether there are any exceptional circumstances which would justify an increase which would be reasonably considered to be "significant";
- if additional frequency resource is required to facilitate the requested extension and whether suitable resource exists;
- the impact that a change (i.e. relay transmitters, or power of an existing transmitter actually to bring coverage to that extended area) would have on frequency availability over a (much) wider area; and
- the potential impact on other licensed commercial and community radio services.

Priorities for future work

1.14 Based on responses from stakeholders, we have decided to modify our proposed prioritisation of future work.

1.15 Our first priority will be to conduct a new licensing round, as set out above. An invitation to apply for licences will be published alongside this statement, closing on Thursday 27 July 2017 at 3pm.

1.16 Once the invitation windows for this new licensing round have closed, we will consider requests for coverage improvements from existing services. Requests from stations suffering significant levels of interference will be given the highest priority, followed by requests from stations with poor reception within their coverage area.

1.17 Next we will consider requests for coverage extensions for existing services.

1.18 We expect that, by 2018, a licensing framework will be in place that will enable us to begin licensing small-scale DAB services.

Section 2

Background

Why we consulted

2.1 Community radio stations bring a range of benefits to the communities they serve and we would like to offer more new licences. Our last licensing round, which started in 2011, was conducted on a region-by-region basis and will be completed in Spring 2017. Before embarking on another round of licensing, we wanted to consider the best way to do this, taking account of the level of demand from potential applicants and requests from licensees to allow improvements and/or extensions to their coverage areas.

Licensing new services: the legal framework

2.2 Community radio licences are advertised and awarded in accordance with Broadcasting Act 1990, as modified by the Community Radio Order 2004. This requires that when we propose to grant a community radio licence, we invite applications and that we also specify any areas or localities in relation to which no applications may be made.[1]

Expressions of interest for new licences

2.3 As part of the consultation we invited potential applicants to tell us a little about themselves and their aspirations, to help us gauge the level of interest for new community radio licences. We asked for contact details, the area the applicant wishes to broadcast to, a short description of the target community and the proposed location of the transmitter (to help us check frequency availability).

Objectives for licensing more services

2.4 We drew up a set of objectives for licensing more analogue community radio services. We said we wanted to run a shorter, more focused process, that was quicker than previous rounds and met as many of our objectives as possible. We said we aim to:

- where possible, bring community radio services to under-served communities that want them, providing social gain (community benefits) to those communities;
- run an efficient and timely licensing process: applicants should not have to wait too long to apply, and when they have applied they should not wait too long for a decision;
- organise a fair and transparent licensing process: all applicants should be confident that their proposals are being considered and judged in the same way as everyone else's; and

[1] Section 104 of the Broadcasting Act 1990, as amended by the Article 3 of the Community Radio Order 2004.

- try to match the demand for licences with available FM frequencies.

2.5 In our consultation, we identified four options for amending our licensing processes, which we assessed by reference to our objectives. Stakeholder comments on these options and our conclusions are set out in section 3.

Our technical policy

2.6 Our policy in relation to the technical aspects of community radio licences – available frequencies and coverage area - [2] has remained virtually unchanged since we started licensing community radio services in 2005. It says:

- Community radio stations on FM in urban areas will generally be licensed for a coverage radius of up to 5km.
- For urban 'community of interest' services, where the target community occupies an area of more than a 5km radius, only AM frequencies will normally be allocated.
- In rural areas where there is greater availability of suitable FM frequencies (such as parts of Scotland and Wales) and a coverage radius of more than 5km is proposed, we may license such services on FM.
- In rural areas where the availability of suitable FM frequencies is poor and a coverage radius of more than 5km is proposed, only AM frequencies will be allocated.

2.7 We decided that the maximum power would normally be limited to 25 watts (per plane). We judged this power level to be sufficient, in most cases, to deliver a coverage area of around a 5km radius. In the vast majority of cases this has proven to be so. In addition, keeping to a benchmark power level has simplified the planning process, enabling more stations to be planned, and fairly quickly. It has also meant that fewer transmitting antennas with complicated directional patterns were required, which can increase the cost.

2.8 As a result, the majority of community radio stations have been licensed with 50 watts maximum power (i.e. 25 watts per plane), operating from one transmitter site and with one FM frequency. The exceptions have been when:

- The target community is in a rural location where the population is dispersed, and there were sufficient frequencies to either license at a higher power, and/or use more than one frequency (as referred to in our policy above).
- Incoming interference on the available frequency was unacceptably high and no alternative frequency was available.
- A licence was granted to cover an area that could not be served with a radiated power of 25 watts per plane (usually due to local terrain and site issues), and where other solutions, such as increasing antenna height, would not improve coverage sufficiently.

[2] https://www.ofcom.org.uk/__data/assets/pdf_file/0018/54621/analogue-coverage-policy.pdf

2.9 We have not licensed higher powers where this would have caused interference to existing licensed services.

2.10 The broad-brush maximum power level of 25 watts per plane for the majority of community radio stations has been quicker and easier for us to administer than a more flexible approach, but may not result in the same coverage in each case and some existing stations and applicants feel that it does not sufficiently take into account individual station requirements, which may differ.

2.11 We have had feedback on the common problems encountered by stations and the reasons they may seek to change their coverage area. These include issues with incoming interference, poor choice of transmitter site, poor reception in some parts of the coverage area, local demographic changes, and requests to cover a wider area than the current licence permits.

2.12 In light of these concerns, we decided it was an appropriate time to re-consider our technical policy. Stakeholder comments on the changes we proposed to our technical policy and our conclusions are set out in section 4.

Section 3

Licensing new services

Options for licensing new services

3.1 We said in the consultation that we would like to conduct a short community radio licensing round, but that we only had a small window of opportunity, of around a year, to do this.

3.2 We proposed to adopt a new approach for the next licensing round, as we considered that the approaches we followed previously would end up taking some years to complete. We said that we would like to keep any new round short (to ensure we can shift to small-scale DAB licensing work when necessary) and manageable (with fewer applications than previous rounds).

3.3 We conducted the consultation to seek views on what approach we should adopt. We also sought 'expressions of interest' from potential applicants to help us understand better the likely demand for new licences.

3.4 In the consultation, we set out four different possible licensing options for this short round:

a) Invite applications only from areas with no existing community radio service;

b) Invite applications only from areas with greater availability of FM frequencies;

c) Targeted invitation: invite applications for locations where we have evidence of demand (using 'expressions of interest', where a potential applicant group has given us information about its proposals including the location of the proposed service) after checking that there is a suitable FM frequency available;

d) Invite applications in areas where a frequency has become available (e.g. after a station has surrendered its licence).

Ofcom's preferred licensing approach

3.5 As stated in the consultation, our preferred licensing approach was targeted invitations (licensing option (c) above).

Licensing new community radio services: responses to the consultation

3.6 We received 43 responses to our consultation and set out below the comments we received on each of the four options we identified for the next licensing round. Option (c): targeted invitations (Ofcom's preferred option).

3.7 The majority of responses (31) were in favour of Ofcom inviting further community radio licence applications, and many supported Ofcom's preferred option of a short round of community radio licensing for locations where we know there is demand from potential applicants (based on expressions of interest we have received).

3.8 The Community Media Association (CMA) is a membership organisation which represents the interests of the community media sector to Government, industry and regulatory bodies. It reported that there was broad support for the proposal among CMA members. Both the Wales Community Radio Network and Ofcom's Advisory Committee for Wales felt that a shorter more focused process taking account of evidence of local interest and frequency availability was a sensible approach. One confidential response said the proposal would help avoid time wasted by applicants on places where no suitable frequencies could be identified.

3.9 However, a small number of the respondents considered that spending time checking frequency availability would lead to a delay before starting another round of community radio licensing. Both Moss Media and The Radio People felt that checking for suitable frequencies might lead to a delay in inviting applications. The Radio People suggested that the responsibility of identifying a suitable frequency should lie with the applicant. Others urged us to invite applications as soon as possible. In the light of these comments, we have amended our approach as set out below.

Option (a): Invite applications only from areas with no existing community radio service

3.10 In Cannock Chase Radio's view, a short licensing round for communities which are not currently served by a community station should be Ofcom's priority.

3.11 Some existing community radio stations also supported this option. For example The Eye FM (in Melton Mowbray) and GTFM (in Pontypridd) had some concerns about the effect of licensing new stations on existing services, where their coverage overlaps. They felt new stations could impact on the viability of existing services and therefore argued that the focus for a short round should be to bring community radio to areas currently not served.

3.12 In contrast, some, for example Media Ireland, felt that any group proposing to reach a target community not currently being served, whether or not the station would overlap with an existing service, should be given the same opportunity to apply.

Option (b): Invite applications only from areas with greater availability of FM frequencies

3.13 In his response, Matthew Perry said in his view local radio is in decline due to an increase in networking, and a new community station catering for a local audience could work in many areas. As a result, he felt Ofcom should think less of the demand for licences and more about whether a frequency is available.

3.14 Several respondents disagreed with our proposal to use 'evidence of demand' as a basis for holding another round of licensing. Radio Saltire considered that each application should be dealt with on its own merits rather than on a perceived area of demand.

3.15 However, taking account of the majority of responses in favour of a process led by evidence of demand, we remain satisfied that this is appropriate approach.

3.16 Radio Scarborough felt that the overall approach to licensing should be far more flexible and that each application should be evaluated on an individual basis. It also argued that where a licence has been declined there should be more scope for

review of the decision, and once any shortcomings have been addressed a licence should be granted, regardless of whether a licensing 'round' is currently open.

3.17 Community radio licensing is a competitive process and Ofcom has an obligation to operate a fair system. As set out in Section 2, this entails inviting applications on the basis that any group can apply in a specified area, within a given timeframe and subject to any other requirements set out in the invitation document. In fairness to all applicants we cannot negotiate with some applicants about changing and improving their proposals once a decision not to award a licence has been made. However, in our most recent licensing round we have offered written feedback to such applicants so that they can consider how they might improve their plans were they to apply again in another licensing round.

Option (d): invite applications in areas where a frequency has become available

3.18 None of the consultation respondents favoured this option over the others.

Objections to more community radio licensing

3.19 A small number of respondents disagreed with the proposal to run a further short round of community radio licensing. RadioCentre, the Lincs FM Group and Folder Media all suggested that that there needs to be a more fundamental consideration of whether it is right to proceed with further licensing at all, rather than simply examining how to do so. If Ofcom remains convinced of the wisdom of licensing more community radio once it has completed this analysis, then they felt that targeted invitations are probably the right approach.

3.20 In proposing a further round of licensing, Ofcom was responding to demand from a small number of potential applicants. As part of the consultation we invited expressions of interest for community radio licences to help us gauge potential demand. We received close to 100 responses. We concluded therefore that there is a clear and continuing demand for FM licences (alongside interest from potential operators for opportunities to broadcast on DAB too).

3.21 RadioCentre, the Lincs FM Group and Folder Media felt that an assessment of the impact of licensing further community stations on existing commercial stations should be conducted prior to another round of licensing.

3.22 Community radio legislation already requires Ofcom to consider the impact of licensing new services on existing commercial radio services when we make licensing decisions. We do not accept that there is a need for an additional impact assessment prior to starting a further round of licensing.

3.23 RadioCentre, the Lincs FM Group and Folder Media all suggested that available spectrum could be utilised by commercial radio services as well as community stations. RadioCentre said *"commercial stations continue to operate in an extremely competitive environment, consequently the ability to extend or boost coverage within a particular area could have a positive impact on numerous small commercial services".*

3.24 Commercial radio stations can and do request changes to their transmission arrangements, including additional frequencies and/or an extension to a licensed

coverage area. Ofcom processes such requests in line with our technical policy (which is on our website[3]).

3.25 We do not consider that the three respondents referred to above made a strong case for not going ahead with a short round of further community radio licensing, when weighed against the number of respondents who supported this proposal. In addition, we consider that if suitable FM spectrum is available we should give groups an opportunity to apply for licences, rather than letting it remain unused. The use of spectrum to license new community radio services is in line with Ofcom's obligation to ensure the best use of available frequencies (many of which would not provide sufficient coverage to support a commercially-sustainable radio service), and promote choice for consumers.

Expressions of interest

3.26 We received 98 'expressions of interest' from groups regarding potential applications for new community radio services all over the UK. Of these:

- ten are for locations in Northern Ireland;
- seven are for locations in Scotland;
- seven are for locations in Wales; and
- 74 are for locations in England.

3.27 We had multiple expressions of interest from at least two groups. However, the community radio legislation does not allow any company to hold more than one licence. In addition, six existing stations contacted us about extending their current coverage areas. These have been excluded from the totals above, as we were seeking feedback from groups who wished to apply for new licences.

3.28 We said in the consultation that if the expressions of interest indicated a level of demand that we could not deal with in a short round, we may need to impose a limit on the number of areas for which we are willing to invite applications. We said we would need to decide how to prioritise the invitation areas and would draw on feedback to the consultation to decide how to do this.

Ofcom's decision

3.29 Due to the level of demand for licences, we have decided to proceed with a further round of analogue community radio licensing.

3.30 As a result of the consultation feedback referred to above, we have decided not to delay inviting applications by carrying out frequency planning work in advance. The process of checking frequency availability before inviting applications does take some time. The main advantage is a degree of certainty for applicants who might, in some cases, submit an application for an area in which no suitable frequency is available. However, we also have to consider that stakeholders want Ofcom to move ahead with inviting applications as soon as possible, and that carrying out frequency planning for all of the areas for which we are inviting applications would

[3] https://www.ofcom.org.uk/manage-your-licence/radio-broadcast-licensing/apply-for-a-radio-broadcast-licence

lead to delays in being able to invite applications, as noted by a number of respondents to our consultation.

3.31 On that basis, we consider that it is better to proceed to inviting applications before carrying out extensive frequency planning work. We also note that inviting applications without advance frequency planning is in line with our process for the final two 'regions' in our third round of licensing (when we invited applications for locations in the south east of England (excluding London), and then in London and other areas within the M25).

3.32 We have also decided to invite applications for every area in respect of which we received an expression of interest. Applications will be invited in two phases, with priority given to those areas which are not currently served by a community radio station.

3.33 We consider that this approach is consistent with the majority view expressed in response to the consultation. Most respondents (31) agreed that option c was the best approach, while there was also significant support for option a (inviting applications only from areas with no existing community radio service).

3.34 In addition, in the consultation we reported that the CMA had conducted a survey of its members, where 23 out of 57 respondents had said their first priority would be for Ofcom to license new services in areas without existing community radio services.

3.35 Of the 98 expressions of interest we have received, 57 are for 'new' areas (i.e. the proposed service does not overlap with an existing community radio service), and are for a total of 54 different locations (excluding those areas for which we invited applications in Round 3). Of these, six are in Northern Ireland, four are in Scotland, seven are in Wales, and 45 are in England.

3.36 The invitation to apply for a licence in any of these areas is being published alongside this statement.

3.37 An invitation to apply for a licence in the remaining areas for which we have received expressions of interest (i.e. those which are already served by at least one community radio service) will follow in due course.

3.38 As set out above, we have had to balance the desire for applicants to have certainty of frequency availability for the areas in which they are making applications, with the desire of many potential applicants to be able to apply for a licence without significant delays. Though there is a possibility that a frequency may not be available in a given area, we note that this approach mirrors that we took in the third round of community radio licensing, and in that round, fewer than 3% of applications raised frequency availability issues.

Section 4

Changes to our technical policy

Background

4.1 Our technical policy for community radio has remained largely unchanged since we started licensing stations in 2005. We have had feedback from new and existing licensees about applying a more flexible approach, and therefore considered this was an appropriate time to consider revising our policy.

Proposals in our consultation

4.2 In our consultation, we set out our proposals for changes to our technical policy in three areas: new community radio services, coverage improvements for existing services, and coverage extensions for existing services.

New community radio services

4.3 For each new station, we proposed to take into consideration the station's target community, and where that community is situated before determining the licensed coverage area.

4.4 We said that in urban and suburban areas, community radio stations on FM would generally be licensed for a coverage radius of around 5km. In rural areas where there is greater availability of suitable FM frequencies, a larger coverage radius may be licensed.

4.5 On AM, we said that community radio stations would generally be licensed for a coverage radius of around 10km.

4.6 We also said that FM stations are usually licensed with one frequency from one transmission site. The maximum power is typically 25 watts per plane. Higher powers may be considered in the event of high levels of predicted incoming interference, or to ensure adequate signal levels across the target coverage area. However, higher powers will not generally be considered to overcome the effects of poor transmitter site selection. (Higher powers may require the use of directional transmitting antennas to protect other licensed services.)

Coverage improvements for existing services

4.7 The technical policy proposed said that requests for improvements to coverage within the existing licensed area (e.g. a power increase or the addition of a relay transmitter) could be considered in order to serve the target community adequately (for example to help overcome poor coverage due to interference or local terrain issues).

Coverage extensions for existing services

4.8 Our consultation reiterated that a station may request to extend its licensed coverage area. The Broadcasting Act 1990 (Section 106(4) to (6) as amended by the Communications Act 2003 and modified by the Community Radio Order 2004) provides for Ofcom to authorise an extension to a licensed area into an adjoining

area or locality if: it would not result in a significant increase in the licensed area; or it considers that the increase in the licensed area is justifiable in the exceptional circumstances of the case.

4.9 Taking account of these provisions, we proposed six core considerations to use when considering, on a case by case basis, whether or not to consent to requests for extending coverage of the existing licensed area into an adjoining area or locality. We sought views on these core considerations in the consultation. They are:

- Whether the increase in the licensed area could be reasonably considered to be "significant". In determining this, Ofcom will have regard to the size of the population increase which would result from the extension to the licensed area, and also to the size of the adjoining area or locality.

- Whether the area or locality into which the licensee wishes to extend its coverage has a relationship or affinity to the existing licensed area (e.g. whether a coverage extension would be appropriate in view of a station's stated target community. An extension of coverage to small villages surrounding a central town or city is less likely to be considered "significant" than an extension of coverage to another sizeable population centre). Each case will be different, and will be judged on its merits.

- Whether there are any exceptional circumstances which would justify an increase which would be reasonably considered to be "significant". (We may take into account original application proposals; requests to extend coverage to include people in the same target community who are in neighbouring underserved areas; and changes to local demographics, for example).

- If additional frequency resource is required to facilitate the requested extension, whether suitable resource exists.

- The impact that an appropriately-dimensioned increase in frequency resources (i.e. relay transmitters, or power of an existing transmitter to bring coverage to that extended area) would have on frequency availability over a (much) wider area.

- The potential impact on other licensed radio services. We will consider how much the proposed extended coverage would overlap with existing commercial and community radio stations. Where a community radio licence has a restriction on funding (a cap on income from on-air advertising and sponsorship of £15,000 per year) due to overlap with a commercial service, we are unlikely to agree to an extension that would increase the overlap with that service. Where an extension would extend coverage into the core area of an overlapped commercial or community service (for example into the main town served by that station) we may not agree to a request.

4.10 A station will need to make an application, and put forward a reasoned argument as to why an extension of the existing licensed area into an adjoining area or locality is requested, along with supporting evidence (such as demographic or other appropriate evidence or information relating to their case).

Policy for new community radio services: responses to the consultation

4.11 In the consultation, we asked three questions about the proposed technical policy: one with regard to the policy for new stations, one about coverage improvements for existing services, and one regarding extensions to existing coverage areas.

4.12 With regard to new community radio stations we asked: *"Do you agree with our proposed revised coverage policy in relation to new community radio services? If not, please give us your reasons."*

4.13 Most of the responses from existing and aspirant community radio stations generally agreed with our proposals, except with regard to the reference to a 5km radius for stations.

4.14 Seahaven FM suggested that, before licensing any new stations, existing stations should be taken into account by consulting with stations which are in the same location or nearby.

4.15 The Eye had a similar view saying they agreed with the proposed new policy "…*provided existing services are given the same opportunities. It would be unfair to allow new stations extra coverage when existing stations are so restricted. There needs to be a level playing field for all.*"

4.16 Cambridge 105 pointed out that it isn't only rural areas which should benefit from a larger area – "*In some areas, target communities are heavily commuter-focused, and so covering, for example, those who work in a city also requires extension beyond the city into the "commuter belt" of surrounding villages to adequately cover the community across their daily lives*."

4.17 Sahara Radio said 'The current proposal limiting all new licensing in urban and sub-urban areas to 5km is too small and should consider extending to meet the needs of communities which are large and audience spread across, say 10km'

4.18 The Radio People suggested that applicants could find their own frequencies, using a similar process to that used by the FCC in the USA. They also believe *"Whilst frequency spectrum is a scarce resource and frequency availability is likely to continue be an issue in metropolitan areas, we believe that there remains an abundance of unused FM capacity that Ofcom has not yet utilised."* and *" the broad-brush 25 watts approach* [is] *by your own admission all about making it 'easier and quicker for us to administer than a more flexible approach'. This approach has failed to take into account individual station requirements, and does not put the communities that need to be served at the centre of the solution."*

4.19 Moss Media thought "…*the arbitrary coverage radius of 5km…has an unwelcome side effect of insufficient or variable coverage in less sizeable urban areas - where the targeted potential audience/community of interest may be distributed throughout the entire area.*"

4.20 Transplan's said "*Ofcom's overall policy should be that 5km is a guide and it is the responsibility of the Applicant to present a convincing case otherwise*."

4.21 Ofcom's Advisory Committee for Wales welcomed the proposed flexibility pointing out that some areas in Wales are currently under-served by any local radio, tended to be more rural and therefore frequency availability was less of a problem.

4.22 North Cotswold Community Radio disagreed with the proposal. It said "No, we … know our audience therefore we should be able to propose our coverage area & how to reach our community. One of the main reasons why many community stations have failed is because Ofcom have insisted on unrealistic coverage areas and have kowtowed to the commercial interests of other stations."

4.23 Folder Media has concerns about "…greater expansion of both new and existing community radio services without considering the suitability on a market by market basis.", and "…we believe Ofcom should conduct a thorough impact assessment…" It suggested that there should be a public analysis of FM availability pointing out that the original objective was to ensure that any frequencies for community radio are those which could not be viable for commercial radio to use.

4.24 The Lincs FM Group wanted Ofcom to continue with the 5km policy *"unless the entirety of the new coverage area is genuinely rural and that the new coverage does not bring any new towns or sizable communities into the coverage area."*

4.25 RadioCentre was broadly in agreement but said *"allowing community radio stations to extend coverage into an adjoining area or locality is a power that should be limited and only be used in very exceptional circumstances."* and *"if such an extension increases an overlap with a commercial radio service it should generally be refused."*

Policy regarding improvements to coverage for existing services: responses to the consultation

4.26 Next we set out our proposed revised policy with regard to improvements for coverage for existing services. We asked*: "Do you agree with our proposal to consider requests to improve coverage within the licensed area for existing licensed services? If not, please give us your views".*

4.27 Most existing community radio stations generally agreed with our proposals.

4.28 Eden felt improvements to coverage were "*of particular importance to existing stations in very rural areas* [which] *should have priority over city stations, who already have significant audience numbers. Rural stations suffer from small areas and therefore small populations, making them unsustainable."*

4.29 Phonic FM welcomed the idea of improvements to coverage, but pointed out that the costs of changing site, increasing power or providing a relay may be too expensive for most stations.

4.30 Radio Ninesprings agreed with the proposals but warned *"that any increase in signal strength* [should] *not unreasonably encroach on the licensed coverage area of adjoining community stations and set one community radio station against another. If this were to happen, it would force community stations to compete for funding and support"*

4.31 The Eye agreed with the proposal. It said there are *"a number of stations serving rural areas with a mix of villages and one or two small towns have 'holes' in their prime coverage area. This seems to particularly affect the towns as they tend to be at the bottom of hills making reception poor. The easiest thing would be to allow an increase in power, subject to no interference to other services… an alternative, but more expensive option, would be a low powered fill-in transmitter on another suitable frequency sited in the main town itself".*

4.32 Moss Media felt that *"If an application for a power increase is valid in audience coverage terms, can be justified and backed by professional research, analysis and formal coverage predictions, and is found to result in little, acceptable or no increased conflict with existing services of any type, we do not believe a subjective view about a "poor" transmission site constitutes a valid reason for refusal to at least consider it. The question surely is: will the requested power level do the proposed/intended job without a greater downside when compared to the existing power level at that site?"*

4.33 Both Folder Media and Lincs FM were worried about competition to existing commercial stations. Lincs FM also felt that the 5km limit should not be exceeded unless the community station was genuinely rural.

4.34 RadioCentre went further and want more consultation regarding each decision. They said *"…allowing community radio stations to extend coverage into an adjoining area or locality is a power that should be limited and only be used in very exceptional circumstances. Any decision should follow a public consultation and full examination of the options. In addition, if such an extension increases an overlap with a commercial radio service it should generally be refused."*

Policy regarding extensions to coverage for existing services: responses to the consultation

4.35 Thirdly we set out our proposed revised policy with regard to extensions to coverage for existing services. We asked "*Do you agree with our proposal to consider requests to extend the existing licensed area of a community radio service into an adjoining area or locality? We will consider such requests against statutory criteria, and propose to use six core considerations to help us decide whether or not to agree to a request. Do you agree with the core considerations we propose to use? If not, please give us your comments".*

4.36 Generally, most respondents were in favour of our proposals. Respondents from the commercial radio sector felt that if frequencies were available for wider areas they should primarily be used for commercial radio.

4.37 Radio West Fife was broadly in favour, although *"…we would like to see safeguards that considered whether the extended area would be better served by its own community radio station and the opportunity for an application from within the extension area for a stand-alone service."*

4.38 The Radio People said "*it is not clear as to whether some, the majority or all of these core considerations need to be met in order for a licence extension request to be granted. Specifically:*

- *We believe there should be guidance (or at least a definition) to indicate what Ofcom considers to be a 'significant' population increase.*
- *We welcome the proposal to judge each request on its merits - as the measure of a relationship to or affinity with an existing licensed area can only be assessed on a case by case basis.*
- *We acknowledge that Ofcom will consider the impact on frequency availability over a wider area but why a '(much)' wider area'? It might be helpful to have*

greater clarification on what is considered to be 'the core area' of an overlapped commercial or community service."

4.39 Transplan considered that "*requests to provide an additional or linked service to an adjacent area should be addressed positively and on an individual merit basis rather than falling back on to the proposed six core criteria*" (although there was no counter proposal as to what this 'individual merit basis' should be).

4.40 Ofcom's Advisory Committee for Wales said "*The six core considerations … appear to us to be broadly reasonable. However, we disagree with the approach of the core considerations in situations where community stations overlap significantly with small local commercial stations. Such [community] stations were originally unable to raise any commercial income, but the rules in this area were liberalised a few years ago, following the outcome of a DCMS consultation. In our view a small increase in coverage, under such circumstances, would have minimal commercial impact on the relevant local commercial station. We therefore believe that the core considerations should not automatically rule out such extensions of coverage in such cases.*"

4.41 One confidential respondent thought that "*stations should seek professional advice from those industry specialists who can model coverage and provide the necessary "bridge" between the licensee and the regulator. I don't feel it's Ofcom's remit to be getting involved in providing technical support to individual licensees.*"

Ofcom's decision

4.42 A number of the responses we received said our revised policy, which was aimed at giving a degree of flexibility while also giving some guidance on typical coverage areas, was felt by some to be overly restrictive.

4.43 As a result, we have decided to amend our proposed policy so that it no longer sets general coverage restrictions for community radio services. We have added some information to help stakeholders understand the technical restraints that may apply.

4.44 There was general support for the proposed policy with regard to coverage improvements for existing services, and coverage extensions for existing services and so this is unchanged from our consultation proposal.

4.45 The revised policy we have decided to adopt is as set out below.

New community radio services

4.46 Although we believe it is helpful to set guidance that frequency availability may often limit transmission powers to around 25 watts and the coverage radius to around 5km, we have decided to move away from overly restrictive requirements based on limiting coverage radius or transmission power. Instead, we are now adopting a more flexible approach and will consider applications for wider areas where applicants can demonstrate that the proposed coverage area will better serve the target community, and where it is technically possible.

4.47 In determining the licensed coverage area we will, for each new station, take into consideration the station's target community, and where that community is situated. In particular, we recognise that a community of interest may be spread over a wider area than a community of people living in the same town.

4.48 Each station must provide a service that conforms with the legal requirements for community radio (the 'characteristics of service'). It must define its target community or communities (people in an area or locality; or a community of interest); and provide benefits that are accessible to people across the proposed coverage area. These include (but are not limited to):

i) giving opportunities to members of the target community to participate in the station (e.g. as volunteers producing content; running the station);

ii) delivering benefits (social gain) to the target community, including providing training.

4.49 Potential applicants should be aware that:

- In many parts of the UK, particularly in urban and suburban areas, the FM broadcasting bands are already crowded. Licensing new services (or expanding existing ones) in such areas has the potential to cause outgoing interference to other radio stations, and/or be susceptible to incoming interference from other licensed services, which means listeners may not be able to hear either or both services properly. As a result, additional frequencies or higher power levels are unlikely to be available in such areas.

- Frequency availability in urban and suburban areas may be dependent on more complex transmitting antennas (and thus higher expenditure) in order to protect existing services from interference, if higher powers are to be used.

- Generally there is likely to be greater scope for larger coverage areas in rural locations, where there may be a greater availability of suitable FM frequencies.

Coverage improvements for existing services:

4.50 Requests for improvements to coverage within the existing licensed area (e.g. a power increase or the addition of a relay transmitter) can be considered in order to serve the target community adequately (for example to help overcome poor coverage due to interference or local terrain issues).

4.51 If a power increase is granted or the addition of a relay transmitter agreed, should there be a subsequent site move some technical modifications may be required (such as a null or a power reduction) if other existing services are impacted, or if the service would extend beyond the agreed licensed coverage area.

Coverage extensions for existing services

4.52 A station may request to extend its licensed coverage area. The Broadcasting Act 1990 (Section 106(4) to (6) as amended by the Communications Act 2003 and modified by the Community Radio Order 2004) provides for Ofcom to authorise an extension to a licensed area into an adjoining area or locality if: it would not result in a significant increase in the licensed area, or; it considers that the increase in the licensed area is justifiable in the exceptional circumstances of the case.

4.53 In addition, we will use six 'core considerations' when considering requests:

- whether the area or locality into which the licensee wishes to extend its coverage has a relationship or affinity to the existing licensed area (e.g. whether a

coverage extension would be appropriate in view of a station's stated target community);

- whether the increase in the licensed area could be reasonably considered to be "significant";
- whether there are any exceptional circumstances which would justify an increase which would be reasonably considered to be "significant";
- if additional frequency resource is required to facilitate the requested extension and whether suitable resource exists;
- the impact that a change (i.e. relay transmitters, or power of an existing transmitter actually to bring coverage to that extended area) would have on frequency availability over a (much) wider area; and
- the potential impact on other licensed commercial and community radio services.

Section 5

Priorities for the future

Background

5.1 We have decided to invite further applications for new community radio licences, and to make changes to our technical policy. We also need to decide where to focus our efforts. We sought views on our priorities as part of the consultation.

5.2 We said that we anticipated our current (third) round of licensing would draw to a close in late spring 2017, and that licensing of small-scale DAB services was not likely to commence before 2018. This remains the case.

5.3 Our work on the 32 applications that were submitted in late October 2016 for areas in Greater London and for AM licences continues, and we anticipate that decisions will be made before the summer.

5.4 The Broadcasting (Radio Multiplex Services) Bill 2016-17 (a Private Member's Bill) has been going through the Parliamentary process. The Bill makes provision about the regulation of small-scale radio multiplex services; and for connected purposes.

5.5 We also highlighted that Ofcom's ongoing community radio work ("business as usual") has grown with the number of licensed services and will continue. It includes:

- technical and administrative work associated with getting new services on-air;
- processing licence extension requests;
- licence management (including licence variations, changes to licensee companies, requests for licence transfers);
- dealing with complaints and licence compliance investigations;
- assessing compliance with funding rules (via annual finance reports);
- assessing and implementing requests for changes to transmission arrangements; and
- administering the Community Radio Fund.

Our proposed priorities

5.6 We proposed that, in the period from our work on the third round of licensing finishing and work on small-scale DAB licensing commencing, we would have a period when we could license more analogue services, as well as consider coverage improvements for existing services.

5.7 In our consultation, we proposed that:

- Our first priority should be to conduct a short focused new licensing round.

- Our second priority would be to consider coverage improvements and coverage extensions for existing services:
    - requests from stations suffering significant levels of interference should be considered first;
    - this would be followed by requests from stations with poor reception within their coverage area;
    - requests for a wider coverage area than currently licensed (i.e. an extension to the licensed coverage area) would be dealt with as a lower priority.
- Our third priority would be to engage in technical planning ahead of anticipated licensing for small-scale DAB services. The priority of this work would increase as we get nearer to the date that new licensing for these services can commence.

Responses to the consultation

5.8 In the consultation, we asked: *"do you agree with Ofcom's proposals regarding its community radio work priorities? If not, please tell us why."*

5.9 27 respondents supported our proposal on priorities for future work. 8 respondents disagreed.

Licensing new services

5.10 RadioCentre disagreed with our proposal. It felt *"Ofcom should conduct an impact assessment of community radio and its effect on the local media market"* before deciding whether to licence more services or allow the expansion of existing ones. Along with Folder Media, RadioCentre felt Ofcom should conduct an analysis of available FM spectrum to consider whether some may be suitable for commercial radio services.

5.11 The Radio People felt that frequency planning should not be allowed to delay the process of inviting applications for new licences. HNBT suggested that *"the use of AM/MW by listeners is decreasing and therefore we believe that Ofcom resources should not be used with planning any new AM/MW services* [unless] *BBC local radio closes its AM/MW transmissions then these frequencies and sites could be offered to 'community of interest' broadcasters".*

5.12 North Cotswold Community Radio urged Ofcom to *"take an all-round approach including looking to the internet* …[ignoring] *internet only stations …is indicative of narrow thinking".*

Improvements to existing coverage

5.13 The CMA highlighted some comments from the sector, including: "*We strongly believe that the current stations on air need Ofcom's attention … why not get all existing licensees taken care of before considering another round?*" This point was echoed by some other respondents:

- Eden FM's view is that existing stations' technical issues should be examined first.

- The Radio People argued that all requests for coverage improvements should be considered at the same time to ensure fairness.

- Media Ireland suggested that the expansion of existing services into neighbouring areas should be done at the same time as offering new licences, as both require similar technical and spectrum planning considerations.

- Seahaven FM felt existing stations could lose out if the revised coverage policy is applied to new stations without knowing what existing stations want. It suggested Ofcom invite existing stations to register their interest early on to help avoid this.

- Belfast FM supported improving coverage for existing stations and technical planning for small-scale DAB services first. It argued that "*allocating new licences should not have any greater priority than ensuring that existing services have the maximum opportunity for viability and sustainability".*

Small-scale DAB

5.14 A number of respondents commented on the prioritisation of analogue and digital licensing, given that we expect to be licensing small-scale DAB services by 2018. Eden FM said "*there is government pressure to move from FM to DAB … this begs the question as to whether ANY new community stations should be licensed on FM at all?*". One response submitted in confidence expressed the view that "*once community DAB proceeds, planning effort for that should be prioritised over the few remaining FM opportunities*".

5.15 A second confidential response urged Ofcom to consider starting work on DAB now – not after another FM licensing round. Eden FM proposed a technical review for existing stations first, following by small-scale DAB rollout, and then new services in areas where there is existing demand – but on small-scale DAB rather than FM.

Other comments regarding priorities

5.16 A number of stakeholders commented on the priorities for our future work more generally:

- The Eye suggested that extensions for existing services should be prioritised. In addition, it argued that licences should be extended for eight years instead of five.

- Lincs FM group felt it was important that community radio's unique social gain commitments are not lost over time and said Ofcom should ensure it has sufficient resource to properly regulate the sector. It was of the view that there "*was insufficient clarity between some community operators and related commercial operations"*.

- RadioCentre suggested that Ofcom *"needs to invest more time and resources in improving monitoring and compliance … to ensure the highest possible quality and delivery of the statutory objectives".*

- Transplan suggested priorities *"should be reviewed on a monthly basis on evidence of demand and published to stakeholders".*

- Radio Scarborough felt that Ofcom should offer 'wild card' licences where a special case can be made.

Ofcom's decision

5.17 Taking the responses into account we have decided to make some modifications to our proposed priorities:

- Our first priority will be to conduct a short,focused new licensing round. This will prioritise inviting applications in locations that do not overlap with existing services. An invitation to apply for licences will be published alongside this statement, closing on Thursday 27 July 2017 at 3pm.
- Once the invitation window for this new licensing round has closed, we will consider requests for coverage improvements from existing services. Requests from stations suffering significant levels of interference will be given the highest priority, followed by requests from stations with poor reception within their coverage area.
- Next we will consider requests for coverage extensions for existing services.
- We expect that, by 2018, a licensing framework will be in place that will enable us to begin licensing small-scale DAB services and in preparation, we will engage in technical planning ahead of licensing once the framework is in place. The priority of this work will increase as we get nearer to the date that new licensing for these services can commence.

5.18 On licence extensions, we will continue to consider applications from existing licensees for licence extensions as soon as is reasonably practicable. As set out in paragraph 5.5, we have a range of 'business as usual' activities that we are required to continue, and will be carrying out these activities alongside the work set out above.

5.19 On licence terms, the five-year term is set by legislation and any change is a matter for government.

5.20 In respect of community radio's unique social gain commitments, we agree that social gain is a vital part of community radio. In 2016 we streamlined stations' 'Key Commitments' to enable stations to react to changing community needs and circumstances (such as the availability of funding, or partnerships with local bodies) as necessary so that they can provide the most appropriate benefits for their target community at any particular time.

5.21 For high level priorities, such as those under discussion in this consultation, we will publish our decision (via this statement) to give certainty to potential applicants, our licensees and other stakeholders. We would not wish to review and change those priorities on a monthly basis. However, we are alive to the changing demands of the sector and regularly review our workload priorities.

5.22 In respect of 'wild card' licensing, our proposed short focused round of licensing will be an opportunity for groups which feel they have missed out on a licensing opportunity to apply. The legislation requires Ofcom to invite applications and does not lend itself well to a 'wild card' application system.

5.23 Finally, we would like to clarify that internet-only stations are not excluded from applying for licences. Ofcom receives applications from internet stations for both community radio and DAB programme service (DSPS) licences.