

Small-scale radio multiplex licence award: Alnwick and Morpeth

Background

Ofcom has decided to award a new small-scale radio multiplex licence for Alnwick and Morpeth to UK DAB Networks Limited ('UKDAB').

In considering the applications it receives for small-scale radio multiplex licences, Ofcom is required to have regard to each of the statutory criteria set out in section 51(2) of the Broadcasting Act 1996 as modified by the Small-scale Radio Multiplex and Community Digital Radio Order 2019. These are as follows:

1. the extent of the coverage area (within the area or locality specified in the Ofcom notice inviting applications) proposed to be achieved by the applicant in the technical plan submitted in its application; (section 51(2)(a))
2. the ability of the applicant to establish the proposed service; (section 51(2)(c))
3. the desirability of awarding the licence to an applicant that:
 - a) is a person providing or proposing to provide a community digital sound programme service in that area or locality, or
 - b) has as a participant a person providing or proposing to provide a community digital sound programme service in that area or locality; (section 51(2)(ca))
4. the extent to which there is evidence that, amongst persons providing or proposing to provide community or local digital sound programme services in that area or locality, there is a demand for, or support for, the provision of the proposed service; (section 51(2)(f)) and
5. whether, in contracting or offering to contract with persons providing or proposing to provide community or local digital sound programme services, the applicant has acted in a manner calculated to ensure fair and effective competition in the provision of those services. (section 51(2)(g)).

The legislation does not rate these requirements in order of priority, but it may be that Ofcom will regard one or more of the criteria as being particularly important in view of the characteristics of the licence to be awarded and the applications for it.

Assessment of applications

On 1 September 2020, Ofcom published a notice inviting applications for licences to provide small-scale radio multiplex services in several localities, including Alnwick and Morpeth.

Ofcom received two applications in response to its notice inviting applications for this locality by the closing date of applications which was 23 November 2020, from UKDAB and C.I. Broadcasting Limited. Copies of the non-confidential parts of the applications were made available for public scrutiny on the Ofcom website, and public comment was invited as required under section 50(7).

Ofcom colleagues assessed the detail of the applications, including carrying out assessments of the technical plans required to be submitted as part of all applications. Decisions were made by a panel of Ofcom decision makers which convened on 25 June 2021. They carefully considered the applications, public comments received, and professional advice from Ofcom colleagues, and applied the statutory criteria in reaching their decision on whether and to whom to award a licence. Reasons for their decision are summarised below.

In relation to section 51(2)(a) UKDAB proposed using five transmitters to provide a service to the area that was advertised. Ofcom's calculations indicate that this would result in just under 62% of the adult population in the licence area being able to receive the service. Overlap between the population covered by the proposed small-scale multiplex service and the Tyne and Wear local multiplex remained well under the 40% limit, and overspill outside the advertised area well below 30%. Although this represented a somewhat disappointing percentage coverage, Ofcom noted the technical challenges involved in efficiently covering what is a relatively large geographic area, and that the population covered would still be significant in absolute terms.

In relation to section 51(2)(c), Ofcom considered financial and business plans, technical plans, the timetable for coverage roll-out, and evidence of relevant expertise and experience. Ash Elford (who owns 75% of UKDAB) has had significant involvement in the operation of two trial small-scale DAB multiplexes, and has therefore accumulated considerable knowledge of the costs and risks associated with the launch and operation of a small-scale multiplex. The decision makers also noted that UKDAB has good access to funding through loans from minority shareholder, Nation Broadcasting. Ofcom therefore considered that UKDAB would be in a good position to establish the service within 18 months of the date of award, as required by the legislation.

In relation to section 51(2)(ca), it was noted that no C-DSP services (prospective or actual) were participants in the applicant company. Under the legislation, involvement of such a person is a desirable feature but not a necessity for applicants.

In relation to section 51(2)(f), Ofcom considered evidence of demand or support from persons providing or proposing to provide community or local digital sound programme services in the advertised area. Ofcom concluded that the application included some evidence of demand and support from programme service providers potentially interested in taking carriage on the Alnwick and Morpeth multiplex, albeit that the evidence provided did not indicate that discussions were at a particularly advanced stage. We noted the service Lionheart Radio, the analogue community radio station serving Alnwick, was among the potential programme service providers who expressed an interest in taking capacity on the multiplex.

In relation to section 51(2)(g) and based on the evidence received, Ofcom was satisfied that the applicant had, in contracting or offering to contract with persons providing or proposing to provide community or local digital sound programme services, acted in a manner calculated to ensure fair and effective competition in the provision of those services.

It is noted that the award of a licence does not confer on the awardee the right to implement all elements of the technical plan submitted to Ofcom as part of the successful application. Ofcom will treat proposals in that plan, on the basis of which the award was made, as things the successful applicant has committed to achieve within the 18-month period allowed between award and launch. However, for spectrum planning reasons, Ofcom may also require amendments to proposals between award and licence grant.