

# Small-scale radio multiplex licence award: Inverclyde (re-advertisement)

## Background

Ofcom has decided to award a new small-scale radio multiplex licence for Inverclyde to Coast DAB Limited.

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

On 14 July 2022, Ofcom published a notice inviting applications for licences to provide small-scale radio multiplex services in localities including Inverclyde. It is noted that this is the second time a licence for Inverclyde has been advertised. A licence had been awarded to UK DAB Networks Limited (now Nation DAB Networks Limited) in March 2021, but the award had been revoked in June 2022 on the basis Ofcom had reasonable grounds for believing the person to whom it had been awarded would not provide the service within 18 months of award.

By the closing-date of 14 October 2022, Ofcom had received two applications for Inverclyde. These were from Caledonia TX Limited and Coast DAB Limited (“Coast DAB”). 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), although none was received.

Ofcom colleagues assessed the detail of the applications, including carrying out an assessment of the technical plans required to be submitted as part of all applications. The decision in relation to Inverclyde was made by a panel of Ofcom decision makers which convened on 27 January 2023. They carefully considered the applications 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 to award the licence to Coast DAB are summarised below.

In relation to section 51(2)(a), the successful applicant proposed using three transmitters to provide its service. Ofcom calculations indicate that this would result in approximately 81% of the adult population in the advertised licence area being able to receive the service. Ofcom’s coverage predictions indicated that the proposed small-scale radio multiplex service would be available to well under 40% of the population in the licensed area of the overlapping Glasgow local radio multiplex service, and that overspill outside the advertised area was well under 30% of the population of the advertised area. Therefore, no mitigations would be required to comply with these thresholds. Ofcom also considered no mitigations would be likely to be necessary in relation to compliance with the overall Ofcom spectrum plan. Decision makers considered that 81% represented very good coverage of the advertised area, including the main population centres of Dumbarton, Alexandria, Helensburgh, Greenock and Dunoon.

In relation to section 51(2)(c), Ofcom considered the applicant’s financial and business plan, technical plan, the timetable for coverage roll-out, and evidence of relevant expertise and experience. Decision makers noted that there were aspects of the application that reduced confidence in the applicant’s ability to establish the service within the 18 months allowed in legislation. In particular, the applicant provided limited evidence in relation to availability of finances and of agreements with owners of proposed sites being at an advanced stage. These concerns were considered particularly relevant in the context of a re-advertisement of a licence for an area which had been among the first localities prioritised for advertisement by Ofcom but where the successful applicant at that time had proved unable to launch the service. However, decision makers also took into account that the technical plan appeared robust, and the applicant had involved experienced contractors. On balance, and noting the merits of the application in relation to other award criteria and the relatively low predicted set-up costs, decision makers considered Coast DAB had provided an adequate level of confidence in its ability to establish the service within the statutory period. However, it would be important for the

applicant to demonstrate positive progress towards launch, particularly with site owners, to ensure coverage in line with that predicted above, within a reasonable period following award.

In relation to section 51(2)(ca), it was noted that no prospective C-DSP services 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 (C-DSP and DSP services) in the advertised area. The applicant had provided evidence of expressions of interest from four prospective C-DSP services which decision makers considered had a reasonable chance of being available on the multiplex from launch, including an existing analogue community service (Dunoon Community Radio) within the advertised area, two from outside the area, and an online service with a community focus. It had also provided evidence of demand and support from eight other DSP services. Overall, decision makers considered this represented a reasonably good level of support, particularly from C-DSPs, in the context of the particular area.

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. Decision makers noted that the applicant had provided good evidence of active engagement with a range of prospective providers.

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.

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