
National radio multiplex licence renewals

Statement

[National radio multiplex licence renewals](#) – Welsh version

STATEMENT

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1. Overview

- 1.1 The national radio multiplex licences are held by Digital One Limited and Sound Digital Limited. These multiplexes carry national commercial Digital Audio Broadcasting (DAB) services. Their licences expire in November 2023 in the case of Digital One and March 2028 in the case of Sound Digital. A Legislative Reform Order came into force in April 2022 giving Ofcom the power to renew these licences to 31 December 2035.
- 1.2 On 9 June 2022 we consulted on our proposals on certain decisions we need to reach ahead of renewing these licences.¹ These decisions relate to:
- the submission of a new technical plan;
 - the submission of new proposals for promoting or assisting the take-up of equipment capable of receiving the service; and
 - setting, with the consent of the Secretary of State, a percentage of multiplex revenue (PMR) that the licence holder must pay during the renewed licence period.
- 1.3 Having given full consideration to the responses we received, we set out our decisions in this statement. This includes the process for licence renewal and the timetable we will follow.

What we have decided – in brief

We have reached the following decisions, having taken account of the views we received from stakeholders.

- We will not impose any additional coverage obligations on licensees or require the provision of a new technical plan in renewing the licences.
- We will not require the licensees to provide new proposals for how they would promote or assist the acquisition of digital radio equipment.
- We will not set a PMR rate for the renewed term of the licences.
- The statutory deadline for a radio multiplex licensee to apply for licence renewal is the ‘relevant date’ of the licence in question. The relevant date for the Digital One licence date will be 15 November 2022. For the Sound Digital licence the relevant date will be 28 February 2027. The licensees may apply for renewal at any point on or before these dates.

The overview section in this document is a simplified high-level summary only. The decisions we have taken and our reasoning are set out in the full document.

¹ https://www.ofcom.org.uk/_data/assets/pdf_file/0028/238636/multiplex-licence-renewals.pdf

2. Context

2.1 This statement relates to the renewal of the licences for two of the UK’s national radio multiplexes: the licences held by Digital One Limited and Sound Digital Limited. The statement does not relate to the BBC’s national digital radio multiplex, which is regulated under the BBC Charter and Agreement, or local radio multiplex licences.

Eligibility for renewal

2.2 Under section 58 of the Broadcasting Act 1996 (“the Act”), a radio multiplex licence granted within six years of the commencement of the Act (which equates to the period from 1 October 1996 to 1 October 2002) could be renewed on one occasion for a period of twelve years beginning with the date it would otherwise expire. A licence that was granted within ten years of the commencement of the Act but not within six years (i.e. the period from 2 October 2002 to 1 October 2006) could be renewed on one occasion for a period of eight years beginning with the date it would otherwise expire.

2.3 The two national radio multiplex licences considered here were granted at different times.

- The licence held by Digital One was granted in November 1999 for a twelve-year period that expired in November 2011. Under the Act the licence was eligible to be (and was) renewed for a further twelve-year period. This renewed licence term will end in November 2023.
- The licence held by Sound Digital was granted in March 2016. Under the Act, the licence will expire in March 2028.

2.4 Until this year, Ofcom did not have the power to renew these licences when they expire. In the case of Digital One, this was because the one renewal for which the licence is eligible was already granted in November 2011 and no further renewals were available. In the case of Sound Digital this was because the Act did not give Ofcom the power to renew a licence granted more than ten years after the commencement of the Act.

2.5 In January 2022, following consultation, the Government announced that it would make changes to section 58 of the Act to allow Ofcom to renew the two licences for a new period ending on 31 December 2035. The changes to the Act came into force on 8 April 2022.²

Our consultation proposals

2.6 Ahead of renewing the licences, we consulted on the process we would follow. We made proposals in three areas.

- a) We proposed not to require the licensees to submit a new technical plan to supplement the one each submitted as part of their original application for the licence.

² <https://www.legislation.gov.uk/ukxi/2022/444/contents/made>

We did not propose to introduce any additional coverage requirements that the licensees would need to meet.

- b) We proposed not to require the licensees to submit new proposals for promoting or assisting the take-up of digital radio equipment, to supplement those made in their original applications for the licences.
- c) We proposed that our preference would be not to set a percentage of multiplex revenue (PMR) that the licence holders must pay during the renewed licence period.

2.7 We received 8 responses to our consultation. We set out our decisions in the next section, summarising the views of stakeholders and how we have taken account of them in reaching our decisions.

3. Our decisions

- 3.1 The decisions we set out in this section relate to: a) provision of a technical plan and any new coverage requirements; b) provision of a plan for promotion of DAB; and c) setting a percentage of multiplex revenue (PMR) that the licence holder must pay during the renewed licence period. We consider each of these areas separately.

Technical plan and coverage requirements

Our consultation proposal

- 3.2 We proposed that we would not require a new technical plan from the licensees or require the licensees to meet any new coverage requirements. Our reasoning was as follows:
- DAB is a relatively mature platform with a significant share of radio listening. The need to drive deployment of a transmitter network at the scale necessary to ensure the success of the platform therefore no longer applies.
 - The original coverage commitments from Digital One and Sound Digital have been met and both multiplexes are very widely available across the UK, with much less need now to drive deployment.
 - Although the two multiplexes do not cover the entire UK, there are other ways to access digital radio than via DAB.
 - Any decision on extending digital radio coverage would have cost implications for the multiplex operators, which could affect other parts of the radio value chain.
- 3.3 In light of these considerations, we proposed not to impose any additional coverage obligations or require the provision of a new technical plan in renewing the licences.

What stakeholders said

- 3.4 All but one respondent agreed with our proposals. Arqiva said that it is “actively supporting” work to identify potential additional DAB coverage improvements.³ Boom Radio said that SDL’s lower coverage means it offers lower fees, which might be put at risk if higher coverage were mandated.⁴
- 3.5 Children’s Radio UK, Sunrise Radio London and British Forces Broadcasting Service (BFBS) agreed with our approach. They further argued that Ofcom should introduce a requirement for the national radio multiplex licensees to consult with their service providers regarding their build-out plans and to receive their approval before proceeding.⁵

³ Consultation response from [Arqiva](#).

⁴ Consultation response from [Boom Radio](#).

⁵ Consultation responses from [Children’s Radio UK](#), [Sunrise Radio London](#) and [British Forces Broadcasting Service](#).

3.6 An individual respondent disagreed with our proposed approach, saying that “‘gap filling’ and power increases are still needed,” particularly for Digital One.⁶

Our decision

3.7 Neither multiplex offers total coverage of the UK as an individual respondent noted. However, consultation responses generally supported the view we set out in the consultation that there are not strong grounds to require licensees to expand coverage via a requirement on licence renewal. Moreover, as suggested by Boom Radio, there may be disbenefits to the radio sector in requiring an expansion of coverage.

3.8 We acknowledge the proposal by Children’s Radio UK, Sunrise Radio and BFBS, however it is out of scope of the matters we are consulting on at this time.

3.9 Given that stakeholders broadly agreed with our approach, we will implement our consultation proposal.

We have decided that we will not impose any additional coverage obligations or require the provision of a new technical plan in renewing the licences.

Promotion of digital radio equipment

Our consultation proposal

3.10 We proposed that we would not require the licensees to provide new proposals for how they would promote acquisition of or access to digital radio equipment as a requirement for licence renewal. Our reasoning was as follows.

- DAB is now a relatively mature platform. It has grown in terms of the amount of listening and the number of services carried since its launch. The need to promote equipment uptake is therefore much weaker than when digital radio was launched.
- It is not clear that a plan to promote or assist the uptake of digital radio equipment would reverse slowing growth in sales of in-home DAB receivers or that a licence requirement on the national radio multiplex licensees is the best way to achieve this.⁷
- Even if there were a need to promote uptake of digital radio equipment, it is not obvious that it is proportionate to apply requirements to do so to the national radio multiplex licensees in particular.

3.11 Given these considerations, we proposed not to require the licensees to provide new proposals for how they would promote acquisition or access to digital radio equipment as a requirement for licence renewal.

⁶ Consultation response from [Herbert, J.](#)

⁷ We also note that while growth in sales of in-home DAB receivers may be slowing, with respect to vehicles, DAB equipment is well-positioned. The DCMS digital radio and audio review said that “virtually all” new cars include a DAB/DAB+ radio as standard. See www.gov.uk/government/publications/digital-radio-and-audio-review/digital-radio-and-audio-review#chapter-4---the-future-of-radio-listening-to-devices-used-in-cars-and-commercial-vehicles

What stakeholders said

- 3.12 No respondents disagreed with our proposed approach. Boom Radio said that multiplex operators do not benefit from increased audiences, meaning their marketing is likely to be poorly targeted.⁸ However, one of the multiplex licensees, Arqiva, said that it is in its own interests, as well as those of the radio industry, to promote and support the DAB platform. It said a licence obligation to promote the platform is therefore not required.⁹

Our decision

- 3.13 Given that no respondents disagreed with our proposed approach, we will implement our consultation proposal.

We have decided that we will not impose any new obligations on the national radio multiplex licensees for promoting the DAB digital radio platform as part of licence renewal.

Percentage of multiplex revenue (PMR)

Our proposal

- 3.14 The Act makes specific provision for Ofcom, with the consent of the Secretary of State for Digital, Culture, Media & Sport, to specify a PMR to be paid by the holder of a national radio multiplex licence for each of its accounting periods. The Secretary of State can require Ofcom to set a specific PMR, or make an Order specifying that no rate (i.e. zero) shall be set. To date, there has been no PMR rate set.
- 3.15 Multiplex revenue is defined in section 56 of the Act as the income a national radio multiplex licensee derives from the carriage of programme services on its multiplex, and the income a programme service provider on the multiplex derives from the sale of advertising and/or sponsorship.
- 3.16 We proposed that our preference would be not to set a PMR rate, subject to the view of the Secretary of State.

What stakeholders said

- 3.17 No respondents disagreed with our proposed approach. Children's Radio UK said that introducing a PMR rate would not be in the interests of service providers and listeners.¹⁰ Arqiva said that increased costs could be passed through to customers (i.e. radio stations carried on the multiplexes) either in whole or in part.¹¹

⁸ Consultation response from [Boom Radio](#).

⁹ Consultation response from [Arqiva](#).

¹⁰ Consultation response from [Children's Radio UK](#).

¹¹ Consultation response from [Arqiva](#).

Our decision

- 3.18 We informed DCMS of our preference not to set a PMR rate and the Secretary of State agreed with this position. Given that the view of the Secretary of State does not differ from our proposed position and no respondents disagreed with it, we will implement our consultation proposal for the reasons set out in the consultation.

We have decided not to set a PMR rate for the renewed period of the national radio multiplex licences.

4. Licence renewal process

- 4.1 The statutory deadline for a radio multiplex licensee to apply for licence renewal is the 'relevant date' of the licence in question. The 'relevant date' is defined (in statute) as the date by which, if the licence were not renewed, Ofcom would need to publish a notice inviting applications for the licence to enable a fresh licence to be granted from the expiry date of the current one. The relevant date for the Digital One licence will be 15 November 2022. For the Sound Digital licence the relevant date will be 28 February 2027. The licensees may apply for renewal at any point on or before these dates.
- 4.2 An application for renewal should be submitted in writing and signed and dated. An application for renewal is not binding, in that an applicant may withdraw their application for renewal up until the point the decision is made by Ofcom as to whether to renew the licence.
- 4.3 The only grounds on which we would be able to refuse to renew a national radio multiplex licence is if the licensee has failed to comply with the conditions in its existing licence, or we think that it will not be able to comply with the conditions in its renewed licence.
- 4.4 Once we have received an application for licence renewal (assuming the current licensees elect to reapply) we will aim to reach a decision as quickly as possible.