

Small-scale radio multiplex licence award: Southend

Background

Ofcom has decided to award a new small-scale radio multiplex licence for Southend to City 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.

South East England, of which this locality is part, was designated as a 'macro area' because it was highly likely that there was insufficient spectrum available to enable Ofcom to award a licence in all localities advertised. Ofcom therefore adopted a two-stage process. Firstly, we provisionally decided whether and to whom to award a licence in each individual locality applying the statutory criteria. Secondly, having reached a provisional view in relation to each area, we assessed whether there was sufficient spectrum to award licences in all areas where acceptable applications had been received. The notice inviting applications set out that, if there was insufficient spectrum to enable us to make an award in all areas, we would give priority to areas where more capacity was reserved for community digital sound programme services (as specified in the notice) and, where there were

equal numbers of reserved slots, to areas with more existing licensed community analogue services whose coverage area overlaps substantially with the proposed small-scale multiplex.

Assessment

On 30 March 2023, Ofcom published a notice inviting applications for licences to provide small-scale radio multiplex services in localities including Southend.

By the closing-date of 30 June 2023, Ofcom had received one application for Southend. This was from City DAB Limited ("City DAB"). A copy of the non-confidential parts of the application was 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 application, including carrying out an assessment of the technical plan required to be submitted as part of all applications. The provisional decision in relation to Southend was made by a panel of Ofcom decision makers which convened on 27 October 2023. They carefully considered the application and professional advice from Ofcom colleagues. They applied the statutory criteria in reaching their decision on whether to award a licence to the sole applicant. Reasons for their decision to award a licence to City DAB are summarised below.

In relation to section 51(2)(a), the successful applicant proposed using one transmitter to provide its service. Ofcom calculations indicate that this would result in just under 65% 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 Essex local radio multiplex service, and overspill outside the advertised area was predicted to be negligible and well under 30% of the population of the advertised area. Ofcom therefore considered no mitigations were required to comply with these thresholds. Ofcom also considered that mitigations were unlikely to be required to address any hole-punching or interference issues. Overall, decision makers considered that 65% represented a reasonable level of coverage, but noted some limitations closest to the coast in the city of Southend and towards the edges of the advertised area, and in communities surrounding Southend such as Shoeburyness. However, these limitations were partly related to international coordination constraints in some coastal areas in eastern England, and coverage was considered sufficient to justify an award to the sole applicant.

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 City DAB's single transmitter plan, whilst resulting in limitations in predicted coverage as noted above, was positive in terms of reducing the likely cost and complexity of establishing the service. Those involved in the application have experience of the radio sector in the area, and have engaged the services of an experienced contractor on technical matters. Overall, decision makers concluded that they had a good level of confidence in the applicant's ability to establish the service within the 18-month period allowed by legislation. However, decision makers added that relatively low evidenced levels of demand and support (as noted below) meant it would be very important for City DAB to extend outreach to ensure both successful establishment and long-term viability of the multiplex.

In relation to section 51(2)(ca), a participant in the applicant, The Funky Academy Limited, is a prospective provider of a C-DSP service and is the existing analogue community radio licensee for Funky SX in Southend. Decision makers noted the participant appears to have an excellent prospect of being available on the multiplex at launch, and that the extent of its participation, while modest as a 10% shareholder, was viewed positively. It was also noted that the other 90% of shares in the

applicant are held by directors of Funky SX, albeit shareholdings by directors of a C-DSP do not constitute participation within the meaning of section 51(2)(ca).

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 not provided evidence of interest from prospective C-DSPs other than the participant noted above, albeit this was in the context of an area with a relatively undeveloped analogue community radio sector. Evidence of interest was also provided from six other prospective DSP services. Decision makers considered that this represented a disappointing level of demand and support, and it would be important for City DAB to work to extend this over coming months to make the service a success. However, the level of support was deemed to be sufficient, particularly given the support and involvement of Funky SX, to justify awarding a licence to the sole applicant.

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. However, decision makers noted that outreach appeared to have been less proactive than would be ideal, reflected in low levels of evidenced demand and support.

A panel of Ofcom decision makers convened again on 6 June 2024 to consider whether there was sufficient spectrum to award licences in all localities in the South East England ‘macro area’ where an acceptable application had been received and, if not, in which areas to confirm the provisional decision to make an award. Under the spectrum plan that was agreed at this meeting, the Southend multiplex has been allocated frequency block 9B, which we estimate would enable the proposed multiplex to cover 65% of the population in the coverage area advertised by Ofcom.

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.

The South East England macro area is very congested in terms of spectrum availability. The final frequency plan for the macro area was optimised based on the technical plans submitted by all successful applicants, and therefore material changes to any of those plans would have an impact on interference to other licensed multiplexes in the macro area. Consequently, there will be very limited scope for licensees to build transmitter networks that do not closely match those submitted in their licence applications, together with any mitigations we have proposed to limit interference and overspill. Any revised final technical plans which would negatively impact the ability of other small-scale radio multiplex services to be established with the coverage proposed in their applications will be rejected.

June 2024