

## Demand for small-scale DAB multiplexes: the first three licensing rounds

In Ofcom's statement on [Licensing small-scale DAB](#), published in April 2020, we said (paragraph 7.24) that we would carry out a "short internal review" after rounds one and two "where we may make amendments to the licensing process and/or timetable". Now that we have completed the first and second rounds of multiplex licensing, we have reviewed the level of demand and our process. As we have also received applications for the third round of licence advertisements, we have also reflected that information in this review.

### Demand in the early rounds

Round One of small-scale radio multiplex licensing was advertised by Ofcom on 1st September 2020 and comprised 25 areas drawn from all over the UK. It deliberately included a mix of different types of licence area (large and small, urban and rural) to help give us an early indication of likely levels of demand. Therefore, the areas advertised varied from the very small (the Isles of Scilly) to major metropolitan markets such as Leeds, Edinburgh and Bristol.

Round Two of licensing was advertised on 1 June 2021 and covered 22 areas in the north west of England and north east Wales, constituting the first of our planned 'macro areas'. These are regions where there may be insufficient spectrum available to accommodate all of the identified small-scale radio multiplex service licence areas.

Round Three of licensing was advertised on 25 January 2022 and, like Round One, comprised 25 areas drawn from all over the UK.

Of the 72 licences that Ofcom has advertised to date, only nine (Chester & Ellesmere Port; Clitheroe; Rhyl, Ruthin & Mold; Wirral; Lincoln; Shaftesbury; Aberdeen (South); Hull (East); and Dundee) have not attracted any applicants. With regard to Hull and Aberdeen it is worth noting that, in both cases, we received applications to cover other parts of those cities.

We recognise that levels of demand will fluctuate between rounds because of the nature of the areas being advertised. One of the factors we set out in the April 2020 statement, that we would consider in determining the order in which we advertised licences, was the likely level of demand based on expressions of interest. In Round One, we selected areas where we anticipated relatively high levels of demand, and indeed all areas received at least one application. In rounds two and three, while there remained strong demand and multiple applications for some areas, a minority of areas did not receive applications. Ofcom will continue to keep under review commonalities between areas not receiving an application with a view to maximising interest in each round, and particularly as we come to areas where expressions of interest indicated lower levels of demand.

Of the licence areas we have advertised to date for which applications were received, 31 areas received a single application (often as a result of local stations collaborating with each other to make a single bid). Among this category were a number of licence areas in which a trial small-scale multiplex was already broadcasting. The remaining 32 licence areas received two applications or more.

As might have been reasonably expected, advertisements for multiplex licences covering cities with significant (and ethnically diverse) populations have generally attracted the largest number of applications, with five applications received for Leeds, four for Bradford, and three in areas such as Sheffield, Coventry, and South Birmingham. The exceptions to this trend were in metropolitan areas such as Glasgow and Bristol where a trial multiplex had already been broadcasting. Whilst Ofcom is entirely open to applications from non-incumbents in trial areas, and indeed such an applicant has been awarded the Manchester licence, it is understood that these may be less likely to attract multiple bids.

Overall, our view is that there has been a healthy level of demand for the small-scale multiplex licences we have advertised so far, and Ofcom has been able to deploy sufficient resources to support effectively the assessment of applications, award of licences, and subsequent work towards multiplex launch.

In relation to the licensing process and timetable, we continue to make adjustments to published guidance and internal processes in light of experience. In the April 2020 statement, we said we would aim to advertise batches every six months. In practice, there have been gaps of eight months between advertisements. On balance, however, we consider that continuing to target two rounds per year with around 25 localities in each is realistic. This is because early rounds are likely to be more time-consuming in terms of Ofcom and applicants becoming used to the process. Additionally, the Covid-19 pandemic has had some impact on the pace of progress.

### Quality of applications

Ultimately, the purpose of advertising small-scale multiplex licences is to further the interests of citizens and consumers by, amongst other things, securing optimal use of spectrum and securing the availability of a range of radio services appealing to a variety of tastes and interests in line with Ofcom's duties. This includes, in the case of small-scale DAB, securing a route to digital for community radio services and smaller independent local radio services, as well as a range of commercial services for digital radio listeners. So, as well as quantity of applications, it is relevant to consider whether applications have been of a high standard and those awarded licences have a reasonable prospect of getting on air and providing a good service by carrying radio services, including C-DSPs, which listeners can enjoy.

Overall, the standard of applications we have assessed to date (in rounds one and two – Round Three applications have been received but not yet assessed) has generally been good, particularly considering the additional challenges the Covid pandemic has raised for applicants. It is pleasing that we have received applications from a diverse range of applicants and types of company. These have ranged from established commercial broadcasters or multiplex operators such as Nation Broadcasting and MuxCo; individual community radio services such as Bolton FM; consortiums of analogue local or community radio services, often working with a transmission provider; and applications from organisations who are completely new to the broadcast radio sector such as Arts At The Mill, who successfully applied for the Wigan licence. It is also pleasing to see the range of different transmission providers that have come forward to support the roll out of this new small-scale technology.

In relation to the statutory award criteria, we consider that technical plans to date have been of a reasonable standard (albeit with some mitigations required to address issues of interference, excessive overlap with local multiplexes, and overspill beyond the advertised area). In some cases, the mitigations have required awardees to request site changes, adding to the complexity of launching and to the workload for Ofcom staff. Most technical plans have provided good coverage within advertised areas meaning that we anticipate services will be accessible for high numbers of households in those areas. Where predicted coverage has been lower, this has tended to arise either from very specific technical challenges in a locality (e.g. relating to topography) or from an applicant proposing a relatively simple technical plan (e.g. a single transmitter will tend to provide lower coverage but may also have advantages in terms of establishing the service and keeping costs down). Financial plans have also generally provided confidence that services will be able to become established. Many applications have included prospective C-DSP providers as participants, which is treated under the statutory award criteria as a desirable, albeit not strictly necessary, feature of applications. Others have demonstrated support from such providers, giving confidence that they will provide a route to digital and offer a range of community-focused services. Most applications have also demonstrated support from C-DSPs and DSPs indicating that, at launch, they will provide a good (as well as sustainable) service.

At the time of writing, four small-scale multiplex services (covering Tynemouth & South Shields, Salisbury, North Birmingham<sup>1</sup> and Cambridge) have launched, and this indicates that some applicants for the Round One areas were overly optimistic about their planned launch timescales. We recognise that many of these launch delays have been caused, or certainly not helped, by a number of factors related to the Covid-19 pandemic. These include problems such as obtaining access to transmitter sites, supply-side shortages affecting the availability of transmitters, and delays in receiving planning permissions for transmitter sites. However, in most Round One areas which are yet to launch, we are aware of good progress by awardees in overcoming these challenges and preparing for launch. The small-scale DAB legislation requires that, if they are to be granted a licence by Ofcom, successful applicants must launch within 18 months from the date we announced the licence award decision.

We are content that the multiplexes that have launched to date are delivering a wide range of programme services for listeners. These include brand new local radio services such as Salisbury Radio and Radio Shields; the provision on a digital radio platform for the first time of a number of analogue community radio services; stations targeting particular ethnic minority communities such as BFBS Ghurka, Asian Star Radio and Radio Sangam; and specialist music/lifestyle stations such as Passion Radio, Angel Vintage, GlitterBeam, Memory Lane Radio, Radio Caroline, Cosoro Radio and Dance Revolution.

## Conclusions

We will continue to keep the process, timetable, and prioritisation of small-scale multiplex licensing under internal review. We would note, in particular, that the decision to prioritise areas based (amongst other things) on anticipated level of demand means that we would expect to be

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<sup>1</sup> Note that North Birmingham multiplex has launched with a single transmitter, with further transmitters required to be operational by the launch deadline. It means that this multiplex is not yet broadcasting to the full area it has been licensed by Ofcom to serve.

advertising some localities in due course where levels of demand are lower. We also recognise that levels of demand may continue to evolve in the radio industry based on matters including the success of small-scale multiplexes as they launch. However, at this stage, we do not plan significant changes based on our review of level of demand to date.

We finally note that the localities we plan to advertise in Round Four, and the London and south east 'macro area' (which will be advertised as soon as we are able<sup>2</sup>) include areas where demand is relatively high, particularly in the case of the macro area. We therefore consider there is a good prospect of these being popular rounds of licensing, attracting high quality applications and the potential for Ofcom to license multiplexes carrying a range of services, including C-DSPs.

**12 May 2022**

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<sup>2</sup> The advertisement of this macro area has been delayed by the need to finalise international frequency co-ordination with the UK's neighbouring administrations in Western Europe.