

Glenn Preston
Scotland Director
Email: glenn.preston@ofcom.org.uk

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Joan McAlpine MSP
Convenor
Culture, Tourism, Europe and External Affairs Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Ms McAlpine,

New FM licences for commercial radio

During Ofcom's oral evidence session on the 16 May and in my follow up letter of 19 June, I highlighted our March consultation commitment to explore whether there is scope for making FM spectrum available for new commercial radio licences. I wanted to update your Committee on our considerations, which have taken account of our statutory duties, trends in listening and consumption, and the other radio licensing work we are carrying out.

We have decided that we cannot currently carry out the complex and resource-intensive frequency planning and licence award process which would be required, without inappropriately delaying our work on the completion of our community radio licensing programme and on the launch and rollout of small-scale DAB, as outlined below.

This does not, of course, mean that Ofcom is ruling out licensing commercial radio services on FM in the future. We will continue to review the situation in the light of our statutory duties and policy priorities.

Community radio licensing

Towards the end of this year we aim to complete our current round of licensing of analogue community radio services. For your information, I set out below the areas for which we invited applications for community radio services in Scotland, along with areas for which applications have been received:

Areas invited	Applications received
Ayr (South Ayrshire)	No
Dundee	No
Dunfermline (Fife)	Yes (Radio West Fife)

Edinburgh	Yes (Sam Radio)
Hamilton, Larkhall, Stonehouse (South Lanarkshire)	No
Kinross-shire	No
Livingston, Bathgate and Linlithgow (West Lothian)	No
Shotts (North Lanarkshire)	Yes (Listen Lanarkshire)

Small-scale DAB

The legislation to enable Ofcom to license small-scale DAB services throughout the UK has now been debated by both Houses of the UK Parliament, and we anticipate that it will become law soon. Our own consultation on how we propose to implement the new legislation opened early in July and closes in early October. We expect that as soon as the community radio licensing round is complete, the individuals working on it will be turning to the substantial process of licensing small-scale DAB services in Scotland and across the UK.

As we discussed during our evidence session, small-scale DAB will provide the opportunity for many new radio services, including very locally-focused services, to be available to consumers. One frequency for small-scale DAB will provide between 10-20 services for listeners in an area, whereas a frequency attributed to FM will only offer one service. DAB allows more services to be carried on a single frequency and therefore allows a far greater number of services to be licensed than FM does. Therefore, in Ofcom's opinion, DAB provides a more efficient use of spectrum.

As you know, we expect substantial benefits to citizens and consumers in Scotland and elsewhere from the launch and roll out of small-scale DAB services, and therefore we consider that that the interests of citizens and consumers overall are best served at present by our continuing to prioritise that work.

Preparing FM for commercial use

I would like to explain why we consider that any potential benefits from seeking to advertise new FM local commercial radio licences are unlikely to justify the reprioritisation of our resources away from our existing commitments at this time, even though it is possible that small pockets of FM spectrum may be available in some locations.

Our forecasts suggest that, if we were to re-commence FM licensing for commercial radio, it is likely to be two years before any new services could be launched:

- It would take approximately four months to complete the technical analysis required across Scotland to see if available spectrum exists; this resource has already been assigned to deliver the technical planning of both small-scale DAB and the current round of analogue community radio licensing. Following this, there is no guarantee that any areas in which spectrum may be available would correspond to areas in which a new commercial FM station would be viable,

whereas spectrum has already been identified for small-scale DAB. We carried out such analysis in Edinburgh earlier this year, which found there to be no suitable FM spectrum for a commercial service.

- Fairness requires Ofcom to consult before making important policy decisions. We therefore consider that before considering starting any new FM commercial radio licensing we would need to consult with all relevant stakeholders and carry out research in order to take an evidence based view on whether commercial FM licensing is the most appropriate use for any spectrum we might manage to identify (rather than, for example, further community radio licensing) and to verify the level of demand which requires further resource and time. Such a consultation process would be likely to require around 9 months' work.
- If there were any areas where we were able to identify suitable FM spectrum to support a new local commercial radio service, we would then need to advertise a licence to provide that service in accordance with the requirements of the Broadcasting Act 1990. This means advertising a licence in an open competition, and selecting a licensee having regard to specified criteria.

Radio listenership trends

Recent analysis published in [*Media Nations: Scotland*](#) shows that digital listening now makes up the majority of all radio listening in Scotland, standing at 55% in the first quarter of 2019. Listening via DAB makes up the majority of all digital listening (40% of total listening in Q1 2019) while more than two-thirds of adults in Scotland (70%) owned a DAB radio, either in the home or the car, over the same time period.

This shows that digital listening – including through DAB – is growing significantly in Scotland, particularly in comparison with the drop in listenership for analogue services, while Scotland has the highest take-up of DAB radios of any of the UK's nations. These points support our view that DAB is a growth technology, and that Ofcom should focus its resources on developing and delivering in this area.

In light of our existing priorities and the additional consumer benefits that we believe that our current focus on the licensing of small-scale DAB will provide, we do not propose to re-commence licensing FM commercial radio services for the time being.

I hope this information is useful and I would be happy for you to publish this letter on the Committee's website if helpful to do so.

Yours sincerely,



Glenn Preston