

Small-scale radio multiplex licence award: Cheshire (Mid)

Background

Ofcom has decided to award a new small-scale radio multiplex licence for Cheshire (Mid) to Cheshire Radio Limited ('Cheshire Radio').

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.

North west England and north east Wales, of which this locality is part, was designated as a 'macro area' because there was potentially insufficient spectrum available to enable 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 of applications

On 1 June 2021 Ofcom published a notice inviting applications for licences to provide small-scale radio multiplex services in several localities, including Cheshire (Mid).

Ofcom received one application in response to its notice inviting applications for this locality by the closing date of applications of 1 September 2021, from Cheshire Radio.

A copy of the non-confidential part of the application was made available for public scrutiny on the Ofcom website, and public comment was invited as required under section 50(7).

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 Cheshire (Mid) was made by a panel of Ofcom decision makers which convened on 18 March 2022. They carefully considered the application, public comments received, and professional advice from Ofcom colleagues, and applied the statutory criteria in reaching their decision on whether to award a licence. Reasons for their decision are summarised below.

In relation to section 51(2)(a), Cheshire Radio proposed a single transmitter site which Ofcom calculated would cover around 57% of the adult population in the advertised area. The technical plan was compliant with overlap restrictions and coverage outside of the advertised area. However, some mitigation may be required to reduce the risk of hole punching occurring which, if needed, might reduce coverage to around 46%. It was also noted that this represents relatively low coverage within the advertised area and that, while the applicant's technical plan provides coverage to the west of the advertised area including the population centre of Northwich, it does not provide coverage of Sandbach or Knutsford as significant population centres in the eastern part of the advertised area. Details of the coverage likely to be achieved after completion of the frequency allocation process for the north west England and north east Wales 'macro area' are set out below.

In relation to section 51(2)(c), Ofcom considered the applicant's financial and business plans, technical plan, the timetable for coverage roll-out, and evidence of relevant expertise and experience. Decision-makers noted that the company's sole director and shareholder had significant experience of small-scale digital radio (gained through running the Manchester trial multiplex), and – as a result of single-transmitter plan and benefitting from synergies with his other digital radio interests – the capital costs involved in the project were relatively low. Ofcom also noted that, while use of a single transmitter site had disadvantages in terms of level of coverage (as noted above), it also tended to reduce cost and technical challenges in terms of establishing the service.

In relation to section 51(2)(ca), it was noted that Cheshire Radio itself plans to provide a C-DSP service of the same name. Under the legislation, provision of a C-DSP service by the applicant company (or a participant in the applicant company) is a desirable feature.

In relation to section 51(2)(f), there was strong evidence of support and demand provide by the applicant, in the form of signed draft Heads of Terms for 17 DSPs and three C-DSPs (including Cheshire Radio).

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, although decision makers noted the application provided little evidence of who was initially spoken to regarding potential carriage on the multiplex.

A panel of Ofcom decision makers convened again on 7 April 2022 to consider whether there was sufficient spectrum to award licences in all localities in the north west England and north east Wales '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 Cheshire (Mid) multiplex has been allocated frequency block 9C, which we estimate would enable the proposed multiplex to cover just under 47% 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.

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