

Small-scale radio multiplex licence award: Merthyr & Rhondda Cynon Taf (re- advertisement)

Background

Ofcom has decided to award a new small-scale radio multiplex licence for Merthyr & Rhondda Cynon Taf to GTFM (South Wales) 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.

Assessment

On 30 March 2023, Ofcom published a notice inviting applications for licences to provide small-scale radio multiplex services in localities including Merthyr & Rhondda Cynon Taf. It is noted that this is the second time a licence for this locality has been advertised, albeit the new licence covers a significantly reduced area focusing on the western part of the area previously covered by the Welsh Valleys advertised area. The licence for Welsh Valleys was awarded to GTFM (South Wales) Limited in March 2021, but the award was cancelled in August 2022 on the basis Ofcom had reasonable grounds for believing the person to whom the licence had been awarded would not provide the service within 18 months of award.

By the closing-date of 30 June 2023, Ofcom had received one application for Merthyr & Rhondda Cynon Taf. This was from GTFM (South Wales) Limited (“GTFM”). 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 no comments were 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 decision in relation to Merthyr & Rhondda Cynon Taf was made by a panel of Ofcom decision makers which convened on 8 September 2023. They carefully considered the application and professional advice from Ofcom colleagues, and 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 GTFM are summarised below.

In relation to section 51(2)(a), the successful applicant proposed using eight transmitters to provide its service. Ofcom calculations indicate that this would result in approximately 68% 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 areas of the overlapping South East Wales and Swansea local radio multiplex services, and overspill outside the advertised area was negligible and well under 30% of the population of the advertised area. Therefore, no mitigations would be required to comply with the relevant thresholds relating to overlap and overspill. Ofcom considered mitigations would be likely to be necessary in relation to hole-punching impacts, but this was anticipated to reduce coverage only slightly, to around 64%. Decision makers noted that this would represent a good level of coverage within a locality with exceptionally challenging topography and with population spread across several towns, including Rhondda, Pontypridd, Merthyr Tydfil and Aberdare. It was noted, in particular, that it was positive that coverage was proposed to extend to the existing coverage area of the two community analogue services in the locality, namely GTFM itself and Rhondda Radio, providing a route to digital for those services.

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 that GTFM had been awarded the earlier Welsh Valleys licence, but the award had ultimately been revoked due to inability to launch within the 18 month statutory period. They also noted that launching the number of transmitters necessary to provide the relatively high proposed level of coverage would be extremely challenging given cost and complexity, and that the applicant was reliant on grant funding that had yet to be secured. Decision makers carefully considered whether, in light of these significant challenges, there was sufficient prospect of launching the

service to justify making an award to the sole applicant. On balance, noting that site selection appeared reasonable (if very ambitious in terms of sheer number of sites), and that the application involved partners which had been involved in multiplex launches elsewhere, decision makers considered there was sufficient evidence that there was a prospect of establishing the service within the 18 month statutory period to justify making a licence award in this case.

In relation to section 51(2)(ca), decision makers noted that the applicant itself proposed to provide a C-DSP service, GTFM, and that this was an existing analogue community radio service in the area, meaning it had an excellent prospect of being available from launch.

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. As well as the applicant's own C-DSP service, agreement in principle has been reached with another existing analogue community radio service in the area, Rhondda Radio, and with two other proposed C-DSP services. The applicant also indicated agreement in principle in relation to five DSP services from Nation Broadcasting. Decision makers noted this represented good support from the community sector, but that significant work would be needed to extend interest from the commercial sector between award and launch, particularly noting the relatively high costs involved in establishing a service with multiple transmitters as referred to above.

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.

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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