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Ofcom Licensing Small Scale DAB Consultation

4th October 2019

Nation Broadcasting ("Nation") welcomes the opportunity to respond to Ofcom's Licensing Small Scale DAB Consultation. Our response to this consultation is based on our in-depth experience of DAB digital radio broadcasting.

Nation Broadcasting has a number of commercial interests in the development of DAB in the UK. As a station operator we contract for space across a number of local DAB multiplexes and trial multiplexes with our radio stations including:

DAB only services: Chris Country Radio, Nation Radio London and Dragon Radio.

Analogue FM services also broadcasting on DAB: Nation Radio Wales, Nation Radio Scotland, Bridge FM Radio, Swansea Bay Radio, Radio Carmarthenshire, Radio Pembrokeshire, The Breeze Portsmouth, Your Radio and Sam FM Solent.

Nation Broadcasting also holds equity in a number of local DAB multiplexes including Muxco North East Wales and West Cheshire Ltd, Muxco Suffolk Limited and is the owner of Muxco Wales Ltd and Muxco North Wales Ltd. Through Nation Digital Investments Ltd, Nation Broadcasting operates the Glasgow Small Scale DAB multiplex. Nation Broadcasting is also the lead shareholder in Radioscape Ltd which provides DAB encoding and multiplexing to broadcasters around the globe. We also currently have applications lodged with Ofcom to operate local DAB multiplexes in the Channel Islands and Morecambe Bay.

If we can provide further assistance or clarification to our consultation answers, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink that reads "Ash Elford".

Ash Elford
DAB Platform Manager

Question 1: Do you agree with the planning principles and methodologies that we will use in our work to refine the coverage area plan for small-scale DAB?

Broadly, yes. However, we would ask for some flexibility to be afforded to multiplex licence applicants in terms of the specific area being applied for.

Firstly, we believe that it may be prudent in smaller polygons to be able, at application stage, to apply for a single multiplex that encompasses two or more polygon areas, subject to the statutory maximum 40% population overlap requirement. This would be beneficial in areas where there are neighbouring polygons that cover a relatively small area, making them more financially sustainable to operate, and reducing the likelihood that there may not be a potential applicant for an individual area. Nation also believes that where polygons are combined in to one larger polygon, they should thereafter be treated as a single licence.

Secondly, we believe that in highly populated areas, that being able to propose an alternative polygon would better enable multiplex operators to plan coverage with maximum efficiency, while respecting the maximum 40% population overlap requirement. We are mindful that there is tremendous pressure on the frequency blocks to be used for small scale DAB, however, even Ofcom itself recognises in its consultation, that there will be inevitable coverage overspill.

We are proposing that allowing minor tweaks to the polygon areas at application stage will better enable multiplex operators to tailor coverage to fit coverage to the local population. Allowing alternative polygons would also enable multiplex applicants to ensure that the fringe districts/boroughs of a polygon can be tailored to those with stronger local affinities to the core multiplex area.

Finally, Nation notes Ofcom's proposal to concentrate on completing the roll out of small scale DAB multiplexes before conducting further licencing of local DAB multiplexes, however we would strongly encourage Ofcom to consider licencing further local DAB multiplexes in the near future, especially in locations such as Manchester, the south of England and the whole of Scotland.

In particular, we also draw Ofcom's attention to the fact that it did not advertise the five regional DAB multiplexes licenced to MXR. While we accept that there has been subsequent replanning of the local DAB multiplex tier since these licences have been handed back, we would argue that there is a strong demand for more local DAB capacity in areas of significant populations. Ofcom should work with industry to identify ways to accommodate an additional local DAB multiplexes in areas with strong commercial interest.

Question 2: Do you agree with our proposed approach to the required technical licence conditions for small-scale radio multiplex services, and the proposed amendments to the Digital Radio Technical Code?

We believe it is unnecessary for Ofcom to mandate the use of DAB+ on small scale DAB. We strongly believe that there should be a market led approach. The 10 trial small scale DAB multiplex licences have to date, delivered a broad range of services, many of which are using DAB+, without any intervention at all. On our own Glasgow small scale DAB multiplex, we are, at the time of this consultation submission, 18 of the 21 services broadcast are in DAB+ using a mixture of HE-AAC v2 and HE-AAC v1 as appropriate. 3 of our services are broadcasting in MP2 DAB. We do not believe it is right that these services, which have established a loyal following, are forced to switch to DAB+.

In less populated areas, it is likely that there will be lower demand of multiplex capacity. Arbitrarily prohibiting the use of MP2 DAB may result in multiplexes having unused, wasted, capacity. Several higher bitrate commercial MP2 services may also have the benefit of being able to subsidise capacity for the C-DSP services.

We note recent changes to the operation of the trial multiplexes in relation to the addition and removal of services and bit-rate changes which no longer require prior Ofcom approval – we suggest this regime is also adopted for local DAB multiplexes.

Question 3: Do you agree with Ofcom’s proposed approach to setting the level of reserved capacity for C-DSP services on small-scale radio multiplex services?

Although we acknowledge the statutory minimum of three C-DSP services per multiplex, we believe that it should be left to the potential multiplex operator at application stage to determine to Ofcom what the level of reserved capacity should be. Setting an arbitrary reservation of 48kbps per service may mean C-DSP services paying for capacity they don’t actually require or want to pay for.

Nation also feels that setting a minimum bitrate does not take in to account the actual transmission chain. We strongly argue that depending on factors such as studio set up, contribution and the type of encoder used, lower bitrates than 48kbps can be acceptable.

Allowing bitrates lower than 48kbps would mean that in highly populated areas, more services could be accommodated overall on the multiplex, enabling a stronger range of smaller broadcasters access to DAB. The other benefit of not setting a reservation at 48kbps per service is that it allows the multiplex operator a better opportunity to ensure commercial carriage fees are able to subsidise the rates charged to C-DSP services.

It is also not clear what Ofcom’s position is regarding the scenario of a C-DSP not taking up the reserved capacity. By way of example, three C-DSP services want to be on a multiplex, but two only require and want to pay for 32kbps. Rather than setting aside 24CUs (32kbps) indefinitely, on the assumption that one or both services might want to upgrade at a future date, we suggest that the multiplex operator be able to contract with another C-DSP provider to take on this capacity.

We propose that existing community radio stations should be able to convert their DSPS licence to a C-DSP licence without paying an additional application fee to Ofcom.

Question 4: Do you agree with the factors we are proposing to take into account of in deciding the order and timescale in which Ofcom will advertise small-scale radio multiplex licences?

We agree with Ofcom's propose to advertise the existing trial DAB multiplex locations first. Nation does not agree with Ofcom's proposals on making ratecard information freely available. We understand the Statutory requirement to have a ratecard, and our preferred approach is to provide this information confidentially to Ofcom and potential service providers only. We do not see a compelling reason to make ratecard information freely available. The existing 10 DAB trial licences do not make their ratecards freely available, yet there is no evidence to suggest this has hampered services from obtaining DAB capacity at a fair price. If ratecards were forced to be made freely available, this may result in rival operators gaining an unfair insight in to the commercial operation of a licence holder in future licence advertisements by Ofcom, either at the end of the 5/12 year period, or even at the latter stages of the initial small scale DAB licencing process.

We strongly suggest that following the roll out to existing trial areas, consideration is next given to areas where the local analogue commercial radio service does not currently have an obvious, relevant DAB multiplex available to it. Examples of such areas relevant to Nation Broadcasting include Bridgend (Bridge FM) and Sunderland (Sun FM).

Question 5: Do you agree with our proposed approach for assessing the technical plans submitted in small-scale radio multiplex licence applications?

We understand Ofcom's rationale behind wanting to ensure spectral efficiency by encouraging multiplex applicants to submit plans that provide coverage to as much of a polygon as possible, however we would strongly caution Ofcom against making it the sole, or major factor in a licence award decision. A statement suggesting coverage being the major factor in a licence award, may encourage more risky licence applications, to the detriment of operators with sensible, and financially viable coverage plans. It may be that Ofcom may want to consider coverage proposals in the event of multiplex application submissions being equal in other criteria, but we would strongly advise against coverage proposals being the de-facto reason to award a multiplex licence.

Question 6: Do you agree with our proposed approach for assessing the ability of applicants to establish their proposed small-scale radio multiplex service?

We broadly support Ofcom's proposals, but we also believe that the proposed launch services be taken in to consideration by Ofcom, including evidence of agreements with service providers and/or details about how the multiplex operator will offer a range of services on the multiplex.

Question 7: Should Ofcom require that the studio of a C-DSP licensee be located within the coverage area of the small-scale radio multiplex service it plans to broadcast on? Please explain the reasons for your view.

The existing 10 small scale DAB trial multiplexes have enabled community of interest community radio services to expand their coverage in an economical way. In Glasgow, 10 of our 21 services are licenced Ofcom community radio services. Of these 10 community radio services, 5 do not have a studio in our transmission area. It is unfair that some stations may be precluded from taking advantage of the benefits of a C-DSP licence, by virtue of being out of area, even though they are a community of interest service that may be of genuine appeal to those in the area to which the multiplex operates.

Question 8: We propose that holders of corresponding analogue community radio and DSP licences apportion their income equally across their licences, unless there are compelling reasons why a different apportionment is reasonable. Do you agree with our suggested approach?

Nation has no response to this question.

Question 9: Do you agree with our proposal that a prospective C-DSP service provider will be able to apply for a C-DSP licence once we have invited applications for the small-scale radio multiplex licence upon which their proposed C-DSP service is intended to be provided?

Ofcom currently requires evidence of capacity being secured on a multiplex before issuing a DSPS licence, and we propose that Ofcom require evidence of capacity being secured before awarding a C-DSP licence. In areas of high demand, it is feasible that more organisations may apply for a C-DSP licence than actual capacity available, especially if Ofcom specifies a minimum bitrate of 48kbps per service.

It does not seem fair that Ofcom would allow non-profit organisations to go to the time and expense of applying for a C-DSP licence to then find that they do not have agreement to be carried on a multiplex.

Although not explicitly part of the consultation questions, Nation would also expect that multiplex operators would retain control of deciding whether or not to ultimately contract with a C-DSP service. We acknowledge that capacity reserved for C-DSP services is intended for community services, however we would want to ensure as a minimum C-DSP services were of suitable standing in terms of finances and technical competence, to ensure that quality services are broadcast on the multiplex, as opposed to a service that simply applied for its licence a short time before another.