

Radio - Spectrum and Licensing Policy for VHF Band III, Sub-band 3

Appendix B1: Summary of consultation responses

October 2005

Radio – Preparing for the Future

Summary of consultation responses

Introduction

The *Radio - Preparing for the future* phase 1 consultation closed on 7 March 2005. In total, 170 responses were received; 56 were from organisations, and 114 from individuals - a list of respondents is included in the annex. The majority of the organisation responses were from broadcasters among the other respondents were Ofcom's Northern Ireland and Scottish Advisory committees, transmission providers, trade unions and trade bodies.

This summary looks at the responses to questions 8 to 11. The remaining questions are looked at in the Appendix B to *Radio – Preparing for the Future phase 2*.

Summary of consultation responses

Responses to the phase 1 consultation were broadly positive, with a great deal of consensus between all groups responding – the radio industry, the trades unions, advisory groups and trade bodies. Respondents largely agreed with the proposals contained in the report, with exceptions as detailed below.

On digital radio, the majority of respondents agreed with Ofcom's proposals and that more spectrum should be allocated for DAB digital radio.

All agreed that filling in the local gaps is important (although Scottish Radio Holdings argued licences should only be advertised where they would be commercially viable). Some (including Capital / GWR, the BBC and Scottish Radio Holdings) argued for a digital migration path, to promote DAB, although Scottish Radio Holdings noted that DAB was not the answer for small stations.

There was less agreement about national multiplexes. GWR and Capital argued against further national multiplexes, while the rest of the industry argued for more (Emap, Chrysalis, Guardian Media Group and Scottish Radio Holdings saying that they would bid for capacity).

However, the proposal to allocate national blocks of DAB compatible spectrum under Wireless Telegraphy Act licences only (i.e. not Broadcasting Act licences) was rejected to by the majority of the industry respondents and by BT, as there were concerns that:

- It would not lead to more sound broadcasting services;
- It would not expand consumer choice and;
- It that it would lead to different (and potentially unfair) licensing regimes for different blocks of DAB Band III spectrum

The majority thought that both local and national multiplexes should be allocated as Broadcasting Act licences.

Summary by question

Question 8 – Do you agree with our proposals to allocate more spectrum in VHF Band III for DAB-compatible use (subject to spectrum clearance and international agreement) in the following way:

- **Three blocks to provide local multiplexes to those areas which currently do not have their own local multiplex and some areas which already have local multiplexes?**
- **One or two blocks for national coverage (depending upon whether four or five blocks of spectrum are available in total)?**

All respondents agreed with the general idea of allocating more DAB compatible spectrum. Overall respondents were broadly in favour of a mix of local and national allocation, although there were a range of opinions as to the specific allocation between local and national. Of the radio broadcasters Chrysalis, GMG, Lincs FM, Saga, Sunrise and another respondent all supported the proposals as they stood.

The benefits of a further national block were seen by some respondents as including increased listening choice, maximising opportunities for national advertiser, incentivising the set makers, developing multimedia services, reducing the monopoly power of Digital One, serving niches and generally increasing choice, diversity and functionality of radio services.

Local multiplexes were seen as important to allow all parts of the UK access to local digital radio services. A number of respondents (including the BBC, GWR and Absolute Radio) argued that the proposals should allow migration of all analogue radio stations onto digital and so supported more local blocks. The concern was that the current proposals would not allow that to happen. A repeated point from these respondents was that the available blocks should be allocated primarily to provide local coverage.

Another point made by several respondents (including Capital) was that a number of services that were currently “quasi national” (by being available over a number of local DAB multiplexes) would be likely to move to a new national multiplex. They considered that this could affect the viability of some local multiplexes.

GWR and another respondent state that allocating any blocks to national coverage would be “unlawful, unfair, unjustified and disproportionate”. BT was concerned at the uncertainty and risk that new national multiplexes may introduce.

A number of the individual responses wanted any additional “bandwidth” to be used to increase quality of the existing DAB stations.

Having considered all of the responses made on the VHF Band III, sub-band 3 spectrum allocation issue made since 2003 and in light of further analysis and research undertaken since phase 1 of the radio review, Ofcom is issuing a further consultation on the allocation of spectrum in VHF band III sub-band 3. In that consultation Ofcom will propose to allocate 3 blocks of VHF band III, sub-band 3 spectrum to complete local digital radio coverage and one block for a further national commercial digital radio multiplex. This allocation is proposed on the basis that only four blocks of spectrum are expected to be available for initial release because of clearance issues, both in terms of PMSE use and international clearance at RRC.

Question 9 – Do you agree that the proposed local DAB digital radio multiplexes should be awarded as Broadcasting Act licences?

All the respondents agreed with this question. It was felt that it would encourage development of local digital radio and allow a variety of free radio services. Without it, people could not see how we would ensure that local sound services could be extended to the currently unserved area. GWR saw regulating all local multiplexes under the same legislation as fair. One respondent stated that a Wireless Telegraphy Act licence only would mean radio operators were priced out.

We are proposing to allocate all of the local licenses as Broadcasting Act licences (see section 7 of the *Radio – Licensing Policy for VHF Band III, Sub-band 3* consultation document for further explanation).

Question 10 – Do you agree that the frequency blocks proposed to be allocated to national coverage should be awarded under the terms of the Wireless Telegraphy Act only (i.e. without the need for a Broadcasting Act licence)?

Most respondents disagreed with this proposal and wanted the blocks to be licensed with a Broadcasting Act licence. It should be noted that although BT responded no mobile telephone operators or wireless broadband operators responded to this consultation.

One objection from some broadcasters was that the greater financial resources of the telecoms industry would mean that the spectrum would not be used for sound broadcasting. Some felt that an opportunity to aid the growth of DAB would have been missed. A number made the point that consumer choice may not be expanded if sound services were not on that spectrum. Several stated that if the spectrum was not allocated with a Broadcasting Act licence, it would not be used for sound services, and so could limit competition with BBC radio services.

BT, GWR, UTV, NTL and another respondent wanted all national multiplex holders (existing and new) to face the same regulatory regime. There was a concern that it would not be fair to have different (and less restrictive) licensing arrangements for the new blocks of spectrum compared to the existing blocks.

There were some respondents (including a number of digital only radio stations) who reiterated their reply to question 8 i.e. that there should not be any more national DAB multiplexes.

Lincs FM, Moss Media and another respondent, supported the proposal.

We are proposing that a block of VHF band III sub-band 3 spectrum be allocated for a further national commercial multiplex, pursuant to the Broadcasting Act 1996 (see section 7 of the *Radio – Licensing Policy for VHF Band III, Sub-band 3* consultation document for further explanation)

Question 11 – What demand do you envisage there being for nationally-allocated DAB-compatible spectrum?

The majority of the respondents felt that there would be strong demand for national DAB spectrum. Respondents felt that sound, data (both programme and non-programme related) and multimedia services were the most likely uses that the spectrum would be put to.

A number of respondents pointed to the large number of radio stations available on Sky and Freeview as evidence of demand for national radio spectrum. In addition some pointed to the existence of quasi-national DAB stations as evidence for demand for more national spectrum. 5 of the respondents (BBC, Chrysalis, Premier Christian Radio, Sunrise, and another respondent) said that they would be interested in putting DAB sound services on a new national multiplex.

The BBC would want additional spectrum to broadcast all of its existing stations in stereo (some, such as BBC 7, are only in mono) and to provide data services. The allocation of more spectrum to the BBC was requested by a significant minority of the individuals responses.

A number of respondents stated that the answer would vary depending on the outcome to question 10. Emap said that if only one national block was available then they would be unlikely to participate in an auction for a WT act licence.

Ofcom's consideration of demand for nationally allocated spectrum is set out at section 6 of the *Radio – Licensing Policy for VHF Band III, Sub-band 3* consultation document.

Annex - List of non-confidential respondents

abracDABra
Absolute Radio (UK) Ltd
BECTU
BBC
British Entertainment Industry Radio Group (BEIRG)
BT plc
Capital Radio PLC
Centre for Justice and Liberty
Chelmsford Amateur Radio Society
Christian Broadcasting Council
Chrysalis Radio
CN Group
Community Media Association
CRCA
Crown Castle UK Limited
Digital One
DRDB
Emap
Equity
GMG Radio
GWR Group plc
Institute of Communications Studies, University of Leeds.
ISBA
KMFM Group
Lincs FM Group
Moss Media
Music Business Forum
Musicians' Union
MXR Ltd
ntl Broadcast
NUJ
Ofcom Advisory Committee for Scotland
Ofcom Advisory Committee for Northern Ireland
Panjab Radio
Passion for the Planet
PPL
Premier Christian Radio
Radio Studies Network
RNIB
Saga Radio
SRH
Sunrise Radio Group
Tindle Radio Limited
Trades Union Congress
UBC Media
UKRD Group Limited
UTV
WorldSpace
Zeta Digital

Eight wholly confidential responses

114 responses from individuals