

BBC response to Ofcom: *Radio – Licensing Policy for VHF Band III, Sub-band III*

Introduction

The BBC is pleased to have the opportunity to respond to Ofcom's *Radio – Licensing Policy for VHF Band III, Sub-band 3*. Given the short timescale for responses, we look forward to discussing the points below in more detail with Ofcom in the coming months, together with other issues raised in that paper and Ofcom's *Radio – Preparing for the Future, Phase 2: Implementing the framework*.

Question for consultation

In the light of the further evidence presented in this document, Ofcom proposes to allocate three blocks of spectrum in VHF Band III, sub-band 3 for local radio multiplexes under the licensing process set out in the Broadcasting Act 1996, with the aim of covering geographical areas that do not presently have local radio multiplexes. Ofcom also proposes to allocate one block of spectrum in the same sub-band for a national radio multiplex under the licensing process set out in the Broadcasting Act 1996.

Do you agree that these proposals represent the optimal use of spectrum?

The BBC welcomes Ofcom's restated commitment to DAB and the proposed release of three blocks of spectrum for local radio multiplexes and one block for a national multiplex. We recognise the progress towards an end goal of digital switchover that this extra DAB spectrum represents; Ofcom's position on this issue and its acceptance of the radio industry's advocacy of a Broadcasting Act licensing regime is warmly received by the BBC.

We broadly welcome the proposed approach on new local radio multiplexes and look forward to working with Ofcom on its detailed implementation. However, the BBC is concerned about our lack of guaranteed access to

further DAB capacity on the new national multiplex and we will be pursuing this issue with Ofcom and the Department for Culture, Media and Sport in the coming months.

BBC local and nations radio services on DAB

The BBC welcomes the release of additional local spectrum and the reserved capacity under the existing Broadcasting Act regime for BBC services, which should enable us to meet our objective of broadcasting all our local and nations stations on DAB. We look forward to continuing our discussions with Ofcom about the implementation of its plan so as to ensure that future digital coverage is as comparable as possible to that which these stations and their audiences currently enjoy in FM. We would also be keen to explore possibilities with Ofcom for offering local radio opt-out services on DAB, which we are currently unable to do.

As far as the wider market is concerned, we would question Ofcom's approach of not extending DAB capacity to all existing analogue stations, which would currently leave around 90 small commercial stations without any prospect of carriage. We note Ofcom's view that the economics of DAB carriage will never be workable for such stations and the proposal of Digital Radio Mondiale as a potential solution. However, costs of carriage may fall in future so we would be interested in Ofcom's view as to whether more Band III spectrum may become available in such an eventuality. We note that a fifth block may yet become available, as we had originally envisaged, subject to the outcome of negotiations at the 2006 Regional Radiocommunications Conference. Should this be the case, we believe that this should be considered as a means of extending coverage to those analogue stations currently without a home on DAB in Ofcom's proposals.

BBC access to national DAB capacity

The BBC is concerned about the approach proposed for new spectrum for national services and the way in which we might access such spectrum. Currently, the constraints under which we operate necessitate compromises over the operation of our multiplex, which we regard as unsustainable in the long term and had looked to resolve with the advent of further spectrum. As

outlined in our original submission¹ to DCMS, the BBC has identified a need for further national DAB capacity to give us greater flexibility in the configuration of our services on our multiplex and to enable us to develop multimedia enhancements to our radio services.

The need for greater flexibility in the configuration of BBC services

At present, the BBC is required to compromise over the configuration of our multiplex due to capacity constraints. For example, if Five Live Sports Extra is on air at the same time as a Radio 4 LW split, as is happening during the current England cricket tour of Pakistan, we are unable to broadcast *Yesterday in Parliament* and *Daily Service*. There is insufficient capacity for all services to be delivered in stereo and even Radio 4, broadcast in stereo on FM, has to be taken down to mono fairly frequently when Sports Extra is on air. While compromises such as these are tolerable while FM predominates, we have never regarded them as acceptable in the long term, as analogue sets are displaced or in the event of switchover.

The question of audio quality, which has already become an issue in some areas, is likely to become more pressing in the long term as DAB develops alongside other digital platforms. Sound enhancements, such as 5.1 surround sound, will become more widely available and even expected by listeners, leaving the BBC unable to meet those expectations in the current situation. While we note Ofcom's view on future audio coding developments, their ability to deliver significant improvements is yet unproven and should not be relied upon alone to meet the needs of the BBC or commercial broadcasters for additional capacity.

¹ BBC: *DCMS Review of DAB Digital Radio – The BBC submission*, October 2004

The importance of a multimedia future for radio

Ofcom acknowledges that the digital future of radio is a multimedia one and notes that the BBC has an important role to play in its development. We welcome Ofcom's recognition of the BBC's role but would question whether we would be able to fulfil it under its proposals and would ask it to consider whether the current spectrum framework best represents the public interest in this regard.

The BBC believes that, if DAB is to participate fully in this multimedia future, the platform as a whole must be able to deliver the kinds of enhancements that listeners have come to expect from other digital platforms for radio, such as the internet and digital television. The BBC has played a pioneering role in the development of such services, which have millions of users, and we are keen to play the full role expected of us in relation to DAB in a similar way. In so doing, we would be taking advantage of one of the chief benefits of the technology – its ability to support multimedia services – and contributing to fuelling innovation and setting standards for this new phase in radio's development.

However, unlike the commercial sector, the BBC lacks the capacity on DAB to develop the innovative data services to support our programmes and believe that, ultimately, this could constrain the development of the platform overall. While we share Ofcom's belief in the importance of increased station choice to drive DAB penetration and have successfully invested in new services to that end, we believe that alone, they will be insufficient to keep radio in the digital mainstream in the longer term.

The spectrum allocation process

In Ofcom's phase one consultation,² two routes are outlined for the BBC to acquire access to additional national DAB capacity: participating in a licence application process in the open market or leasing capacity from the winner of that process. Having had the chance to explore these routes in more detail

² Ofcom: *Radio – Preparing for the Future, Phase 1: developing a new framework*, December 2004

since our phase one response,³ the BBC must register our concern about the feasibility of these options for meeting our capacity needs. While respecting Ofcom's spectrum allocation framework and recognising that it has shaped its proposals for the allocation of DAB spectrum, we are unconvinced that it will necessarily place sufficient weight on the role of the BBC as the sole public service broadcaster in the DAB environment. We remain concerned that it could leave us unable to meet our obligations to licence fee payers and play the role expected of us in contributing to the development of the platform as a whole.

We are keen to discuss Ofcom's proposed capacity allocation process in detail to explore how the above considerations would be given appropriate weight within it and so that the BBC is assured of being able to deliver our obligations. We will therefore look to explore the broader issue further with Ofcom and DCMS in the coming months.

16 November 2005

³ BBC: *Response to Radio – Preparing for the Future*, March 2005