
National radio multiplex licence renewals

Consultation

[National radio multiplex licence renewals](#) – Welsh translation

CONSULTATION:

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Contents

Section

1. Overview	3
2. Background	5
3. Our proposed approach	8
4. Next steps	13

Annex

A1. Responding to this consultation	14
A2. Ofcom's consultation principles	17
A3. Consultation coversheet	18
A4. Consultation questions	19

1. Overview

What we are proposing – in brief

The national radio multiplex licences held by Digital One and Sound Digital will expire in 2023 and 2028 respectively. Government this year made legislation that gives Ofcom the power to renew these licences until 2035.¹

This consultation sets out our proposals for the decisions we plan to make when renewing these licences:

- we propose we would not impose any additional coverage obligations or require the provision of a new technical plan in renewing the licences;
- we propose we would not require the licensees to provide new proposals for how they would promote or assist the acquisition of digital radio equipment; and
- our preference would be not to set a PMR rate for the renewed term of the licences, acknowledging that our approach would require the consent of the Secretary of State for Digital, Culture, Media and Sport, who might direct us on a PMR rate to set.

- 1.1 Digital radio continues to be an important way for people in the UK to listen to audio content. Research shows that 42 million adults, or 75% of the population aged 15+, tune into digital radio every week. 33.2 million adults, or 60% of the population, listen to digital radio via digital audio broadcast (DAB) radio.²
- 1.2 National commercial DAB services are carried over two multiplexes licensed to Digital One Limited and Sound Digital Limited. These licences expire in 2023 and 2028 respectively. A Legislative Reform Order giving Ofcom the power to renew them came into force in April this year.
- 1.3 Ofcom now needs to reach certain decisions ahead of renewing the licences. These decisions concern three areas:
 - a) We may require the licensee to submit a new technical plan (e.g. a plan for where new transmitters might be built to extend or enhance coverage of the multiplex) that supplements the one submitted as part of the original application for the licence.
 - b) We may require the licensee to submit new proposals for promoting or assisting the take-up of equipment capable of receiving the service (i.e. DAB receivers), to supplement those made in its original application for the licence.
 - c) We may, with the consent of the Secretary of State for Digital, Culture, Media and Sport, set a percentage of multiplex revenue (PMR) that the licence holder must pay during the renewed licence period.

¹ <https://www.legislation.gov.uk/uksi/2022/444/contents/made>

² RAJAR Q1 2022

1.4 In this consultation we seek stakeholder views on our proposals for how we would proceed in these areas. Briefly, we propose that:

- we will not impose any additional coverage obligations or require the provision of a new technical plan;
- we will not require the licensees to provide new proposals for how they would promote or assist the acquisition of digital radio equipment; and
- our preference would be not to set a PMR rate for the renewed term of the licences (acknowledging that our approach would require the consent of the Secretary of State for DCMS, who might direct us on a PMR rate to set).

1.5 We invite stakeholders to respond with their views in these areas by 21 July 2022. Having considered all responses we will publish a statement setting out our final views, and giving a timetable for renewal of both licences.

2. Background

Scope and purpose of this consultation

- 2.1 This consultation relates to the renewal of the licences for two of the UK's national radio multiplexes: the licences held by Digital One Limited and Sound Digital Limited. The consultation does not relate to the BBC's national digital radio multiplex, which is regulated under the BBC Charter and Agreement, or local radio multiplex licences.
- 2.2 Digital One's national radio multiplex licence expires in 2023, while Sound Digital's licence expires in 2028. A Legislative Reform Order giving Ofcom the power to renew these licences came into force in April this year. The renewal will be for a further term in each case, with both licences expiring in 2035.
- 2.3 The purpose of this consultation is to seek stakeholder's views on our proposals for the process for renewing these licences. We ask for stakeholder input by 21 July 2022. Once we have considered all responses to the consultation, we will publish a statement setting out our final views.

Eligibility for renewal

- 2.4 Under section 58 of the Broadcasting Act 1996 ("the Act"), a radio multiplex licence granted within six years of the commencement of the Act (which equates to the period from 1 October 1996 to 1 October 2002) could be renewed on one occasion for a period of twelve years beginning with the date it would otherwise expire. A licence that was granted within ten years of the commencement of the Act but not within six years (i.e. the period from 2 October 2002 to 1 October 2006) could be renewed on one occasion for a period of eight years beginning with the date it would otherwise expire.
- 2.5 The two national radio multiplex licences considered in this consultation were granted at different times.
- The licence held by Digital One was granted in November 1999 for a twelve-year period that expired in November 2011. As set out above, under the Act the licence was eligible to be (and was) renewed for a further twelve-year period. This renewed licence term will end in November 2023.
 - The licence held by Sound Digital was granted in March 2016. Under the Act, the licence will expire in March 2028.
- 2.6 Until this year, Ofcom did not have the power to renew these licences. In the case of Digital One, this is because the one renewal for which the licence is eligible was already granted in November 2011 and no further renewals were available. In the case of Sound Digital this was because the Act did not give Ofcom the power to renew a licence granted more than ten years after the commencement of the Act.

- 2.7 In January 2022, following consultation, the Government announced that it would make changes to section 58 of the Act to allow Ofcom to renew the two licences for a new period ending on 31 December 2035. The changes to the Act came into force on 8 April 2022.³

Renewal timetable

- 2.8 Now that Ofcom has the power to renew the multiplex licences, the Act requires that licensees apply before the 'relevant date'. The 'relevant date' is defined (in statute) as the date by which, if the licence were not renewed, Ofcom would need to publish a notice inviting applications for the licence to enable a fresh licence to be granted from the expiry date of the current one. By setting a 'relevant date' we ensure that there is continuity of service for listeners if a change of licensee occurs.
- 2.9 In the case of both national radio multiplex licences, we plan to set the relevant date as one year before the expiry of the licence. For the Digital One licence, this means that the relevant date will be 15 November 2022. For the Sound Digital licence, the relevant date will be 28 February 2027.
- 2.10 Although the effective backstop date for renewing the licence is the date the licence expires, we would seek to complete the licence renewal process as close as possible to the 'relevant date' of the licence in question. There is no disbenefit to a licensee to having their licence renewed in advance of the expiry date – in fact, it is the reverse. Knowing that their licence has been renewed provides the licensee with greater certainty.

Renewal requirements

- 2.11 Before renewing these national radio multiplex licences, Ofcom plans to make decisions in three areas.⁴
- a) We may require the licensee to submit a new technical plan which supplements the one submitted as part of the original application for the licence. If we choose to do this, we must also tell the licensee of any requirements which must be met by this new technical plan. Such requirements could include, but are not limited to, the expansion of coverage to currently unserved areas.
 - b) We may require the licensee to submit new proposals for promoting or assisting the take-up of digital radio equipment, to supplement those made in its original application for the licence.
 - c) We may, with the consent of the Secretary of State for Digital, Culture, Media and Sport (DCMS), set a percentage of multiplex revenue (PMR) that the licence holder must pay during the renewed licence period. There is currently no PMR rate set for both Digital One and Sound Digital.

³ [The Legislative Reform \(Renewal of National Radio Multiplex Licences\) Order 2022 \(legislation.gov.uk\)](#)

⁴ This corresponds to powers conferred by the Broadcasting Act 1996: see section 58(4) and (8).

2.12 There are two grounds on which we would be able to refuse to renew a national radio multiplex licence:

- the licensee has failed to comply with the conditions in its existing licence, or we think that it will not be able to comply with the conditions in its renewed licence; or
- we have notified the licensee of new requirements it must meet relating to its technical plan or promotion of DAB take-up ((a) and (b) above) and the licensee's proposals fail to meet these requirements.

2.13 In the following section we set out our proposals for each of the areas relevant to licence renewal.

3. Our proposed approach

3.1 Our proposals in this section relate to: a) provision of a technical plan and any new coverage requirements; b) provision of a plan for promotion of DAB; and c) setting a percentage of multiplex revenue (PMR) that the licence holder must pay during the renewed licence period. We consider each of these areas separately.

Technical plan and coverage requirements

3.2 In renewing the national radio multiplex licences Ofcom could require a licensee to submit a technical plan supplementing the one the licensee submitted as part of its original application for the licence. We could notify the licensee of any requirements which must be met by the new plan.

Existing coverage

3.3 Digital One's coverage now reaches more than 91% of homes in the UK, including Northern Ireland, which was not part of the Licensed Area of the original service.⁵ Sound Digital's coverage reaches around 83% of UK homes. This exceeds the planned coverage on launch of 75% of UK households. Existing coverage is set out in the table below.

Table 1: Percentage coverage of national commercial radio multiplexes⁶

		Digital One	Sound Digital
UK	Homes	91.7	82.6
	Major roads	80.2	72.6
England	Homes	94.8	86.7
	Major roads	93.9	89.8
Scotland	Homes	81.7	69.0
	Major roads	45.5	33.6
Wales	Homes	67.5	56.9
	Major roads	53.3	37.7
Northern Ireland	Homes	85.4	56.8
	Major roads	86.9	55.0

⁵ Following consultation, Ofcom approved a request from Digital One to extend coverage to Northern Ireland https://www.ofcom.org.uk/data/assets/pdf_file/0011/41600/condoc.pdf

⁶ Data from DCMS digital radio and audio review: <https://www.gov.uk/government/publications/digital-radio-and-audio-review/digital-radio-and-audio-review#chapter-6---future-radio-distribution-and-coverage>

Our considerations and proposed approach

- 3.4 Arguments could be made in favour of setting new requirements on the national radio multiplex licensees. While coverage is extensive from both the Digital One and Sound Digital multiplexes, they do not cover the whole of the UK and coverage of the multiplexes is proportionally not as high in Scotland, Wales and Northern Ireland as it is in England. The Sound Digital multiplex also does not have the same coverage as the Digital One multiplex and some digital radio listeners may consequently not have access to the full range of services the platform offers.
- 3.5 However, there are stronger arguments against setting new requirements on the licensees.
- DAB is a relatively mature platform with a significant share of radio listening. The need to drive deployment of a transmitter network at the scale necessary to ensure the success of the platform therefore no longer applies. Since the launch of the first commercial digital radio multiplex in 1999, the platform has grown and matured. From launch, the number of services carried on the two commercial digital radio multiplexes has grown to 40. The latest data from RAJAR shows that in the UK more listening takes place on DAB compared to analogue radio (41.1% vs. 32.1%). In 2018, for the first time, the majority of radio listening was digital. Digital listening now accounts for 67.9% of all radio listening.⁷
 - The original coverage commitments from Digital One and Sound Digital have been met and both multiplexes are very widely available across the UK. There is much less need now to drive deployment of national digital radio multiplex coverage to ensure that the platform reaches and benefits listeners.
 - Although the two multiplexes do not cover the entire UK, there are other ways to access digital radio than via DAB. Digital radio stations can be accessed by listeners at home via digital television (which covers 98.5% of UK households) or home broadband. Outside of the home, listeners can access digital radio stations via mobile IP networks. In 2021, 29% of radio listeners had used their mobile phone to listen to the radio.⁸ Although mobile coverage is not ubiquitous across the UK, we expect it will continue to improve over coming years.⁹
 - Any decision on extending digital radio coverage would have cost implications for the multiplex operators. Such costs could be passed on to broadcasters and might therefore have impacts on the rest of the digital radio value chain.
- 3.6 Therefore, given existing levels of coverage by the two national multiplexes, the maturity of the platform, the potential for listening over IP to grow in future and the potential for the costs of meeting any new coverage requirements to be passed down the value chain,

⁷ RAJAR Q1 2022

⁸ https://www.ofcom.org.uk/data/assets/pdf_file/0023/222890/media-nations-report-2021.pdf

⁹ Under the Shared Rural Network agreement, the UK Mobile Network Operators each committed to reaching 88% coverage of UK landmass by 2024, and 90% of the landmass within 6 years from 2020 (subject to conditions), with the expectation that this will see the 'at least one operator' footprint reach 95% of the UK landmass by 2025.

we consider that there are not good grounds to require licensees to expand coverage via a requirement on licence renewal.

3.7 In light of these considerations, we do not propose to impose any additional coverage obligations or require the provision of a new technical plan in renewing the licences.

Question 1: Do you agree that Ofcom should not impose any new coverage obligations on the national radio multiplex licensees as part of licence renewal or require a new technical plan?

Promotion of digital radio equipment

3.8 Ofcom could require a licensee to submit proposals for promoting or assisting the acquisition of digital radio equipment which supplement those in its original application, and notify them of any requirements which must be met by the new proposals.

Existing DAB receiver take up

3.9 Since the launch of digital radio in the UK, more than 27 million DAB sets have been sold.¹⁰ Data collected for Ofcom's Technology Tracker indicates that of people who have radios in their homes that someone listens to most weeks, 41% have at least one active digital radio set.¹¹ Outside the home, new regulations to support the mandating of digital for radios in passenger vehicles were introduced in September 2020 following a consultation by the Department for Transport. The percentage of new cars now with DAB/DAB+ as standard is estimated to be 98%.¹²

Our considerations and proposed approach

3.10 There are limited arguments in favour of introducing new requirements on the multiplex licensees to provide a plan for promoting or assisting the acquisition of digital radio equipment. Millions of DAB radio sets have been sold in the UK since the launch of digital radio. That being said, sales of new DAB portable devices used in the home have fallen. Projections suggest that ownership of a DAB radio device has plateaued and may start to decline in future years – a trend discussed in the Digital Radio & Audio Review report, published in October 2021.¹³ A new requirement for a plan for promoting or assisting the acquisition of digital radio equipment might help to reverse this trend.

3.11 However, we think there are stronger arguments against introducing a new requirement in this area on the national radio multiplex licensees specifically.

¹⁰

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1027206/Digital_Radio_and_Audio_Review_FINAL_REPORT_single_view.pdf

¹¹ https://www.ofcom.org.uk/data/assets/pdf_file/0015/219102/technology-tracker-2021-data-tables.pdf

¹² <https://getdigitalradio.com/latest-research-confirms-dab-radio-as-standard-in-new-cars-across-europe/>

¹³ <https://www.gov.uk/government/publications/digital-radio-and-audio-review/digital-radio-and-audio-review>

- DAB is now a relatively mature platform. It has grown in terms of the amount of listening and the number of services carried since its launch. DAB (and the digital radio platform as a whole) has developed so that digital services now account for the majority of radio listening. Even if sales have been falling, hundreds of thousands of DAB sets are still sold each year (more than 900,000 standalone DAB sets in 2020).¹⁴ The need to promote equipment uptake is therefore much weaker than when digital radio was launched.
- Slowing growth (and potentially a future decline) in the sales of DAB sets is likely due to a range of factors. This includes but is not limited to a broader shift towards online content, the consequent likely long-term evolution of listening habits and the growth of the voice assistant / smart speaker market. It is not clear that a plan to promote or assist the uptake of digital radio equipment would reverse these trends or that a licence requirement on the national radio multiplex licensees is the best way to achieve this.
- Even if there were a need to promote uptake of digital radio equipment, it is not obvious that it is proportionate to apply requirements to do so to the national radio multiplex licensees in particular. The Digital Radio and Audio Review report and our ongoing stakeholder engagement makes clear that discussions as to how best to secure digital listening, and resulting initiatives, are industry-wide. We do not see a strong argument at this time to place a separate requirement on specific licensees to promote or assist the acquisition of digital radio equipment.

3.12 For these reasons, we do not propose to require the licensees to provide new proposals for how they would promote acquisition or access to digital radio equipment as a requirement for licence renewal.

Question 2: Do you agree that Ofcom should not impose any new obligations on the national radio multiplex licensees for promoting the DAB digital radio platform as part of licence renewal?

Percentage of multiplex revenue (PMR)

- 3.13 The final consideration we must make is to reach a view on whether a PMR payment should be set as part of licence renewal.

What PMR is

- 3.14 The Act makes specific provision for Ofcom, with the consent of the Secretary of State for Digital, Culture, Media & Sport, to specify a PMR to be paid by the holder of a national radio multiplex licence for each of its accounting periods. Alternatively, the Secretary of State can require Ofcom to set a specific PMR, or make an Order specifying that no rate

¹⁴ <https://www.gov.uk/government/publications/digital-radio-and-audio-review/digital-radio-and-audio-review>

(i.e. zero) shall be set. To date, there has been no PMR rate set. Were a PMR to be set, this revenue would be collected by Ofcom and passed to HM Treasury.

- 3.15 Multiplex revenue is defined in section 56 of the Act.¹⁵ “Multiplex revenue” is the income a national radio multiplex licensee derives from the carriage of programme services on its multiplex, and the income a programme service provider on the multiplex derives from the sale of advertising and/or sponsorship. The percentage rate may vary over the course of the licence period, provided that any such variation is set in the licence conditions at the time of renewal. The rate or rates specified may not be changed once the licence is renewed.

Our considerations and proposed approach

- 3.16 The licensees have not previously been required to pay a PMR and, so far as we are aware, no inefficiencies or detriments have resulted.
- 3.17 Furthermore, requiring any PMR payment would have disadvantages. Since PMR is set as a percentage of revenue, a PMR rate discourages activities that boost revenue (such as investment in content) because an increase in revenue results in increased PMR payments. It could also bias a licence holder towards low-revenue/low-cost business models rather than high revenue/high-cost ones, even if the latter generate more net value
- 3.18 For the above reasons, we therefore propose that our preference would be not to set a PMR rate, subject to the view of the Secretary of State.

Question 3: Do you agree with our preference not to set a PMR rate for the renewed period of the national radio multiplex licences?

¹⁵ See <https://www.legislation.gov.uk/ukpga/1996/55/section/56>

4. Next steps

- 4.1 We welcome stakeholder responses to this consultation. The closing date for responses is 21 July 2022.
- 4.2 Following the closure of this consultation and having considered all the responses we receive, we will publish a statement setting out our final conclusions. In that statement we will set out the licence renewal process, including a final timetable for licensees to apply for renewal.

A1. Responding to this consultation

How to respond

A1.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 21 July 2022.

A1.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-2/national-radio-multiplex-licence-renewals>. You can return this by email or post to the address provided in the response form.

A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to broadcast.licensing@ofcom.org.uk, as an attachment in Microsoft Word format, together with the [cover sheet](#).

Responses may alternatively be posted to the address below, marked with the title of the consultation:

Broadcast Licensing
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

A1.4 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:

send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files; or

upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.

A1.5 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)

A1.6 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt of a response submitted to us by email.

A1.7 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.

A1.8 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 4. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.

A1.9 If you want to discuss the issues and questions raised in this consultation, please email broadcast.licensing@ofcom.org.uk.

Confidentiality

- A1.10 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish responses on [the Ofcom website](#) at regular intervals during and after the consultation period.
- A1.11 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A1.12 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.13 To fulfil our pre-disclosure duty, we may share a copy of your response with the relevant government department before we publish it on our website. This is the Department for Business, Energy and Industrial Strategy (BEIS) for postal matters, and the Department for Culture, Media and Sport (DCMS) for all other matters.
- A1.14 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our [Terms of Use](#).

Next steps

- A1.15 Following this consultation period, Ofcom plans to publish a statement in summer 2022.
- A1.16 If you wish, you can [register to receive mail updates](#) alerting you to new Ofcom publications.

Ofcom's consultation processes

- A1.17 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 2.
- A1.18 If you have any comments or suggestions on how we manage our consultations, please email us at consult@ofcom.org.uk. We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.19 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA
Email: corporationsecretary@ofcom.org.uk

A2. Ofcom's consultation principles

Ofcom has seven principles that it follows for every public written consultation:

Before the consultation

- A2.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

During the consultation

- A2.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A2.3 We will make the consultation document as short and simple as possible, with an overview of no more than two pages. We will try to make it as easy as possible for people to give us a written response.
- A2.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A2.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A2.6 If we are not able to follow any of these seven principles, we will explain why.

After the consultation

- A2.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish the responses on our website at regular intervals during and after the consultation period. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

A3. Consultation coversheet

BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? _____

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom aims to publish responses at regular intervals during and after the consultation period. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

A4. Consultation questions

A4.1 We request input from stakeholders on the following questions.

Question 1: Do you agree that Ofcom should not impose any new coverage obligations on the national radio multiplex licensees as part of licence renewal or require a new technical plan?

Question 2: Do you agree that Ofcom should not impose any new obligations on the national radio multiplex licensees for promoting the DAB digital radio platform as part of licence renewal?

Question 3: Do you agree with our preference not to set a PMR rate for the renewed period of the national radio multiplex licences?

The overview section in this document is a simplified high-level summary only. The proposals we are consulting on and our reasoning are set out in the full document.