

Response to Ofcom consultation: 'An Approach To DAB Coverage Planning'

Comments made below address Ofcom's six consultation questions collectively. Additionally, within the text of its consultation (cf. Paragraph 5.19), Ofcom asked for views concerning issues that were not raised by the six questions.

In the executive summary to this consultation, Ofcom stated clearly that its "document is not a policy consultation on a regulatory decision by Ofcom." Rather, "the decisions that may follow this work are primarily to be taken by multiplex operators and by Government." It appears to us, therefore, that Ofcom has essentially shrouded a policy document in a consultation wrapper, and, as a result, is seeking very limited stakeholder input to the substantive issues involved.

The six questions posed by this 'consultation' refer only to the detail of extended DAB coverage. Despite the consultation's title, 'An Approach to DAB Coverage Planning,' the 'approach to DAB' is at no point the subject of discussion within the document. Instead, the consultation appears to have presumed, without debate, that:

- additional rollout of local DAB multiplex transmitters is necessary
- the cost/benefit of additional DAB transmitters is not an immediate issue
- radio content to populate the DAB multiplexes is not an issue
- the cost to local stations of carriage on DAB multiplexes is not an issue
- consumer demand for DAB radio is not an issue.

However, Ofcom did note in the pre-amble to its consultation:

"The robustness of our DAB planning criteria carries a cost in terms of the number of transmitters that need to be built. We will need to do further work to determine if this is necessary or appropriate."

This statement had the impact of negating the value of the pages that followed in the body of the consultation document. A discussion concerning the roll-out of additional DAB multiplex transmitters proves worthless without considering the costs involved, because those extra costs will inevitably be levied upon commercial radio stations by the transmission provider. The greater the number of DAB transmitters required to ensure robust reception coverage within a local area, the greater the cost for radio stations to broadcast on that multiplex. This direct link between coverage and carriage costs needs to be put at the heart of any debate about DAB transmitter build-out. However, to date, Ofcom has avoided this issue altogether.

The situation is exacerbated by the requirement within many local stations' Ofcom analogue licences that a service is additionally broadcast by them on DAB. This regulatory compulsion allows Ofcom to propose additional DAB transmitters in this consultation without reference to market forces. In the absence of information that would be provided by a robust cost/benefit analysis, no commercial broadcaster could voluntarily agree to add additional transmission costs, at the behest of the regulator, that will generate little or no incremental revenues.

The build-out of local DAB transmitters proposed in the consultation would multiply their number three-fold, in order to deliver only a 28% improvement in the number of households that would receive robust DAB coverage (see Appendix 1). In many local areas, the diminishing returns from further DAB build-out are even worse. In Cornwall, Ofcom proposed to increase the number of DAB transmitters eight-fold (from two to seventeen) just to deliver 100,000 additional households. In Swansea, Ofcom proposed an increase from three to eighteen DAB transmitters in order to add an extra 74,000 households. Despite the reality of existing local DAB coverage in many areas having proven pitiful (only 51% of households in Cornwall), the cost of improving reception significantly will be too great for many station owners.

The present precarious economic state of the commercial radio sector has been well documented. In real terms, sector revenues contracted by 33% between 2000 and 2010. In aggregate, the sector is barely breaking even. The imposition of additional transmission costs upon local stations that have already suffered the burden of having to underwrite dual broadcasts on analogue and DAB for the last decade can only be a detrimental financial obligation.

Neither does the consultation address the predicament of those local stations that are presently unable to broadcast on DAB, even if the carriage costs were reasonably priced, due to there being no available capacity on a local DAB multiplex. The transmitter build-out proposed by Ofcom might improve reception of existing DAB services, but it will not increase the capacity of the multiplexes. As such, the consultation fails to address the main inequality of the DAB platform since its introduction – the multiplex system is much more suitable for large local and regional radio stations, rather than small and ultra-local stations.

This existing inequality will be made considerably worse by the separate Ofcom proposal that involves "merging together some areas to make better use of frequencies." Ofcom noted that the outcome will result in DAB "just carrying the same local stations over a wider area" along with "possibly increased transmission costs" for those stations. However, these additional fees would prove most onerous for ultra-local stations, many of which have no desire to broadcast "over a wider area" that is beyond their existing market.

This issue concerning the incompatibility of enlarged DAB transmission coverage areas with the needs of small local commercial radio stations is not a new problem. In 2009, the Impact Assessment accompanying the government's Digital Britain report had noted that:

- "merging [DAB] multiplexes will reduce the overall capacity available for DAB services, therefore reducing the potential for new services"
- "reduced capacity on local multiplexes might result in some services losing their current carriage on DAB."

Despite these acknowledged impacts and the additional financial burden on local commercial radio stations of higher DAB carriage charges, Ofcom seems determined to press ahead with the implementation of enlarged DAB local service areas without offering practical solutions to the issues raised.

Finally, the Ofcom 'consultation' seems to have carefully avoided the overriding issue of whether digital radio switchover will prove beneficial for either the commercial radio industry or consumers. Ofcom has failed to engage in stakeholder discussions with its licensees – particularly the smaller local stations – on the practicalities of forcing a switch to DAB for local radio and its listeners, the majority of whom seem satisfied with the existing radio broadcasting platforms.

Although the Ofcom consultation noted that stakeholders can participate in the government's monthly Stakeholder Group meetings, it admitted that these are held primarily "to inform external stakeholders of progress against the [Digital Radio] Action Plan" rather than to stimulate a valuable dialogue with the radio industry.

Our view is that the FM platform must continue to be an integral part of the mainstream radio ecology. At the same time, DAB is clearly not suitable – in terms of transmission costs, robust coverage or consumer take-up – to become the primary broadcast platform for genuinely local radio in many areas.

In summary, our opinion is that this Ofcom consultation is an academic exercise that offers no practical strategy for the development of the DAB radio platform. In Ofcom's own words:

"The decision to build out DAB coverage to a certain level before switching off FM services requires an evaluation of costs and benefits ..."

Wherever and whenever that "evaluation" takes place, our overriding concern is that:

- an independent cost/benefit analysis is undertaken using empirical evidence and verified data concerning the total costs of DAB transmission (including the proposed build-out) versus the existing costs of analogue transmission
- owners of small and ultra-local commercial stations are engaged directly in the evaluation process, so that the particular disadvantages they face are understood and addressed in any future policy decisions about the existing analogue platforms, the DAB radio platform and the proposed digital radio switchover
- the listeners of small and ultra-local commercial stations are consulted as a separate sub-set of the total radio audience, so that their opinions are considered equally alongside users of national, regional and large local broadcasters.

Yours,

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Kevin Brady, Managing Director, Kingdom FM Radio Ltd
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Lyn Long, Operations Director, Tindle Radio Ltd
Channel 103, Jersey
Delta Radio, Haslemere
Dream 100, Colchester
Island FM, Guernsey
Kestrel FM, Basingstoke
North Norfolk Radio, Stody
Norwich 99.9, Norwich
The Beach, Lowestoft
Town 102, Ipswich

Paul Smith, Chairman, Celador Radio Ltd

106.4 Andover Sound, Andover
The Breeze, Bristol
The Breeze, Southampton
The Breeze, Bridgwater
106.5 JACK fm, Bristol
106 JACK fm, Southampton
Newbury Sound, Newbury

Ron McEwan, Station Director, Central FM Ltd

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Tony Collis, Owner, Radio Jackie Ltd

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William Rogers, Chief Executive, UKRD Group Ltd

107 The Bee, Accrington
2BR, Accrington
96.4 Eagle Radio, Guildford
County Sound Radio, Guildford
KL.FM 96.7, Norfolk
Minster FM, York
Mix 96, Aylesbury
Pirate FM, Redruth
Spire FM, Salisbury
Spirit FM, Chichester
Star Radio North East, Darlington
Star Radio, Cambridge
Stray FM, Harrogate
Sun FM, Sunderland
Wessex FM, Dorchester
Yorkshire Coast Radio, Scarborough

APPENDIX 1: Current coverage and Ofcom's proposed coverage of existing local DAB multiplexes

DAB multiplex location	CURRENT COVERAGE				OFCOM PROPOSED COVERAGE				CHANGE	
	no. households	no. transmitters	% indoor households	% mobile coverage	no. households	no. transmitters	% indoor households	% mobile coverage	% increase households	% increase transmitters
London Switch	4,639,035	21	84.4	89.7	5,170,727	31	94.0	92.7	11%	48%
London CE	4,511,590	8	82.0	91.3	5,124,093	22	93.2	92.2	14%	175%
London DRG	4,076,528	11	80.8	85.9	4,960,439	25	98.4	97.8	22%	127%
Manchester	944,951	2	66.4	55.2	1,409,086	17	99.1	96.1	49%	750%
Birmingham	968,328	4	81.9	78.5	1,135,687	8	96.1	87.8	17%	100%
Liverpool	737,738	3	72.8		951,964	8	86.7	92.8	29%	167%
Tyne & Wear	586,358	2	71.8	60.5	776,848	13	95.1	91.2	32%	550%
Edinburgh & Borders	568,756	5	77.2	63.5	713,221	18	96.9	92.7	25%	260%
S. Yorkshire	477,447	2	64.6	51.6	701,167	9	94.8	90.2	47%	350%
Sussex	407,571	6	53.6	31.4	680,216	14	93.9	92.6	67%	133%
Kent	388,974	5	50.1	60.5	675,071	13	91.7	90.7	83%	160%
Lancashire	333,794	2	49.1	73.5	664,716	15	97.9	96.3	99%	650%
Wolverhampton & Shropshire	368,832	2	53.1	29.9	653,225	12	94.0	81.3	77%	500%
N. Ireland	512,327	6	74.9	72.6	637,035	17	93.1	90.1	24%	183%
S. Hampshire	556,945	5	87.5	78.3	622,146	13	97.7	94.7	12%	160%
Leeds	388,697	4	62.8	62.2	597,637	6	96.6	97.7	54%	50%
Essex	426,742	6	57.5	39.7	564,744	10	76.2	58.4	32%	67%
Cardiff & Valleys	300,864	3	49.4	39.9	548,147	15	89.9	79.8	82%	400%
Nottingham	486,507	3	90.5	99.7	491,639	4	91.5	73.3	1%	33%
Stoke	429,417	4	82.3	84.0	464,497	10	89.2	79.7	8%	150%
Teesside	359,311	2	74.7	72.0	458,604	7	95.3	93.6	28%	250%
Bradford & Huddersfield	390,838	3	78.3	69.6	457,756	10	91.7	84.2	17%	233%
Bristol & Bath	399,889	4	86.1	76.0	436,344	9	94.0	78.9	9%	125%
Berkshire & N. Hampshire	267,743	4	58.0	45.7	432,159	9	93.6	88.7	61%	125%
Humberside	301,467	3	71.6	49.8	395,781	9	94.1	83.8	31%	200%
Coventry & Warwickshire	264,524	4	66.9	39.1	370,042	9	92.6	73.3	40%	125%
Norfolk	219,224	5	50.1	32.3	365,152	12	83.4	76.4	67%	140%
Leicestershire	245,575	2	58.6	32.3	360,331	10	86.0	54.3	47%	400%
Swansea	237,459	3	73.5	62.7	311,849	18	96.9	94.9	31%	500%
Dorset	165,609	3	46.5	23.2	299,235	7	84.0	59.8	81%	133%
East Devon	155,313	3	50.6	47.2	286,832	21	93.5	80.1	85%	600%
Cornwall	121,161	2	50.7	76.0	222,169	17	89.4	93.6	83%	750%
Tayside	184,584	4	80.9	63.9	218,118	11	95.7	79.8	18%	175%
Cambridge	123,245	1	55.6	45.6	201,489	7	90.9	85.2	63%	600%
Peterborough	121,135	2	46.7	29.8	197,072	11	92.3	78.2	63%	450%
Aberdeen	141,055	3	68.3	70.2	193,136	11	93.5	81.4	37%	267%
Plymouth	114,300	1	60.8	51.2	164,145	5	87.3	89.1	44%	400%
W. Wiltshire & Salisbury	81,662	3	45.9	36.4	162,502	12	91.3	78.1	99%	300%
N. Scotland	65,171	1	35.9	12.5	160,256	33	85.5	53.6	146%	3200%
Swindon	119,785	3	83.4	78.6	136,577	8	95.1	84.4	14%	167%
Mid Wales	59,582	4	38.6	45.4	120,804	17	77.4	76.3	103%	325%
Glasgow		7				18				
TOTAL	26,230,033	171			33,492,658	551			28%	222%

source: Ofcom