

RADIOCENTRE SUBMISSION TO OFCOM'S PROVISIONAL DETERMINATION OF PROPOSED NEW BBC DAB+ STATIONS AND PROPOSED CHANGES TO RADIO 5 SPORTS EXTRA

SUMMARY

1. Radiocentre welcomes the opportunity to respond to Ofcom's consultation¹ on its provisional determination regarding the BBC's proposed new DAB+ radio stations and changes to Radio 5 Sports Extra. This response will focus on the proposed new music stations.
2. We welcome Ofcom's provisional conclusion to block the proposed Radio 2 Extension (R2E). According to Ofcom's analysis, this service presented the most significant potential negative market impact which, as Ofcom rightly identifies, would not have been justified by its negligible public value contribution.
3. However, we are disappointed that Ofcom is minded to approve the launch of Radio 1 Anthems (R1A), Radio 1 Dance (R1D) and Radio 3 Unwind (R3U) on DAB+. While their individual market impact may be assessed by Ofcom as lower than R2E, the negative impact of each extension is still greater than the public value each extension delivers. Furthermore, their collective impact remains significant. Ofcom's own analysis acknowledges weaknesses in the public value proposition for these stations. It is therefore difficult to reconcile Ofcom's provisional conclusion that the market impact is justified by such a weak and unsubstantiated public value proposition.
4. Should Ofcom's final determination permit these three stations to launch, it is crucial that Ofcom applies measurable and quantifiable Operating Licence conditions to ensure they are genuinely distinctive and to minimise any overlap with existing commercial services. This should include the regular provision of news, quotas for other speech content and distinctive music output, as well as explicit transparency reporting requirements.
5. Finally, we repeat our general concerns about the process, and particularly that a lack of sufficient detail provided by the BBC from the outset undermined the effectiveness of the Public Interest Test (PIT) and the ability of stakeholders to effectively engage with and influence the process. Given our experience with this PIT, we believe Ofcom needs to review the process and to update its PIT guidance to allow for greater transparency and stakeholder engagement at an earlier stage in the process.

¹ Ofcom consultation: [Proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra](#), 10th April 2025

Question 1: Do you agree with our provisional conclusions from our review of the BBC’s assessment of the public value of the proposals for the proposed DAB+ music stations. Please provide evidence to support your views, specifying which conclusions you are referring to.

(i) In aggregate

6. We have consistently maintained throughout this process, since the BBC announced its proposals in February 2024, that none of the proposed services are distinctive and therefore do not demonstrate sufficient additional public value to warrant their introduction, particularly given the potential market impact. We therefore disagree with Ofcom’s overall provisional conclusion regarding the public value of R1A, R1D, and R3U.
7. Each of the proposed services directly target audiences that are well served by commercial radio. This implies that their success (at gaining listeners) will be to the detriment of commercial radio, rather than delivering additional value to audiences.
8. Given the lack of distinctiveness, these services are only likely to generate limited incremental public value. The lack of distinctiveness is a finding from the BBC’s own audience research as well as the Kantar survey commissioned by Radiocentre. The MTM research² commissioned by the BBC notes that audiences “*queried how unique some of the proposed stations are*”, while the Kantar survey found that fewer than one-in-five respondents thought the BBC extensions sounded different to existing stations, with the vast majority indicating that this type of service was already offered by commercial radio.
9. The lack of public value is compounded by the general omission of any news content (apart from the revised R2E proposal) and limited speech content. This approach is contrary to the BBC’s public service remit and misses a crucial opportunity, particularly concerning R1A and R1D’s target demographic of younger and DE audiences, who Ofcom notes³ are significantly less likely to consume PSB news.
10. In addition to missing this opportunity to enhance public value on BBC radio, Ofcom also rightly identifies that “*there could be some negative social value for listeners switching to R1D, R1A and R3U from other stations, both commercial and BBC radio, which carry news.*”⁴
11. Ofcom’s stated role in this process is to “[consider] whether [the BBC] has made a **compelling, well-evidenced, and methodologically sound assessment** of the public value that it believes its proposals would deliver” (emphasis added).⁵ It appears from the consultation document that Ofcom does not find that there is a strong public value case for any of the proposals. Indeed, on the basis of Ofcom’s analysis, in no way can the BBC’s public value assessment be said to be either compelling or well-evidenced.

² MTM, [BBC Radio Public Interest Test](#), 20 November 2024, p. 28

³ Ofcom consultation: [Proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra](#) Para 4.26

⁴ Ibid, Para 4.27

⁵ Ibid, Para 4.9

12. For each of the proposed stations, Ofcom qualifies that they would only offer “some” public value⁶, while also identifying multiple weaknesses in the overall public value proposition. In many instances, it appears that the delivery of additional value is largely being taken on trust rather than supported by evidence or based on clear commitments. This is despite the fact that the regulatory framework puts the onus on the BBC to provide a robust public value case for each of the proposals.
13. While it is not Ofcom’s role here to assess value for money, these proposals in aggregate clearly represent an inefficient use of the licence fee. This is a significant investment into new, duplicative services launching into an already saturated market, providing negligible additional value to audiences while diverting resources that could have been far better spent elsewhere – for example, reversing damaging shifts in investment away from BBC Local Radio output.

(ii) R1A, R1D, R3U

14. While Ofcom finds ‘some’ public value for the provisionally approved R1D, R1A and R3U, its assessment highlights significant limitations that undermine the credibility of the BBC’s public value proposition:
 - Ofcom notes the BBC’s failure to provide modelling on the potential reach among younger and C2DE audiences for R1A and R1D.⁷ This makes it difficult for both Ofcom and stakeholders to assess the veracity of the BBC’s claim that the proposals will actually provide additional value to these audiences.
 - Ofcom points out that the BBC’s own low estimates for the uplift in listening hours for all stations suggest limited impact even if target audiences are reached.⁸
 - For R3U, Ofcom notes a lack of clear evidence that it would be providing additional genres that are not available on existing commercial services⁹, and notes that the commitment to UK artists (25%) does not significantly differ from commercial classical music stations like Classic FM or Scala (now Magic Classical)¹⁰.
15. These weaknesses significantly undermine the BBC’s already tenuous public value proposition, making it insufficient to justify expansion into areas already well-catered for by commercial radio.
16. We also agree with Ofcom that there does not appear to be a strong rationale for launching new DAB+ radio stations as a way of better serving younger audiences in particular¹¹. Only 10% of the total share of DAB listening to BBC radio is by people under

⁶ Ibid, Paras 4.70, 4.71

⁷ Ofcom consultation: [Proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra](#), Paras 4.34, 4.41

⁸ Ibid, Paras 4.34, 4.41, 4.50

⁹ Ibid, Para 4.51

¹⁰ Ibid, Para 4.54

¹¹ Ibid, Para 4.22

35, with just 3% of the DAB listening share from under 25s (a core target audience for R1A).¹² The BBC's approach appears to be out of step with media consumption trends for this demographic, which spends an increasing amount of time listening online. Our view, as outlined in our initial PIT response¹³ to the BBC, is that these services will therefore fail, even on the BBC's own stated objectives, to deliver additional value to these audiences relative to what is available to them from both BBC and commercial providers today.

17. Ofcom rightly expresses¹⁴ disappointment over the lack of news provision on R1A, R1D and R3U, noting that *"the BBC could have used this as an opportunity to deliver news in a distinctive way that suits these audiences, and it is disappointing the BBC has not grasped this opportunity"*. This omission represents a serious failure by the BBC to fulfil a core public service obligation and is particularly regrettable for stations that are purportedly aimed at younger and C2DE groups who would benefit most from greater exposure to trusted and impartial PSB news. Given that the provision of news is core part of the BBC's mission (to both inform and educate) and the foundation of Public Purpose 1 (to provide impartial news and information), it should be a requirement (via the Operating Licence) that these services carry regular news, if Ofcom determines to let them proceed.

(iii) R2E

18. We broadly agree with Ofcom's assessment that the public value case for R2E is weak and that the service lacks distinctiveness¹⁵. There are a number of commercial services that provide very similar music formats – notably Boom Radio which has a larger library of music spanning the 50s, 60s, and 70s, contains presenter-led programming, and carries news.
19. Furthermore, the BBC's suggestion that it had subsequently reworked the proposition to be more distinctive in its PIT publication did not stand up to scrutiny. Much of the proposed programming remained unchanged from the original proposal, and the inclusion of news was arguably the only substantive change. However, as noted above, this a key element that should have been included in all of the proposed services from the outset.

Question 2: Do you agree with our assessment of the likely impact of the proposals on fair and effective competition (including as set out in annex 1)?

20. It has been extremely difficult for the commercial radio industry to adequately evaluate market impact due to the BBC's lack of transparency throughout this process. The regulatory process does not incentivise the BBC to share information with external stakeholders unless absolutely compelled to, and this has made it challenging for commercial radio to engage effectively.

¹² RAJAR Q4 2024

¹³ [Radiocentre response to BBC Public Interest Test consultation on new music radio stations](#), May 2024

¹⁴ Ofcom consultation: [Proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra](#), Para 4.26

¹⁵ Ibid, Para 4.71

21. We note Ofcom's reservations with Compass Lexecon's methodology and the Kantar survey, and Ofcom's decision to use the BBC's approach as a starting point for its assessment. As detailed in our previous submissions, we maintain that the BBC's top-down approach is problematic and underestimates the audience size (and thus market impact) of the stations. For example, it starts with the assumption that a spin-off station must be c.15% the size of its parent, despite spin-offs like Kisstory and Absolute 80s demonstrating that this is not necessarily the case. Ofcom's application of the parent-extension relationship does not allow for each radio station having a different relationship to its extension, despite being based on many factors. The relationship between the BBC and its extensions could be quite different to that of commercial radio and its extensions, not least because the BBC has greater opportunities to cross-promote.
22. However, accepting Ofcom's chosen methodology, we still believe it overlooks important elements. Specifically, it (i) fails to adequately capture the cumulative impact of simultaneously launching multiple services nationally on DAB+ which all target a commercially valuable audience; and (ii) it fundamentally misunderstands the commercial radio business model by drawing a distinction between large radio groups and independent stations that does not reflect the operational reality.
23. Despite the commercial radio sector making detailed representations to the contrary, Ofcom has rather irrationally assumed that large commercial groups make decisions at a portfolio level, when in fact investment decisions are made on a station-by-station basis. Individual stations need to generate some margin of contribution in their own right. If they are not financially sustainable in the long-term, they could not continue to run at a loss indefinitely and would likely cease to exist.
24. Ofcom also does not account for the fact that not all market impacts will be the same to commercial radio operators. Different audiences hold different commercial values – the younger audiences targeted by R1D, R1A and R3U are more commercially valuable and so a reduction in these audiences will have a greater market impact.
25. For these reasons, we do not believe that Ofcom should automatically use the same methodology for future BBC extension station proposals. In particular, where alternative methodologies can be applied that better capture the competitive and market dynamics that exist, such as bottom-up approaches based on findings from customers' research.

(i) R1A, R1D and R3U

26. We disagree with Ofcom's conclusion that the competitive impact of R1A, R1D, and R3U, individually and in aggregate, is likely to be limited¹⁶. Even seemingly small percentage revenue losses at a group level can represent significant absolute sums that directly influence investment capacity across the commercial radio sector.

¹⁶ Ofcom consultation: [Proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra](#), Para 6.8

27. Ofcom's assessment gives too much weight to individual BBC station impacts failing to appropriately consider the cumulative effect of launching three new BBC services nationally on DAB+ simultaneously into an already competitive market.
28. The provisional approval of these stations sets a concerning precedent. It suggests that the BBC will be given a green light in future to replicate successful commercial radio formats with minimal differentiation, provided the BBC's modelled impact per station on larger operators remains below an unspecified threshold. Ofcom's approach therefore risks failing to provide adequate protections for fair and effective competition in this instance and in future.
29. We strongly disagree with Ofcom's implication (referenced in relation to R2E but applicable here) that investment disincentives primarily affect smaller operators or that larger broadcasters can simply absorb listening losses (and therefore negative financial impact) due to the size of their overall portfolio. This misunderstands the operational realities of the commercial radio market. Individual stations, even within large groups, must demonstrate commercial viability and contribute to overall profitability.
30. The aggregate impact of these services, combined with the potential chilling effect on future investment and innovation, is significant and not justified by the weak public value proposition (as identified by Ofcom itself). The negative impact on commercial radio revenues and subsequent reduction in future investment will inevitably have a detrimental knock-on effect on the wider UK creative industries.

(ii) R2E

31. We agree with Ofcom's assessment that R2E would likely have had the largest adverse competitive impact, although we maintain the actual quantum of impact would have been significantly higher. Ofcom is therefore right to block the BBC's proposal based on the risk to fair and effective competition.
32. Ofcom notes that this would have a particular impact on Boom Radio and Virgin Radio Network as they have more limited room to mitigate¹⁷ the impact. We agree that the threat to Boom Radio was particularly acute as a small independent operator that had successfully identified and created an offering for an audience, which the BBC has appeared to move away from over time following changes to its existing services.
33. However (as noted above in paragraph 29), we are concerned with the implication that the impact on larger groups might be considered acceptable due to their size. This premise is flawed. Even for large groups, R2E would have directly competed with a narrow set of brands that target the 55+ demographic (e.g. Gold, Greatest Hits Radio, Absolute Radio 60s/70s). A significant audience diversion to an ad-free brand extension of Radio 2 (the largest radio station in Europe), supported by extensive cross-promotion across BBC

¹⁷ Opportunities for mitigation are also limited for the stations most significantly impacted by R3U. Ofcom's own modelling for the projected audience estimates for R3U are three times higher than the BBC's estimate. This results in a disproportionate revenue impact mainly on a single operator (Global, with Classic FM and its brand extensions).

platforms, would inevitably impact the profitability and future investment case for these specific services, regardless of the wider performance of the entire portfolio.

Question 3: Do you agree with our provisional conclusions on the BBC's proposed changes to its radio services? Please provide evidence to support your views, indicating which of the BBC's proposed changes you are referring to.

34. We support Ofcom's provisional conclusion to block the Radio 2 Extension. As outlined above in response to questions 1 and 2, the limited public value proposition does not justify the significant adverse impact on fair and effective competition.
35. However, we are disappointed in Ofcom's provisional determination for R1D, R1A and R3U. It is notable that Ofcom does not see a particularly strong or well-evidenced public value case for *any* of these stations. Instead, the omission of news, as identified by Ofcom, has the potential to have a negative social value for listeners.
36. Our view remains that none of the proposed stations will provide additional public value due to the fact that they are not distinctive and will only generate limited incremental value for audiences by diverting listeners from existing commercial radio services.
37. As we have consistently maintained, the BBC remains the single largest player in UK radio and so any market intervention by the BBC can have an outsized impact on the wider commercial sector. This point that appears to have been accepted by Ofcom CEO Dame Melanie Dawes who noted¹⁸ at a Culture, Media & Sport Select Committee evidence session on 6th May 2025 that the BBC is "*still very dominant in the domestic market, particularly on radio. It is important that they do not stifle innovation by chasing new channels [stations] where one of their competitors has come up with something, following them and wiping them out far too quickly. That is a serious problem for innovation and growth across the industry.*"
38. Given the negligible public value demonstrated for R1A, R1D, and R3U – which is undermined by the limitations identified by Ofcom – *any* adverse competitive impact, even that deemed 'limited' by Ofcom, is disproportionate and unjustified.
39. We urge Ofcom to reconsider its provisional approval of these stations. The same reasoning that led Ofcom to determine that R2E should not be able to proceed applies to R1A, R1D, and R3U – in all cases, the public value proposition does not outweigh the competitive harm.

Question 4: Do you agree with our proposal not to set additional operating licence conditions on R1D, R1A and R3U if we approve them?

40. We do not agree with Ofcom's proposal not to set additional Operating Licence conditions on R1D, R1A and R3U, if they are approved. The fact Ofcom does not see a strong or well-

¹⁸ [Transcript for Culture, Media & Sport Select Committee oral evidence session on The Work of Ofcom](#), Tuesday 6th May 2025.

evidenced public value case for any of these extensions should be reason for Ofcom to monitor more closely the actual performance of these extensions.

41. If the final determination permits R1D, R1A and R3U to launch, Ofcom should at a minimum explicitly set out what it expects from the BBC with respect to transparency. Given the BBC's failure (as noted above in paragraph 12) to provide quantifiable evidence of how it will provide additional value to its intended target audience, it should be required to clearly articulate in its Annual Plan how it will ensure it delivers the public value of any approved services, and report in detail on how it has delivered against its plans in its Annual Report. This should include its plans for distinctive music output in line with its public value proposition.
42. While Ofcom references¹⁹ the appropriateness of additional Operating Licence conditions for the new stations, it does not appear to have given detailed consideration to the sort of conditions (quantitative or qualitative) that could apply to these services. Instead, Ofcom claims that the BBC should have greater flexibility on how it delivers its mission and public purposes, highlighting the 2022-2023 review²⁰ of the BBC Operating Licence as evidence of this being an established approach in this area. However, this ignores the fact that the majority of radio Operating Licence conditions and quotas were retained following that review, including requirements for news output on all UK Public Service (including DAB-only stations) and specific measures to support the distinctiveness of music output. It is also unclear how Ofcom affording the BBC greater flexibility in this area will help the BBC to better serve audiences.
43. This background ultimately underscores the value of these regulatory measures. For radio, as Ofcom concluded in 2023²¹ these quotas can help safeguard the delivery of news, alongside the distinctiveness of the BBC's radio services (through quotas on music) and the provision of original and new UK content.
44. Ofcom also notes that it retains the option of imposing new licence conditions at a later date if they were to identify concerns about the BBC's plans. This is welcome, yet given the concerns that Ofcom identified with the existing proposals in the provisional determination (including, but not limited to, its disappointment at absence of news) it appears to be a serious omission not to set conditions at the outset.
45. Parliamentarians are broadly united in recognising the important public value of trusted news and this pivotal public purpose of the BBC is likely to feature prominently in forthcoming debates on BBC Charter Review. Consequently, the omission of news on R1D, R1A and R3U has been raised as a priority with Ofcom in parliament. At the recent Culture, Media & Sport Select Committee evidence session²² with Ofcom CEO Dame Melanie Dawes and Chair Lord Grade, parliamentarians noted the absence of news and

¹⁹ Ofcom consultation: [Proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra](#), Para 6.18

²⁰ [Statement: Modernising the BBC's Operating Licence](#), October 2023

²¹ Ibid, p.6

²² [Transcript for Culture, Media & Sport Select Committee oral evidence session on The Work of Ofcom](#), Tuesday 6th May 2025.

whether Ofcom is likely to step in on this matter and introduce a requirement for the stations to have news bulletins.

46. Ofcom should go further in its final determination – if it is to approve the proposals – and impose Operating Licence conditions, which can act as an essential mitigation against adverse market impact as well as providing a guarantee that certain public value elements are provided. This move will also ensure that Ofcom meets its obligations, set out in the Charter²³, to impose regulatory conditions on the BBC to ensure it delivers on its mission and public purposes. In our view, relying solely on broad commitments in the BBC's Annual Plan is insufficient to guarantee distinctiveness – it lacks specific quantifiable commitments and there is limited external enforceability for robust oversight. Moreover, this would be consistent with Ofcom's approach in accepting that measurable quotas continue to have a role in holding the BBC radio services to account for delivering on its mission and public purposes.
47. The BBC appears to anticipate Operating Licence conditions for any approved new service. We note that in the BBC's PIT submission²⁴ the BBC expects Ofcom to be consistent and proportionate in imposing Operating Licence conditions and that it considers *'that the approach that Ofcom has taken in relation to the existing digital-only stations is the most appropriate model for the proposed stations.'* There is also a strong precedent for imposing conditions on news provision irrespective of broadcast platform, particularly given that DAB-only services Radio 1Xtra, Radio 6 Music and Asian Network all have quotas for news and current affairs output.
48. Past experience has demonstrated that without clear regulatory requirements that stretch the BBC to enhance its delivery of distinctive output, there has been a consequent reduction in important public value obligations, a fall in distinctiveness, and a lack of oversight and accountability. Furthermore, when Operating Licence quotas have been lowered, the BBC often uses this as a floor rather than demonstrating the ambition to overdeliver on distinctive content. This indicates that without regulatory measures the BBC cannot necessarily be relied upon to deliver on its public value, and underscores the need for proactive regulatory conditions rather than reactive monitoring.
49. Given the proposals' inherent lack of distinctiveness, it is even more important that Operating Licence conditions are in place to limit overlap with existing commercial services and thus minimise adverse competitive impacts. If Ofcom harbours doubts that these proposals will deliver enough public value to justify market impact, as its own assessment suggests, then setting clear quotas is the logical and entirely rational step to ensure this public value is actually achieved.
50. Furthermore, introducing Operating Licence conditions sets the right precedent to incentivise the BBC to bring forward genuinely distinctive and innovative proposals in future. For example, if the BBC's proposals create only marginal public value, then it should expect increased regulatory oversight to ensure that this de minimis value is not lost. Conversely, if the BBC wishes to minimise this oversight, then it should ensure that

²³ BBC [Charter](#), 46 (3)

²⁴ BBC [PIT submission](#), Para 6.14.2

its proposals are genuinely distinctive and have a robust and well-evidenced public value proposition.

51. Operating Licence conditions on R1D, R1A and R3U should be set for a number of content areas in order to drive greater distinctiveness and minimise potential negative impacts, including (but not limited to) specific enforceable commitments on the following:

News

- Regular and frequent news bulletins on all three stations, with a particular focus on daytime hours. At a minimum this should meet the proposal the BBC made in relation to R2E (at least 10 bulletins per day, totalling around 70 per week for each service).
- Extended news bulletins during peak times.

Speech and other output

- Requirements to include documentary and/ or speech content in keeping with the format of the station.
- Significant use of archive speech recordings.
- Limitations on the volume of cross-promotion for any BBC radio and audio service on its own platforms.
- Clearer criteria on any cross-promotion of a BBC radio service (e.g. limited to highlighting distinctive public service output).

Music output

- Clear requirements to ensure that most music that is played out and heard by audiences on the BBC services is different to comparable stations, with a particular focus on daytime hours.
- Increased support for artists not heard elsewhere on UK radio.
- Significant use and access to archive music recordings.
- Stretching targets to drive increased exposure of UK music.

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