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19 December 2024

Dear Chris,

Conclusion of initial assessment of proposed new BBC DAB+ radio stations and proposed changes to Radio 5 Sports Extra

On 21 November 2024, the BBC [published its proposals](#) to: (a) launch four new DAB+ stations and (b) extend the broadcasting hours of Radio 5 Sports Extra. On the same day, we began an initial assessment to decide if the changes are material and, if so, what form of assessment we will carry out.

This letter is to notify you that we have completed our initial assessment and concluded that the BBC's proposals represent material changes that warrant further assessment by Ofcom. On 6 January 2025, we will be launching full BBC competition assessments ('BCAs') in relation to (1) the BBC's proposed new DAB+ radio stations and (2) its proposed changes to Radio 5 Sports Extra. We explain our decision below.

Background

The BBC's mission is to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain. To ensure it continues to deliver programmes which fulfil its mission, the BBC may look to make changes to its existing activities or seek to develop new services to meet the needs of audiences.

Some changes can be considered minor; for example, day-to-day editorial decisions about individual programmes, or their scheduling. However, as a large, publicly-funded organisation, other changes the BBC might wish to make, such as the introduction of new UK Public Services could have a significant impact on competition in the wider media market.

Under the terms of the [BBC Charter and Agreement](#), the BBC may only make a 'material change' to its UK Public Services if it concludes that any such proposal satisfies a Public Interest Test ('PIT'). The PIT is only satisfied if the BBC Board decides:

- a) the proposed change contributes to the fulfilment of the BBC's mission and the promotion of at least one of the public purposes;
- b) reasonable steps have been taken to ensure the proposed change will have no unnecessary adverse impacts on fair and effective competition; and

- c) the public value of the proposed change justifies any adverse impact on fair and effective competition.

The BBC determined that its proposals would constitute material changes to its services. It launched PITs for the proposed new DAB+ radio stations and for the proposed changes to Radio 5 Sports Extra in February 2024 and published both proposals, along with supporting evidence, on 21 November 2024, stating that the BBC Board believed the PITs had been satisfied.

The BBC's proposals

The BBC proposes to launch four new music radio stations that the BBC says would improve value for all audiences including younger (15 – 34) and C2DE audiences who currently receive less value from the BBC. They would be broadcast on DAB+ and would also be made available online, including on BBC Sounds. The proposed new services are as follows.

- **Radio 1 Dance:** This has been a stream on BBC Sounds since October 2020. The BBC plans to re-launch this as a radio station, targeting younger audiences. The proposed Radio 1 Dance station would have an expanded content offer including new commissions, and cover a range of dance genres including house, techno, breakbeat, drum & bass, trance, EDM, Afro House and UK Funky.
- **Radio 1 Anthems:** The BBC states that this would play a “broader range of music than any comparable station”, with a similar genre mix to Radio 1, including classic pop, rock, rap, R&B, dance and indie tracks from the last two decades. The proposed station would particularly focus on younger audiences.
- **Radio 2 extension:** The BBC states that this would provide music and BBC archive content from the 1950s, 1960s and 1970s, with about 60% of the schedule being speech-led. It would also include at least 10 news bulletins a day, simulcast with Radio 2. The proposed station would be targeted at audiences aged 55 and over. The BBC states that it is establishing a partnership between the Radio 2 extension and the BBC's local and national radio stations to cover the music of specific regions across the UK.
- **Radio 3 Unwind:** The BBC says this station would be aimed at audiences aged 35 to 54, providing classical music to support listeners' daily routines, and support wellbeing. The majority of music broadcast on the proposed station would have been recorded in the past five years, and would include orchestral works, solo piano, ethereal choral music, music from the minimalist and neoclassical repertoire, and specially recorded music from BBC orchestras and choirs. The music policy of the proposed station would include an emphasis on contemporary living composers, UK composers and British performers.

On 16 July 2024, we published a [decision](#) on the materiality of the above BBC Sounds-only streams. We concluded that the Sounds-only streams of Radio 1 Anthems, Radio 3 Unwind (and Radio 1 Dance) were not ‘material’ changes, and the BBC could move ahead with its plans for these streams, which it has subsequently launched.¹ The BBC states that should the BBC's proposals for these new DAB+ stations go ahead, the Sounds-only streams of Radio 1 Anthems and Radio 3 Unwind would be “subsumed into the full stations”.

¹ We also concluded that a proposed Radio 2 extension Sounds-only stream was material and directed the BBC to conduct a PIT on this proposal should it wish to go ahead with it. The BBC subsequently discontinued its plans for a Radio 2 extension Sounds-only stream.

The BBC also plans to extend the broadcasting hours of **Radio 5 Sports Extra**, which is currently a part-time extension to BBC Radio 5 Live offering live sports coverage. Under its proposal, the station would become an extended hours service, broadcasting from 9am to 7pm, providing non-live sports-related content such as sports podcasts in the gaps between live sporting events. The BBC says the proposals do not involve any increase to either the BBC's commissioning spend or hours of live sports coverage. It states that the service would cater for younger and C2DE audiences.

Ofcom's role

If the BBC Board concludes that a PIT has been satisfied, Ofcom must carry out its own assessment of the proposal before a change can be implemented. The Agreement divides Ofcom's work into two phases – the initial assessment phase and the detailed assessment phase. During the initial phase, which must be completed in six weeks, Ofcom is required to:

- a) confirm whether the BBC change is material; and, if so
- b) decide what form our detailed assessment during the second phase should take.

To help us to do this, on 21 November 2024 we published an [invitation to comment](#) where we proposed to find both of the BBC's proposed changes to be material. We also said that we would consider, during this initial period, whether the BBC's PITs contained sufficient information to enable us to complete a more detailed assessment in phase two, and whether our assessments should take the form of either a BCA or a Shorter Assessment. We explained, in this context, that we were minded to undertake BCAs as the proposals involve several interested parties who had raised a range of potential competition issues. We invited comments on our proposed approach and asked stakeholders and interested parties to provide us with further information explaining how both of the BBC's proposals could affect them.

What stakeholders told us

In response to our invitation to comment, we received responses from 18 stakeholders in relation to both PITs (nine organisations and nine members of the public), which we are publishing alongside this letter.

Most respondents agreed with us that the BBC's proposals are material changes, and should be subject to full BCAs. A small number of respondents agreed with the BBC's public value and market impact analysis of its proposals, and stated that the BBC's proposals should instead be subject to Shorter Assessments.

Most respondents expressed concerns that the BBC's PIT consultations did not provide sufficient opportunity for stakeholders to set out their views fully, and that there remains a lack of clarity around the BBC's proposals, including in terms of financial resource, reach and type of content.

Respondents raised a number of points about the public value and potential market impact of the BBC's proposals, individually and collectively, including that:

- the BBC has not demonstrated the distinctiveness of its proposals;
- the BBC has not provided sufficient evidence to support its public value case;
- the proposals may result in audience diversion from commercial radio stations, resulting in a reduction in commercial radio revenues and profitability;
- the proposals may impact competition in other parts of the supply chain; and

- local and community radio audiences may reduce, thereby affecting their financial sustainability, and that of small-scale DAB multiplex operators.

Some respondents raised concerns about errors in the BBC’s economic modelling of the market impact of the proposed new DAB+ radio stations.

Materiality of the proposals

We must undertake a competition assessment if we consider that the BBC’s proposals are material changes to the UK Public Services. The Agreement makes clear that the carrying out of any activity as a new UK Public Service is a material change.²

BBC’s proposal to launch four new DAB+ radio stations: following our review of the BBC’s proposals as set out in the BBC’s PIT, along with the input we received from stakeholders, we are satisfied that each proposed new DAB+ station would comprise a new UK Public Service. We have therefore concluded that each of those new stations would be a material change to the UK Public Services.

BBC’s proposal to extend the broadcasting hours of Radio 5 Sports Extra: following our review of the BBC’s proposal as set out in the BBC’s PIT, along with the input we received from stakeholders, we are satisfied - due to the nature of the change and as there is only one competitor in the UK sports radio market, talkSPORT - that the proposal represents a change to a UK Public Service which may have a significant adverse impact on fair and effective competition. We have therefore concluded that this would be a material change to the UK Public Services.

Scope for further assessment

Under the terms of the Agreement, our assessments must take the form of either a BCA or a Shorter Assessment. In our guidance, [Guidance for assessing the impact of proposed changes to the BBC’s public service activities](#), we explain that:

- a) a BCA is more likely to be appropriate “where a proposal raises large, complex and/or particularly contentious issues, potentially involving a number of interested parties and ways in which there may be an adverse impact on fair and effective competition”; whereas,
- b) a Shorter Assessment is likely if “there is a narrower range of issues to consider,” for example where we consider the BBC’s PIT “adequately addresses all (or most) issues”.

In our guidance, we set out factors we expected to take into account in deciding which assessment was most appropriate, including:

- the thoroughness, quality and balance of the BBC’s PIT;
- the likelihood of an outcome other than unconditional clearance;
- whether there is a separable element of the proposal giving rise to concern, while other elements give rise to few concerns; and
- the proportionality of the resources required.

As discussed above, our invitation to comment has identified a range of important concerns and areas for us to explore further in relation to the public value and potential market impact of the

² The Agreement defines a material change as the carrying out of any activity as a new UK Public Service; and any change to a UK Public Service which may have a significant adverse impact on fair and effective competition – Clause 7(7).

BBC's proposals. As such, we consider that it is appropriate to conduct full BCAs rather than Shorter Assessments.

We are satisfied that the BBC has provided Ofcom with sufficient information to enable us to proceed with BCAs for both sets of proposals. As part of the BCA process, we will conduct our own assessment of any adverse impact on fair and effective competition, which stakeholders will be given an opportunity to comment on. We will also request further information from the BBC and other stakeholders.

BBC engagement with stakeholders

We recognise the concerns raised by some stakeholders about the BBC's consultation process and engagement, as noted above. However, overall, we are satisfied that the interested parties were given a suitable opportunity to comment on the BBC's PITs – as required under the Agreement – at an early enough stage where they could meaningfully influence the BBC's final proposals to mitigate potential adverse impacts on fair and effective competition.³

The BBC's Operating Licence

The Agreement creates obligations on Ofcom to set certain [Operating Licence](#) conditions for the BBC's UK Public Services,⁴ and confers a discretion for us to impose such further regulatory conditions as we consider appropriate for requiring the BBC, in carrying out the UK Public Services, to fulfil its Mission and promote the Public Purposes, and to secure that audiences in the UK's nations are well served.

If we provisionally determine that the BBC should be permitted to proceed with either or both sets of proposals, in full or in part, we will also consider whether any changes to the Operating Licence are appropriate. Ofcom is required to consult before making changes to the Operating Licence.⁵

Next steps

Under the Agreement, Ofcom has six months in which to conduct a BCA into the proposed new DAB+ stations and a BCA into the extension of the broadcasting hours of Radio 5 Sports Extra. We will undertake analysis of the BBC's proposals and consult on provisional determinations. At the end of the process we will issue final determinations.

We have decided to delay commencement of our six-month BCAs until the 6 January 2025. This is primarily because stakeholders have told us that they will find it difficult to respond to our requests for information during the Christmas holiday period due to staff absence.⁶

Yours sincerely,



Cristina Luna-Esteban

³ [The Agreement](#), clause 7(5)

⁴ [The Agreement](#), clause 13(2)

⁵ [The Agreement](#), clause 13(5)

⁶ Ofcom must normally start a BCA immediately on deciding to do so but may delay commencement where we have reasonable grounds to do so. See Clause 9(2) of the Agreement in relation to UK Public Services.