# New music radio stations: Public Interest Test

BBC Public Interest Test Submission

21 November 2024

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# 1. Executive summary

The way audiences listen to music has changed fundamentally over the last six decades – from vinyl and cassettes, to CDs, to downloads, to streaming. Throughout this period – and particularly since the launch of BBC Radio 1, Radio 2 and Radio 3 in 1967 – radio has played a critical role in UK music, and continues to play a crucial role for audiences, artists and the industry.

The wider audio market continues to change rapidly. Music streaming, social platforms and the digital radio evolution have transformed listening habits in the past decade. Audiences now expect more choice and greater control over their listening experience, with clear propositions and personalisation to help discovery of relevant content. To deliver value for all audiences it is crucial that the BBC continues to evolve in response to changing audience behaviour, so that audiences who currently get less from the BBC can discover relevant BBC content and get more value from the Licence Fee.

## 1.1 The BBC consulted on launching four new BBC music radio stations

In February, we consulted on launching four new BBC music radio stations – our first new stations since 2002.[1] We proposed that these new stations would be the BBC's first stations available on DAB+, and would also be distributed by BBC Sounds, other apps and smart speakers. We proposed that these extensions would do more for younger and C2DE audiences who currently get less value from the BBC, and better meet the moods and needs of modern audiences. We also noted that they would be very cost effective.

The proposed stations are:

- **Radio 1 Dance –** available since October 2020 as a Sounds-only stream, Radio 1 Dance will target audiences aged 15 to 34, providing a bigger platform to showcase the BBC's creative investment in dance music, supporting the development of new UK artists, and reflecting the dance scene to a wider audience.
- **Radio 1 Anthems** (previously referred to as the new Radio 1 extension) **–** intended to offer younger audiences aged 15-34 a deep dive into the iconic tracks and artists that have shaped the last two decades, helping them discover and re-discover a wide range of the music and acts supported by Radio 1.
- **A Radio 2 extension –** targeting audiences aged 55+ and in particular audiences from a C2DE audience, the new Radio 2 extension is intended to be a distinctive take on pop nostalgia, diving into the music and unique BBC archive primarily from the 1950s, 1960s and 1970s.
- **Radio 3 Unwind** (previously referred to as the new Radio 3 extension) – aimed at audiences aged 35+, this is intended to provide a calming and relaxing classical music experience that matches listeners' daily routines, helps them escape the pressures and stresses of daily life, and supports their wellbeing. It will feature a wide range of classical music, both familiar and new.

[1] New music radio stations: Public Interest Test consultation, BBC, 14 February 2024

We received responses from a wide range of stakeholders.

Commercial radio and industry bodies representing the advertising sector have strongly opposed the proposals, with Radiocentre, News Broadcasting and Boom Radio, in particular, providing substantive responses. Boom Radio also encouraged its listeners to object to our proposals; in response about 100 individuals responded to our consultation opposing the Radio 2 extension.

Audience groups, the music industry, music rightsholders and the independent production sector have been generally supportive of the proposals. We have had further discussions with the music industry following our consultation to ensure they understand the public value of the proposals.

In section 4 of this document we set out a detailed summary of this stakeholder feedback. In section 5 we set out our final proposals for the four new radio stations, having taken this feedback into account.

### 1.2 The launch of Sounds-only streams

In parallel with the Public Interest Test process for the new stations, we have carried out a materiality assessment relating to the launch of these extensions as Sounds-only streams (except Radio 1 Dance which is already a Sounds-only stream). In May we decided that the Sounds-only streams were not material and the assessment was shared with Ofcom.

For the avoidance of doubt, while the materiality assessments related solely to the online-only streams of the stations, our Public Interest Test analysis on the market impact of the proposed stations is based on the total listening to the new stations across all distribution channels, i.e. DAB+ and online distribution (Sounds, smart speaker, other apps, etc.) compared to a counterfactual of no new stations or Sounds-only streams.

In July, Ofcom decided that they agreed that the Radio 1 Anthems and Radio 3 Unwind Sounds-only streams were not material; but that the proposed new Radio 2 stream may have a significant adverse impact on fair and effective competition.[2] Ofcom stated that if the BBC wanted to progress the proposed new Radio 2 stream we would have to carry out a Public Interest Test. As such we immediately halted work on the proposed new Radio 2 stream.

Radio 3 Unwind's Sounds-only stream was launched on 4 November 2024 and Radio 1 Anthems' Sounds-only stream on 8 November 2024.

### 1.3 The new stations will deliver high public value – both individually and collectively

In section 6 of this document we set out in detail, our public value analysis for each of the proposed stations individually and collectively.

In summary, having considered our audience research, responses to our consultation, economic analysis and assessment of our public value hypotheses, we consider that the

[2] Review of the BBC's materiality assessment of proposed new streams on BBC Sounds, Ofcom, 16 July 2024

proposed new stations will both individually and collectively generate high public value and contribute to the fulfilment of the Mission and the promotion of its Public Purposes. The stations will achieve this by improving value for all audiences, expanding the breadth and range of music on radio, showcasing new music and British music from across the UK, delivering high quality and impactful speech content and relevant news to audiences, and ultimately, supporting technological innovation in radio broadcasting.

## 1.4 The market impact of the new stations is relatively low across the whole market, with the proposed Radio 2 extension having a more significant impact on closer competitors

Our market analysis, which is set out in detail in Section 7, shows that the proposals for Radio 1 Dance, Radio 1 Anthems and Radio 3 Unwind individually and collectively are unlikely to have a significant impact on fair and effective competition. For the Radio 2 Extension, as noted above, our analysis above indicates that proposed extension does have the capacity to have an impact on fair and effective competition in relation to closer competitors, although not at the aggregate level for music radio.

## 1.5 The Public Interest Test

The Public Interest Test is that "the BBC must be satisfied –

> (a) the proposed change to the UK Public Services contributes to the fulfilment of the Mission and the promotion of one or more of the Public Purposes;
>
> (b) it has taken reasonable steps to ensure that the proposed change has no adverse impact on fair and effective competition which is not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes; and
>
> (c) the public value of the proposed change justifies any adverse impact on fair and effective competition." [3]

Taking into account our audience research, responses to our consultation, economic analysis and assessment of our public value hypotheses, we consider that the proposed new stations will both individually and collectively generate high public value and contribute to the fulfilment of the Mission and the promotion of its Public Purposes. In particular, the new stations will improve value for all audiences, expand the breadth and range of music on radio, showcase new music and British music from across the UK, deliver high quality and impactful speech content and relevant news to audiences, and ultimately, support technological innovation in radio broadcasting.

Our market analysis in Section 7 shows that the proposals for Radio 1 Dance, BBC Radio 1 Anthems and BBC Radio 3 Unwind individually and collectively are unlikely to have a significant impact on fair and effective competition. For the Radio 2 extension, as noted above, our analysis above indicates that proposed extension does have the capacity to have an impact on fair and effective competition, however we believe the public value generated justifies any potential adverse impact that could arise.

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[3] BBC Framework Agreement, Clause 8(1)

Therefore, the BBC is satisfied that all elements of the Public Interest Test are met with regard to each of the proposed new radio stations – Radio 1 Anthems, Radio 1 Dance, the new Radio 2 extension and Radio 3 Unwind, and collectively for all of the stations. We consider the new stations will contribute to the fulfilment of the mission and the promotion of the public purposes, create high public value and have a modest impact on fair and effective competition.

# 2. The context for our proposals

In this section, we set out the key factors informing our proposals, including the technological and market developments driving changes in audience behaviour, and the history and strategies of the BBC and commercial radio.

The way audiences listen to music has been through significant change over the last six decades – from vinyl, to CDs, to downloads, to streaming. But ever since the launch of BBC Radio 1, Radio 2 and Radio 3 in 1967, radio has played a critical role in UK music, and continues to play a crucial role for audiences, artists and the industry.

## 2.1 A brief history of music radio

In September 1967, the BBC updated its radio portfolio by launching BBC Radio 1, Radio 2, Radio 3 and Radio 4. Radio 1 was designed as a brand new pop music service to replace the outlawed pirate radio stations, while Radio 2 and 3 replaced the Light and Third services.

The UK's first commercial radio service was LBC, shortly followed by Capital Radio. Both were launched in October 1973 and covered the Greater London area, with LBC offering news and information and Capital music and entertainment. A further 16 local commercial stations were launched across Glasgow (Clyde), Birmingham (BRMB) and Manchester (Piccadilly) in the mid-1970s. Further launches continued through the 1980s, where 'frequency splitting' saw commercial operators distributing their younger-focused services on FM and older-focused stations on AM.

In September 1992, Classic FM was the first national commercial radio station to launch, followed by Virgin 1215 in April 1993. Commercial radio continued to grow through the 1990s with further launches of regional and national stations, including Heart and XFM.

In 1995, the BBC launched its national radio services (Radio 1, Radio 2, etc.) on DAB. Shortly after, the first commercial DAB stations also started in England and across parts of Scotland and Wales. Classic FM and Virgin Radio were among the first to expand to DAB, along with two new digital stations, Core and Planet Rock. In 2002, the BBC launched its first national DAB-only music stations – 1Xtra, 6 Music and a national Asian Network (after 1989 West Midlands launch).

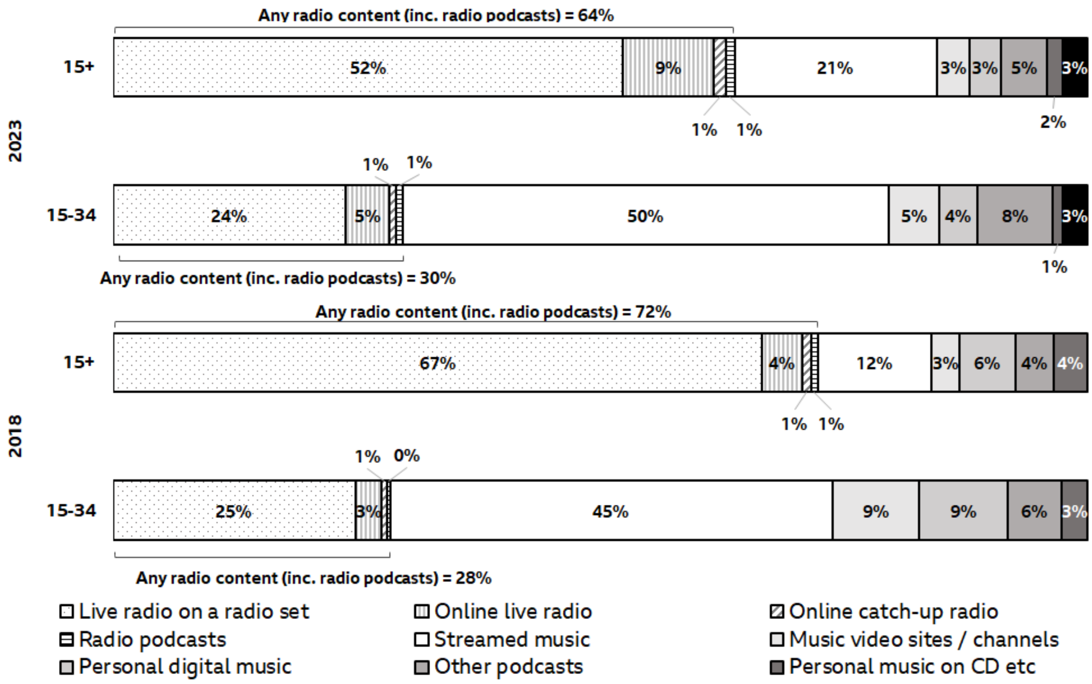
The 2000s also saw significant consolidation in commercial radio. Global Media & Entertainment ("Global") was formed in 2007, acquiring first Chrysalis Radio (Heart, Galaxy, The Arrow) and a year later GCAP Media (including Capital and Classic FM). In 2012, Global acquired GMG (Real and Smooth). Similarly, in 2008, Bauer Media Group ("Bauer") purchased Emap (Kiss, Magic, Kerrang! and dozens of local stations across England, Scotland and Northern Ireland). Since then Bauer has continued to make acquisitions: Orion Media (2016), Jazz FM (2018), and in 2019 Lincs FM Group, Celador, local stations owned by Wireless Group, and UKRD. As of September 2024, Global accounted for 24% and Bauer 20% of all radio listening in the UK (i.e. including the BBC). Considering just the commercial market, Global has 46% of listening and Bauer 37%.

## 2.2 The impact of music streaming

Since the launch of services such as Spotify, Apple Music and Amazon Music, music streaming has been the key factor driving significant changes in listening behaviour and audience expectation with music, particularly with audiences under 35.

While live radio continues to be the most popular form of audio, with 88% of adults tuning in for an average of 20 hours each week, music streaming services have grown rapidly, and now reach 75% of audiences aged 15-34 every week compared to 59% in 2018.[4] Listening time has also shifted considerably towards streaming. Streamed music now accounts for 21% of listening for all adults, and 50% of listening for 15-34s. The younger age group now spends only 30% of their listening time with radio, compared to 64% for all adults.

**Figure 1: Share of time spent each week on any audio: adults 15+ vs 15-34s**




*Source: Ofcom, Media Nations, 2023*

Spotify is the most popular digital audio streaming app in the UK reaching an estimated 12.5m million weekly UK users, while subscription-only services Amazon Music and Apple Music reach an estimated 3.6 million and 2.6 million respectively.[5]

Streaming has also driven new demand for depth and breadth in music. Social media gives music fans innovative ways to interact with and follow their favourite artists, while streaming has enabled younger audiences in particular to discover music from the past 60 years that is new to them, surfaced through recommendations and curated playlists. A report by the International Federation of the Phonographic Industry (IFPI) found that on average, music fans now listen to more than eight different genres of music, and the

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[4] Media Nations 2023, Ofcom, p.56
[5] MIDAS Autumn 2023 – claimed weekly usage for music streaming (not including podcasts)

report identified more than 700 different genres being listened to,[6] with new genres continuing to be created by fans in online communities and streaming services that match ever changing moods and listening occasions.

But while there is more new music being released now than ever before (100,000 new tracks are uploaded to streaming services every day[7]), the amount of new music among the UK's top 'selling' singles and albums is decreasing,[8] pointing to the continued importance of showcasing and championing new and emerging UK artists and talent to sustain a thriving creative sector.

And despite the growth of music streaming, radio remains the most popular source for music discovery among all audiences in the UK. Radio is the second most popular for under 35s after streaming, with social media also now an important part of discovery.

**Figure 2: Sources for discovering new music**

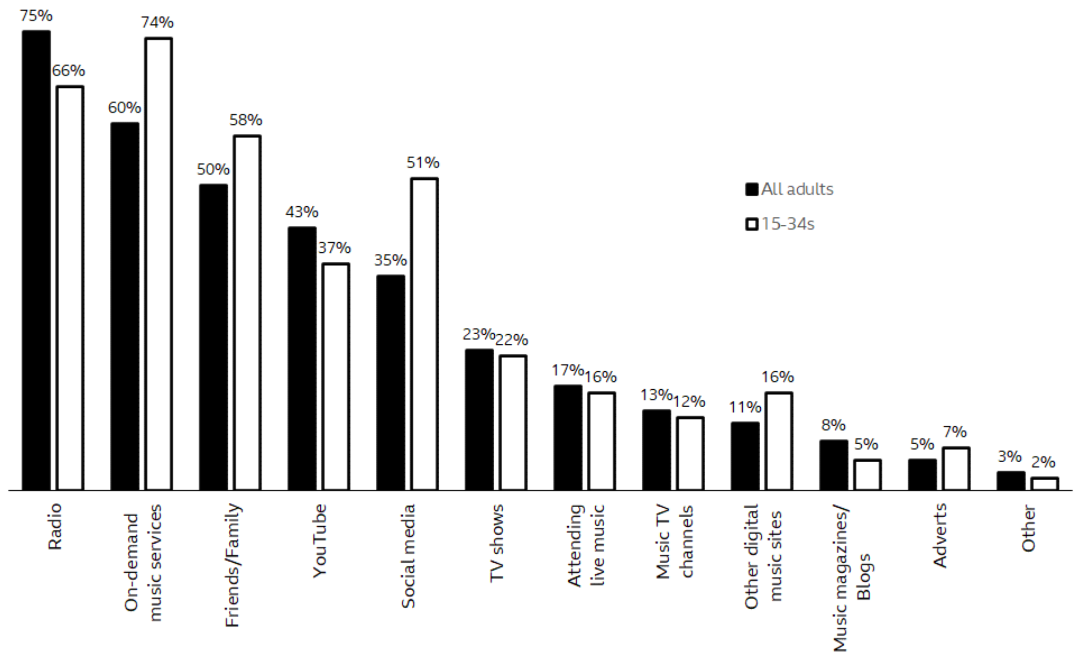


*Chart – MIDAS Autumn 2023*

## 2.3 Radio broadcasters in the UK have responded to these challenges

Overall radio reach and hours in the UK remain strong, with 49.5m UK adults listening to the radio every week. When factoring in population increase, the percentage of adults listening every week has still remained relatively stable at 88% in 2023 compared to

[6] Engaging with Music 2023, IFPI, p.6, p.17
[7] It's happened:100,000 tracks are now being uploaded to streaming services like Spotify each day, Music Business Worldwide, October 2022
[8] Female artists dominated 2023 music charts – but new acts are being squeezed out, BBC News, January 2023

91% in 2010.[9] This is in large part due to the strategies pursued by UK radio broadcasters, both the BBC and commercial radio.

### *2.3.1 British radio broadcasters have launched their own online services*

In 2018, the BBC launched BBC Sounds to replace our BBC iPlayer Radio and BBC Music apps.[10] BBC Sounds, a digital audio streaming service, is the online home for the BBC's radio portfolio, alongside a greater choice of high quality podcast and music content, with more control over the listening experience, and curation and personalisation features which make it easier to discover relevant titles. This strategy has included the development of talent-led on-demand music programmes and music mixes, and new curation features like Back To Back Sounds, as well as the introduction of the Radio 1 Dance and Radio 1 Relax streams in 2020 and 2021 respectively. BBC Sounds is the largest digital audio app among UK audio players, reaching 4.8 million weekly users.[11]

Global launched Global Player in November 2017, providing online access to its live radio stations (both its broadcast radio stations and its internet-only stations / streams), as well as catch-up radio, podcasts, playlists and videos.

In March 2023, Bauer announced plans to launch its own app called Rayo, replacing Bauer's current brand apps. It brings together all Bauer's radio services, playlists and podcasts, alongside subscription radio services which include advertising-free versions of live radio stations, as well as 100 exclusive online-only stations for subscribers. Rayo has since launched, and is currently available to iOS users only.[12]

### *2.3.2 Commercial 'networking' local stations under national brands*

Commercial radio broadcasters have also simplified and accentuated their offer to listeners. Simplified regulatory requirements around commercial stations' formats and changing guidelines around local content has enabled the commercial radio sector to 'network' programming across stations and share programming across regions. The Heart and Capital brands now have 46 and 23 local branded stations respectively, playing largely the same schedule and content as the national Heart and Capital DAB stations with the exception of a regional weekday drivetime show and local news updates.[13] Many local commercial stations have also rebranded under national brands – Bauer's Greatest Hits Network now has 66 stations in total.[14]

### *2.3.3 Expanding national commercial DAB stations, and DAB+ conversion*

Increased availability of national DAB spectrum has led commercial radio groups to expand their national radio portfolios by launching dozens of national digital-only music

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[9] RAJAR Q3 2023

[10] BBC iPlayer included catch-up radio when it was launched in 2007. In 2012, BBC iPlayer Radio was launched as a separate app. In 2016, the BBC Music app was launched allowing users to listen to playlist and music clips.

[11] BBC Sounds average weekly accounts based on BBC analytics data Q3 2023.

[12] Magic and Greatest Hits Radio become latest Bauer brands to launch premium subscription service, Bauer Media Group, February 2023

[13] RAJAR Q3 2023

[14] Where is tomorrow's listener? UK radio in 2023, Enders Analysis, September 2023

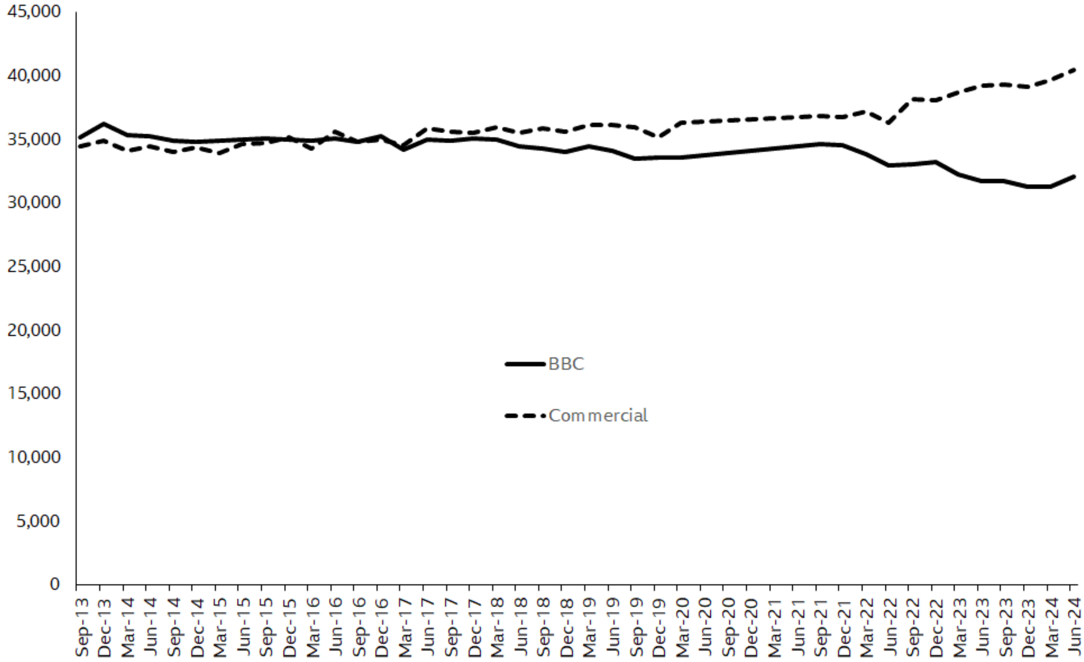
radio stations, targeting particular eras and genres with focused music offers to improve discovery. Many commercial stations have also been converted from standard DAB to DAB+, as it is more efficient, allowing more services to be broadcast on the same multiplex with equivalent audio quality. There are now 53 national digital-only commercial music radio stations on DAB/DAB+ in the UK, compared to 11 in 2018.[15]

## 2.4 How these changes have impacted radio listening behaviour in the UK

The combination of all these effects have had a significant impact on radio listening in the UK, and the BBC's role in the market.

Commercial radio in aggregate has seen record reach in 2023 with 39.3m, 7.5m more than BBC radio. Commercial radio in aggregate also overtook BBC radio in share for the first time in June 2022.[16]

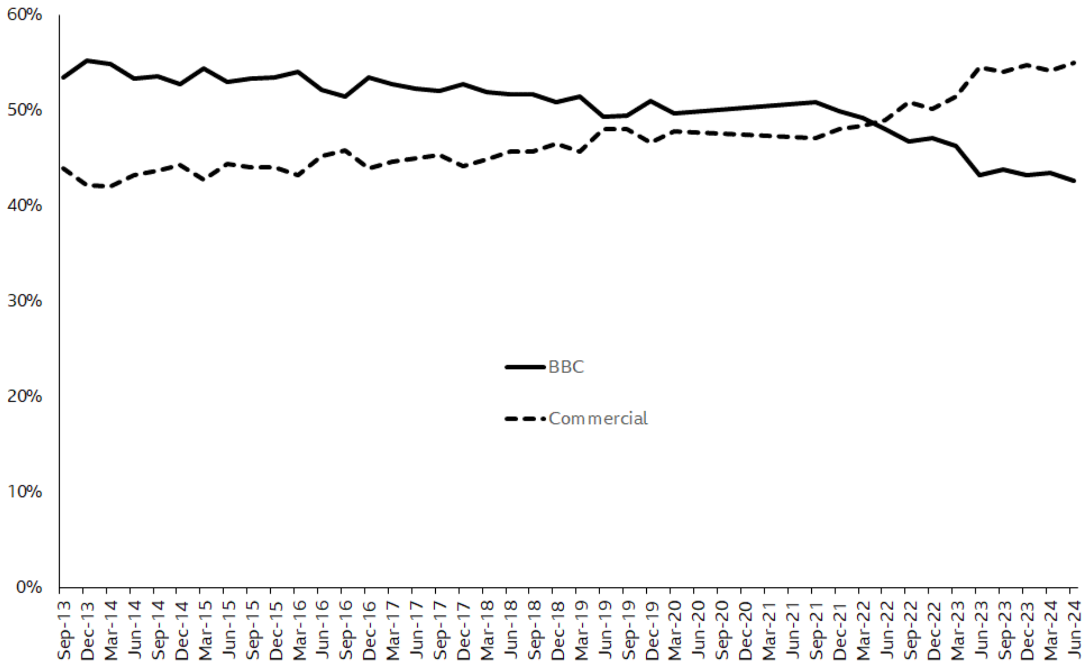
**Figure 3: BBC Radio vs Commercial Radio, Reach trend, 2013-2024**




*Source: RAJAR*

[15] RAJAR Q3 2023, BBC analysis
[16] RAJAR Q3 2023

**Figure 4: BBC Radio vs Commercial Radio, share of listening, 2013-2024**




*Source: RAJAR*

It is also noticeable that commercial radio has been performing more strongly with younger groups and those from lower socio-economic groups. Among audiences aged 35-54, there has been an increase of 8.2% in reach for commercial radio compared to a decrease of 16.5% for BBC radio since 2013.[17] Among 15-34s, commercial radio has a reach of 11.2m, 3.9m more than BBC Radio, and reaching nearly two thirds of the 15-34 population each week (vs 42.6% for the BBC). In terms of share of music radio hours, the BBC has a 29% share of 16-34 time spent, compared to 71% for commercial radio.[18] Similarly, among lower socio-economic groups, C2DE audiences make up 38% of BBC Radio audiences, and 44% of commercial radio audiences.[19]

## 2.5 Developments since our consultation

### *2.5.1 BBC's Sounds-only streams*

As noted in our consultation in February, we also proposed to re-launch the Radio 1 Dance stream and launch the three additional brand extension streams as Sounds-only streams on BBC Sounds in 2024, subject to a materiality assessment – as a separate regulatory process from this Public Interest Test.

The BBC completed the materiality assessments for the three additional brand extension streams in May 2024. Ofcom reviewed our assessments and on 16 July 2024 announced that while it agreed that the Sounds-only streams for the Radio 1 Anthems and BBC Radio 3 Unwind were not material, it had decided that the Sounds-only stream

[17] RAJAR Q3 2023 vs. Q3 2013
[18] RAJAR Q3 2023
[19] RAJAR Q3 2023

for the Radio 2 extension was material as it was a change that may have a significant adverse impact on fair and effective competition. Therefore, Ofcom directed the BBC to stop carrying out the proposed change in respect of the Radio 2 extension Sounds-only stream. Ofcom also agreed that the editorial changes we were making to Radio 1 Dance – i.e. the commissioning of its own original programming – did not constitute a material change. We confirmed that we had discontinued our plans for a Sounds-only stream for the Radio 2 extension.

In July 2024, the Radio 1 Dance Sounds-only stream began broadcasting its first originally commissioned content.

Radio 3 Unwind's Sounds-only stream was launched on 4 November 2024 and Radio 1 Anthems' Sounds-only stream on 8 November 2024. If the full radio stations received regulatory approval from Ofcom, these Sounds-only streams will be subsumed into the full stations.

It is important to note that, as set out in our February consultation, the PIT process for the full radio stations includes the impact of both broadcast radio (i.e. DAB+) and online (i.e. Sounds, other apps and smart speaker) listening. Our estimates for the impact of the new stations as set out in our February 2024 consultation and analysed in detail in section 6 on market impact include both broadcast radio and online listening compared to a counterfactual of no new extensions. Therefore, the approval or otherwise of the materiality assessments for the Sounds-only streams has no impact on this analysis.

### *2.5.2 Commercial radio developments*

On 12 September 2024, Global launched 12 new radio stations, which it described as "the biggest ever launch in UK radio history".[20] Two of these were national stations – Capital Anthems and Smooth 80s. The remaining 10 are available on DAB in London. All the stations are available nationally through their online app Global Player. The new stations are:

- Capital Anthems
- Classic FM Calm
- Classic FM Movies
- Heart 10s
- Heart Love
- Heart Musicals
- Radio X Chilled
- Radio X 90s
- Radio X 00s
- Smooth 70s
- Smooth 80s
- Smooth Soul

On the same day, Global renamed Gold as Gold Radio, with a new website, logo, jingles and strapline ('All Time Classics' replacing 'Greatest Hits of All Time').[21]

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[20] 12 brand new stations go live today!, Global, 12 September 2024
[21] Gold gets new branding, Radio Today, 12 September 2024

On 16 September 2024, Bauer launched Greatest Hits Radio 60s, available nationally on DAB and their Rayo app. September also saw the rebrand of Scala to Magic Classical, Magic Chilled to Hits Radio Chilled, the announcement that Hits Radio would replace KISS on FM in London, Norfolk and West England and that Kisstory R&B would launch on National DAB+.

These launches and rebrands are individual examples of a wider macro trend: the constant expansion and reshaping of commercial radio portfolios in response to changing listener needs, gaps in the market, and intense commercial competition.

As audiences shift from mainstream music radio to on demand playlists, extensions offer a way for radio to cater to those listening occasions with a specific mood or genre. This offer tends to be more pure music than the parent brand radio services in an attempt to reclaim listening occasions from on demand music platforms. Indeed, commercial radio is offering listeners the ultimate choice, increasingly with something for everyone, be it decades, genres, moods.

The seeming duplication of offers, even within one commercial company, indicates both the room in the market plus audience desire for an individual mood or genre to be presented in multiple ways e.g. Capital Dance versus Heart Dance (both Global) versus Kiss Dance (Bauer). It also shows a desire for commercial radio companies to occupy, as far as possible, corresponding territories e.g. Heart 00s and Heart 10s launch (set against existing services Absolute 10s and Absolute 00s), Heart Musicals launches (set against existing service Magic at the Musicals), and the renamed Gold Radio (set against Greatest Hits Radio and Boom Radio).

# 3. The BBC's initial proposals for new music radio stations on DAB+ and online

## 3.1 Overarching rationale for the new stations

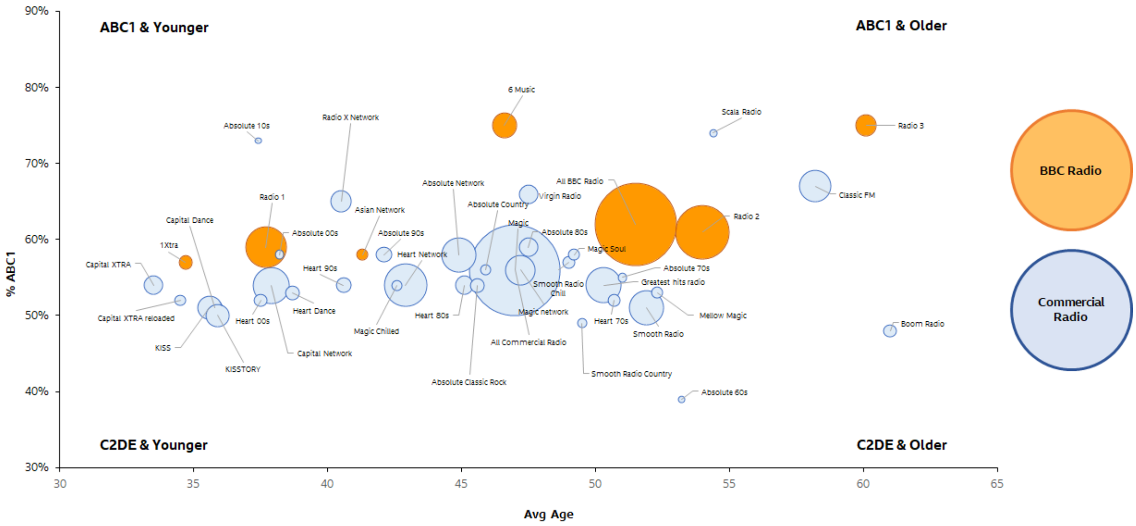
The BBC has not significantly changed its portfolio of radio stations since it launched 1Xtra, Asian Network, Radio 4 Extra, 5 Sports Extra and 6 Music as DAB stations in 2002. Our proposal to launch four new DAB+ music stations is our response to the significant growth in the number of stations competing to serve listeners and the changes in audience behaviour shaped by on-demand streaming of music and the commercial radio sector's response to that changed behaviour.

### *3.1.1 Serving underserved audiences*

The BBC's Charter requires us to serve all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain.[22] In its annual reports on the BBC, Ofcom has – while acknowledging the BBC's efforts to respond – consistently raised concerns with regard to the BBC's performance with audiences from lower socio-economic groups and younger audiences.

As can be seen from the chart below, the current portfolio of BBC radio stations generally skew older and more ABC1 than commercial radio and the UK population. Only BBC Radio 1, 1Xtra and Asian Network attract C2DE audiences in proportion to the UK population.

**Figure 5: Age and socio-economic profile of BBC and Commercial Radio music stations**




*Source: RAJAR*

These new music stations curated around specific genres and periods of music will help these underserved audiences discover the best of the BBC through clearly branded

[22] BBC's Royal Charter, article 5

propositions, building on existing BBC music radio brands, available on DAB+ and online via BBC Sounds. In particular:

- Radio 1 Anthems will aim to provide more value to younger audiences from C2DE groups who get less value from the BBC, with a music offer focused on this audience;
- The Radio 2 extension will target C2DE audiences aged over 55; and
- Radio 3 Unwind is aimed at audiences aged 35-54, younger than the average age for Radio 3 and other classical stations.[23] It will help to broaden the audience for classical music in the UK, and better meet the moods and needs of modern audiences.

In particular, these factors have informed the selection of stations and audience targeting of our proposals, to do more for these younger and C2DE audiences who currently get less value from the BBC, with focused offers, building on the BBC music brands that have the strongest connection with these audience groups.

- Ofcom analysis suggests that D and E groups are more likely to spend more of their weekly audio time on live radio compared to other groups (64% vs 56% for AB groups).
- There is a strong preference among both younger audiences (91% of their radio listening time spent with music radio) and C2DE audiences for music listening as opposed to speech radio.
- Music from the 2000s and 2010s over-indexes for audiences aged 15-34 and for C2DE audiences aged under 35.
- Music from the 1960s and 1970s over-indexes for 55+ C2DE audiences.[24]
- More than half of Radio 1's young audience don't listen to any other BBC Radio station, and the same is true for Radio 2's C2DE audience.

### *3.1.2 Better serving the moods and needs of modern audiences*

The new music stations will better serve the moods and needs of modern audiences.

Our research has found that modern audiences feel that the BBC underserves certain moods and needs.[25] In particular, this research identified audiences' need for a more relaxing, laidback offer.

When asking audiences about the main reasons for listening to the radio, 'new music discovery' and 'to help me escape from everyday life' over-index for audiences aged 16-34, while 'to lift my mood' over-indexes for C2DE audiences.[26]

This research has informed the selection of stations to pursue in order to better meet the mood and needs of modern listeners – in particular a feel-good mood from a deep dive into a favourite era, an energy boost from upbeat dance music, and a calming listen to classical music at key points in the day.

[23] RAJAR Q3 2023
[24] IPA Touchpoints, 2023
[25] BBC Commissioned 'Soundcheck' research 2022
[26] IPA Touchpoints, 2023

The schedules will be driven by matching the mood of audiences rather than purely by time of day, with simpler scheduling and far fewer live hours than the BBC's current network music radio stations. These new stations will not carry news bulletins as these are primarily mood-based music stations, and research tells us that listeners looking for a relaxing lean-back listen do not want any interruptions to the tone and mood.[27]

#### *3.1.3 Support homegrown creativity*

The new stations will bring audiences deeper into genres and periods of music that they love most, with context, curation and storytelling-through-music that only the BBC, its presenters, and its unique archive can do.

All of the new stations will feature high quality talent-led music programming, playing a broad range of tracks and offering deeper genre specialism than the market, drawing on the expertise and knowledge of the BBC's curators and presenters, and the BBC's unique archive of clips, interviews and live performances that tell the story of UK music. They will have a focus on UK music, and in the case of Radio 1 Dance and BBC Radio 3 Unwind, they will champion and showcase new music, and support live performances across key events like The Proms and Radio 1's Dance Weekend: Ibiza.

#### *3.1.4 Transition to a digital first future*

Audiences will be able to listen to the stations live on DAB+ and BBC Sounds, with DAB+ playing a crucial role in reaching underserved audience groups in a cost effective way. DAB+ will also play an essential and cost-effective part in encouraging the digital transition to BBC Sounds, where audiences can enjoy added live listening functionality (e.g. pause and rewind, see track playing) and continue their listening journeys to discover further episodes and other relevant content available on-demand, in a richer more personalised experience.

### 3.2 Our initial proposals for Radio 1 Dance extension

In October 2020, we launched Radio 1 Dance as an online-only stream on BBC Sounds, as a showcase for content that was already available on Sounds. In our consultation document we proposed re-launching Radio 1 Dance as a radio station on DAB+, improving the offer to audiences by introducing some new commissions and providing a bigger platform on DAB+ to showcase the BBC's creative investment in dance music, telling the story of a genre which is of mass youth appeal, supporting the development of new UK artists, and reflecting the scene to a wider audience, helping to produce global hits from the UK.

We set out:

- Target audience of 15-34, particularly providing greater value for younger audiences from C2DE groups;
- Broader range of music than any comparable station, with about 3,273 unique tracks per year;
- About a third of music in daytime would be new music;
- About 45% of tracks coming from UK artists;

[27] Soundcheck research carried out by MTM for the BBC in 2022

- Coverage of live events.

## 3.3 Our initial proposals for Radio 1 Anthems extension

In our consultation document we proposed that Radio 1 Anthems would offer younger audiences aged 15-34 a deep dive into the iconic tracks and artists that have shaped the last two decades, helping them discover and re-discover a wide range of music and acts supported by Radio 1 from the 2000s and 2010s. It will provide a dedicated nostalgic station for young people through the voice of young talent – behind and in front of the mic – developing curatorial skills which they are now using more and more in the digital space.

We set out:

- Target audience of 15-34, particularly providing greater value for younger audiences from C2DE groups;
- Broader range of music than any comparable station, with about 4,000 unique tracks per year;
- About a third of tracks coming from UK artists;
- Live sessions, etc. from the archive.

## 3.4 Our initial proposals for Radio 2 extension

The Radio 2 extension will provide a distinctive take on pop nostalgia, diving into the music and unique BBC archive primarily from the 1950s, 1960s and 1970s.The schedule will be specifically programmed to provide escape – an important public service. We know audiences appreciate revisiting the music and stories of their youth – *Radio 2's Sounds of the 60s* is frequently the most listened to on-demand music title on BBC Sounds.[28] This station provides audiences with a dedicated always-on destination to improve discovery of the broad range of music content available via BBC Sounds, beyond the 'Sounds of…' shows on the main Radio 2 schedule. The schedule will be sensitively programmed to provide a complementary offer to Radio 2.

We set out:

- Target audience of 55+, particularly providing greater value for those from C2DE groups;
- Broader range of music than most comparable stations, with about 5,000 unique tracks per year;
- About 40% of tracks coming from UK artists;
- Live sessions, etc. from the archive.
- Speech content featuring best of the BBC archive.

[28] BBC Sounds analytics Q3 2023

## 3.5 Our initial proposals for Radio 3 Unwind

BBC Radio 3 Unwind will provide a calming and relaxing classical music experience that supports listeners' daily routines, helping them to escape the pressures and stresses of daily life and promoting their wellbeing. Across the day this will include content that promotes focus, helps listeners unwind, de-stress and find escapism as well as support rest and sleep.

We set out:

- Target audience of 35-54, younger than the average age for Radio 3 and other classical stations[29] and with the aim of broadening the audience to classical music in the UK;
- More music, drawing on a library of around 8,000 tracks per year, from a broader range of composers than commercial stations;
- Champion new compositions, living composers and new recordings, with around 15% of music played being recordings released in the previous 12 months;
- A broad range of tracks from a variety of British composers, and support for British artists, ensembles and up-and-coming British composers;
- Live and specially recorded music every week, as well as supporting the BBC Proms festival; and
- Unique and compelling combinations of speech and music.

## 3.6 Our initial proposals for the distribution of the proposed stations

In our consultation document we stated that the proposed music radio stations would be the first national BBC radio stations distributed on DAB+ as opposed to standard DAB. We also stated that they will be distributed in largely the same way as the BBC's existing national radio stations, i.e. across digital radio, BBC Sounds and smart speakers.

## 3.7 Our initial proposals for the budget of the proposed stations

In our February consultation, we set out the total ongoing budget for the four new stations as £3.1 million per year, including additional content, staff, technology and operations costs. We were clear that this budget did not include additional music rights costs, as this was both commercially sensitive and subject to negotiation. We set out the content and staff costs for each of the stations.

The content and staff costs will be funded through a reprioritisation of funding from BBC Sounds and the BBC's Network radio stations. The new stations will not require any increase in the budget for Network Radio and BBC Sounds.

[29] RAJAR Q3 2023

# 4. Stakeholder feedback

On 14 February 2024 the BBC launched a Public Interest Test consultation on the plans set out in Section Three. The purpose of the consultation was to seek views, primarily from industry stakeholders, to help us to refine our proposals. This was a necessary step, given the need for us to undertake robust analysis on both the public value of our proposals as well as the potential impact on fair and effective competition, as required by the Public Interest Test.

We received 164 responses to our consultation, consisting of 17 from industry stakeholders (11 from organisational stakeholders and 6 from individual stakeholders), and 147 from members of the public. The responses from members of the public focused on the Radio 2 extension and many followed a call to action from Boom Radio to its listeners to raise concerns about the proposal.

A summary of those responses is set out in Annex 2 and non-confidential responses from stakeholders have been published on our website alongside this document. Below we set out some of the key themes that emerged and have helped inform our final proposals set out in section 5.

The responses have been segmented as follows: Commercial Radio (with responses from Radiocentre, News Broadcasting, Boom Radio and the Advertising Association (AA)); Music Industry (with responses from UK Music, PRS for Music, the Music Publishers Association (MPA), The Featured Artists Coalitions and Music Managers Forum) Production (Audio UK) and Audiences and Audience Groups (The Voice of the Listener and Viewer (VLV) and responses from members of the general public). There were also a number of responses from individual stakeholders.

In overview, Commercial Radio respondents were not in favour of the proposals, arguing that they lacked public value and did not go beyond what is already provided by the commercial market. They argued that the proposed stations posed a significant risk to the market.

Music Industry respondents were broadly supportive of the proposals, recognising the vital role of the BBC in relation to the British music industry. They recognised that there was benefit to the British music industry and to audiences in the proposals.

Audience group, the VLV, also recognised the potential public value of the proposals. The majority of responses from members of the general public focused on the Radio 2 extension and its perceived threat to Boom Radio and were therefore unsupportive.

## 4.1 Stakeholder feedback on Underserved Audiences

### *4.1.1 Audience and audience groups*

The VLV supported the proposals and welcomed the plan to better serve younger and C2DE audiences.

### *4.1.2 Commercial radio*

Radiocentre opposed the proposals, stating the BBC's claim that they would do more for underserved audiences was 'unconvincing' and misrepresented Ofcom's challenge to the

BBC. They argued that the BBC was conflating underserved audiences with audiences that the BBC was finding hard to reach but well served by commercial radio.

In response to the proposed Radio 2 extension, Boom Radio argued that there was no evidence to support the BBC's claim that the station would appeal to C2DE listeners or address the issues raised by Ofcom that the BBC needed to better engage with D and E socio-economic groups. They suggested the target audience of over-55s was identical to Boom's and questioned whether the proposed station would target this audience, a demographic already well served by BBC Radio (and Radio 2 in particular). They suggested the BBC could seek to recoup older listeners through changes to the current Radio 2 station and BBC Local Radio – which would also better serve C2DE audiences.

News Broadcasting also opposed the proposed Radio 2 extension, as well as the proposed Radio 1 extension. Like Boom, they suggested the BBC had provided little evidence to support the premise that the stations would help the BBC serve younger and C2DE audiences.

In response to the proposed BBC Radio 3 Unwind, another industry stakeholder welcomed strategies to appeal to a C2DE audience, however did not believe the proposals were clear as to how the BBC Radio 3 Unwind would specifically appeal to this audience. They argued the extension's association with Radio 3 would naturally skew it towards Radio 3's ABC1 audience. Rather than launch some form of chillout station, they suggested the BBC should keep the current 'bouquet' of chillout programming across its existing networks, which the respondent supports as it allows different age groups and socio-economic groups to explore the world of chillout.

#### *4.1.3 Music industry stakeholders*

PRS for Music welcomed the proposed extensions, acknowledging that they would serve diverse communities and support the creative economy.

Similarly, the MPA and MCPS were supportive of the proposals, particularly the BBC Radio 3 Unwind, recommending that the BBC extend the target audience to include under 35s. They pointed to RPO research (December 2023) indicating that there is a growing interest in classical music from younger audiences (off the back of games/films) and the BBC is uniquely placed to act as a point of entry for them.

#### *4.1.4 Our response*

We still believe that the proposed stations will serve audiences who currently receive less value from the BBC's audio services, including younger audiences and older C2DE audiences.

By building on the BBC music brands that have the strongest connection with younger and C2DE audiences who get less value from the BBC, we are seeking to do more for these audiences. These new stations will help these audiences discover the best of the BBC through clearly branded propositions curated around specific genres and periods of music.

Having considered stakeholder feedback, we have set out our final proposals for the stations in Section 5 below. Our plans for Radio 1 Dance and Radio 1 Anthems remain substantively the same (aiming to engage and grow a diverse 15-34 –year-old audience across the UK, providing greater value for younger audiences from C2DE groups), as are our plans for Radio 3 Unwind (aiming to serve audiences aged 35-54, younger than the average age for Radio 3 and other classical stations[30]), we have significantly redeveloped our proposal for the Radio 2 extension, strengthening the station's appeal to a target audience of 55 year-olds and over, particularly providing greater value for those from C2DE groups. We have set out further detail on each station in sections 5.4, 5.5, 5.6 and 5.7 below.

Audience research and performance data suggests that these new stations will appeal to the target audiences, as detailed in our Public Value assessment set out in Section 6 below.

With regard to the observations regarding the BBC's local radio services, we would note that these services fulfil a fundamentally different purpose in the BBC's portfolio. These services are predominantly speech services, with Operating Licence conditions that require 100% speech from 7am to 8.30am and 60% speech content from 6am to 7pm. The primary function of our local and nations services is to serve their local audiences, provide companionship, information and news. The commercial radio sector has explicitly resisted any relaxation of the speech quotas on the BBC's local and nations radio services.

## 4.2 Stakeholder feedback on our proposed budget

### *4.2.1 Audiences and audience groups*

A significant proportion of individual respondents questioned the value for money of the proposals, with some suggesting that the BBC would be better served by improving existing services, reversing changes to Local Radio or more generally spending in areas less well served by the commercial sector. Some also questioned how the BBC could afford to fund the stations given straitened funding circumstances and in the light of cuts to Local Radio.

In contrast, the VLV were supportive, noting that the plans were cost-effective.

### *4.2.2 Commercial radio*

In response to the proposed Radio 2 extension, Boom Radio believed the BBC had under-stated the investment scale required to launch and run the station. They suggested the programming budget was not credible, did not factor in music rights, and questioned how it would cover proposed talent costs. Like the AA they questioned whether there was a marketing budget and noted that there would be significant cross promotion of the station which should be factored in as a cost.

News Broadcasting pointed to a lack of detail in the budget, asking what core costs had been included, and like the AA and Boom, noted no marketing budget had been set out. On the latter they too expressed concern that the proposed stations would have significant cross-promotion advantages not available to commercial competitors. In

[30] RAJAR Q3 2023

relation to the proposed Radio 1 and Radio 2 extensions, they also questioned why the BBC would consider investing in offline services to reach younger audiences.

### *4.2.3 Music industry stakeholders*

Audio UK expressed some concerns around budget, namely that the funding for the new stations would come from existing, already squeezed audio budgets – risking quality and distinctiveness. They argued the BBC should consider funding the expansion to its radio and audio portfolio from elsewhere.

The AA suggested the BBC concentrate resources on existing stations. They asked about marketing budgets and cross promotion plans, arguing that the BBC has a significant cross-promotion advantage over commercial radio. A suggested mitigation included transparency around costs associated with the new stations from existing BBC services, and limits on marketing and cross-promotion.

UK Music noted the budget for the proposed stations, stating that the proposals would not sufficiently rectify what was being lost by the cuts to BBC Introducing. They argued for the cuts to be reversed, saying that BBC Introducing had provided vital career breaks to artists, producers and engineers. They also argued the BBC should be investing more in music, increasing funding for music projects across the board – maintaining the licence fee as a model for achieving this.

Another industry stakeholder suggested the proposed funding for the extensions should be re-allocated to BBC Local Radio, given its unique status and high public value.

### *4.2.4 Our response*

The four new stations will be highly cost effective, with an estimated total ongoing budget of £2.9 million per year (including both DAB+ and online). Any additional music rights costs are subject to negotiation with music rights holders and are commercially confidential. We have set out further details of our budget in section 5.3 below, including launch marketing costs.

The changes that the BBC has implemented to its English Local Radio services were not cuts to the English Local services, but a rebalancing of resource from broadcast radio to online services, reflecting changes in audience behaviour. In 2022/23, the BBC content spend on English Local was £138 million (£123 million on Local Radio and £15 million on Local online services). In 2023/24, this rose to £143 million (£120 million on Local and £23 million on Local online services). If we also include our services for Northern Ireland, Scotland and Wales, the BBC's expenditure on radio services for the Nations and English Regions was £196 million, £37 million more than we spent on all our network radio music services (£159 million).[31] The cost of the BBC's local and nations services dwarf the budgets for the four new stations.

[31] BBC Annual Report and Accounts 2023/24, BBC, July 2024, p.168

## 4.3 Stakeholder feedback on Competitive Impact

### *4.3.1 Audience and Audience Groups*

A significant number of responses from members of the general public made reference to the potential competitive impact of the proposals, the majority of these related to the negative impact on Boom Radio of the proposed Radio 2 extension. A few respondents cited similar impacts on the wider commercial radio sector and how it could negatively impact the ability of the sector to develop and innovate.

A couple of respondents mentioned positive impacts agreeing with the BBC's assessment that the total BBC audience would grow, largely from increased listening hours rather than a switch from commercial radio listening.

The VLV were supportive of the BBC's plans, specifically on the BBC Radio 3 Unwind they noted that the proposals would bring greater plurality in the supply of classical music in the UK. They also stated that they understood why commercial radio might be concerned by the BBC's proposals as they operated stations which provided some of the features of the BBC's proposed offer.

In terms of mitigations, responses from the general public included suggestions to include the programming within the existing station (Radio 2), using BBC Sounds to leverage better the BBC archive. A couple of respondents suggested the extensions should be BBC Sounds only services, arguing that full DAB+ services would have too great a negative market impact. VLV stated that it was essential for Ofcom to hold the BBC to account to deliver the distinctiveness set out in the public interest test and to step-in if it did not.

### *4.3.2 Commercial Radio*

Radiocentre, Boom, News Broadcasting and the AA all expressed the view that the music extensions would have a significant adverse impact on fair and effective competition.

Radiocentre argued that the BBC was significantly underestimating potential listening to the proposed services. Research they had commissioned indicated that consumers felt the BBC's proposals sounded like existing commercial services and would be likely to switch to the BBC's ad-free offering. They believed therefore the majority of each of the proposed extensions listeners would come from commercial radio with consequential loss of listening hours and impacts on advertising revenues.

News Broadcasting made similar points with regard to the Radio 1 and Radio 2 extensions. They argued it was unlikely that the proposals would grow the market for music radio listening and that the BBC had not set out the extent to which it expects listening to come from existing BBC services as opposed to those of commercial radio. Their own research with Virgin Radio network listeners suggested many would be likely to listen to the new extensions, with a significant proportion indicating that they would listen to Virgin Radio less. Again resulting in a loss of listening hours and loss of advertising revenues.

Boom Radio echoed these points. They challenged the BBC's assertion that the proposed station Radio 2 extension would not be large, arguing their research had shown its potential size meant it would have a significantly greater impact than the other three proposed new BBC services. They also disagreed with the BBC's assertion that the audience to the new station would come from streaming and non-radio users and stating that were the proposed extension to go ahead they would suffer significant audience loss, loss of advertising revenues, making their business plans unviable.

An independent commercial radio station expressed a number of concerns about the proposed BBC Radio 3 Unwind, suggesting that a chillout offer concentrated in a single BBC station had potential for greater market impact and could narrow the range of listening.

Radiocentre, News Broadcasting, Boom and the AA all made the point that the loss of listening hours and revenue would place commercial radio under pressure to make cost reductions and would reduce resources for investment in new services, deterring innovation, impacting current and potential spin-off services and would crowd out smaller, independent commercial operators, reducing choice in the UK market.

Commercial radio respondents argued that the BBC's competitive impact analysis had not been rigorous enough, focusing on an aggregate of all commercial radio rather a narrower competitor set affected by each proposal. The AA also made the point that it did not take into account the competition between commercial radio operators and music streaming services.

Commercial radio respondents also expressed concern about marketing plans and the BBC's power to cross-promote the new services across its networks arguing that this gave the BBC a large advantage over the commercial radio sector.

Radiocentre additionally made the point that it could also increase costs for commercial stations, by, for example, targeting the same presenter talent pool.

With regard to mitigations Radiocentre suggested that that the BBC could achieve better public value, with minimal impact, through reversing BBC Local Radio changes, making changes to existing services and distribution changes to Nations radio.

Boom and News Broadcasting stated that there were no mitigating steps the BBC could take to negate the substantial competitive impact of the proposals and that the BBC seek other ways to serve the target audiences, complementary to the commercial sector.

The AA suggested that there should be transparency around costs associated with the new stations from existing BBC services; stretching quotas for new and original programming, limits on marketing and cross-promotion, regular independent reviews of market impact and a focus on underserved audiences.

#### *4.3.3 Music Industry stakeholders*

Music Industry respondents were broadly supportive of the proposals, acknowledging the strong relationship between music and the BBC and highlighting the BBC's role in supporting the UK music industry. The MPA stated that they believe that the BBC and Commercial Radio deliver distinct and complementary services and that commercial radio should not be negatively impacted.

Music Industry respondents suggested that increased distinctiveness through new music quotas for all the proposed stations and increased unique plays would reduce potential competitive impact.

### *4.3.4 The BBC's response*

Our response to the issues raised by stakeholders is set out in detail in section 7 of this document. There we address concerns relating to the BBC's modelling of the size of the stations, comparator analysis, estimates around impacts on listening uplift and advertising revenue spend, risks around crowding out and investment, perceived inflationary impacts and the resulting competitive impact of these factors.

In section 7 we also consider both the static and dynamic impacts on revenues and profitability of the commercial radio sector and note the recent launches by Global and Bauer of new radio stations including three new national ones.

## 4.4 Stakeholder feedback on Distinctiveness

### *4.4.1 Audience and Audience Groups*

The VLV noted the proposed stations would offer genuine public value if the ambitions set out in the Public Interest Test were realised and did not imitate current market provision. The VLV did request that Ofcom hold the BBC to account to deliver the distinctiveness proposed.

A number of members of the public stated that the commercial radio offer serves the target audience well and that the proposed radio stations would not provide a distinct offer providing little benefit to audiences. These respondents are concerned that the offer of the parent stations could be diluted. The AA was not supportive of the BBC's proposals and suggested that the BBC concentrate resources on existing stations.

Some respondents and the AA noted that the proposed extensions would offer little to no news coverage.

On the Radio 1 Dance extension, one member of the public felt that the proposition is significantly different to commercial offers and would have little impact on commercial radio.

Respondents of the general public that commented specifically on BBC Radio 3 Unwind suggested that the offer was broadly similar to those provided by commercial radio. A few members of the public noted that little detail was given on the proportion of archive content used by BBC Radio 3 Unwind versus original programming and how the extension would interact with Radio 3 with the overlapping content and simulcasting. They expressed their concerns that this could result in format creep thereby negatively impacting stations with a similar offer.

A small number of respondents suggested that the public would benefit from the Radio 2 extension proposal. A few respondents noted that having live programming would add to the distinctiveness of the service offering listeners a sense of companionship and community. A number stated that the proposed offer is not distinctive duplicating Boom's offer. A couple of respondents deemed Radio 2 had little archive material and that this content would not make the service distinctive and only be played during peak listening time.

Respondents who thought the distinctiveness of these proposals could be improved suggested a variety of solutions including increasing the range of playlists, artists or genres, live programming, reducing simulcasting of parent station or choosing presenters based on their enthusiasm and knowledgeable rather than celebrity.

### *4.4.2 Commercial Radio*

Boom Radio stated that the Radio 2 extension did not provide public value to listeners and would replicate Boom Radio's offer, which Boom Radio stated operates at a higher standard than the proposed extension, and the offers of some other similar stations. Boom Radio stated that focusing the station on nostalgia would copy a format used by other commercial radio stations. They also noted that the artists and proposed range of genres are already significantly broadcast in many commercial radio playlists, and that the proposed range of tracks was significantly smaller than that currently delivered by Boom Radio. They noted that BBC is able to draw on its archive on a number of platforms and little information had been provided on what was in the archive for which rights are retained. Additionally, Boom Radio noted that they could not see how playing back catalogue music and BBC archive material supported the creative economy. Boom Radio emphasised that the proposals did not contribute to the BBC's Mission and Public Purposes.

News Broadcasting are strongly opposed to the Radio 1 and Radio 2 extensions highlighting they are not distinctive or ambitious and replicate an offer provided by the commercial radio sector with large overlap with what Virgin Radio stations offer. Therefore, they do not believe the extension would offer additional public value and that the BBC should consider alternative ways to serve the target audience with services complementary to the commercial sector. News Broadcasting undertook their own research with Virgin Radio listeners and found that nearly half of them said the proposed extensions sounded similar to the offer commercial radio provides including Virgin Radio stations.

Radiocentre were critical of the proposals and argued that they had minimal public value and would not contribute to the BBC's Mission or fulfilment of its Public Purposes. Based on their own research, Radiocentre argued that the proportion of new and/or British music was broadly similar to commercial providers and that the proposals did not support British creativity any more than commercial operators.

Boom Radio, News Broadcasting and Radiocentre all questioned the lack of speech content and news provision by the proposals. Boom noted this specifically about the Radio 2 extension, whilst News Broadcasting focused on the Radio 1 and Radio 2 extensions. Radiocentre noted that with little speech content and no news, the stations would mostly operate as 'music jukebox services'.

### *4.4.3 Music industry stakeholders*

Audio UK stated there is a risk that the proposed services will not be sufficiently distinctive from the commercial radio sector. Audio UK noted their disappointment that there was no indication about how the BBC would interact with the independent production sector and suggested by doing so this, and a sufficient budget, would ensure distinctiveness and diversity of the services.

The MMF and FAC were generally supportive of the proposals and welcomed many of the commitments in the consultation, particularly the support to British music at home and abroad, raising the profile of lesser known artists, the support to contemporary classical music artists, and the support to new artists in Radio 1 Dance. They also welcomed the commitment to reflect the creative calendar across the year. The MMF and FAC expressed some concerns about the division between supporting and championing new music as opposed to catalogue and noted the need to do both.

The MPA believed that the proposal will deliver 'great value for the public purse'. Whilst they welcomed the new music commitments on Radio 1 Dance and the Radio 1 extension, the MPA expressed their disappointment that the Radio 1 and Radio 2 extensions focused on catalogue. The MPA and UK Music believed the proposals would guarantee to be distinctive if the allocation of new music across each of the four proposed music stations increased to at least a third of the tracks. The PRS for Music made this suggestion specific to Radio 3 and suggested playing new music on all four of the new stations. The PRS for Music also suggested increasing the number of tracks across each station to help differentiate the offer from commercial radio and having an allocation of overall content share dedicated to new music and homegrown talent. UK Music also suggested a stronger commitment to BBC Radio 3 Unwind to play British composers and a commitment for each station to play c.10,000 unique tracks per year. The MMF and FAC said they would like to see a stronger commitment to play living composers.

#### *4.4.4 The BBC's response*

We believe our proposals for Radio 1 Dance, Radio 1 Anthems, the Radio 2 extension and Radio 3 Unwind will greatly benefit listeners offering them distinct content. Section 6 details the public value these proposals would offer to audiences.

### 4.5 Stakeholder feedback on Distribution

#### *4.5.1 Audience and Audience Groups*

There were mixed reactions on the distribution of the four proposed radio stations. Some members of the public reacted positively commenting that the move to DAB+ was long overdue, particularly regarding the Radio 1 Dance proposal.

Other respondents supported DAB+ technology, but believed the BBC should be using this to operate more efficiently rather than creating new stations. Some members of the general public believed that the services should be distributed on FM or Long Wave so digitally excluded audiences or those in areas of poor DAB reception were reached or solely on BBC Sounds. Others requested the BBC should have a DAB+ migration timetable before the radio station extensions were launched, whilst others suggested all BBC services more to DAB+.

The VLV raised the concern that these proposals would require citizens to own DAB+ enabled radios.

### 4.5.2 Commercial Radio

News Broadcasting welcomed the BBC's support for DAB+, however considered four new DAB+ stations were not an efficient use of the BBC's spectrum capacity. News Broadcasting argues that it would be better for the BBC to move some or all of its existing DAB radio services to DAB+ and drive wider uptake.

### 4.5.3 The BBC's response

The distribution of the proposed radio stations is in line with our the distribution of the BBC's national radio stations. Therefore, we intend to distribute the radio stations on DAB+. Further information can be found in section 5.2.

## 4.6 Other issues raised

### 4.6.1 A number of points were raised by respondents around the regulatory and consultation process.

All commercial radio respondents were critical of the level of detail in the consultation document suggesting programming proposals were too vague, that budgets lacked detail.

Boom were critical of the BBC's engagement with the market, stating that the BBC did not appear to have complied with obligations on openness, transparency, accountability and industry engagement, and were critical that the plans had not been trailed in the BBC's Annual Plan.

An independent radio station felt that a single public interest test covering four proposed extensions did not allow for sufficient scrutiny of the proposals given how wide ranging the impacts could be.

A few general public respondents questioned why the consultation process was run by the BBC, rather than Ofcom, suggesting that it would not be independent and was framed in such a way as to generate a positive response.

### 4.6.2 The BBC's response:

The BBC Charter and Agreement requires that the Board must consider proposals for material changes to the UK Public Services, and only approve them if the Public Interest Test is met, i.e. that the public value of the changes justifies the market impact. If the Board approves, the proposals will go to Ofcom who will carry out a competition assessment to determine whether the BBC may proceed with the changes.

The BBC set out the proposals in sufficient detail in our consultation document to enable stakeholders to provide feedback on our proposals. This current document, which is the basis for the BBC Board's decision on whether the changes meet the Public Interest Test, takes into account the stakeholder feedback we received and has enabled us to refine our analysis and propositions as is the intention of a consultation.

The BBC has engaged extensively with the commercial radio sector throughout the process and responded, where possible, to additional requests for information.

At the time of publishing the BBC's Annual Plan for 2023/24 in March 2023, the BBC had not developed the plans that were announced in February 2024. Ofcom's guidance acknowledges that “the BBC may develop plans outside the normal timescales for inclusion in the annual plan, which may mean that those plans are either not mentioned or not set out in sufficient detail in the annual plan. In these cases the BBC should use an alternative, consistent means of communication to enable potentially affected parties to easily access the relevant information.”[32] The BBC issued a major press release announcing our plans and highlighting the start of the Public Interest Test consultation process and briefed key stakeholders, including Radiocentre, the industry body for commercial radio.

*4.6.3 There were a number of other points raised, some of which are out of scope of the consultation.*

UK Music strongly argued for the cuts to BBC Introducing to be reversed. They also argued that the BBC should be investing more in music, increasing funding for music projects across the board – maintaining the licence fee as a model for achieving this.

The Music Managers’ Forum and Featured Artists Coalition said that they would like to see more detail on plans for commissioning new programmes for the proposed stations and they would like to see increased coverage of overseas showcases. They also suggested that the curation of the new stations should be wider than existing station gatekeepers; wished to avoid genre pigeon-holing; and argued that the integrity of the public performance licence is maintained.

In responses from the general public other issues raised included calls to reverse changes to BBC Local Radio; the value for money of the Licence Fee; scope of the BBC; talent pay and; poor management.

[32] Guidance for assessing proposed changes to the BBC’s public service activities, p.13, Ofcom, 18 April 2023

# 5. The BBC’s final proposals for proposed music stations

In this section we set out our final proposals and identify how these have changed in response to stakeholder feedback and our audience research.

## 5.1 Overall strategy

Having considered stakeholder feedback, our overall strategy remains unchanged.

We consider that our proposal to launch four new DAB+ and online music stations is a necessary response to the significant growth in the number of stations competing to serve listeners and the changes in audience behaviour shaped by on-demand streaming of music and the commercial radio sector’s response to that changed behaviour.

Given recent developments, discussed above, we consider that this need is even more pressing. We have not changed our portfolio of music stations since launching 1Xtra, Asian Network and 6 Music in 2002; whereas commercial radio has proliferated dozens of new stations with clear and focused listener propositions. While our current portfolio of stations still perform well, it is clear that there is a significant audience demand for these more focused stations. Our proposal is a modest response to these changes.

We consider that the proposed stations will serve audiences who currently receive less value from the BBC’s audio services, including younger audiences and older C2DE audiences. We also consider that they will also better serve the moods and needs of modern audiences and support homegrown creativity.

We also consider that launching the new stations will support the transition to a digital first future, and as such is complementary to our ongoing investment and development of BBC Sounds.

## 5.2 Distribution

Having considered stakeholder feedback we have finalised our proposals for the distribution of the proposed radio stations.

There is no change to our proposals that the proposed stations will be distributed on DAB+ (rather than standard DAB) and online in the same way as the BBC’s existing national radio stations, i.e. across digital radio, BBC Sounds and smart speakers.

## 5.3 Budget

Having considered stakeholder feedback we have finalised our proposals for the budget of the proposed radio stations.

The new stations will be highly cost effective. We estimate that the total ongoing budget for the four new stations (both DAB+ and online) will be £2.9 million per year, including additional content, staff, technology and operations costs. Any additional music rights costs are not currently included, as this is commercially sensitive and subject to negotiation with music rightsholders.

The extensions will curate on-demand music programmes available on BBC Sounds, with some new commissions, some simulcasting, and potentially a small amount of new live content. We already have a large number of titles which will be broadcast on these extensions, providing greater value from our creative investment in these areas. This digital-first approach means production processes are more efficient and much more cost effective compared with the more traditional big live formats such as breakfast and drive strands on linear radio. We are utilising existing DAB capacity and will build on the operational efficiency of our existing music radio stations and music rights arrangements.

The content and staff costs will be funded through a reprioritisation of funding from BBC Sounds and the BBC's Network radio stations. The new stations will not require any increase in the budget for Network Radio and BBC Sounds. For context, the BBC's total expenditure on radio for 2023/24 was £507 million. [33] The content budgets for our existing music radio stations are: Radio 1 (£41 million); Radio 1Xtra (£10 million); Radio 2 (£49 million); Radio 3 (£38 million); and 6 Music (£14 million).[34]

As can be seen below there has been a slight increase in the proposed annual programming budget for the new stations of about £90,000 per year.

The largest increase (about £240,000) relates to the proposed Radio 2 extension. This reflects the significant development of the Radio 2 extension proposal in response to stakeholder feedback to ensure that it is as distinctive as possible. This is offset somewhat by reductions in the estimated budget for Radio 1 Dance.

**Figure 6: Estimated annual budget (excluding music rights)**

| | Consultation estimated budget (£ million) | Current estimated budget (£ million) | Change (£ million) |
|---|---|---|---|
| Radio 1 Dance | 0.73 | 0.55 | -0.18 |
| Radio 1 Anthems | 0.12 | 0.18 | +0.06 |
| Radio 2 Extension | 0.42 | 0.66 | +0.24 |
| Radio 3 Unwind | 0.66 | 0.65 | -0.01 |
| Growth activation fund | 0.50 | 0.50 | - |
| **Programming costs** | **2.43** | **2.54** | **+0.11** |
| | | | |
| Staff | 0.25 | 0.25 | - |
| Production costs | 0.10 | 0.04 | -0.06 |
| Other | 0.06 | 0.07 | +.01 |
| **Other content /staff production costs** | **0.41** | **0.36** | **-0.05** |
| | | | |
| **Total content and staff costs** | **2.84** | **2.90** | **+0.06** |

[33] BBC Group Annual Report and Accounts 2023/24, p.56
[34] BBC Group Annual Report and Accounts 2022/23, p.152

The growth activation fund will be available to each of the new stations based on need, audience performance and developed plans to grow activations (i.e. new users for the BBC).

There will also be one-off costs of about £635,000 in the first year related to technology set-up and marketing. The launch marketing costs will be about £285,000.

## 5.4 Radio 1 Dance: Final proposals as a full radio station

Having considered stakeholder feedback we have finalised our proposals for Radio 1 Dance. These are substantively the same as we consulted upon in February, but we are now able to provide significantly more detail on the programming we propose would be broadcast. We consider that this will be highly distinctive in the market.

### *5.4.1 Overall intention and target audience*

The key objective of Radio 1 Dance is to provide a bigger platform on DAB+ to showcase the BBC's creative investment in dance music, telling the story of a genre which is of mass youth appeal, supporting the development of new UK artists, and reflecting the scene to a wider audience, helping to produce global hits from the UK.

Radio 1 Dance's mission is to engage and grow a diverse 15–34 -year-old audience across the UK for live and on demand content. We are focusing on a tighter age group than we initially proposed. We particularly think that Radio 1 Dance will provide greater value for younger audiences from C2DE groups.

### *5.4.2 Music policy*

We are proposing that Radio 1 Dance will play a broader range of music than any comparable stations. We estimate that we will be playing over 3,000 unique tracks per year. Last year the Radio 1 Dance Sounds-only stream played 3,273 unique tracks.

Of this we are proposing that about a third of music in daytime would be new music and about 45% of tracks will come from UK artists, driven by an extensive playlist of new releases.

Radio 1 Dance will cover the broadest range of dance genres, ranging from more accessible house and techno tracks, to breakbeat, drum & bass, trance, EDM, Afro House and UK Funky. Classic episodes of Radio 1's Essential Mix taken from the BBC's archive will feature weekly.

### *5.4.3 Indicative schedule and commissioning plans*

We launched Radio1 Dance as a Sounds-only stream in October 2020. At this time the stream contained no original content, comprising repeats or simulcasts from Radio 1 or content that was already available on Sounds (e.g. music mixes).

We have now begun commissioning original content for the Radio 1 Dance Sounds-only stream. While this commissioning does not assume the result of Ofcom's BBC Competition Assessment, it is the programming that would be broadcast on the Radio 1 Dance DAB+ station if it is approved. In line with the relatively low budget for the Radio 1 Dance station and the high editorial standards, and therefore cost per hour, of the individual programmes, much of this original content will be repeated multiple times.

The new commissions include:

- **The '…on Radio 1' industry collaboration series (36 two-hour episodes):** Radio 1 has partnered with three leading dance industry brands to showcase new and exciting talent: *Defected*, an independent record label specialising in house music; *HE.SHE.THEY* a label platforming techno to house music for all races, sexualities and genders; and specialist drum & bass label *DnB Allstars*. The mixes should highlight and celebrate Radio 1 Dance's role in supporting the more specialist side of dance music and will feature artists and tracks which get limited support on mainstream stations.
- **Pete Tong's Essential History of Dance Music (20 two-hour episodes):** This commission will use Pete Tong's reputation and status as an authority in the international dance community to explore the history of dance music – from Techno to Dubstep, Hard House to French Touch – for a youth audience. Broadcast weekly, episodes will look at various sub genres of dance, feature an engaging playlist of the essential tracks from that world, and explain the history of the given genre in an entertaining and engaging way.
- **Radio 1 Dance Morning Show (four three-hour episodes per week):** This show will be an upbeat, feel-good way to start the day. Presented by Arielle Free, it will be soundtracked by the biggest and best mainstream electronic music, showcasing dance music in a relatable and fun way. It will consist of a mix of new and contemporary dance tracks.
- **Radio 1 Dance playlist (five three-hour episodes per week):** A daily refreshing playlist, forming the core of the daytime schedule with continuous mix of upbeat, contemporary dance music. Current tracks will be drawn from diverse playlist that supports UK artists in particular.
- **Radio 1's Dance Anthems (three three-hour episodes per week):** Presented by Charlie Hedges, the show will act as a companion to her popular Saturday afternoon Radio 1 programme, allowing listeners to rewind and dance to their favourite dance tracks from the past 20 years.

### Figure 7: Indicative schedule of the Radio 1 Dance extension

<table>
<tr><th></th><th>Monday</th><th>Tuesday</th><th>Wednesday</th><th>Thursday</th><th>Friday</th><th>Saturday</th><th>Sunday</th></tr>
<tr><td>00:00</td><td rowspan="4">Classic Essential Mix</td><td rowspan="2">Radio 1 Residency</td><td rowspan="2">Martha</td><td rowspan="2">Essential Mix</td><td rowspan="2">Radio 1 Residency</td><td rowspan="4">Radio 1 Essential Mix</td><td rowspan="2">R1 D&B Mix</td></tr>
<tr><td></td></tr>
<tr><td>01:00</td><td rowspan="2">R1 Dance Presents</td><td rowspan="2">Danny Howard</td><td rowspan="2">R1 D&B Mix</td><td rowspan="2">Sarah Story</td><td rowspan="4">Classic Essential Mix</td></tr>
<tr><td></td></tr>
<tr><td>02:00</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="2">R1 Dance Presents</td></tr>
<tr><td></td></tr>
<tr><td>03:00</td><td rowspan="2">Danny Howard</td><td rowspan="2">Story/Tong Hot Mix</td></tr>
<tr><td></td></tr>
<tr><td>04:00</td><td rowspan="2">Pete Tong Hot Mix</td><td rowspan="2">Introducing Dance</td></tr>
<tr><td></td></tr>
<tr><td>05:00</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td></tr>
<tr><td></td></tr>
<tr><td>06:00</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td></tr>
<tr><td></td></tr>
<tr><td>07:00</td></tr>
<tr><td></td></tr>
<tr><td>08:00</td></tr>
<tr><td></td></tr>
<tr><td>09:00</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td><td rowspan="6">R1 Dance Morning</td></tr>
<tr><td></td></tr>
<tr><td>10:00</td></tr>
<tr><td></td></tr>
<tr><td>11:00</td></tr>
<tr><td></td></tr>
<tr><td>12:00</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td><td rowspan="2">R1 Dance Anthems</td><td rowspan="2">R1 Dance Anthems</td></tr>
<tr><td></td></tr>
<tr><td>13:00</td><td rowspan="6">R1 Dance</td><td rowspan="6">R1 Dance</td></tr>
<tr><td></td></tr>
<tr><td>14:00</td></tr>
<tr><td></td></tr>
<tr><td>15:00</td><td rowspan="6">R1 Dance Anthems</td><td rowspan="6">R1 Dance Anthems</td><td rowspan="6">R1 Dance Anthems</td><td rowspan="6">R1 Dance Anthems</td><td rowspan="6">R1 Dance Anthems</td></tr>
<tr><td></td></tr>
<tr><td>16:00</td><td rowspan="6">R1 Dance Anthems w/Charlie Hedges</td><td rowspan="6">R1 Dance Anthems</td></tr>
<tr><td></td></tr>
<tr><td>17:00</td></tr>
<tr><td></td></tr>
<tr><td>18:00</td><td rowspan="4">Pete Tong</td><td rowspan="4">Pete Tong</td><td rowspan="4">Pete Tong</td><td rowspan="4">R1 Dance Party Warm-up</td><td rowspan="4">R1 Dance Party w/Danny Howard</td></tr>
<tr><td></td></tr>
<tr><td>19:00</td><td rowspan="4">Pete Tong Essential History of Dance</td><td rowspan="4">R1 Dance Party Warm-up</td></tr>
<tr><td></td></tr>
<tr><td>20:00</td><td rowspan="2">D Howard's Club Mix</td><td rowspan="2">R1's D&B Mix</td><td rowspan="2">S Story's Dance Mix</td><td rowspan="4">R1 Rave-Up with Arielle Free</td><td rowspan="4">Future Dance Sarah Story</td></tr>
<tr><td></td></tr>
<tr><td>21:00</td><td rowspan="4">Defected on R1 Dance</td><td rowspan="4">He She They on R1 Dance</td><td rowspan="4">DnB Allstars on R1 Dance</td><td rowspan="4">Pete Tong Essential History of Dance</td><td rowspan="2">R1 Dance Presents...</td></tr>
<tr><td></td></tr>
<tr><td>22:00</td><td rowspan="2">Introducing Dance</td><td rowspan="4">Pete Tong</td><td rowspan="4">R1 Essential Mix</td></tr>
<tr><td></td></tr>
<tr><td>23:00</td><td rowspan="2">Radio 1 Residency</td><td rowspan="2">Martha</td><td rowspan="2">Essential Mix</td><td rowspan="2">Radio 1 Residency</td><td rowspan="2">R1 D&B Show</td></tr>
<tr><td></td></tr>
</table>

New show | Simulcast from R1 | Repeat from R1 | New archive show

## 5.5 Radio 1 Anthems: Final proposals as a full radio station

Having considered stakeholder feedback we have finalised our proposals for Radio 1 Anthems. These are substantively the same as we consulted upon in February, but we are now able to provide significantly more detail on the programming we propose would be broadcast. We consider that this will be highly distinctive in the market.

### *5.5.1 Overall intention and target audience*

Radio 1 Anthems has been conceived as a service for young people, by young people. Its key objective is to provide a deep dive into the iconic tracks and artists that have shaped the last two decades, helping audiences discover and re-discover a wide range of music and acts supported by Radio 1 from the 2000s to today. It will provide a dedicated nostalgic station for young people through the voice of young talent – behind and in front of the mic – developing curatorial skills which they are now using more and more in the digital space.

Radio 1 Anthems' mission is to engage and grow a diverse 15–34 -year-old audience across the UK, with a particular focus on the 15-24 age group. We particularly think that Radio 1 Anthems will provide greater value for younger audiences from C2DE groups.

### *5.5.2 Music policy*

We are proposing that Radio 1 Anthems will play a broader range of music than any comparable station. We have been working with the Student Radio Association and a small panel of students across the summer to gain insight and help formulate a music policy that resonates with young listeners.

We estimate that we will be playing about 4,000 unique tracks per year: a mix of classic hits and forgotten gems rarely played elsewhere. The genre mix will be similar to Radio 1, spanning classic pop, rock, rap, R&B, dance and indie tracks.

Of this we are proposing that at least 33% of tracks will come from UK artists. As a nostalgia proposal Radio 1 Anthems will not feature a substantive volume of new music.

### *5.5.3 Indicative schedule and commissioning plans*

The Radio 1 Anthems Sounds-only stream extension began commissioning original content in advance of its launch on Sounds in November 2024. While this commissioning does not assume the result of Ofcom's BBC Competition Assessment, it is the programming that would be broadcast on Radio 1 Anthems if it is approved as a full station.

The proposed schedule will mix new programmes commissioned specifically for the service, alongside a number of existing Radio 1 'anthem' brands: including workout, pop and chillout anthems. As with Radio 1 Dance, in line with the relatively low budget for the Radio 1 Anthems station and the high editorial standards, and therefore cost per hour, of the individual programmes, much of this original content will be repeated multiple times.

The first new commissions include:

- **Radio 1 Anthems Discovery (25 two-hour episodes)**
  This programme will capitalise on Radio 1's trusted reputation in educating and informing young people about the music and culture they need to know about. With a focus on music curation, each episode will shine a light on a different artist, genre or theme, and connect its relevancy to today's music.
- **My Radio 1 Anthems (16 x two-hour episodes)**
  With compelling storytelling, crafted curations and musical passion in every episode, this series will look to celebrate yesterday's music through the eyes of today's biggest stars. Each episode will be hosted by a different artist and comprising the music that influenced their work and tracks they loved. We intend that this will give listeners the opportunity both to hear well-known favourites and also to discover new tracks from the era.
- **Radio 1's 100 Greatest Anthems (4 x 4-part series - two-hours per show)**
  This programme will be a countdown of the best 100 tracks over the course of four two-hour episodes. Each top 100 will cover a different genre, decade, or theme.

The commission for these has been won by Audio Always, who will make the shows from their Birmingham base. In partnership with Radio 1 and the Student Radio Association they recently advertised for a Production Trainee to join their team to work on the development of the three programmes.

**Figure 8: Indicative schedule of Radio 1 Anthems Extension**

| | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|---|---|---|---|---|---|---|---|
| 00:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 01:00 | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems |
| 02:00 / 03:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 04:00 | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems |
| 05:00 / 06:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 07:00 | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems |
| 08:00 / 09:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 10:00 | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 11:00 / 12:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 13:00 | Happy Anthems | Happy Anthems | Happy Anthems | Happy Anthems | Happy Anthems | Happy Anthems | Happy Anthems |
| 14:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | Dance Anthems | R1 Anthems | R1 Anthems |
| 15:00 | | | | | Party Anthems | | |
| 16:00 | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems | Pop Anthems |
| 17:00 / 18:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |
| 19:00 | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems | Workout Anthems |
| 20:00 / 21:00 | 100 Greatest / My Anthems / Discovery | 100 Greatest / My Anthems / Discovery | 100 Greatest / My Anthems / Discovery | 100 Greatest / My Anthems / Discovery | 100 Greatest / My Anthems / Discovery | 100 Greatest / My Anthems / Discovery | 100 Greatest / My Anthems / Discovery |
| 22:00 | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems | Chillout Anthems |
| 23:00 | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems | R1 Anthems |

New show · Simulcast from R1 · Repeat from R1 · New archive show

## 5.6 Radio 2 extension: Final proposals as a full radio station

Having considered stakeholder feedback we have finalised our proposals for the Radio 2 extension. In response to this feedback we have redeveloped our proposals for the Radio 2 extension. Our original proposal for the Radio 2 extension was for a music-led, mood-based, news-free station. As set out below, we have redeveloped this significantly, and are now able to provide much more detail on the programming we propose would be broadcast. We consider that this will be highly distinctive in the market.

### *5.6.1 Overall intention and target audience*

At a high level our vision remains the same: the Radio 2 extension will provide a distinctive take on pop nostalgia, diving into the music and unique BBC archive primarily from the 1950s, 1960s and 1970s, and aim to appeal to a target audience of 55 year-olds and over, particularly providing greater value from the licence fee for those from C2DE groups.

### *5.6.2 News*

The largest change to the plans for the Radio 2 extension is that we are now proposing that it will include news bulletins throughout the day at the top of each scheduled programme. These bulletins will be simulcast with Radio 2. We anticipate at least 10 bulletins per day, totalling around 70 per week.

### *5.6.3 Music policy*

All shows will be programmed using the R2 and BBC Record Library – the biggest musical repertoire in UK radio. We now expect to play at least 6,000 (unique) tracks a year from the 1950s, 1960s and 1970s, including lesser known album tracks, one hit wonders, etc.

### *5.6.4 Supporting homegrown creativity*

About 40% of the tracks played on the Radio 2 extension will come from UK artists. This is the same as we set out in our February consultation.

We are also now planning to establish a partnership between the Radio 2 extension and the BBC's local and national radio stations to draw on local experts and voices to tell the story of the significance of the music of their specific regions across the UK.

The Radio 2 extension will also play an important role in commissioning programmes from homegrown independent producers across the UK.

### *5.6.5 Speech / speech-led programming and the BBC archive*

We are now proposing that most of the schedule (about 60%) will be speech-led. This will include relevant, entertaining and educational documentaries (about 55% music, 45% speech) or highly curated programmes (about 65% music/35% speech).

About 20% of the schedule will draw on the BBC's unique archive of specially recorded songs, sessions and interviews. This is an increase from our previous estimates of 5% of the schedule.

### *5.6.6 Indicative schedule and commissioning plans*

As noted above, we had initially intended to launch the Radio 2 extension as a Sounds-only stream in advance of the full stations. In July 2024, Ofcom decided that the Radio 2 extension Sounds-only stream was a material change and as such could not be launched without a full Public Interest Test. We therefore discontinued our plans for a Sounds-only stream.

However, as we had for the other Sounds-only streams, we had begun commissioning rounds for the new programmes. Below we set out the programmes where we invited pitches from producers. Although, following Ofcom's decision, we have not continued this commissioning exercise, it is indicative of the programming that would be broadcast on the new Radio 2 extension station if it is approved. As with the other proposals, in line with the relatively low budget for the Radio 2 extension and the high editorial standards, and therefore cost per hour, of the individual programmes, much of this original content will be repeated multiple times.

For all of these we stated that the music should have broad popular appeal with deeper cuts in the mix to surprise, delight and provide distinctiveness. The overall mood is uplifting and nostalgic, the music is drawn from the golden age of pop music. We will play timeless, melodic pop hits, album tracks and deep cuts from a distinct and extensive repertoire of music of the 50s, 60s and 70s, with presentation that uses storytelling in the best BBC tradition alongside emotionally intelligent music programming and scheduling, to enable audiences to experience the past through the lens of today.

Below we set out some of the programme ideas where we invited pitches from producers:

- **Celebrates (w/t) (five three-hour episodes per week)**
  A three-hour, personality driven, uplifting on demand show, with each episode themed musically with a playlist centred around a musical movement, an era, a music genre, a record label, etc.
- **Legends (w/t) (five one-hour episodes per week)**
  A one-hour presenter-led show, that draws on the extensive BBC archive to tell the stories of key artists and groups of the 50s, 60s and 70s that would be of interest to our target audience and beyond, in an entertaining and engaging manner.
- **Culture Show (w/t) (five three-hour episodes per week)**
  A three-hour personality driven show, each episode will feature a new timeless interview with cultural figures from 50s, 60s and 70s, who can relay their memories and experiences and shed new light on the era, or someone who has a passion or specialist knowledge for a particular aspect of the music and culture of this period.
- **Archive Show (w/t) (five three-hour episodes per week)**
  A three-hour personality-driven show, showcasing the extensive BBC archive.
- **Memories (w/t) (five three-hour episodes per week)**
  A three hour personality-driven, uplifting show aimed at drawing on the favourite music and memories of the presenter and the listeners. This show will include a themed 30 minute music mix in each episode.

- **Listeners (w/t) (one three-hour episode per week)**
  A three-hour personality driven audience-led show, where listeners have the chance to share their specific memories around a popular culture theme, set by the presenter.

**Figure 9: Indicative schedule of the Radio 2 Extension**

<table>
<tr><th></th><th>Monday</th><th>Tuesday</th><th>Wednesday</th><th>Thursday</th><th>Friday</th><th>Saturday</th><th>Sunday</th></tr>
<tr><td>00:00</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td></tr>
<tr><td>01:00</td></tr>
<tr><td>02:00</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td></tr>
<tr><td>03:00</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td></tr>
<tr><td>04:00</td></tr>
<tr><td>05:00</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td><td rowspan="3">Radio 2 Sounds Playlist</td></tr>
<tr><td>06:00</td><td rowspan="2">Sounds of the 60s</td><td>Archive doc</td></tr>
<tr><td>07:00</td><td rowspan="2">Archive compilation</td></tr>
<tr><td>08:00</td><td>Legends</td><td>Legends</td><td>Legends</td><td>Legends</td><td>Legends</td><td rowspan="2">Archive show</td></tr>
<tr><td>09:00</td><td rowspan="3">Celebrates</td><td rowspan="3">Celebrates</td><td rowspan="3">Celebrates</td><td rowspan="3">Celebrates</td><td rowspan="3">Celebrates</td><td rowspan="2">Love Songs w/ Michael Ball</td></tr>
<tr><td>10:00</td><td>Archive doc</td></tr>
<tr><td>11:00</td><td>Archive doc</td><td>Archive doc</td></tr>
<tr><td>12:00</td><td rowspan="3">Memories</td><td rowspan="3">Memories</td><td rowspan="3">Memories</td><td rowspan="3">Memories</td><td rowspan="3">Memories</td><td rowspan="3">Genre show</td><td rowspan="3">Genre show</td></tr>
<tr><td>13:00</td></tr>
<tr><td>14:00</td></tr>
<tr><td>15:00</td><td rowspan="3">Culture Show</td><td rowspan="3">Culture Show</td><td rowspan="3">Culture Show</td><td rowspan="3">Culture Show</td><td rowspan="3">Culture Show</td><td rowspan="3">Radio 2 archive Show</td><td rowspan="2">Sounds of the 70s</td></tr>
<tr><td>16:00</td></tr>
<tr><td>17:00</td><td rowspan="3">Listeners</td></tr>
<tr><td>18:00</td><td rowspan="3">Archive Show</td><td rowspan="3">Archive Show</td><td rowspan="3">Archive Show</td><td rowspan="3">Archive Show</td><td rowspan="3">Archive Show</td><td>Archive compilation</td></tr>
<tr><td>19:00</td><td>Genre Show</td></tr>
<tr><td>20:00</td><td rowspan="2">Archive compilation</td><td rowspan="2">Paul Gambaccini Collection</td></tr>
<tr><td>21:00</td><td>Legends</td><td>Legends</td><td>Legends</td><td>Legends</td><td>Legends</td></tr>
<tr><td>22:00</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Radio 2 archive show</td><td rowspan="2">Genre show</td><td rowspan="2">Genre show</td></tr>
<tr><td>23:00</td></tr>
</table>

New show · Simulcast from R2 · Repeat from R2 · New archive show

## 5.7 Radio 3 Unwind: Final proposals as a full radio station

Having considered stakeholder feedback we have finalised our proposals for Radio 3 Unwind. These are substantively the same as we consulted upon in February, but we are now able to provide significantly more detail on the programming we propose would be broadcast. We consider that this will be highly distinctive in the market.

### *5.7.1 Overall intention and target audience*

The key objective of Radio 3 Unwind is to serve audiences aged 35-54, younger than the average age for Radio 3 and other classical stations.[35] It will help to broaden the audience for classical music in the UK, and better meet the moods and needs of modern audiences.

Radio 3 Unwind will showcase a very broad range of classical music to support listeners' daily routines, helping them to escape the pressures and stresses of daily life and promoting their wellbeing. Across the day this will include content that promotes focus, helps listeners unwind, destress and find escapism as well as support rest and sleep.

### *5.7.2 Music policy*

Radio 3 Unwind will feature a wide range of music from the 1500s through to the present day, expertly curating more familiar pieces next to lesser known compositions and new discoveries. The varied music policy will include orchestral works, solo piano and ethereal choral music, through to minimalist and neoclassical repertoire, demonstrating the variety and ever-evolving nature of the genre.

To support the UK music scene, Radio 3 Unwind is committed to championing music by living composers, with a particular focus on British talent. It will reflect the new generation of artist-composers such as Erland Cooper, Hania Rani, Ólafur Arnalds and Isobel Waller-Bridge, with programmes focused on contemporary and emerging composers as well as BBC Introducing artists, bringing their music to many more listeners. And it will reflect under-represented composers, including women and ethnically diverse composers, across its schedule.

With the exception of *Cinematic Soundtracks* and *Sleep Tracks*, all Radio 3 Unwind commissioned shows will include a minimum of 25% UK music (i.e. by UK composers). In addition, two shows will only play music by UK composers and artists. *Soundwaves* will showcase music by contemporary UK and UK-resident composers and artists and *The Sleeping Forecast* is entirely made up of music by UK BBC Introducing composers. The *Music & Meditation Podcast* also features a new specially commissioned piece from a young, up and coming UK composer in every episode.

Contemporary living composers will feature across all shows (apart from *Sleep Tracks*), with pieces by living composers making up at least 50% of tracks on *Piano Focus*.

[35] RAJAR Q3 2023

Furthermore, under-represented composers will feature across the schedule in all programmes. Outside of *Sleep Tracks*, *The Sleeping Forecast* and *The Music & Meditation Podcast* this will include:

- About 20% music by female composers per episode; and
- About 15% music by composers from minority ethnic backgrounds per episode.

To increase the exposure of new works, Radio 3 Unwind will broadcast pieces commissioned for the main Radio 3 station, and will profile specially commissioned compositions for shows like *The Music & Meditation Podcast*.

To support the UK recorded music industry, the extension will, across its schedule, focus on recent recordings, at the same time shining the spotlight on current and emerging performers and ensembles. We estimate recording will predominantly be from the last 10 years, with the majority recorded in the past five years.

We will prioritise British performers and ensembles where possible. Finally, Radio 3 Unwind will feature live and specially recorded music from our BBC Orchestras and Choirs, and Radio 3's annual cohort of New Generation Artists.

#### *5.7.3 Indicative schedule and commissioning plans*

The Radio 3 Unwind Sounds-only stream extension began commissioning original content in advance of its launch on Sounds in November 2024. While this commissioning does not assume the result of Ofcom's BBC Competition Assessment on the full stations, it is the programming that would be broadcast on Radio 3 Unwind if it is approved as a full station. Below we set out the programmes where we have invited pitches from producers. In line with the relatively low budget for the Radio 3 Unwind station and the high editorial standards, and therefore cost per hour, of the individual programmes, much of this original content will be repeated multiple times.

The first new commissions include:

- **Classical Unwind (seven three-hour episodes per week):**
  This programme will feature relaxing, melodic classical music to keep listeners calm, help them focus and set them up for the day ahead. Presented by broadcaster and psychologist Dr Sian Williams, it will showcase carefully curated music from the Baroque, Classical, Romantic and early 20th century periods through to the present day, complemented by light touch features that help listeners block out distractions, support their mental health, and demonstrate how music can stimulate the mind..
- **Classical Wind Down (seven three-hour episodes per week):**
  This music show is designed to help listeners de-stress, escape the noise of a busy day and welcome in the calmness of the evening. It will feature a diverse range of relaxing, atmospheric and melodic music that seamlessly transitions from early and core classical pieces into the neoclassical, contemporary and ambient classical space. Presented by Irish musician, podcaster, mental health advocate and mindfulness expert Niall Breslin, it will also include mindful moments that allow listeners to 'press pause', as well as science-based tips and insights to improve wellbeing, all underscored by music.

- **Cinematic Soundtracks (six one-hour episodes per week):**
  Escapist soundtracks from film and television combined with atmospheric sound design to transport listeners into an immersive cinematic soundworld. Featuring timeless classics through to contemporary and brand new masterpieces, the show will be presented by film fanatic, podcaster and broadcaster Edith Bowman and include soothing music selections from current composers, directors and actors.
- **Soundwaves (one one-hour episode per week)**
  This show centres on adventurous new music from the UK's brightest contemporary classical composers and artists (both UK-born and UK resident), presented by producer, composer and broadcaster Afrodeutsche. Featuring an enticing, vibrant and diverse mix of contemporary classical, neo-classical and classically-influenced music, it will broaden our audience's horizons and champion established and lesser-known musicians including BBC Introducing artists.
- **Sleep Tracks (Seven five and half hour episodes per week)**
  This commission invites listeners to drift off to sleep with a soothing blend of classical music, combined with sounds from the natural world. Intertwining mellow, hypnotic classical music with immersive natural soundscapes, each episode transports listeners to a unique environment – from Midsummer nights, to the depths of the rainforest, to shores of gently lapping waves. Produced by composer, musician and award-winning sound designer Alice Boyd and curated by up-and-coming composer, singer and producer Joy Nkoyo.

## Figure 10: Indicative schedule of the BBC Radio 3 Unwind

| | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|---|---|---|---|---|---|---|---|
| 00:00 | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast |
| 01:00 02:00 03:00 04:00 05:00 | Sleep Tracks | Sleep Tracks | Sleep Tracks | Sleep Tracks | Sleep Tracks | Sleep Tracks | Sleep Tracks |
| 06:00 07:00 08:00 | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix |
| 09:00 10:00 11:00 | Classical Unwind | Classical Unwind | Classical Unwind | Classical Unwind | Classical Unwind | Classical Unwind | Classical Flow |
| 12:00 13:00 | Piano Focus | Piano Focus | Piano Focus | Piano Focus | Piano Focus | Piano Focus | Piano Focus |
| 14:00 15:00 16:00 | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix | Mindful Mix |
| 17:00 | Cinematic Soundtracks | Cinematic Soundtracks | Cinematic Soundtracks | Cinematic Soundtracks | Cinematic Soundtracks | Cinematic Soundtracks | Mediation pod<br>Classical mixtape |
| 18:00 19:00 20:00 | Classical Wind Down | Classical Wind Down | Classical Wind Down | Classical Wind Down | Classical Wind Down | Classical Wind Down | Classical Wind Down |
| 21:00 | Ultimate Calm | Ultimate Calm | Ultimate Calm | Ultimate Calm | Ultimate Calm | Ultimate Calm | Sound-waves |
| 22:00 23:00 | Night Tracks | Night Tracks | Night Tracks | Night Tracks | Night Tracks | Night Tracks | Night Tracks |
| | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast | Sleeping Forecast |

New show | Simulcast from R3 | Existing Sounds Mix | Repeat from R3

# 6. Public value assessment

## 6.1 Delivering against the BBC's Mission

The BBC is a mission-driven organisation. Its 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".[36]

In doing so, the BBC must deliver great value for money in return for the licence fee. Alongside this mission sit five public purposes that further guide the operation of the BBC. These are:

- Providing impartial news and information;
- Supporting learning for people of all ages;
- Providing distinctive content;
- Reflecting the diverse communities of the UK and supporting the creative economy; and
- Reflecting the UK to the world.[37]

We consider public value in terms of how a change to the BBC's UK Public Services adds to the fulfilment of that Mission and the promotion of the Public Purposes. In this section we set out how we think these new services will provide licence fee payers with greater value.

## 6.2 Our Public Value Framework

In 2020, we worked with Professor Mariana Mazzucato and the UCL Institute for Innovation and Public Purpose (IIPP) on developing a new framework for the assessment of public value at the BBC, to enable us to make a more rigorous assessment. In December 2020, the BBC and IIPP published *Creating and measuring dynamic public value at the BBC – A scoping report*.[38]

There are many different facets to public value, and in order to evaluate the public value generated by our proposals we discuss these in terms of the different domains or groupings of value:[39]

- **Individual value –** value generated in relation to an individual's consumption of our services – the extent to which our changes will meet audience expectations, continue to offer them a truly universal service, and therefore provide good value for money for the licence fee. As a content led organisation a large proportion of the value we generate is through consumption of our content.
- **Societal value –** value generated in relation to broader society; and

[36] BBC Royal Charter, Article 5
[37] BBC Royal Charter, Article 6
[38] Creating and Measuring dynamic public value at the BBC – A scoping report, Institute for Innovation and Public Purpose, Institute for Innovation and Public Purpose, UCK, December 2020
[39] Our approach also reflected by Ofcom in its guidance. Guidance for assessing proposed changes to the BBC's public service activities, paragraph 5.25, Ofcom, 18 April 2023

- **Industry value** – value generated as it relates to industry – the extent to which our changes can promote industry value, acting as a creative force by supporting investment, fuelling innovation, and shaping and stimulating the creative economy across the UK.

Our approach continues to develop; the domains of value provide a consistent structure for analysing public value across our services and aid us as we move towards greater quantification of the value we generate.

## 6.3 Our public value hypothesis

We consider that the launch of four new music radio stations, thus creating four new UK Public Services, will contribute to the BBC's mission through seeking to better serve all audiences and in particular to the third and fourth public purposes, i.e. providing high-quality output across a range of services, offering services that meet the needs of the UK's communities, investing in the creative economies and contributing to their development, and reflecting UK culture to the world. Additionally there will be some contribution to public purpose two through the speech content on BBC Radio 1 Dance, BBC Radio 2 extension and BBC Radio 3 Unwind. The proposed BBC Radio 2 extension will also carry some news content.

**Figure 11: Delivery of the public purposes by the propositions**

| | Radio 1 Dance | Radio 1 Anthems | Radio 2 extension | BBC Radio 3 Unwind |
|---|---|---|---|---|
| Public Purpose 1 - To provide impartial news and information | | | ✓ | |
| Public Purpose 2 - To support learning for everyone | ✓ | | ✓ | ✓ |
| Public Purpose 3 - To be creative and distinctive, whilst delivering high quality | ✓ | ✓ | ✓ | ✓ |
| Public Purpose 4 - To reflect, represent and serve everyone in the UK | ✓ | ✓ | ✓ | ✓ |

Our analysis – based on our audience research conducted by MTM, responses to our consultation and service design – shows that our proposals will clearly deliver significant public value. We have assessed the proposals against the following public value hypothesis:

- The proposals will **improve value for all audiences**, particularly underserved audiences who currently get less value from BBC music radio. This will be achieved by the stations, as they will target younger and C2DE audiences who currently get less value from the BBC, as well as better meeting the moods and need states of modern audiences. The new stations will also encourage the transition of listeners to BBC Sounds where they can enjoy a richer, more personalised experience, and discover the full range of the BBC's content offer. This will support the sustainability of the BBC by improving engagement with these audience groups;

- Provide a greater **breadth and range of music** with all of the new stations playing a broader range of tracks, composers and sub-genres than the market. Contributing to Public Purpose 3. This will deliver audience value by exposing individuals to a wider range of genre-based music than is commercially available. This also provide a wider base of industry value as more artists gain exposure;.
- The proposals will support **new music** as part of the BBC's commitment to distinctive content. Radio 1 Dance will continue to support new artists and DJs and the latest releases in dance music but to a wider broadcast audience, while the BBC Radio 3 Unwind will include newly released pieces and performances of classic pieces as well as new compositions. Both will extend the provision of new music on the BBC and provide a wider selection than available commercially;
- By promoting **British music and talent** the new stations will contribute to the delivery of public purpose 3 and public purpose 4. Supporting the industry through UK talent we will be raising the profile of artists and composers that are lesser known and have not received as much broadcast coverage;
- **Live or specially recorded music** across the new stations will contribute further to their distinctive proposition (supporting public purpose 3). Live and specially recorded music also reflect the creative calendar across the year, covering the live events and unique performances in their genres, or making use of the BBC's unique archive of live and specially recorded music;
- While music led **Speech** content will form a key part of three of the stations. the content will offer audiences context, curation and storytelling-through-music that only the BBC and its unique archive of clips, interviews and live performances can do;
- **News –** the Radio 2 extension will provide news bulletins; and
- **Support for technological innovation in radio broadcasting –** the BBC's involvement in DAB+ is likely to support the further development of digital radio in the UK.

**Figure 12: Summary of public value propositions**

| | **Radio 1 Dance** | **Radio 1 Anthems** | **Radio 2 extension** | **BBC Radio 3 Unwind** |
|---|---|---|---|---|
| Improved value for all audiences: Youth | ✓ | ✓ | | ✓ |
| Improved value for all audiences: C2DE | ✓ | ✓ | ✓ | ✓ |
| Breadth and range of music | ✓ | ✓ | ✓ | ✓ |
| New music | ✓ | | | ✓ |
| British music and talent | ✓ | ✓ | ✓ | ✓ |
| Live or specially recorded music | ✓ | ✓ | ✓ | ✓ |
| Speech | ✓ | | ✓ | ✓ |
| News | | | ✓ | |
| Support technological innovation | ✓ | ✓ | ✓ | ✓ |

In the remainder of this chapter we present our evidence against each of these hypotheses.

## 6.4 Audience Research

We commissioned MTM to conduct qualitative and quantitative research to test our proposal with UK radio listeners. This research consisted of various online group discussions via zoom and an online survey of 3,000 radio listeners.

In addition to testing the appeal and impact of the launch of the BBC's new music stations, the research also covered the launch of an extended BBC 5 Sports Extra. Through the research we wanted to gain a robust and reliable view of what audiences perceive as the personal and public value of the proposed changes. We also wanted to understand how subsets of audiences – younger (under 35s) and C2DE audiences – would respond to the proposals.

We have published a full breakdown of our audience research alongside this report. We have included results of this research throughout this Public Interest Test to supplement our Public Value assessment.

## 6.5 Improved value for all audiences

The BBC is not intended by its Charter and Agreement to be a 'market failure' organisation that only meets those audience needs that are not served by commercial providers. Rather 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.

A key driver of public value is the extent to which our changes will meet audience expectations, continue to offer them a truly universal service and provide good value for money for the Licence Fee. This direct personal relationship with our audiences is fundamental to enable the BBC to deliver the Mission and Public Purposes. Our audiences are customers of the BBC and they must feel like the BBC delivers value for money on the Licence Fee across a range of its services.

The stations will be part of a crucial evolution of the Radio 1, Radio 2 and Radio 3 brands to improve audience value. They will elegantly curate BBC Sounds music programmes led by much loved familiar voices alongside exciting new BBC presenters. The stations will target younger and C2DE audiences who currently get less value from the BBC, as well as better meeting the moods and needs of modern audiences. The new stations may also encourage the transition of listeners to BBC Sounds where they can enjoy a richer, more personalised experience, and discover the full range of the BBC's content offer.

In doing so these new stations will contribute to the long-term sustainability of the BBC. Allowing the BBC to better reach audiences that are currently underserved and increasing awareness of the broader BBC offer.[40]

[40] At paragraph 5.27 of its guidance Ofcom are clear that it is appropriate for the BBC to consider reaching underserved audience to support its long-term sustainability within its assessments of public value. Guidance for assessing proposed changes to the BBC's public service activities, paragrapog .13, Ofcom, 18 April 2023

### 6.5.1 Targeting underserved audiences

BBC Radio 1 and Radio 2 have the unique combination of distinctiveness and scale which delivers huge amounts of public value to audiences, but also reach millions of younger and C2DE audiences who get comparatively less value from the rest of the BBC. To preserve and extend this public value, we need to evolve how Radio 1 and Radio 2 deliver their music offer and make it easier for audiences to discover relevant content. By building on the BBC music brands that have the strongest connection with these audiences, the BBC is seeking to do more for these younger and C2DE audiences who get less value from the BBC. Radio 1 Dance and BBC Radio 1 Anthems are targeting audiences aged under 35 and from lower socio-economic groups, with the Radio 2 extension targeting C2DE audiences aged over 55. These new music stations curated around specific genres and periods of music will help these audiences discover the best of the BBC through clearly branded propositions.

We have seen success with this approach with Radio 1 Dance. As can be seen from the table below, Radio 1 Dance skews significantly to both younger audiences and lower socioeconomic groups compared to BBC Sounds overall. It also skews as young and lower socioeconomic as Radio 1 overall.

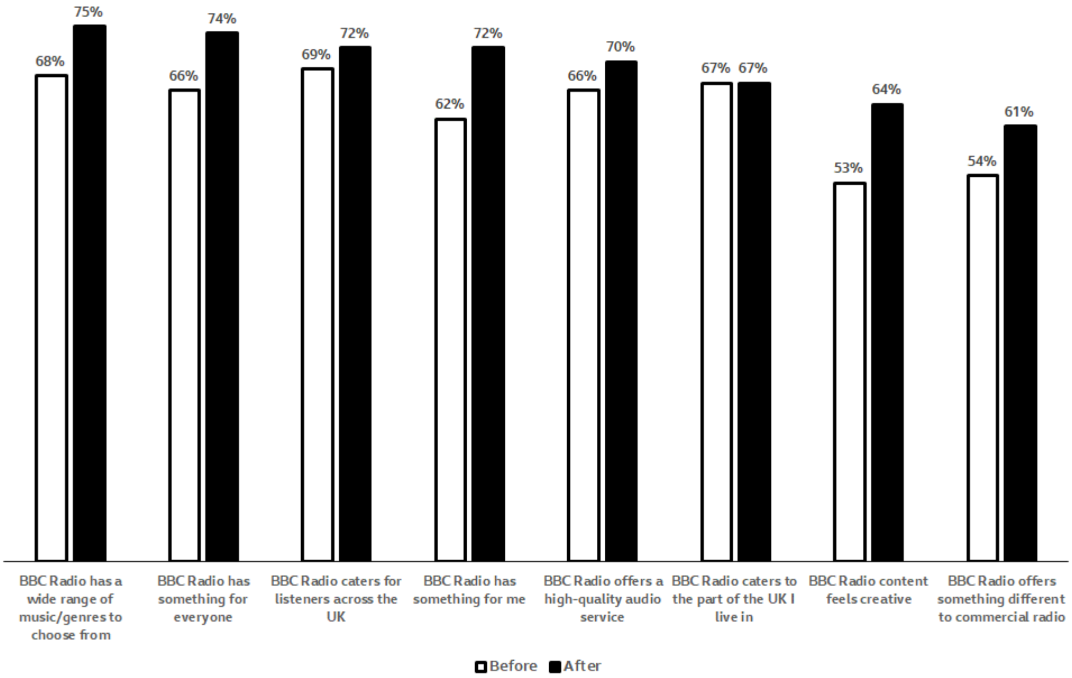
**Figure 13: Radio 1 Dance Sounds-only stream demographic performance**

| | **Radio 1 Dance** | **Radio 1** | **BBC Sounds** |
|---|---|---|---|
| Under 35s | 24% | 26% | 16% |
| Lower socioeconomic | 38% | 36% | 33% |

*Source: BBC Sounds data (January 2023 to April 2024). Lower socioeconomic identified using ACORN groupings.*

Our research also found that nearly all of the audience perceptions of the BBC's ability to deliver its Mission and Public Purposes would benefit from the addition of the proposed stations and extensions. The rating of 'the BBC has a wide range of music/genres to choose from' increased by seven percentage points among respondents upon introduction of the proposed station and extensions. There were also increases for audience perceptions that 'the BBC has something for me' (increase by ten percentage points) and 'BBC Radio content feels creative'. In addition, audiences were more likely to have the perception that 'BBC Radio offers something different to commercial radio' as a result of hearing about the proposals. These increases were also more strongly felt among respondents who were non-BBC radio listeners, as evidenced further below.

**Figure 14: Audience perception of BBC**




*Source: MTM Research for the BBC*
*B2 Looking at the statements below, to what extent do you agree with these for BBC Radio?*
*E2 Looking at the statements below, to what extent do you agree with these for BBC Radio? assuming that the proposed changes were made*

When we break down the increase in audience perception amongst various audience groups, we see a greater shift in perception amongst the BBC's underserved audiences. Of particular note are non-BBC listeners whose perception is shifted by a greater degree than any other group across the full range of value metrics. Likewise, C2DE and Black, Asian and Minority Ethnic audiences perceived a greater increase in value across most metrics.

Younger audiences - 16-34s - also saw perception of value rise across the board but not to the same extent as other groups. Along with C2DE audiences, 16-34s were more likely to consider that BBC Radio offers something different to commercial radio as a result of the changes. This shows that the proposals bring significant value to our underserved audiences.

**Figure 15: Change in audience perception of BBC by audience group after exposure to the proposals**

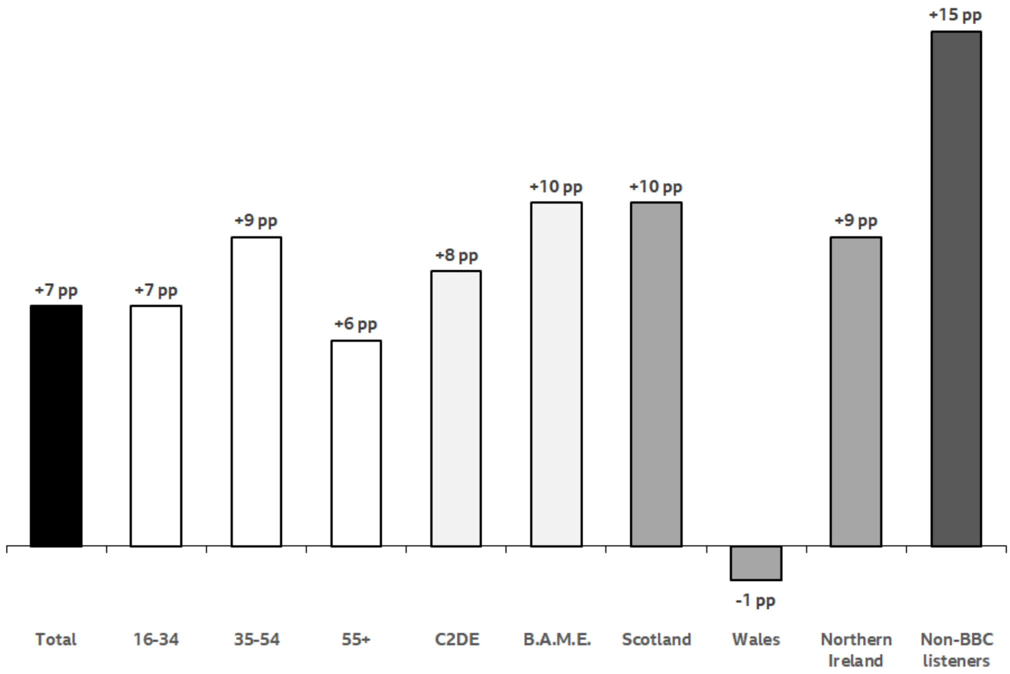
| | Total | 16-34 | 35-54 | 55+ | C2DE | B.A.M.E. |
|---|---|---|---|---|---|---|
| **BBC Radio has a wide range of music/genres to choose from** | +7 pp | +6 pp | +8 pp | +9 pp | +8 pp | +12 pp |
| **BBC Radio has something for everyone** | +8 pp | +4 pp | +8 pp | +9 pp | +9 pp | +11 pp |
| **BBC Radio caters for listeners across the UK** | +3 pp | +2 pp | +2 pp | +2 pp | +3 pp | +3 pp |
| **BBC Radio has something for me** | +10 pp | +9 pp | +10 pp | +13 pp | +12 pp | +14 pp |
| **BBC Radio offers a high-quality audio service** | +4 pp | +3 pp | +4 pp | +4 pp | +5 pp | +5 pp |
| **BBC Radio caters to the part of the UK I live in** | +0 pp | +0 pp | +2 pp | +1 pp | +3 pp | -1 pp |
| **BBC Radio content feels creative** | +11 pp | +10 pp | +11 pp | +11 pp | +13 pp | +13 pp |
| **BBC Radio offers something different to commercial radio** | +7 pp | +10 pp | +7 pp | +5 pp | +10 pp | +6 pp |

| | Total | Scotland | Wales | Northern Ireland | Non-BBC listeners |
|---|---|---|---|---|---|
| **BBC Radio has a wide range of music/genres to choose from** | +7 pp | +11 pp | +9 pp | +0 pp | +19 pp |
| **BBC Radio has something for everyone** | +8 pp | +10 pp | +6 pp | +9 pp | +20 pp |
| **BBC Radio caters for listeners across the UK** | +3 pp | +6 pp | +2 pp | +2 pp | +11 pp |
| **BBC Radio has something for me** | +10 pp | +13 pp | +12 pp | +5 pp | +32 pp |
| **BBC Radio offers a high-quality audio service** | +4 pp | +2 pp | +4 pp | +6 pp | +14 pp |
| **BBC Radio caters to the part of the UK I live in** | +0 pp | +0 pp | +4 pp | -2 pp | +8 pp |
| **BBC Radio content feels creative** | +11 pp | +14 pp | +3 pp | +19 pp | +21 pp |
| **BBC Radio offers something different to commercial radio** | +7 pp | +7 pp | +8 pp | +8 pp | +12 pp |

*Source: MTM Research for the BBC*
*B2 Looking at the statements below, to what extent do you agree with these for BBC Radio?*
*E2 Looking at the statements below, to what extent do you agree with these for BBC Radio? Assuming that the proposed changes were made*

The proposal shows an increase in net favourability of BBC Radio after hearing about the proposed changes by nine percentage points. As with the broader value metrics discussed above, this increase in net positivity is felt significantly among non-BBC radio listeners as well as among C2DE and B.A.M.E audiences

**Figure 16: Net favourability of BBC Radio before and after hearing of the proposed new stations**




*Source: MTM Research for the BBC*
*B2 Looking at the statements below, to what extent do you agree with these for BBC Radio?*
*E2 Looking at the statements below, to what extent do you agree with these for BBC Radio? assuming that the proposed changes were made*

### *6.5.2 Better serving the moods and needs of modern audiences*

These proposals will offer more relevant, clearly-signalled choices for audiences in music radio. They will be designed to reflect the evolving needs and habits of audiences, who have come to expect the targeted, personalised content offered on streaming platforms like Spotify and Apple Music, as well as the breadth of choice available in commercial radio brand extensions. Audiences expect music radio to provide a laidback, ‘hands-free’ offer which provides a consistent and familiar tone – whether that’s something to relax to or an energising soundtrack to get ready to. These BBC services will offer distinctive human curation and content, led by knowledgeable, passionate presenters, including some of the best loved voices of BBC music radio. The schedules will reflect the mood-based needs of modern listeners – whether that’s a feel-good mood from a deep dive into a favourite era, an energy boost from upbeat dance music or a calming listen to classical music at key points in the day.

The stations are designed to encourage audiences to discover more from the formats and voices they love, with DAB+ playing a crucial role to reach underserved audience groups in a cost-effective way. We consider that DAB+ will also encourage the digital transition to BBC Sounds. First, it acts as an additional shop window for BBC Sounds. Second, as there is still a lag in devices that can pick up DAB+ over DAB, this gap may drive more users to BBC Sounds to consume the new services.[41] All the shows on the stations will be available as standalone on-demand shows on BBC Sounds. In these ways, the new stations will make an important contribution to shoring up the long-term digital future of UK audio.

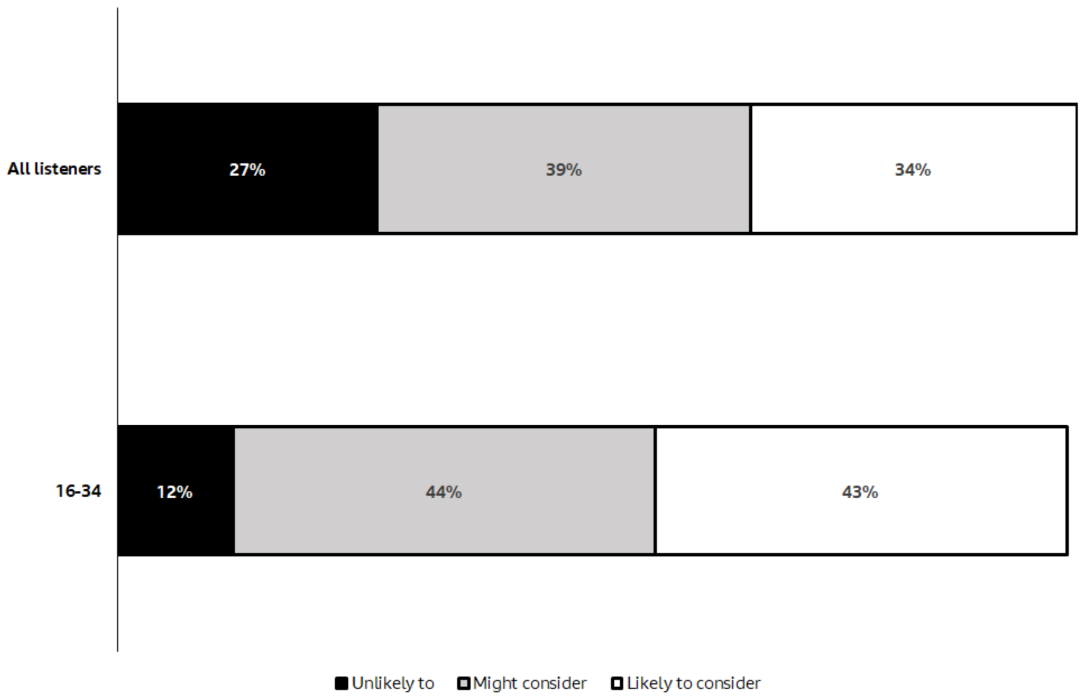
#### 6.5.2.1 Radio 1 Dance

Radio 1 Dance will bring its recognised genre specialism to DAB+ to serve a wider audience than it currently does on BBC Sounds. Our research shows the Radio 1 Dance proposal was well-received among its target audience with 51% of those aged 16-34 being favourable. Around a third of all respondents (34%) were likely to listen to the proposed station, this rose significantly for the station's target audience – young people aged 16-34 – to 43%.

> It just ticked all my boxes, the mood bosting, I feel like that's a must when you listen to the radio and then you've got the biggest DJ's and partnerships as well Heavy/Mid, 16-18, ABC1

> Sometimes you're working away and you do just need a mood-boosting kind of station. If you need high energy, like if you're in the gym or something like that, you know what you're going to get from the station. Light/Non, 25-34, C2DE

**Figure 17: Likelihood to listen to Radio 1 Dance**




[41] Use of DAB+ radio by UK households, Ofcom (2023)

**Figure 18: Likelihood to listen to Radio 1 Dance by audience group**

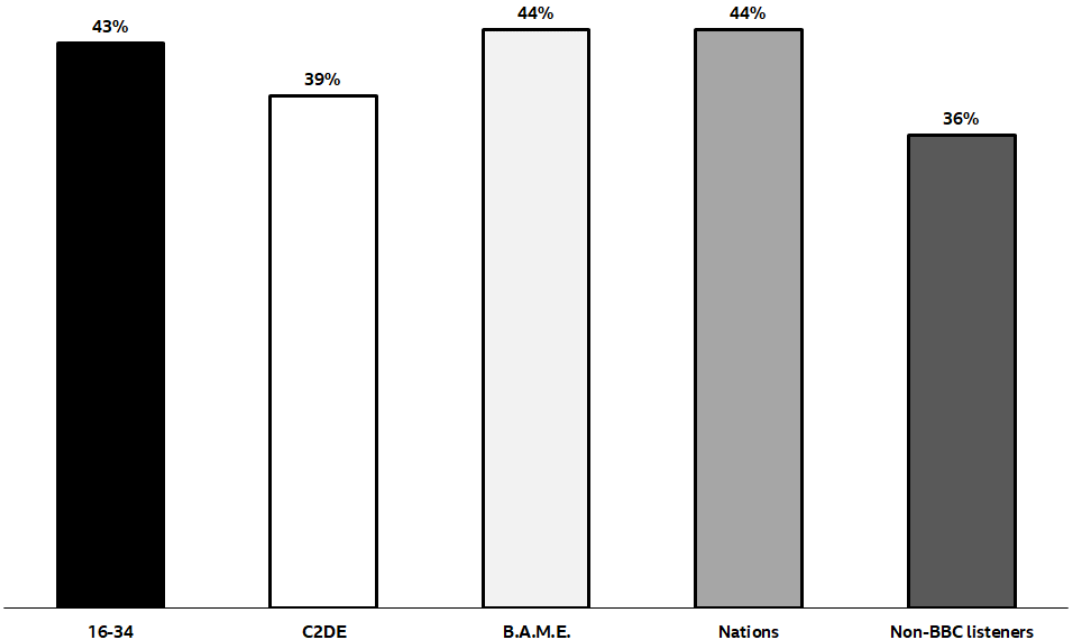
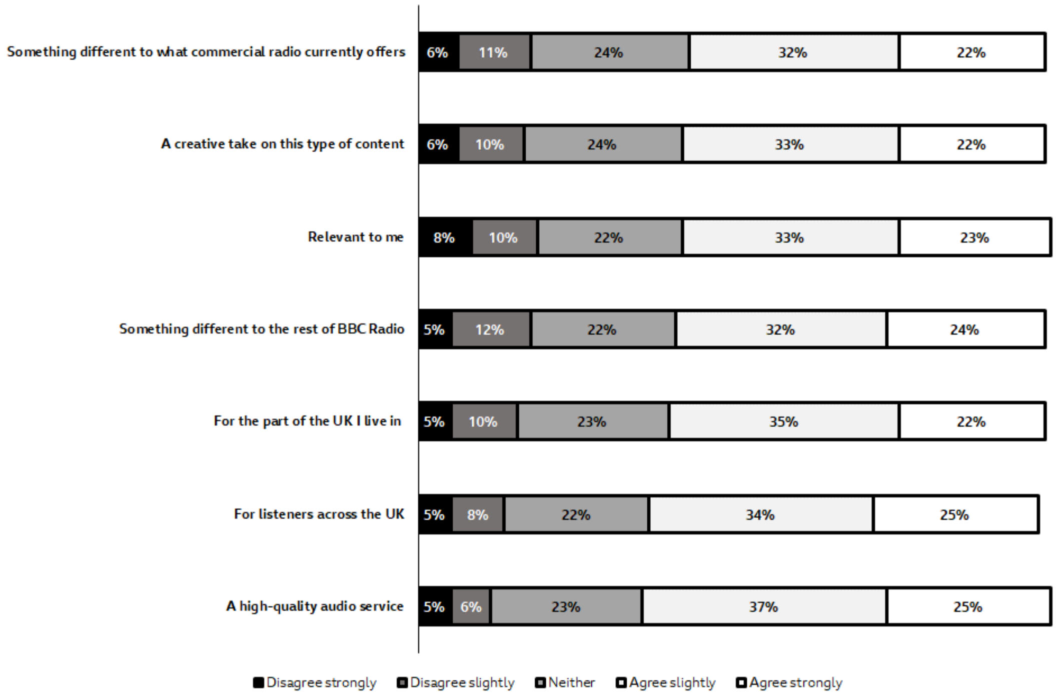



**Figure 19: Perceptions of Radio 1 Dance proposal**




### 6.5.2.2 BBC Radio 1 Anthems

The BBC Radio 1 Anthems meets a different need state – from uplifting to chill – from a brand young people trust. Our research shows the BBC Radio 1 Anthems proposal was well-received among its target audience with 62% of those aged 16-34, being favourable. Almost half of 16-34 respondents (47%) said they were likely to listen to the proposed extension.

> It's literally, me in a Radio station. So the fact that it will have everything in there and it also has your kind of stuff that I grew up listening to as well as the modern-day stuff, for me, that's a perfect package. Light/Non, 25-34, ABC1

> That's the sort of music I grew up with, it'd be nice to go back and listen to some of the stuff I don't think to listen to now Heavy/Mid, 25-34, C2DE

To ensure the station resonates with young listers we have been working with the Student Radio Association and a small panel of students to gain insight and help formulate a music policy.

**Figure 20: Likelihood to listen to BBC Radio 1 Anthems**

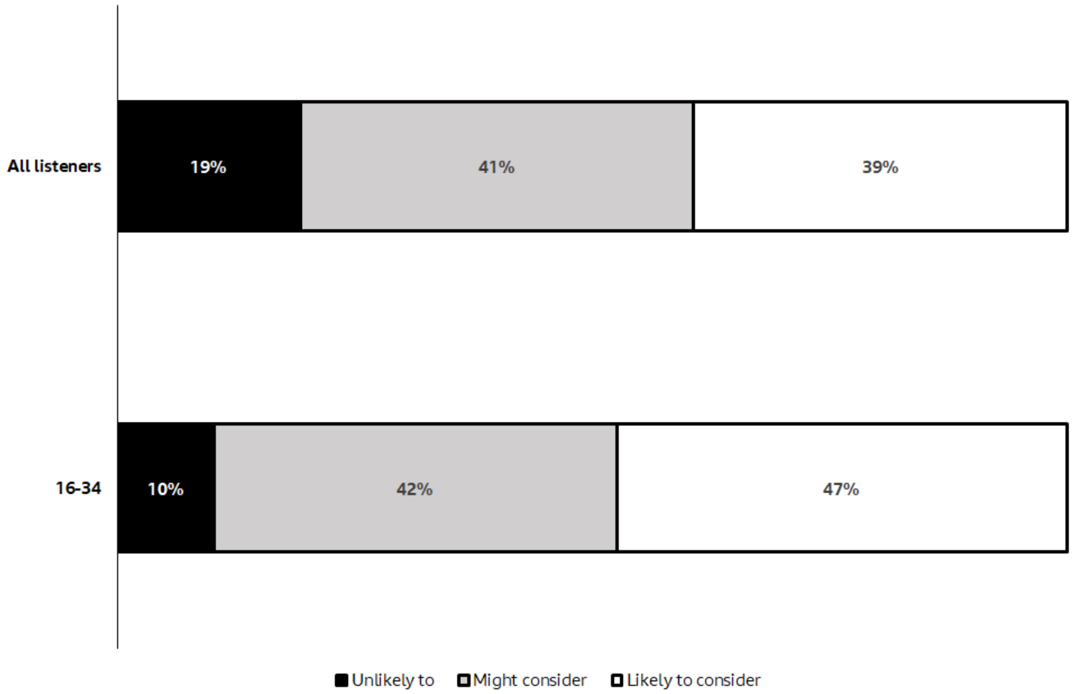


**Figure 21: Likelihood to listen to BBC Radio 1 Anthems by audience group**

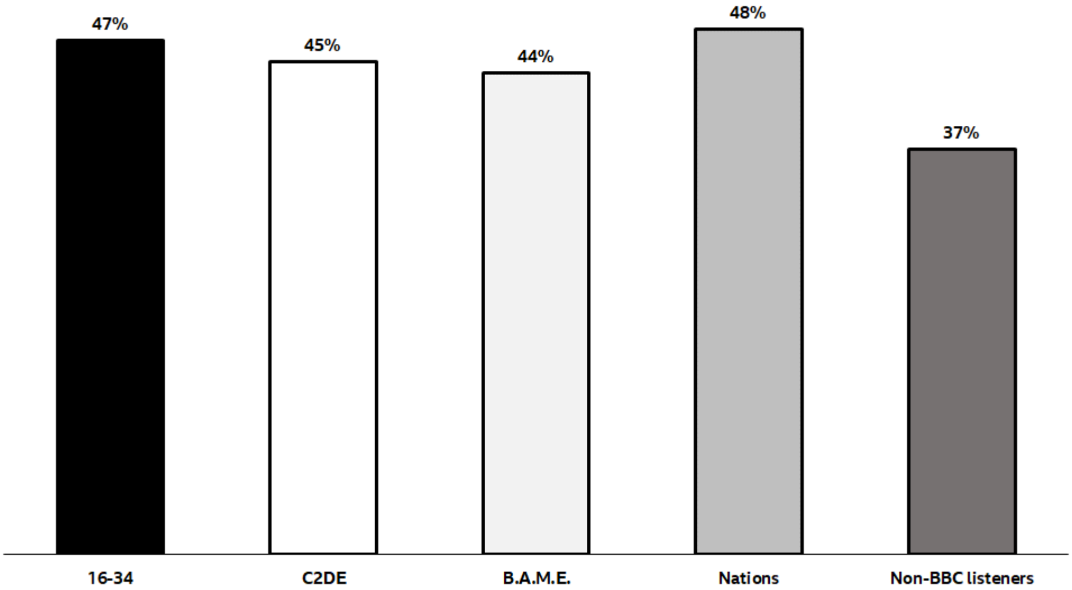
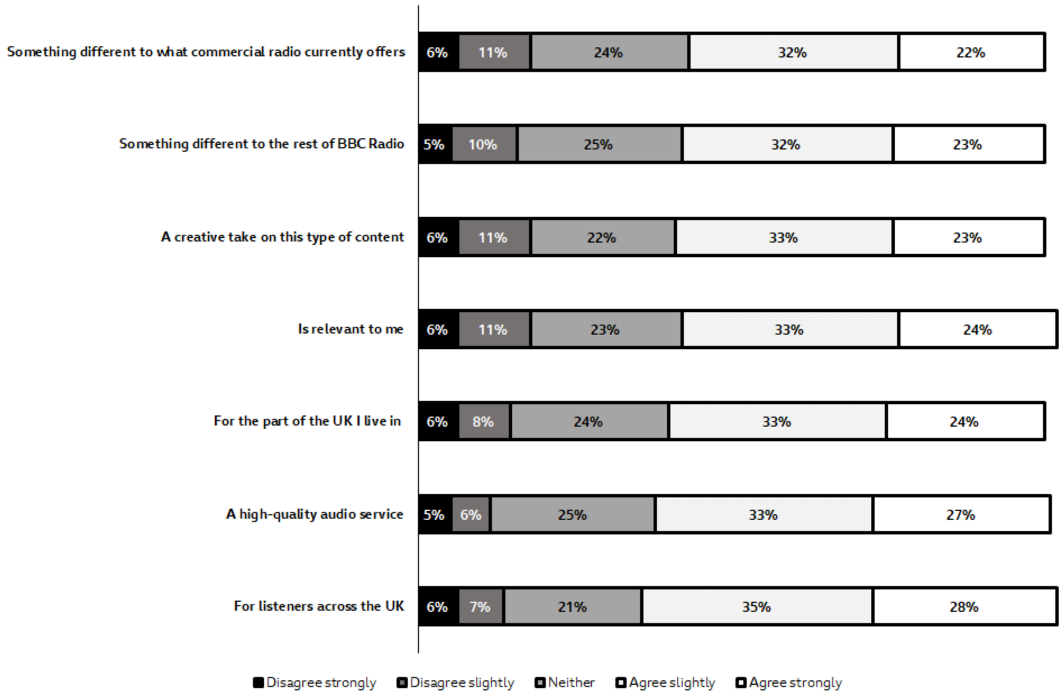



**Figure 22: Perceptions of BBC Radio 1 Anthems proposal**




### 6.5.2.3 Radio 2 extension

The new Radio 2 extension's schedule will be specifically programmed to fulfil a heritage and nostalgia feel. We know audiences appreciate revisiting the music and stories of their youth – *Radio 2's Sounds of the 60s* is the most listened to on-demand music title on

BBC Sounds. It will appeal to the audience taste for going behind the music as its higher level of speech content explores the stories behind the songs. Our research shows the Radio 2 extension proposal was well-received among its target audience, 60% of respondents aged over 55+ were favourable. Almost half (48%) of respondents in the target audience said they were likely to list to the proposed extension.

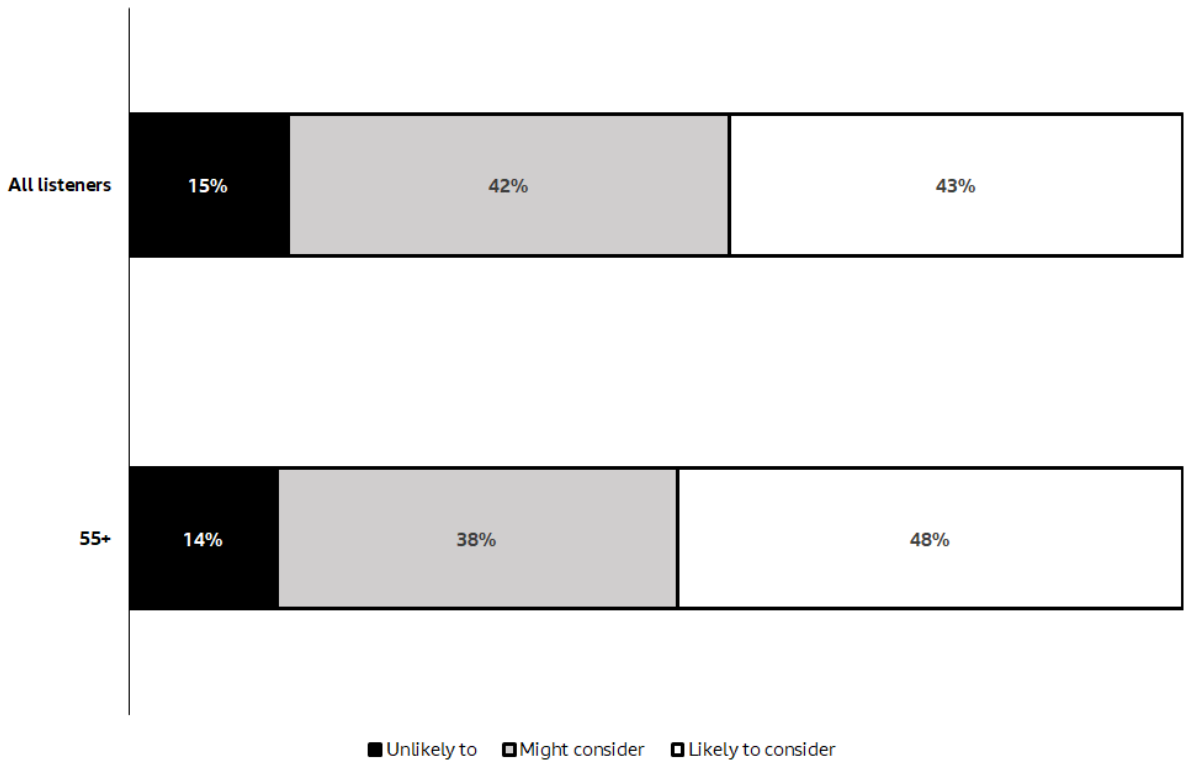
Our qualitative research found that audiences generally supported the proposals. For older audiences an opportunity to reminisce and relive resonated. A sense of connecting with family members as younger generations are introduced to different eras was also raised.

> You're speaking to a girl who queued up all night to see the Rolling Stones, which is why I sort of still like 60s type music. - Heavy/Mid, 65+, ABC

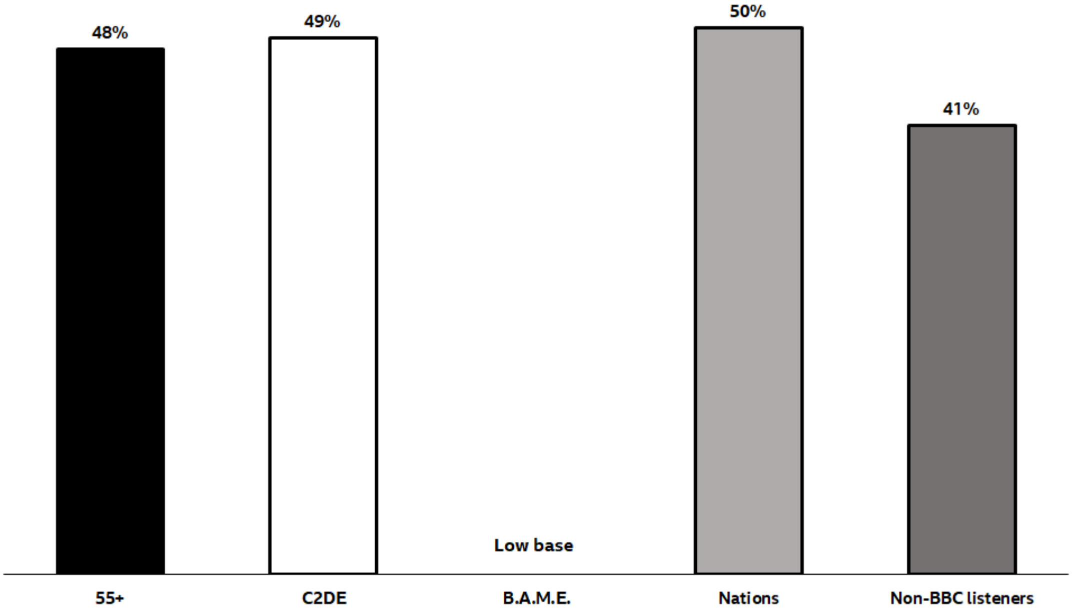
The speech element of this service was also important for this audience group.

> think there's a lot of stories that can be told that haven't been told about famous records and different versions of the same track. I think there's quite a bit of history in there that could be interesting to listen to. Light/Non, 65+, C2DE

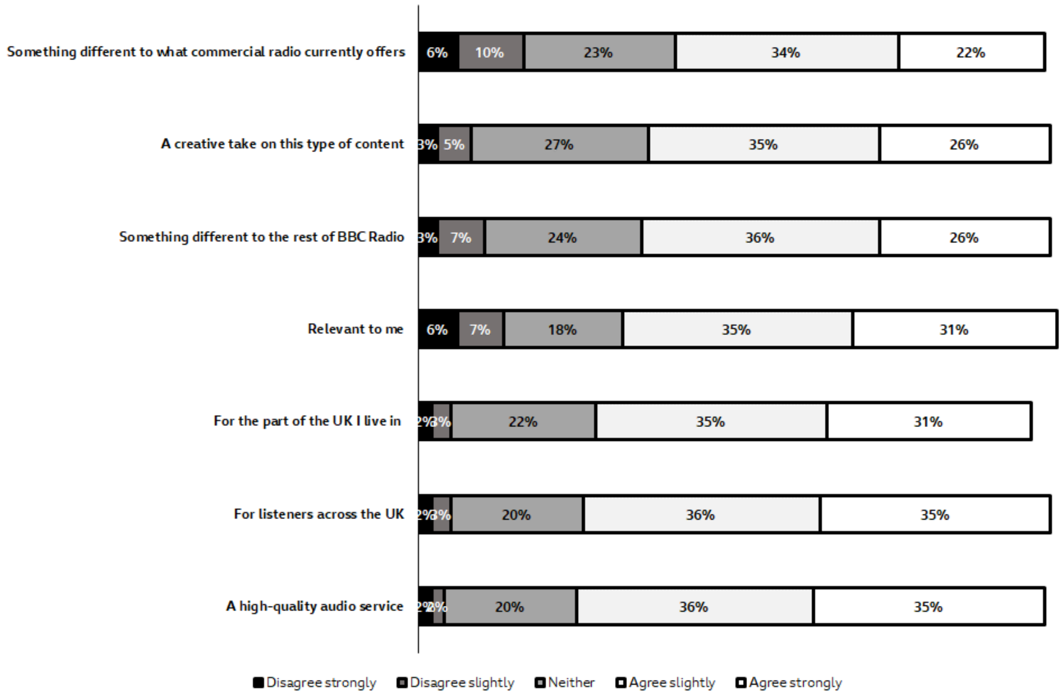
**Figure 23: Likelihood to listen to Radio 2 extension**



## Figure 24: Likelihood to listen to Radio 2 extension by audience group




## Figure 25: Perceptions of Radio 2 extension proposal



#### 6.5.2.4 BBC Radio 3 Unwind

Recent research indicates the mental health of the nation is under significant strain.[42] The pressures of modern life coupled with the aftermath of the pandemic, cost of living crisis and poor physical health are creating a perfect storm weighing on the nation's wellbeing. Research from the Royal Philharmonic Orchestra[43] found positive impacts of orchestral music on mood, wellbeing and focus.

The **BBC Radio 3 Unwind** will provide a calming and relaxing classical music experience that supports listeners' daily routines, helps them escape the pressures and stresses of daily life and supports their well-being. Our research shows the BBC Radio 3 Unwind proposal was well-received among its target audience, 67% of classical music fans were favourable. Over half (55%) of classical music fans in our research said they were likely to listen to the proposal.

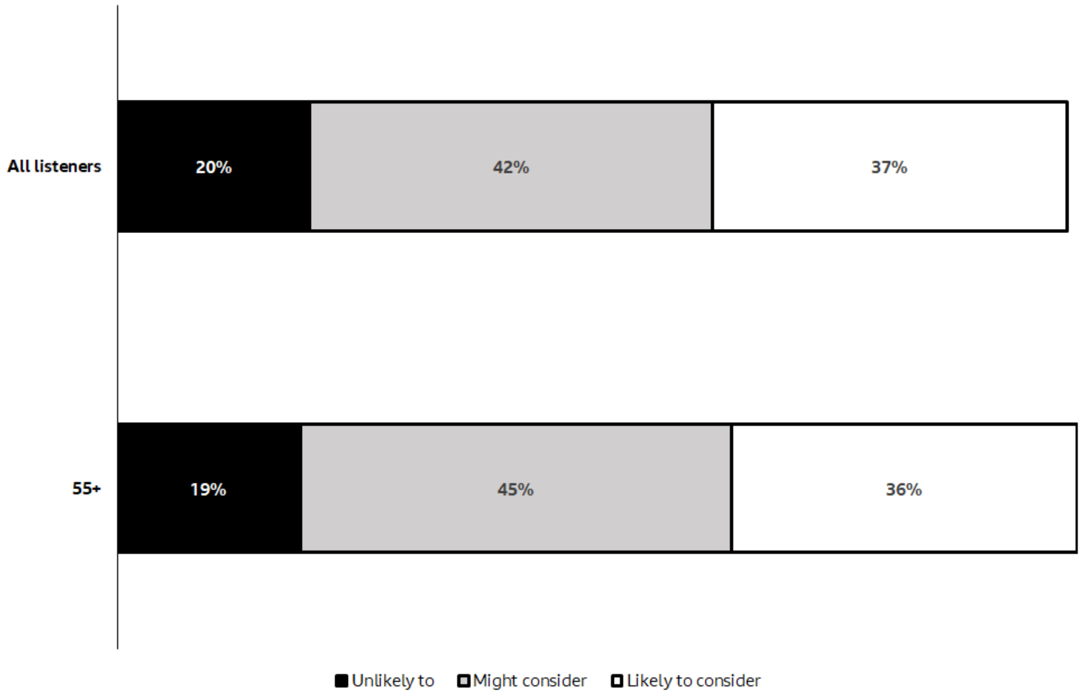
Our qualitative research found that audiences were particularly drawn to the calming and relaxing aspects of the station. It was felt that there was a real need for this content.

> Some of [Classic FM] is a bit random and it's just the wellbeing focus (of this idea) that I like … something all dedicated to relaxing would really appeal to me, rather than the high, broad classical stuff. - Light/Non, 35-54, ABC1

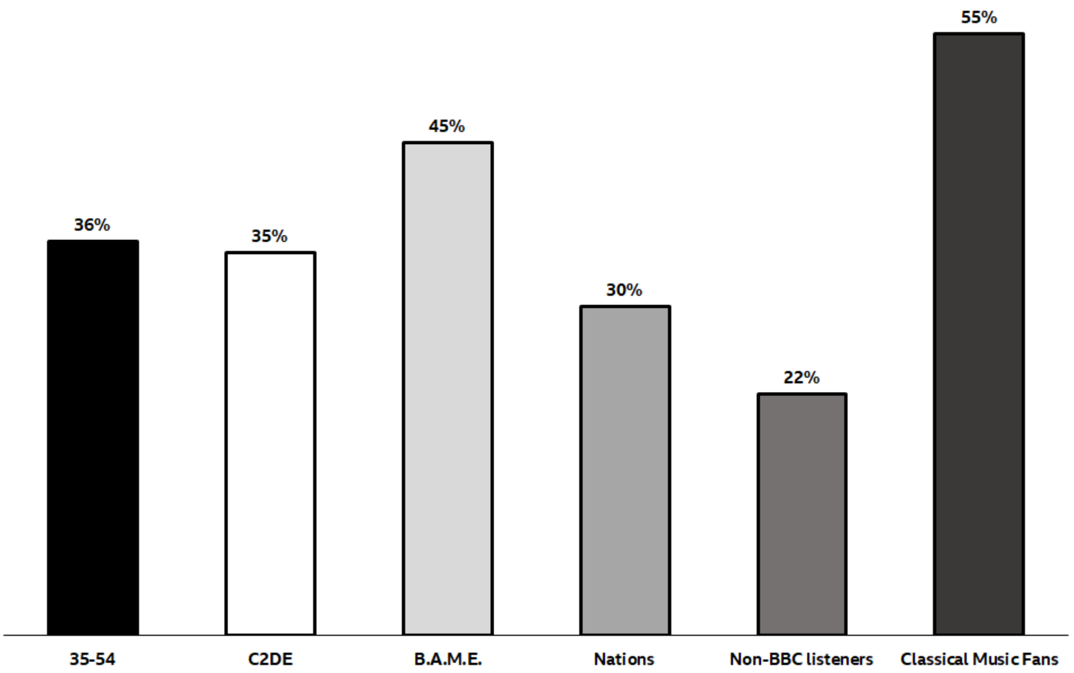
> (This has) my name all over it. Just, wellbeing, relaxing, escape soothing classical music…That's the sort of chapter, unfortunately, where I'm at right now, it's all about just keeping myself chilled - Heavy/Mid, 35-54, C2DE, B.A.M.E

[42] Trends in Psychological Distress Among Adults in England, 2020-2022, Jackson, SE, Brown, J, Shahab, L, McNeill, A, Munafò, MR & Brose, JAMA Network, 2022
[43] RPO Report into Music and Mental Health, Royal Philharmonic Orchestra, 2020

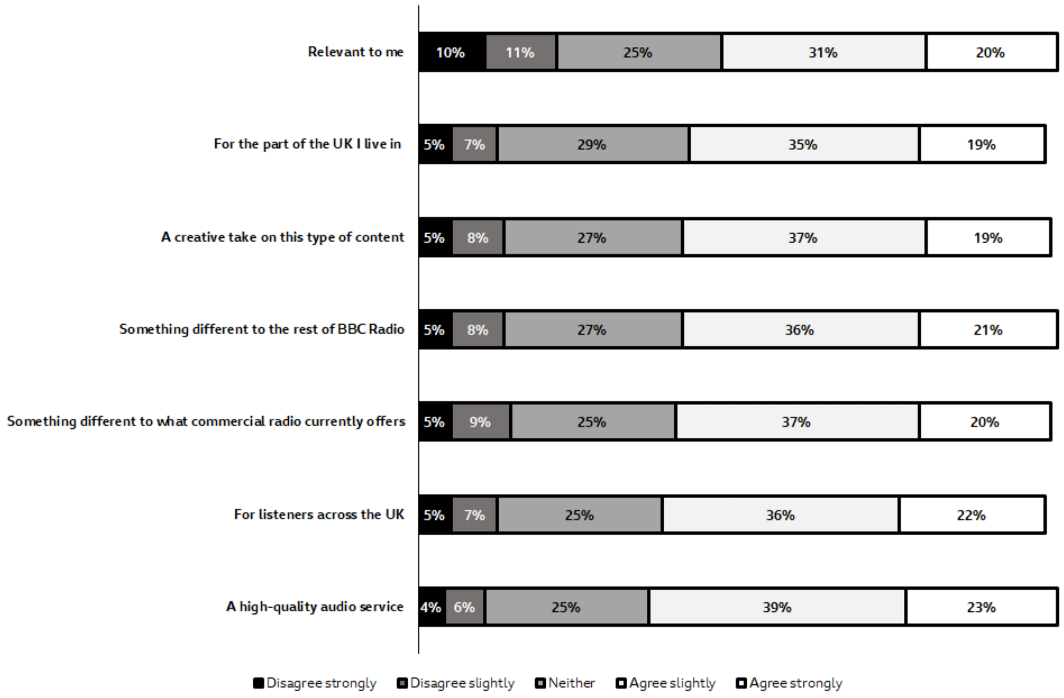
## Figure 26: Likelihood to listen to Radio 3 Unwind




## Figure 27: Likelihood to listen to Radio 3 Unwind by audience group



## Figure 28: Perceptions of Radio 3 Unwind proposal



### 6.5.3 Uptake

An important part of generating public value is audience consumption, i.e. individuals will only gain value from the new station if they listen to it. In the sections above we have highlighted that there is an appetite for the new stations from the BBC. We have modelled the potential uplift for the proposed stations. Collectively they could generate 31.9 million additional hours of listening an average week, 19.0 to 21.5 million being additive BBC listening.[44]

**Figure 29: Uplift basket comparison and station sizes**

| Extension | Stations size (million hours) | New BBC listening (million hours) |
|---|---|---|
| BBC Radio 2 extension | 22.3 | 13.4-14.6 |
| BBC Radio 1 Dance | 4.9 | 2.0-2.6 |
| BBC Radio 1 Anthems | 3.5 | 3.0-3.4 |
| BBC Radio 3 Unwind | 1.2 | 0.7-0.9 |
| Total | 31.9 | 19.0-21.5 |

*Source: BBC Analysis*

Overall this evidence suggests that audiences' mood and tastes will be better served by the BBC through these proposed services.

## 6.6 Breadth and range of music

Breadth and range refer to two things – breadth (i.e. number of tracks played) and range (i.e. range of genres, etc.). This is a measurement of the variety of content played on the station. That variety will be made up of new, old, UK, non-UK, commercially released, or live/specially recorded content. The BBC directs specifically aims for low repetition of tracks aiming for increased diversity within its playlist and programmes.

Playing a wide range of tracks is important for both audiences and artists. For audiences a wider play list enables deeper engagement with the music. They're exposed to a wider range in the genre and more likely to hear tracks that are new to them or that they've not heard in a while. This provides value as it expands audiences repertoire of music and exposes them to different styles (even within a single genre) that may spark new interests. A wider playlist is also able to give exposure to a broader range of artists supporting their development.

The BBC already champions discovery as BBC music radio already draws on a much wider range of tracks than a commercial radio offer. Radio 2 played 15,759 different tracks in 2023, while the average across 12 leading commercial stations was 2,517 ranging from 757 on Smooth; 952 on Heart; 1,619 on Magic; and 6,044 on Greatest

[44] See Chapter 7

Hits.[45] Radio 1 played 12,248 unique tracks of which more than 40% were from British artists.[46]

The brand extensions will similarly play a much wider range of tracks than comparable commercial stations. These stations will offer audiences a deeper dive into specialist music, defined by a particular genre or period of music, where they will discover relatively unknown tracks, artists and performers, alongside some more familiar music. The ambitious breadth of tracks played will also help to surface the sub-genres within these eras and genres. The new stations will showcase the BBC's creative investment in distinctive music content to a broader audience to improve discovery. However, in line with the relatively low budget for the proposed stations and the high editorial standards, and therefore cost per hour, of the individual programmes, much of this original content will be repeated multiple times. This will inevitably depress the annual unique tracks statistics for the proposed stations, even while each week or month's programming will comprise a broad range of tracks.

It is also important to note that in broadcasting a wider range of tracks it is inevitable that this will overlap with tracks played on comparable commercial radio stations. We also acknowledge that some commercial stations play a large number of tracks, for example, Boom plays over 10,000 per year. However, as Ofcom has been clear on multiple occasions distinctiveness is not just a measure of how the BBC compares to other broadcasters, but of the unique value it provides to audiences; and that distinctiveness does not mean all BBC content needs to be different to what other broadcasters provide.

#### *6.6.1 Radio 1 Dance*

We are proposing that Radio 1 Dance will play over 3,000 unique tracks per year. In 2023, the Radio 1 Dance Sounds-only stream played 3,273 unique tracks, whereas its two nearest competitors Capital Dance and Heart Dance played 1,423 and 376 unique tracks respectively.

Radio 1 Dance will cover the broadest range of dance genres, ranging from more accessible house and techno tracks, to breakbeat, drum & bass, trance, EDM, Afro House and UK Funky.

#### *6.6.2 Radio 1 Anthems*

We estimate that we will be playing about 4,000 unique tracks per year: a mix of classic hits and forgotten gems rarely played elsewhere. The genre mix will be similar to Radio 1, spanning classic pop, rock, rap, R&B, dance and indie tracks.

In 2023, Kisstory played 2,272 unique tracks.

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[45] BBC analysis on 12 commercial stations in 2022 – Absolute, Capital, Capital Xtra, Gold (UK), Greatest Hits, Heart, Hits (Manchester), Kiss, Magic, Radio X, Smooth, Virgin

[46] RadioMonitor, All hours, 2023. NB RadioMonitor defines Northern Irish artists as Irish which is why the figure for UK artists played would be higher than given here.

### 6.6.3 Radio 2 extension

All shows will be programmed using the BBC Radio 2 and BBC Record Library – the biggest musical repertoire in UK radio. We now expect to play at least 6,000 (unique) tracks a year from the 1950s, 1960s and 1970s, including lesser known album tracks, one hit wonders, etc.

In 2023, Absolute 70s played 924 tracks, Heat 70s 355 tracks and Gold 1,402 tracks. Boom Radio is an outlier for a commercial radio station in this genre, playing more than 10,000 unique tracks in 2023.

### 6.6.4 Radio 3 Unwind

The measurement of classical music presents significantly greater challenges than for pop music as there are typically multiple recordings of the same piece, multiple names for the same piece, different movements, not all music broadcast will have been released, etc. For example, there are several hundred separate recordings of Beethoven's Fifth symphony, and those can be listed in different ways, such as Symphony No.5, Sinfonien No.5, Symphonie No.5, or the *Eroica*; sometimes with 'in C minor'. It has four separate movements, each of which is a separate track and can sometimes be played individually. And there are even more naming conventions for the individual movements (whether in English or German, how they are enumerated, etc.). To complicate matters further the BBC archives of recordings of its performing groups and the concerts such as the Proms are not typically commercial recordings and therefore captured by all databases, As such the data sources we have used for pop analysis (in particular Radiomonitor) will not support appropriate analysis of classical music. Therefore, we do not have any agreed, appropriate or proportionate methodology by which to measure and report on the number of unique tracks as we do for popular music, where we have longstanding, established definitions and measurement technique.

However, we are intending that Radio 3 Unwind will play a broader range of music, covering more genres in greater detail than any other radio service in the market.

Radio 3 Unwind will feature a wide range of music from the 1500s through to the present day, expertly curating more familiar pieces next to lesser known compositions and new discoveries. The varied music policy will include orchestral works, solo piano and ethereal choral music, through to minimalist and neoclassical repertoire, demonstrating the variety and ever-evolving nature of the genre.

According to analysis carried out by Loftus Media for the BBC, in a representative week the four most popular genres by pieces played on Classic FM were Romantic (44%), Classical (17%), Contemporary (15%) and Soundtracks (10%), making up 86% of all pieces played on Classic FM. For Scala Radio (now Magic Classical) the four most popular genres were Romantic (24%), Soundtracks (20%), Contemporary (14%) and Classical (9%), making up 68% of all pieces played.[47]

[47] Classical Music Radio playlist analytics, analysis carried out by Loftus Media for the BBC, August 2024. This was based on the output of Classic FM and Scala Radio for week of 25 July 2024 to 31 July 2024.

Radio 3 Unwind will play a considerably broader range of genres. We will play some medieval / Renaissance music (0.6%), Baroque and Light Music, and within Contemporary, we will cover the following sub-genres: 20th Century (e.g. Copland, Britten, Shostakovich), Contemporary Classical (e.g. Sally Beamish, Stuart McRae, James McMillan), Cross-over Classical (Paul Mealor, Eric Whitacre, Karl Jenkins) and Neo-classical/Ambient (e.g. Max Richter, Erland Cooper, Hania Rani).

## 6.7 New music

New music[48] refers to how recently recorded / released a track is; and also, sometimes to whether someone is a new artist. This is about general support for the music industry and helping promote new songs.

The BBC is committed to giving space to new music on its main stations, and the proposed extensions will be no different. Showcasing new music is important as it helps drive the profile of current and new artists, supporting their development whilst driving industry value. It is also culturally important as new music reflects changing audience tastes and the zeitgeist of our times delivering social value to audiences. Individual audiences also derive value from consuming the latest content. While two of the proposed stations are explicitly meeting a demand from audiences for nostalgia and will therefore feature music from previous decades, new music will play an important role for Radio 1 Dance and the BBC Radio 3 Unwind.

### *6.7.1 Radio 1 Dance*

New music came across as particularly important in the qualitative research for Radio 1 Dance.

> There's nothing really like that right now, when it comes to dance music. Supporting new artists is massively important right now in the music scene – Light/Non, 19-24, C2DE

Of this we are proposing that at least a third of music in daytime would be new music, driven by an extensive playlist of new releases.

This compares with Heart Dance where we estimate 90% of the tracks are from the 2010s or earlier and Kisstory, which plays some dance but not new dance music. We estimate that Capital Dance is playing about 60% new music, however, as noted above from about half the range of tracks that will be played on Radio 1 Dance. As such Radio 1 Dance will play a greater variety of new music tracks each year.

### *6.7.2 Radio 3 Unwind*

Defining new music for a classical station in the same way as for popular music would limit the content available to be played. We therefore take a broader approach to new music with Radio 3 Unwind that is more suited to the genre. The extension will focus on

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[48] The BBC's operating licence defines new music in the following way *A music track is to be considered "New Music" for a period of either: (a) 12 months from first release (whether by physical, radio, download or streaming means), or (b) 6 weeks from the date it first enters the Top 20 of the UK Official Singles Chart, whichever is sooner.* This definition is applied to the output of BBC Radio 1 and BBC Radio 2.

recent recordings, at the same time shining the spotlight on current and emerging performers and ensembles.

We intend that the recordings broadcast on Radio 3 Unwind will predominantly have been made within last 10 years, with many recorded in the past five years. By contrast the Loftus Media analysis found that only 36% of Classic FM and 58% of Scala Radio's pieces had been recorded within the previous 10 years.

Alongside this, Radio 3 Unwind is committed to championing music by living composers. It will reflect the new generation of artist-composers such as Erland Cooper, Hania Rani, Ólafur Arnalds and Isobel Waller-Bridge, with programmes focused on contemporary and emerging composers as well as BBC Introducing artists, bringing their music to many more listeners.

Contemporary living composers will feature across all shows (apart from *Sleep Tracks*), with pieces by living composers making up at least 50% of tracks on *Piano Focus*. *Soundwaves* will showcase music by contemporary composers and artists and *The Sleeping Forecast* is entirely made up of music by BBC Introducing composers. The *Music & Meditation Podcast* also features a new specially commissioned piece from a young, up and coming UK composer in every episode.

To increase the exposure of new works, Radio 3 Unwind will broadcast pieces commissioned for the main Radio 3 station, and will profile specially commissioned compositions for shows like *The Music & Meditation Podcast*.

## 6.8 British music and talent

Supporting British music and talent – this is specifically about supporting the UK music industry. It goes beyond the tracks played with focus on the pipeline of UK artists, producers, independent production companies and presenters. The BBC is committed to highlighting the best of UK talent and the new stations will similarly have an ambition to focus on UK artists and performances. Showcasing UK artists is vitally important for the continued development of the UK music sector both culturally and economically. UK music travels well globally[49] but that requires a well-supported home market which the new stations will continue to support.

Across all the proposed new DAB+ services, we will be commissioning new programmes. These commissions will give audio production talent additional opportunities to produce content for the BBC with a broadcast window. Through the breadth and range of music played, we will be raising the profile of British artists, old and new, who have not historically received broadcast coverage. This profile boost will help those artists build their name and drive greater commercial success.

### *6.8.1 Radio 1 Dance*

Radio 1 Dance will showcase the best of British dance music.

[49] This is Music 2023, UK Music, November 2023.

In 2023, 58% of the tracks played on the Radio 1 Dance Sounds-only stream were from UK artists, compared to 60% on Capital Dance (although drawn from a much smaller playlist) and 38% on Heart Dance.

Given the changes to the schedule as a result of the new programme commissioning and that 2023 may have been an outlier, we are proposing that on Radio 1 Dance at least 45% of tracks will be by British artists. As a result of Radio 1 Dance's broader playlist this means Radio 1 Dance will play more dance tracks by a broader range of British artists than any of its closest comparators.

In addition, Radio 1 Dance has commissioned an industry collaboration series, partnering with three leading UK based dance industry brands (Defected Records, HE.SHE.THEY and DnB Allstars) to showcase new and exciting talent dance talent, highlighting Radio 1 Dance's role in supporting the more specialist side of dance music and will feature artists and tracks which get limited support on mainstream stations. These partnerships will specifically support the UK dance industry, recording artists and live events.

### *6.8.2 Radio 1 Anthems*

We are proposing that at least 33% of tracks on Radio 1 Anthems will come from UK artists. About 22% of the tracks played by Kisstory are from UK artists.

In addition to the support for artists, the Radio 1 Anthems will support new production talent. The ambition of the station is to act as a training ground for talent. We expect that the majority of presenters for the Radio 1 Anthems will be in their first professional role behind the mic on Radio. At launch Radio 1 Anthems combined favourite Radio 1 voices with fresh new talent who have emerged from the Student Radio Association (SRA).

It will provide a dedicated nostalgic station for young people through the voice of young talent – behind and in front of the mic – developing curatorial skills which they are now using more and more in the digital space.

We have been working with the SRA and a small panel of students across the summer to gain insight and help formulate a music policy that resonates with young listeners. In particular, Radio 1 Anthems will be working with the SRA network across 90% of its output, giving opportunities for students to participate in production decisions and playlists.

The new 24/7 stream features a dynamic presenting line-up that combines favourite Radio 1 voices with fresh new talent who have emerged from the SRA. Three of the hosts at launch made their mark through the SRA's esteemed network, with two recent graduates and one still a university student. It is our intention to build on this partnership to provide a development pipeline for young talent – Radio 1 Anthems is for young people, by young people.

### *6.8.3 Radio 2 extension*

About 40% of the tracks played on the Radio 2 extension will come from UK artists. This is the same as we set out in our February consultation. This compares with Absolute 70s (46%) and Heart 70s (33%).

We also intended to establish a partnership between the Radio 2 extension and the BBC's local and national radio stations to draw on local experts and voices to tell the story of the significance of the music of their specific regions across the UK.

While music is enjoyed by all there are certain genres and styles of music that are linked closely to specific regions of the UK. Be that the Beatles and Liverpool or the Northern Soul dance halls of the 70s across the North and Midlands. In partnership with BBC Local Radio, the Radio 2 extension will be bringing the voices that were there from across the UK. Reflecting the stories of the communities of some of our greatest music heritage.

### *6.8.4 Radio 3 Unwind*

To support the UK music scene, Radio 3 Unwind is committed to championing music by British talent. For example, with its focus on living composers it will reflect the new generation of UK artist-composers such as Erland Cooper and Isobel Waller-Bridge.

With the exception of *Cinematic Soundtracks* and *Sleep Tracks*, all Radio 3 Unwind commissioned shows will include a minimum of 25% music by UK composers. In addition, two shows will only play music by UK composers and artists. *Soundwaves* will showcase music by contemporary UK and UK-resident composers and artists and *The Sleeping Forecast* is entirely made up of music by BBC Introducing composers from the UK. The *Music & Meditation Podcast* also features a new specially commissioned piece from a young, up and coming UK composer in every episode.

According to the Loftus Media analysis, 18% of the pieces played on Classic FM were by UK composers (4% living and 14% historic) and 21% of the pieces played on Scala Radio were by UK composers (12% living and 9% historic).

For Radio 3 Unwind, the vast majority of the schedule will comprise at least 25% UK music, with eight hours a week being 100% UK music.

### *6.8.5 Supporting the production sector across the UK*

The BBC is committed to commissioning radio programmes from a broad range of audio producers on a fair, reasonable, non-discriminatory and transparent basis. The BBC is also committed to supporting the creative economy across the UK. In 2021, the BBC committed to 50% of its radio and music expenditure (including the performing groups) being outside of London by 2027/28.[50] In addition, Ofcom's Operating Licence requires the BBC to ensure that at least 30% of its expenditure on network radio and 28% for Radio 3 is incurred outside the M25 area.

In 2023/24, the BBC exceeded its Operating Licence conditions, with 38.5% of network radio spend and 31% of Radio's spend incurred outside the M25.[51] We are also on track to meet our Across the UK commitment of 50% radio and music spend outside of London, achieving 44% in 2023/24.[52]

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[50] The BBC Across the UK, BBC, March 2021, p.5
[51] Delivering our mission and public purposes, BBC, July 2024, p.81
[52] BBC Annual Report and Accounts 2023/24, BBC, July 2024, p.32

Of the 18 strands that have been commissioned for the Radio 1 Dance Sounds and two new Sounds-only streams (Radio 1 Anthems and Radio 3 Unwind) 11 (61%) are being supplied by seven different independent audio production companies.

Similarly 8 (44%) of the new strands will be made solely in production centres across the UK and outside of London (including Aylesbury, Belfast, Birmingham and Brighton) with 3 (17%) being dual sited with production shares between London and Manchester. All of the new strands for Radio 1 Anthems have been commissioned from indies outside of London.

We anticipate that the new programmes for the proposed Radio 2 extension would also be commissioned from a wide range of independent audio production companies from across the UK.

As such we consider that the new stations will have significant industry value for the UK's independent audio production sector, including in the nations and regions of England.

## 6.9 Live and specially recorded music

As opposed to commercially recorded and released music, live music and specially recorded is about bringing unique experiences to audiences that are only available because of the BBC commissioning or through collaboration with its partners. The new stations will support live music-making, the creation of unique performances and use the BBC's unique archive of live and specially recorded music.

Live music on radio is particularly important as it provides a way to bring audiences together in shared moments. Not all listeners can experience live music at a venue, so it gives them an opportunity to 'be there' and engage with a performance that is broadcast in the moment. Likewise archive live performances give audiences access to relive moments where they may have been present and gives new audiences the opportunity to hear unique performances which they otherwise would not have had access to.

For the music industry, giving space to live music in the schedule can encourage future participation of audiences in live events: having listened to a Prom or live DJ set on BBC Radio they may be motivated to attend future events in person, supporting a broad range of live performances.

### *6.9.1 Radio 1 Dance*

Bringing audiences live music will be a key feature of Radio 1 Dance. The station will reflect and provide context around live events featuring new DJs and acts emerging in the genre, such as Radio 1's Dance Weekend: Ibiza and other third-party events. BBC Introducing will also continue to support new artists, including dance acts, bringing them to audiences at live events, and recording and broadcasting unique performances.

### *6.9.2 Radio 1 Anthems*

Radio 1 Anthems – the station will feature programming that promotes 'new to me' discovery of music for audiences under 35, showcasing live performances from the BBC's unique archive of artists from the 00s and 10s.

### 6.9.3 Radio 2 extension

The Radio 2 extension will focus on bringing listeners to the wealth of content in the BBC archive. About 20% of the schedule will be archive content. The station will showcase specially recorded and recorded live performances, that allow people to relive events they attended or may have missed and allow new audiences to discover unique content not broadcast anywhere else. This will be aimed at supporting anniversaries and commemorations of key moments of popular culture from the 50s, 60s and 70s.

### 6.9.4 Radio 3 Unwind

BBC Radio 3 Unwind – every week, the station will broadcast live and specially recorded music, from the BBC Orchestras and Choirs, the BBC's New Generation Artists and other performers.

Every week throughout the schedule, the station will broadcast live and specially recorded music. It will reflect mood-based repertoire from the BBC Orchestras and Choirs across the UK, and the BBC's New Generation Artists, drawing from over 2,000 of their performances. The station will also support the BBC Proms festival through curated music mixes that feature Proms performances including those from our BBC Orchestras and Choirs, bringing these unique musical moments to a wider UK audience.

## 6.10 Speech led programming

Speech is an important and distinctive characteristic of the BBC's current music radio stations. The BBC has a higher level of speech than commercial music radio providers. The speech content is not just continuity but covers a range of genres and formats. While all four stations will be predominantly music based with a higher music content then their parent stations, Radio 1 Dance, Radio 2 extension and Radio 3 Unwind will all feature speech content that complements the music listening experience.

Overall we estimate that the proposed radio stations will have a higher proportion of speech than comparable commercial stations across all hours[53]:

- Radio 1 Dance will be approximately 15-25% speech to 75%-85% music;
- Radio 1 Anthems will be approximately 10% speech to 90% music;
- Radio 2 extension will be approximately 30% speech to 70% music; and
- Radio 3 Unwind will be approximately 10% speech to 90% music.

### 6.10.1 Radio 1 Dance

Radio 1 Dance will be commissioning some speech-led programming to explore the history and development of the genre as well as key artists. An example is Pete Tong's Essential History of Dance Music which over 20 two-hour episodes will explore the

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[53] Measuring the speech content of other radio services is difficult and expensive and we have not carried out this analysis for the Public Interest Test process, and do not consider it proportionate for it to be done on an ongoing basis. However, for example, we would note across the Absolute Radio portfolio there are some programmes (John Richardson on Saturday mornings, Jason Manford on Sunday mornings, Dave Berry on weekday breakfasts and Bush and Richie on weekday afternoons) that appear across its portfolio of stations using the same speech but music appropriate to the extension.

history of dance music – from Techno to Dubstep, Hard House to French Touch – for a youth audience. Broadcast weekly, episodes will look at various sub genres of dance, feature an engaging playlist of the essential tracks from that world, and explain the history of the given genre in an entertaining and engaging way.

### *6.10.2 Radio 2 extension*

The schedule (about 60%) will be speech-led. This will include relevant, entertaining and educational documentaries (about 55% music, 45% speech) or highly curated programmes (about 65% music/35% speech). About 20% of the schedule will draw on the BBC's unique archive of part of this will be archive speech led content including interviews and special documentaries on artists and moments that shaped pop.

### *6.10.3 Radio 3 Unwind*

The BBC Radio 3 Unwind will feature unique and compelling combinations of speech and music as exemplified in existing BBC Sounds titles such as *The Music & Meditation podcast, Tearjerker* and *The Sleeping Forecast* (a unique combination of Radio 4's *Shipping Forecast* and classical music from BBC Introducing artists). The extension will include shows that lean into the mindfulness, wellbeing and sleep space in a way none of our competitors do, with a range of calming voices and comforting tones to complement the music.

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To increase the exposure of new works, Radio 3 Unwind will broadcast pieces commissioned for the main Radio 3 station and will profile specially commissioned compositions for shows like *The Music & Meditation Podcast*.

We will prioritise British performers and ensembles where possible. Finally, Radio 3 Unwind will feature live and specially recorded music from our BBC Orchestras and Choirs, and Radio 3's annual cohort of New Generation Artists.

## 6.11 News

The BBC is fundamentally committed to radio news, both on our speech and music stations. Our network radio stations broadcast over 15,500 hours of news and current affairs each year, and our 39 local radio stations across England, three nations radio stations and Gaelic and Welsh language stations broadcast over 50,000 hours. We also provide a range of news and current affairs podcasts via BBC Sounds, and curate our audio news into the Live News stream.

All of our current network radio stations have explicit news obligations in Ofcom's Operating Licence, and in 2023/24 we met all of these requirements, frequently supplying significant more than required by the quota, e.g. 978 hours of news and current affairs on Radio 2, with 199 hours in peak, compared to quotas of 867 hours and

153 hours, respectively; Radio 4 broadcast 3,122 hours compared to a quota of 2,750 hours.

In 2023/24, 48% of UK adults tuned in to BBC Network Radio on average per week to listen to news and current affairs programmes, and 8 in 10 weekly users say BBC News on radio sets a high standard for quality.

However, as set out in our February consultation, our research found that the BBC was underserving audience needs for a more relaxing and laidback offer. This research found that the relax state of mind relies on switching off any coverage or discussion likely to rile listeners (including news bulletins). Our research found that when audiences asked about the main reasons for listening to the radio, 'new music discovery' and 'to help me escape from everyday life' over-index for audiences aged 16- 34, while 'to lift my mood' over-indexes for C2DE audiences. This is consistent with the findings of Ofcom's Audience review which found that "TV and radio are often used as tools for escapism and comfort" and "These groups preferred listening to music and were less inclined to want to listen to speech radio".[54]

### *6.11.1 Radio 1 Anthems and Radio 1 Dance*

As noted above the intent of the proposed stations is to provide a service to currently underserved audiences, i.e. younger and lower socio-economic groups. As such we proposed that these new stations would not carry news bulletins as these are primarily mood-based music stations, and research tells us that listeners looking for a relaxing lean-back listen do not want any interruptions to the tone and mood.

However, we need to recognise that radio news is not the most important source of news for younger audiences. According to Ofcom's News consumption survey only 23% of 16-24 year olds identified radio as source of their news consumption. This was the lowest of platforms measured by Ofcom compared to online (88%), social media (82%) print and online newspapers (24%) and TV broadcast and VOD (49%). For those aged 25-34, the figures were online (83%), social media (70%), TV broadcast and VOD (55%), radio (34%) and print and online newspapers (26%).[55]

As such the BBC's plans to provide news and information to younger audiences are not based on our radio services. Rather, recognising the growth of TikTok and other short-form video services, BBC News has sought to grow the news brand with younger audiences across these apps. Between April 2023 and March 2023, our rolling monthly average of views for the BBC News account on TikTok has grown by 113% from 48.7 million to 103.7 million. Since the start of 2024, 45% of the average daily reached audience to the BBC News TikTok account is aged 18-24.

### *6.11.2 Radio 3 Unwind*

In our February consultation, we clearly set out our intention that Radio 3 Unwind would provide a calming and relaxing classical music experience that supports listeners' daily routines, helping them to escape the pressures and stresses of daily life and promoting

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[54] BBC Audiences Review: Understanding what factors may drive lower satisfaction levels among D and E socio-economic groups, Ofcom, 30 November 2023, p.12, 17
[55] News consumption in the UK, Ofcom, September 2024, figure 2

their wellbeing. Across the day this will include content that promotes focus, helps listeners unwind, de-stress and find escapism as well as support rest and sleep. We said that the proposed station would include shows that lean into the mindfulness, wellbeing and sleep space, with music complemented by a range of calming and comforting voices.

Therefore consistent with our research and Ofcom's audience review we consider that the presence of news bulletins on Radio 3 Unwind would fundamentally undermine the express intent and public value of the proposal.

#### *6.11.3 Radio 2 extension*

For older audiences radio remains an important source of news, used by 48% of adults aged 55+, and behind only online (54%) and TV (85%).[56] Therefore, following stakeholder feedback, considering our target audience, and reviewing our proposal in the context of the changes we have made to our proposal for the Radio 2 extension to increase its distinctiveness, we have decided that the Radio 2 extension should have news bulletins.

In addition to the music led speech content the Station will include news bulletins. The news bulletins will be throughout the day at the top of each scheduled programme. These bulletins will be simulcast with Radio 2. We anticipate at least 10 bulletins per day, totalling around 70 per week.

### 6.12 Supporting technological innovation in radio broadcasting

The Charter states that "the BBC must promote technological innovation" and "focus on technological innovation to support the delivery of the UK Public Services".[57] More specifically, the Agreement requires the BBC to "use all reasonable endeavours to support the transition from analogue to digital radio".[58]

The BBC has been committed to digital radio since its launch and has made significant investment in continuing to build out national and local DAB coverage. The BBC, commercial radio and Government have worked together to jointly fund coverage being expanded to 90% of the population. Extending coverage is an important part of building a digital future for radio.

The launch of DAB-only stations provided not just more choice to audiences but also new, affordable, easy-to-use products for them to listen on. The early launch of DAB saw radio sales increasing in volume and importantly in value to UK manufacturers. The emergence of national DAB+ services from commercial radio and a growing number of stations using DAB+ on small-scale platforms should increase the take up of DAB+ enabled devices. We believe that the BBC's proposed launch of DAB+ stations will further support these developments.

In addition, our proposals will support the digital transition of UK radio. Audiences will be encouraged to also listen via BBC Sounds for added live listening functionality (e.g. pause and rewind, see track playing), and onward listening journeys to discover further

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[56] News consumption in the UK, Ofcom, September 2024, figure 3
[57] BBC Royal Charter, Article 15
[58] BBC Framework Agreement, Clause 45

episodes and more relevant content available on-demand, in a richer more personalised experience.

## 6.13 Forgone public value

As noted in the prior section 6.5.3 on uptake around a third of the listening to the new stations will come from current BBC services. Audiences consuming these services will be deriving public value from their current consumption of BBC content. Likewise, audiences switching from commercial services are likely to be deriving value from that consumption.

Whether from BBC or commercial services, if audiences are switching it will be because they are deriving higher individual value from the new service than from the prior service. Otherwise, they would not switch. We would expect there to be limited foregone individual value with the proposal. This is particularly the case as switching between radio stations is relatively costless.

As with individual value the net social value is likely to be substantial. It will be moderated by the loss of listening to other BBC services where substantial social value is currently delivered. The main gain in social value from other BBC listening will be a better reflection of the communities of the UK. This is particularly the case for BBC Radio 1 Dance, given the much greater exposure the service will bring. BBC Radio 3 Unwind is also likely to drive social value due to additional wellbeing benefits beyond the BBC's standard content.

From commercial listening the wider benefits of the BBC's proposals will be felt more fully as these aspects are not covered by commercial radio or to a more limited extent, as demonstrated above. This will include the greater breadth and range of music; new music; British music and talent; live or specially recorded music; speech; and news embedded within the services.

The industrial value increment is likely to be lower as the BBC is reprioritising resources to invest in the new services. The funding is redirected in a way that better supports the long-term sustainability of the BBC as it provides a more targeted offer to suit modern consumption needs and targets underserved audiences. Further supporting the transition from AM/FM into digital consumption will have longer-term benefits for the industry that may not be realised absent the investment.

Overall, we therefore expect on a net basis that the proposal both individually and collectively will provide substantial public value.

## 6.14 Holding the BBC to account for its performance

Ofcom has a duty to hold the BBC to account for delivering its remit on behalf of viewers and listeners. Ofcom does this through the Operating Licence, which is designed to ensure that the BBC effectively fulfils its Mission and promotes its Public Purposes. In March 2023, Ofcom published what it described as a modernised Operating Licence that relied on fewer output quotas and put more reliance on transparency commitments that required the BBC to set out commitments in its Annual Plan and to report on its performance on these commitments alongside its Annual Report each year.

Even under the modernised Operating Licence, Radio 1 and Radio 2 have extensive quotas:

**Figure 30: Summary of Radio 1 and Radio 2 Operating Licence conditions**

| | Radio 1 | Radio 2 |
|---|---|---|
| News | 280 hours / year, with two extended bulletins each weekday | 867 hours of news/current affairs (153 in peak) |
| UK acts (in daytime) | 45% of music | 40% of music |
| New music (in daytime) | 50% of music | 50% of music |
| Specialist music | 3,129 hours / year | 1,100 hours / year |
| Live / specially recorded music | 175 new sessions / year | 68 hours of live or specially recorded music / year |
| Breadth and range | Broader range of music than comparable providers, taking into account both the number of plays and the size of the playlist, at both Peak Listening Time and Daytime | |

Radio 3 has fewer direct obligations, i.e. an obligation to provide regular and frequent news bulletins; that at least 45% of its musical output is live or specially recorded music; and that it commissions and broadcasts new musical works.

However, in terms of both likely size of station and relationship to the rest of the BBC network radio portfolio, the most comparable stations to those the BBC is currently proposing are the digital stations launched in 2002, i.e. 1Xtra, BBC 6 Music, 4 Extra, 5 Sports Extra and Asian Network. These stations currently only have Operating Licence quotas in relation to news and current affairs. 1Xtra's quota replicates that of Radio 1, 6 Music has to broadcast 306 hours of news per year, and Asian Network 1,224 hours of news and current affairs; 4 Extra and 5 Sports Extra have no quotas.

### *6.14.1 How the BBC will measure its performance?*

The BBC – like any modern media company – monitors the performance of all its services continuously using a host of metrics. This tends to include using industry currencies such as RAJAR, our own analytical systems and surveys, etc. In this instance, given these services will be on Sounds, monitoring will be via our own analytics and will include:

- Reach and volume of listening to the new services;
- Performance of the new services with different demographics, particularly in relation to the target audiences identified above;
- Performance of the different services on different devices/app types e.g. mobile app and smart speaker; and
- Performance against the public value commitments we have made above.

### 6.14.2 What Operating Licence conditions should apply to the proposed stations?

The question of what Operating Licence conditions should apply to the new stations is a question for Ofcom rather than the BBC.

However, we consider that Ofcom should be consistent and proportionate in imposing Operating Licence conditions. We consider that the approach that Ofcom has taken in relation to the existing digital-only stations is the most appropriate model for the proposed stations. Ofcom should also ensure that the any condition does not impinge on the editorial integrity of the proposal.

### 6.14.3 What commitments would the BBC make in relation to each station?

We have set out in detail the plans we have for each station. If Ofcom were to approve these stations and they were launched during 2025 we would intend to report on their performance during 2025/26 against the plans that we have set out in this document in relation to breadth and range of music, new music, UK music, specially recorded music, etc. subject to any conditions that Ofcom has proposed.

In subsequent years we would fulfil any transparency conditions imposed on the stations by Ofcom in the Operating Licence and decide on a year by year basis what additional specific quantitative and qualitative commitments we were making for that year. This is consistent with the regulatory framework that Ofcom has established and how we have approached the commitment and transparency approach in good faith over the past two years.

## 6.15 Conclusion on public value

The detail set out above shows that the proposed stations are likely to generate significant Public Value. This is mostly driven additional audience value in reshaping the BBC offer towards underserved audiences and modern tastes.

We've specifically designed the services to apply to youth and C2DE audiences. Our evidence suggests that not only will the proposed BBC Radio 1 Dance, BBC Radio 1 Anthems and BBC Radio 3 Unwind appeal to youth audiences, all four of the proposed extensions will be popular with C2DE audiences. While not specifically targeted by these proposals Black and minority ethnic audiences also found the proposals engaging particularly BBC Radio 1 Dance and BBC Radio 1 Anthems. The stations could therefore make a significant contribution to reengaging these audiences with the BBC's radio services.

While being genre stations they are designed to drive variety within the playlists and schedule. Each station will contribute to the overall breadth and range of music on the BBC. Individually drawing on wide genre-based playlists to provide a broader music mix playing a greater diversity of tracks than on commercial services.

Radio 1 Dance and Radio 3 Unwind will support new music in their genres. Whilst all four stations will support British music and talent. There is a particular talent focus on BBC Radio 1 Anthems with the SRA partnership and its ambitions around new presenters, which will help build a future talent pipeline.

In addition, each station will be providing access to a range of live or specially recorded music. BBC Radio 1 Anthems and BBC Radio 2 extension will be providing an opportunity to revisit events whereas BBC Radio 1 Dance and BBC Radio 3 Unwind will offer more contemporary sessions alongside archive performances.

Speech is a significant differentiator of BBC content, while the stations remain music led. BBC Radio 2 extension and BBC Radio 3 Unwind will provide complimentary speech helping audiences go beyond the music. It is intended that BBC Radio 1 Dance will also contain a more limited range of speech content exploring the Dance genre. In addition, BBC Radio 2 extension will contain news bulletins.

Having a greater availability of BBC services on digital platforms will promote the uptake and usage of these services.

**Figure 31: Summary of the proposed stations delivery against public value hypotheses**

| | **BBC Radio 1 Dance** | **BBC Radio 1 Anthems** | **BBC Radio 2 extension** | **BBC Radio 3 Unwind** |
|---|---|---|---|---|
| Improved value for all audiences: Youth | ✓ | ✓ | | ✓ |
| Improved value for all audiences: C2DE | ✓ | ✓ | ✓ | ✓ |
| Breadth and range of music | 3,000 unique tracks | 4,000 unique tracks | 6,000 unique tracks | Broad music policy |
| New music | At least 1/3 of tracks will be new | | | Focus on living composers and recent recordings |
| British music and talent | 45% of tracks | 33% of track, Student Radio Association partnership, New presenters | 40% of tracks, Partnership on local voices | Focus on UK and UK-resident composers and artists with commissioned shows having a minimum 25% UK composers |
| Live or specially recorded music | ✓ | ✓ | ✓ | ✓ |
| Speech | ✓ | | ✓ | ✓ |
| News | | | ✓ | |
| Support technological innovation | ✓ | ✓ | ✓ | ✓ |

# 7. Potential impact on fair and effective competition

## 7.1 Initial uplift estimates

At consultation we estimated the size of the stations as per the table below. Each of the extension stations being smaller than its parent station.

**Figure 32: Estimate of potential weekly reach and hours of listening**

| | Approximate reach (m) | Approximate Hours (m) | Hours / listener |
|---|---|---|---|
| Radio 1 Dance | 0.96 | 5 | 5 |
| BBC Radio 1 Anthems | 0.86 | 3 | 3 ½ |
| Radio 2 Extension | 2.09 | 21 | 10 |
| BBC Radio 3 Unwind | 0.24 | 1 | 5 |

*Source: BBC Analysis*

At the time of the consultation, we had not yet identified where that listening would come from. We stated that the additional listening to the proposed new DAB+ stations was likely to come from a combination of:

- Other BBC radio stations (including the relevant parent station of each extension) and other content available on BBC Sounds;
- Commercial Radio music stations and their online services;
- Music streaming platforms – such as Spotify, Apple Music, Amazon Music; and
- Organic growth, i.e. people who would otherwise have not listened to any of the above.

Any incremental increase to listening to BBC radio in total and therefore the scale of the impact of our proposed stations on the commercial sector will depend on the degree to which the listening to the new stations is diverted from existing BBC services or from non-BBC services. We anticipate that a significant proportion of the listening to each station will be from cannibalisation of other BBC services, e.g. that much of the listening to the Radio 2 extension will be diverted from listening to Radio 2, the parent station.

At the time of the consultation, we did not consider there would be any significant implication of the change for others within the digital audio value chain. Apart from recording artists who may receive a boost in popularity from additional exposure on additional radio services. While leisure time is rivalrous, we did not expect any direct impacts on other activities such as audio-visual consumption because of the changes.

## 7.2 Stakeholder feedback

In this section we cover some of the stakeholder feedback on the impact of our stations. We focus in this section on matters that relate to our modelling of the size of the stations and their resulting competitive impact.

### *7.2.1 Radiocentre*

Radiocentre provided a comprehensive response on the impact of the launch of the stations. With regards to impact on fair and effective competition their arguments were based on analysis conducted by Compass Lexecon. The Compass Lexecon work dealt with both uplift and impact on advertising revenue. The former based on a nationally representative survey and the latter on econometric modelling.

Their analysis concluded that the BBC was significantly underestimating the potential listening to the services. The results of which are set out in the table below. We simply find the proposed listening estimates implausible when compared to other stations which are long established brands with loyal communities and significantly larger production budgets:

- The two proposed BBC Radio 1 extensions would draw similar listening each to the digital listening on BBC Radio 5 live (23m), BBC Radio 6 Music (26m) and BBC Radio 1 (26m).
- The Radio 2 extension would be larger than those mentioned above and Heart (36.8m), Capital (30m) and Greatest Hits (43m).
- BBC Radio 3 Unwind would have more than twice the digital listening of its parent BBC Radio 3 (8m, which only rises to 13m if AM/FM is included) and only just shy of Classic FM (23m)

**Figure 33: BBC extension size estimates as presented by Radiocentre**

| | BBC consultation estimate | Radiocentre estimate |
|---|---|---|
| Radio 1 Dance | 5,193 | 22, 845 |
| Radio 1 Anthems | 3,118 | 28,497 |
| Radio 2 Extension | 21,834 | 46,447 |
| Radio 3 Unwind | 1,046 | 18,133 |

*Source: Radiocentre*

We consider this highlights the difficulties with using quantitative surveys to estimate usage in the audio space and radio in particular. This is why we do not rely on them focusing on market-based measures for size and impact. Compass Lexecon make an adjustment to the data for overclaim by only selecting those most likely to listen. We think this was insufficient for the task and a cross check against industry performance would have highlighted this. They do this graphically but only to illustrate the change, and they don’t discuss its implications.

We have not seen the entire survey but consider the emphasis placed in the descriptions on the proposed radio stations not carrying adverts could have contributed to this overstatement as it would have driven this as a salient point, despite audiences being familiar with the absence of advertising on BBC services. We know that respondents talk positively about services without advertising in research but this isn’t necessarily always borne out in their behaviour and therefore service performance.

Compass Lexecon go on to claim that these estimates may underestimate the impact of the stations due to DAB prominence, cross promotion and familiarity. None of which are unique issues to the BBC.

With regard to DAB prominence, Compass Lexecon suggest that the position of the proposed stations on the DAB list may increase listening. We agree this is clearly the case with TV electronic programme guides and could in theory read across similarly to DAB. However, the first BBC stations on the DAB are Asian Network and Radio 1Xtra and these are significantly the smallest of the BBC’s network radio stations. Additionally, we consider that the effect of prominence is already captured in our approach, as the listening data we use is already affected by DAB prominence, i.e. BBC Radio 1's listening takes account of its position on the DAB list. In addition, as we look at the relative relationship between a parent station and its extension their relative positions on the list will also be reflected in the listening data. Making additional adjustments for this would introduce double counting. Finally, it is important to note that DAB makes up only about 60% of the total digital listening in our model, with the remainder predominately IP-delivered radio listening which is less impacted by prominence.

With regard to cross promotion from BBC radio stations, we agree that promotional activity that boosts awareness will increase listening to a station. However, as with cross-promotion (i.e. self-advertising) on commercial radio there is an opportunity cost both with regard to other promotions and core content. That is, there are limited slots available and demand for cross promotion of other shows and services requiring space. We are not planning to increase the overall level of public service promotions across our TV/iPlayer and Radio/Sounds platforms. We also consider that by estimating the size of the proposed stations by reference to the observed listening to BBC and commercial services, the effect of cross promotion is already included within our approach, i.e. driven by the current levels of cross promotion within BBC and commercial services.

As is clearly shown in the BBC's reporting on public service promotions, the majority of on-air promotions on the BBC's network radio stations are for themselves, e.g. promotions for Radio 3 on Radio 3. The table below sets out BBC public service promotions expressed in minutes per day on TV/ iPlayer and Radio/Sounds (excluding the promoted station). As can be seen below on average there are 39 minutes per day of cross-promotion of the BBC's network music radio stations across our TV channels and radio stations, of which 23 minutes are on BBC TV or iPlayer and 16 minutes on BBC radio or Sounds. Even if we assumed that these promotions were only on BBC One, BBC Two, BBC Three and the network music radio stations between the hours of 6am and 11pm (or their broadcast hours whichever is shorter) the total promotions make up less than 0.5% of total airtime.

**Figure 34: Public service promotions for BBC network music radio station (minutes / day)**

| | TV and BBC iPlayer | Radio and BBC Sounds |
|---|---|---|
| Radio 1 | 4 | 2 |
| 1Xtra | 4 | 2 |
| Radio 2 | 6 | 4 |
| Radio 3 | 2 | 3 |
| BBC 6 Music | 3 | 4 |
| Asian Network | 4 | 2 |
| Total | 23 | 16 |

*Source: BBC Annual Report & Accounts 2023/24, p.138*

Finally, given their scale and more focused appeal the proposed stations will have lower levels of promotion than their 'parent' stations.

With regard to familiarity, while we agree that familiarity with the stations once launched will drive listening to the station, we don't agree that this will lead to an overestimate of listening and is consistent with the approach of commercial radio to naming stations.

Compass Lexecon also provide Radiocentre with an estimate of the impact on advertising revenue spend and present an econometric model assessing the impact. This is a more sophisticated approach than available to the BBC. It proposes a 10% revenue impact for the sector from the launch of the new services. This is predicated on the unrealistic station sizes calculated by Compass  Lexecon. Our total station estimate is 26% of what they predict, which would equate to a c.2.6% revenue impact if the change is proportionate.

Compass Lexecon go on to make a series of statements on the impact on services and investment. This is predicated again on the size of the proposed stations and a view that the offers will not be distinctive in the market. We dispute that the offers are not distinctive, and we have seen commercial radio continue to invest as the BBC develops its services. The examples provided where smaller stations are impacted is a concern for us. However, Scala (now Magic Classical) is not a stand-alone station but part of Bauer's portfolio and is therefore in a different position to Boom Radio as a true stand-alone entity.

Compass Lexecon also state that costs for commercial radio stations may increase due to the BBC targeting the same presenter talent pool. They give the example of Ken Bruce, noting that his salary at Greatest Hits Radio is reported to be about £1 million. However, in his final (and highest paid) year at the BBC, Ken Bruce was paid between £390,000 and £394,999 in 2022/23.[59] This does not support Compass Lexecon's view that it would be the BBC's behaviour that has an inflationary impact on talent pay.

### *7.2.2 Other respondents*

Boom Radio made representations on the impact of the Radio 2 extension on their business. We deal with these specifically in the Radio 2 extension discussions below.

Advertising UK asked us to consider the effect of intensified competition within the commercial radio market as a result of streaming and BBC developments. We discuss competition within commercial radio in the sections below. We note that the streaming model is affecting all radio providers including the BBC. Companies including the BBC will continue to need to adapt to this over time.

News Broadcasting requested more detailed impact analysis from the BBC at a station level. We present a more detailed analysis in our write up below.

## 7.3 Uplift in listening

The new music stations will be the first DAB stations the BBC has launched in over 20 years. Meanwhile, Commercial radio has seen significant growth in its number of stations, and particularly among extension services like those proposed by the BBC. We have used these commercial radio extensions as a market benchmark for what the BBC stations may achieve. For each station selected we have created a basket of radio extensions with a similar music policy. We have calculated the size of the extensions in

[59] BBC Annual Report and Accounts 2022/23, BBC, July 2023, p.99

relation to the size of the parent station. We have then averaged across this bundle to give an estimated sizing for the full DAB+ stations. Those baskets were as follows:[60]

- BBC Radio 1 Dance – Capital Xtra, Capital Reloaded, Capital Dance and Heart Dance.
- BBC Radio 1 Anthems – Virgin Chilled, Virgin Anthems, Heart 00's, Absolute 00's and Absolute 10's.
- BBC Radio 2 extension – Virgin Anthems, Heart 70s, Absolute 60's, Absolute 70's, Absolute Classic Rock, Magic Soul and Mellow Magic.
- BBC Radio 3 Unwind – Virgin Chilled, Smooth Chilled, Capital Chill, Magic Chill and Magic Mellow.

Unlike the other stations, there are no direct extension comparators for the BBC Radio 3 Unwind. We've therefore built the estimate off five competitors that do not share the same music policy (focussing more on popular rather than classical music) but that use chill/mellow/winddown branding or descriptors that align with the ethos of our proposed extension. Our bottom-up assessment did not yield a station of credible scale to test. Through the basket approach the station would be a little smaller than Scala (now Magic Classical), which is the most recent classical station to launch, five years ago, and draws under 2 million hours a week, which we consider to be achievable.

Given that BBC Radio 2 is the largest music radio station by hours in the UK - at more than twice the size of BBC Radio 1 or Global's Heart - we consider that its extension may perform differently to those currently observed in the market; potentially Radio 2's size will enable the extension to deliver a larger listening share than may otherwise be the case. To account for this potential brand power, we have applied a factor for aiming up.

**Figure 35: Uplift basket comparison and station sizes**

| Extension | Average size | Max size | Min size | Resulting hours ('000) |
|---|---|---|---|---|
| All stations | 11.4% | 47.9% | 1.3% | - |
| R2 Extension | 13.7% | 30.5% | 4.8% | 18,590 |
| R2 Extension - aim up | 16.4% | 30.5% | 4.8% | 22,308 |
| R1 Dance | 10.8% | 17.2% | 4.2% | 4,946 |
| R1 Anthems | 7.6% | 11.3% | 1.6% | 3,480 |
| R3 Unwind | 8.8% | 16.4% | 1.3% | 1,161 |

*Source: BBC Analysis*

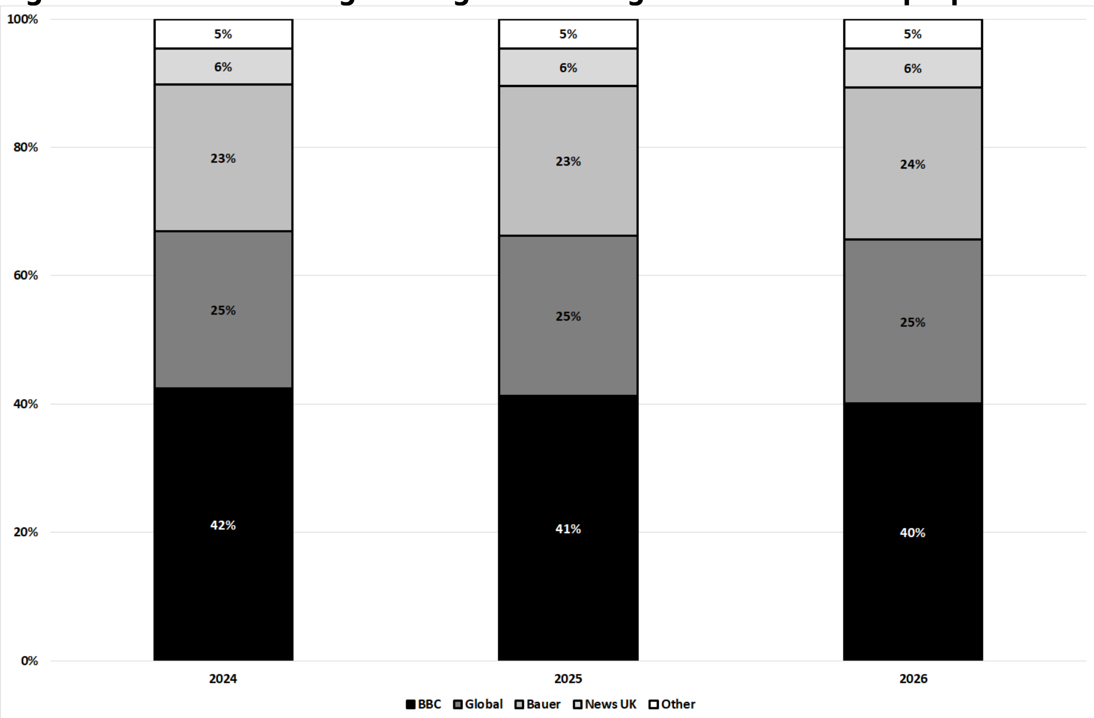
The older stations generally command a larger audience size within their group, as a result of the brand building over time. This is particularly the case with the Absolute extensions which have been running for several years. Newer stations such as Heart 00's and Capital Chill have fewer quarters in the RAJAR data set and are much smaller.

[60] We did consider a bottom-up methodology based on popularity of the genre. However, this approach yielded much smaller station sizes which were not consider feasible given the brand strength of the BBC.

## 7.4 Risks that our proposals will crowd out competitors

To assess the risk that the proposed stations will crowd out competition we have developed a simple model of radio listening. The model is based on RAJAR data up to Q4 2023[61] and focuses on digital only listening, by that we mean listening captured by RAJAR that isn't on AM/FM. The model makes linear forecasts of current listening patterns over the next three years at the company level (the BBC, Global, Bauer, News Broadcasting and other) to provide a counterfactual view of listening absent the new BBC stations. The model then assigns the calculated uplift listening to the BBC and removes the listening from the commercial radio groups. More detail on the model can be found in the modelling annex. As can be seen from below we anticipate a continuing shift in listening away from the BBC towards commercial radio.

**Figure 36: Forecast changes in digital listening share absent BBC proposals**




*Source: BBC Analysis*

Consistent with our consultation we consider there are four main sources of listening for the radio proposals, however, our analysis on crowding out focuses on the impact on just two of these, BBC radio services and commercial radio services, as providers of the nearest comparable service. This is a conservative approach as other audio providers, such as music streaming or YouTube, may also be affected by the launch of new radio services but, we consider, to a much lesser extent.[62] Other audio services offer a higher degree of flexibility and personalisation to audiences than is offered by radio. As a result

[61] We have decided not to update the modelling to the latest RAJAR data. Given the population rebasing in the Q2 2024 dataset we're concern about its compatibility with prior RAJAR quarters, and whether movements seen in the data are the result of actual shifts or just the population rebasing. In addition, Q4 23 allows us to end the modelling on a complete calendar year.

[62] For example our MTM research showed 31-39% of respondents would take some hours from streaming platforms and 8-11% of respondents would find additional time in their day to listen.

of these differences, we have seen audiences migrate away from linear radio listening to more flexible on demand services. We'd therefore not expect individuals to switch back from streaming type services to radio, but new radio services may hold audiences with radio for longer.

While our linear model shows some growth in listening to digital radio, this is assumed to come from individual switching from AM/FM listening. We do not model growth in digital listening driven by the launch of the new stations from any source.

In the sections below we therefore only show cannibalisation of BBC station and diversion from commercial radio stations. Due to the assumptions limiting substitute listening from these two sources, these overestimate the impact on commercial radio providers. Our preferred method of assessing the impact on audio is via listening share. This reflects observable behaviour in the market. We consider the passive nature of audio consumption (i.e. having the radio on in the background while you work or do other tasks) means it is less suitable for standard survey-based analysis.[63] We present some of the findings from the MTM research below. For each station we asked where those likely to listen would take that listening from. This cannot be read as diversion as multiple answers could be selected. It does however provide an indication of whether our assessment of diversion is appropriate. The MTM research showed 31-39% of respondents would take some hours from streaming platforms and 8-11% of respondents would find additional time in their day to listen.

We note that the survey evidence submitted by Radiocentre suggested a cannibalisation rate of BBC services of around 30%. This would be lower than the estimates we derive from observed listening patterns at the group level.

We have conducted the impact analysis at both the using group level listening shares and shares derived from the listening patterns of comparator station. For the comparator station analysis, we've looked at those commercial stations most closely aligned with the music policy of the proposed extensions as advised by our editorial and audience teams. These provide a genre-based view of the impact of the proposed stations. We discuss each of these individually.

### *7.4.1 BBC Radio 1 Dance*

The research conducted by MTM suggested that listening would be taken from a wide range of stations. This included main general stations such as Capital (16%), Heart (14%) and Greatest Hits Radio (9%), as well as specialist stations. Amongst the core dance audience, levels of claimed listening substitution were higher across all stations and more concentrated within dance led brands.

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[63] RAJAR is a sample survey, but with an annual sample size of 100,000 respondent. It also used a range of techniques such as diaries and meters to enable it to collect a fair representation of listening.

**Figure 37: Where respondents said they would take listening from for Radio 1 Dance, selected stations**

| | All Respondents | BBC Radio 1 Listeners | Dance competitors[64] |
|---|---|---|---|
| **BBC Radio (net)** | **33%** | **45%** | **41%** |
| BBC Radio 1 | 13% | 23% | 16% |
| BBC Radio 2 | 9% | 11% | 11% |
| **Commercial Radio (net)** | **64%** | **71%** | **78%** |
| Capital | 16% | 19% | 21% |
| Capital Dance | 10% | 16% | 23% |
| Greatest Hits Radio | 9% | 11% | 12% |
| Heart | 14% | 15% | 18% |
| Heart Dance | 7% | 10% | 15% |
| KISS | 12% | 15% | 17% |
| KISSTORY | 8% | 11% | 14% |
| Magic | 9% | 11% | 13% |
| Smooth | 9% | 11% | 11% |

*Source: MTM BBC Radio PIT quantitative analysis (Fieldwork conducted 24th Jan-1st Feb 2024)*
*Notes: D5_03 You said that you are likely to listen to Dance service. What other station or media would you take that listening time from? Multi-box response totals do not sum to 100. Also included options for streaming services, new listening and don't know. All likely to listen (n = 1459), listens to BBC radio 1 (n = 632), Dance competitors (n = 543). A wider range of stations were mentioned the table is only showing stations with above average mentions and close competitors.*

The proportion of listening is consistent with commercial radio being the major source of listening to Radio 1 Dance but split across a wide range of non-specialist stations. Below we set out our estimates of impact based on the share of listening.

The comparator set for BBC Radio 1 Dance consists of: BBC Radio 1, KISSTORY, Heart Dance, Capital Dance and Capital XTRA and Capital XTRA Reloaded.

BBC Radio 1 is a significant contributor to dance music in the UK but is not 100% dance music. Radio 1 Dance's comparator stations comprise, primarily, stations playing the dance genre. While we would anticipate cannibalisation from other genres and, as illustrated above, other BBC stations, using the full-size BBC Radio 1 may overstate cannibalisation for the comparator analysis. To account for this in our comparator analysis we have reduced the size of BBC Radio 1 to 25% when assessing listening share for diversion. This reflects the proportion of Dance music and shows played out on BBC Radio 1.[65]

[64] Dance competitors were those stating they'd listened to Heart Dance or Capital Dance.
[65] We estimate that 22% of output based on programming on BBC Radio 1 is dance mostly scheduled out of daytime. Of daytime output 20% to 25% is dance.

**Figure 38: Dance genre stations listening share**

| Station | Listening share | Amended listening share |
|---|---|---|
| BBC Radio 1 | 64.4% | 31.1% |
| KISSTORY | 14.8% | 28.5% |
| Heart Dance | 4.5% | 8.6% |
| Capital Dance | 5.6% | 10.8% |
| Capital XTRA (UK) | 8.7% | 16.8% |
| Capital XTRA Reloaded | 2.1% | 4.1% |

*Source: RAJAR Q3 2024, BBC Analysis*

**Figure 39: Diversion of listening for Radio 1 Dance**

| | | All audio listening shares | | Close comparators | |
|---|---|---|---|---|---|
| | **Station size hours (000s)** | **Hours loss/ gain (000s)** | **% total digital hours** | **Hours loss/ gain (000s)** | **% relevant hours** |
| BBC | 4,946 | 2,961 | 0.37% | 3,407 | 4.44% |
| Global | | -1,259 | -0.16% | -1,995 | -2.60% |
| Bauer | | -1,173 | -0.15% | -1,412 | -1.84% |
| News | | -302 | -0.04% | | 0.00% |
| Other | | -227 | -0.03% | | 0.00% |

*Source: BBC Analysis*

The analysis set out in figure 39 shows the impact of Radio 1 Dance on commercial providers. The station size column is the forecast size of the station (from figure 35). The column titled 'Hours loss/gain' shows the listening modelled as being gained by the BBC from commercial radio, and the sources of this diverted listening. The next column sets out this as a percentage of total digital listening hours. The second set of results repeats this analysis based on the close comparator shares calculated in figure 38 and the % of the listening hours of the identified close comparators. This comparator analysis shifts the impact away from the small station groups and towards Global which has a larger dance offer.

### *7.4.2 BBC Radio 1 Anthems*

The research conducted by MTM suggested that the BBC Radio 1 Anthems had a broad appeal and that listening would be taken from a wide range of stations. This included main general stations as well as specialist stations. Amongst the core anthems audience, levels of claimed listening substitution were higher across all stations and more concentrated among key brands.

**Figure 40: Where respondents said they would take listening from for BBC Radio 1 Anthems, selected stations**

| | All Respondents | BBC Radio 1 Listeners | Competitor listeners[66] |
|---|---|---|---|
| **BBC Radio (net)** | **32%** | **45%** | **39%** |
| BBC Radio 1 | 14% | 25% | 17% |
| BBC Radio 2 | 8% | 11% | 11% |
| **Commercial Radio (net)** | **61%** | **68%** | **75%** |
| Absolute Radio | 8% | 9% | 12% |
| Absolute Radio 00s/10s | 5% | 8% | 12% |
| Capital | 15% | 19% | 19% |
| Capital Dance | 6% | 10% | 11% |
| Classic FM | 7% | 8% | 9% |
| Greatest Hits Radio | 8% | 10% | 14% |
| Heart | 16% | 19% | 21% |
| Heart Dance | 5% | 9% | 10% |
| Hits radio | 6% | 9% | 13% |
| KISS | 10% | 13% | 16% |
| KISSTORY | 7% | 9% | 11% |
| Magic | 8% | 9% | 13% |
| Smooth | 9% | 10% | 13% |

*Source: MTM BBC Radio PIT quantitative analysis (Fieldwork conducted 24th Jan-1st Feb 2024)*
*Notes: D5_02 You said that you are likely to listen to Anthems service. What other station or media would you take that listening time from? Multi-box response totals do not sum to 100. Also included options for streaming services, new listening and don't know. All likely to listen (n = 1718), listens to BBC radio 1 (n = 724), the BBC Radio 1 Anthems competitors (n = 645). A wider range of stations were mentioned the table is only showing stations with above average mentions and close competitors.*

In addition to our own research News Broadcasting submitted evidence to us that suggested around 26% of the 18-34 listenership of Virgin Radio network would listen less to that service as a result of the launch of the BBC Radio 1 Anthems. This rises to 33% for 35+ age group.

The proportion of listening is consistent with commercial radio being the major source of listening to the BBC Radio 1 Anthems but split across a wide range of non-specialist stations. Below we set out our estimates of impact based on listening share.

News Broadcasting submitted evidence to us that suggested around 26% of the 18-34 listenership of Virgin Radio network would listen less to that service as a result of the launch of the BBC Radio 1 Anthems. This rises to 33% for 35+ age group.

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[66] Anthems competitors were those stating they'd listened to Hits Radio, Virgin Radio Anthems and Absolute 00s &10s.

The comparator set for BBC Radio 1 Anthems consists of: BBC Radio 1, Absolute Radio 00s, Absolute Radio 10s, Heart, Heart 00s, KISSTORY, Hits Radio, Capital Network (UK), KISS, Virgin Radio Chilled and Virgin Radio Anthems.

**Figure 41: BBC Radio 1 Anthems genre stations listening share**

| Station | Listening share |
|---|---|
| BBC Radio 1 | 26.3% |
| Absolute Radio 00s | 0.4% |
| Absolute Radio 10s | 0.1% |
| Heart | 32.6% |
| Heart 00s | 1.6% |
| KISSTORY | 6.0% |
| Hits Radio | 4.0% |
| Virgin Radio Chilled | 0.6% |
| KISS Network | 11.9% |
| Capital | 15.7% |
| Virgin Radio Anthems | 0.6% |

*Source: RAJAR Q3 2024, BBC Analysis*

**Figure 42: Diversion of listening for the BBC Radio 1 Anthems**

| | | All audio listening shares | | Close comparators | |
|---|---|---|---|---|---|
| | Station size hours (000s) | Hours loss/ gain (000s) | % total digital hours | Hours loss/ gain (000s) | % relevant hours |
| BBC | 3,480 | 2,083 | 0.26% | 2,609 | 1.32% |
| Global | | -886 | -0.11% | -1,651 | -0.89% |
| Bauer | | -825 | -0.10% | -743 | -0.40% |
| News | | -213 | -0.03% | -42 | -0.02% |
| Other | | -160 | -0.02% | | 0.00% |

*Source: BBC Analysis*

The analysis set out in Figure 42 shows the impact of BBC Radio 1 Anthems on commercial providers. The first set of results refers to diversion and cannibalisation based on all audio listening shares; the second set of results refers to the close comparator set shares calculated in figure 41. Under the close comparator scenario, BBC cannibalisation is lower.

### *7.4.3 BBC Radio 2 Extension*

The research conducted by MTM suggested that Radio 2 Extension had a broad appeal and that listening would be taken from a wide range of stations. This included main general stations such as, as well as specialist stations. Amongst the core Radio 2 Extension audience, levels of claimed listening substitution were higher across all stations and more concentrated among key brands.

The comparator set for BBC Radio 2 Extension consists of: BBC Radio 2, Absolute Radio, Absolute Radio 60s, Absolute Radio 70s, Absolute Classic Rock, Boom Radio, Gold, Greatest Hits Radio, Heart, Heart 70s, Magic, Magic Soul, Mellow Magic, Smooth Radio, Virgin Radio and Virgin Radio Anthems.

**Figure 43: Where respondents said they would take listening from for Radio 2 Extension, selected stations**

| | All Respondents | BBC Radio 2 Listeners | Radio 2 Extension competitors[67] |
|---|---|---|---|
| **BBC Radio (net)** | **32%** | **47%** | **35%** |
| BBC Radio 1 | 10% | 13% | 10% |
| BBC Radio 2 | 12% | 26% | 13% |
| **Commercial Radio (net)** | **59%** | **59%** | **69%** |
| Absolute Radio | 7% | 8% | 10% |
| Absolute Radio 60s/70s | 6% | 7% | 11% |
| Boom Radio | 2% | 2% | 3% |
| Capital | 10% | 11% | 12% |
| Classic FM | 7% | 7% | 8% |
| Gold | 6% | 8% | 8% |
| Greatest Hits Radio | 9% | 10% | 15% |
| Heart | 13% | 13% | 16% |
| Heart 70s | 6% | 8% | 11% |
| KISS | 6% | 7% | 8% |
| Magic | 8% | 9% | 9% |
| Smooth | 10% | 10% | 12% |

*Source: MTM BBC Radio PIT quantitative analysis (Fieldwork conducted 24th Jan-1st Feb 2024)*
*Notes: D5_04 You said that you are likely to listen to Nostalgia service. What other station or media would you take that listening time from? Multi-box response totals do not sum to 100. Also included options for streaming services, new listening and don't know.. All likely to listen (n = 1895), listens to BBC radio 2 (n = 752), Radio 2 Extension competitors (n = 895). A wider range of stations were mentioned the table is only showing stations with above average mentions and close competitors.*

Boom Radio made representation that they are specifically affected by the proposed Radio 2 Extension due to the closeness of the offer to theirs. In their analysis of impact, they specifically made an additional allowance for this extra impact. We have taken this into account as part of our analysis. We have applied a weighting for closeness based on those stations that we consider have the most overlap, editorially, with the proposed extensions. We chose a basic upweight of two in our calculations, effectively assigning impact as if the stations were double their size. This does push down the impact on other stations.

Ofcom, in response to our materiality assessment, proposed two weighting methods: one based on 55+ audience size; and another based on Radiomonitor analysis of decade share to provide a range of each station.[68] Ofcom did not apply this approach to the current BBC Radio 2 audience, instead taking our weighted audience share as cannibalisation (c.35%) and reweighting the commercial listening.

[67] Radio 2 Extension competitors were those stating they'd listened to Greatest Hits Radio, Heart 70s and Absolute 60s & 70s and Boom radio
[68] For more detail please see the modelling annex.

We continue to use our simplified method for a few reasons. First, we have selected the stations in the comparator group based on the knowledge of our editorial teams and response from consultation. Retaining the editorial approach to closeness is consistent with this. Second, our editorial approach to closeness produces similar results to Ofcom's approaches. Thirdly, we believe there are some technical issues with the Radiomonitor data that add complications – for example Boom reported to us that Radiomonitor does not adequately capture their play list.

We get the following results based on share of listening:

**Figure 44: BBC Radio 2 Extension genre stations listening share**

| Station | Listening share | Weighted listening share used for diversion |
|---|---|---|
| BBC Radio 2 | 36.8% | 34.6% |
| Absolute Radio | 3.8% | 3.6% |
| Absolute Radio 60s | 0.1% | 0.3% |
| Absolute Radio 70s | 0.2% | 0.4% |
| Absolute Classic Rock | 1.3% | 1.2% |
| Boom Radio | 1.9% | 3.5% |
| Gold | 3.6% | 6.7% |
| Greatest Hits Radio | 15.6% | 14.6% |
| Heart | 15.4% | 14.5% |
| Heart 70s | 0.7% | 1.3% |
| Magic Network | 6.6% | 6.2% |
| Magic Soul | 0.9% | 0.8% |
| Mellow Magic | 0.6% | 0.6% |
| Smooth Radio | 9.8% | 9.2% |
| Virgin Radio Anthems | 0.3% | 0.3% |
| Virgin Radio | 2.5% | 2.5% |

*Source: RAJAR Q3 2024, BBC Analysis*

The proportion of listening is consistent with commercial radio being the major source of listening to Radio 2 Extension but split across a wide range of non-specialist stations. Below we set out our estimates of impact based on listening share.

**Figure 45: Diversion of listening for Radio 2 Extension**

| | | All audio listening shares | | Close comparators | |
|---|---|---|---|---|---|
| | **Station size hours (000s)** | **Hours loss/ gain (000s)** | **% total digital hours** | **Hours loss/ gain (000s)** | **% relevant hours** |
| BBC | 22,308 | 13,355 | 1.68% | 14,600 | 3.69% |
| Global | | -5,678 | -0.71% | -7,069 | -1.78% |
| Bauer | | -5,289 | -0.67% | -6,170 | -1.55% |
| News Broadcasting | | -1,363 | -0.17% | -618 | -0.16% |
| Other | | -1,025 | -0.13% | -782[69] | -0.20% |

*Source: BBC Analysis*

The analysis set out in table 43 shows the impact of Radio 2 Extension on commercial providers. The first set of results refers to diversion and cannibalisation based on all audio listening shares; the second set of results refers to the close comparator set shares calculated in figure 44. Under the close comparator scenario, cannibalisation from the BBC is smaller than in the general listening share. The impact shifts to Global and Bauer away from News Broadcasting and other. The other category is however focused on Boom in this assessment.

### *7.4.4 Radio 3 Unwind*

The research conducted by MTM suggested that BBC Radio 3 Unwind had a broad appeal and that listening would be taken from a wide range of stations. This included main general stations, as well as specialist stations. Amongst the core BBC Radio 3 Unwind audience, levels of claimed listening substitution were higher across all stations and more concentrated among key brands. Most of the brands with significant mentions were those of Global Radio.

The comparator set for the Radio 3 Unwind consists of: Radio 3, Classic FM and Scala.

[69] Note the other close comparator for Radio 2 Extension refers only to Boom Radio.

**Figure 46: Where respondents said they would take listening from for BBC Radio 3 Unwind, selected stations**

| | All Respondents | BBC Radio 3 Listeners | Competitor listeners[70] |
|---|---|---|---|
| **BBC Radio (net)** | **34%** | **52%** | **38%** |
| BBC Radio 1 | 12% | 19% | 13% |
| BBC Radio 2 | 10% | 17% | 12% |
| BBC Radio 3 | 4% | 11% | 6% |
| BBC Radio 4 | 5% | 11% | 7% |
| BBC Radio 5 Live | 6% | 14% | 9% |
| **Commercial Radio (net)** | **62%** | **77%** | **72%** |
| Capital | 10% | 17% | 12% |
| Capital Dance | 5% | 11% | 7% |
| Classic FM | 12% | 18% | 21% |
| Greatest Hits Radio | 8% | 10% | 9% |
| Heart | 13% | 13% | 13% |
| KISS | 8% | 15% | 9% |
| Magic | 10% | 13% | 12% |
| Scala Radio | 3% | 5% | 4% |
| Smooth | 13% | 14% | 16% |
| Smooth Chill | 5% | 8% | 9% |
| Smooth Relax | 6% | 9% | 10% |

*Source: MTM BBC Radio PIT quantitative analysis (Fieldwork conducted 24th Jan-1st Feb 2024)*
*Notes: D5_01 You said that you are likely to listen to Relax and Escape service. What other station or media would you take that listening time from? Multi-box response totals do not sum to 100. Also included options for streaming services, new listening and don't know. All likely to listen (n = 1608), listens to BBC radio 3 (n = 384), Relax and Escape competitors (n = 731). A wider range of stations were mentioned the table is only showing stations with above average mentions and close competitors.*

The proportion of listening is consistent with commercial radio being the major source of listening to the BBC Radio 3 Unwind but split across a wide range of non-specialist stations. Below we set out our estimates of impact.

Figure 48 shows diversion based on share of listening. We've not modified the listening shares for the BBC Radio 3 Unwind. Classic FM has by far the largest classical audience in the UK. Within our MTM research it was also the largest named station. As noted above most brands mentioned were Global brands.

[70] BBC Radio 3 Unwind competitors were those stating they'd listened to Classic FM and Scala Radio.

**Figure 47: BBC Radio 3 Unwind genre stations listening share**

| Station | Listening share |
|---|---|
| BBC Radio 3 | 23.7% |
| Classic FM | 73.2% |
| Scala Radio | 3.1% |

*Source: RAJAR Q3 2024, BBC Analysis*

**Figure 48: Diversion of listening for Radio 3 Unwind**

| | | All audio listening shares | | Close comparators | |
|---|---|---|---|---|---|
| | Station size hours (000s) | Hours loss/ gain (000s) | % total digital hours | Hours loss/ gain (000s) | % relevant hours |
| BBC | 1,161 | 695 | 0.09% | 886 | 1.42% |
| Global | | -296 | -0.04% | -850 | -1.36% |
| Bauer | | -275 | -0.03% | -36 | -0.06% |
| News Broadcasting | | -71 | -0.01% | - | 0.00% |
| Other | | -53 | -0.01% | - | 0.00% |

*Source: BBC Analysis*

The analysis set out above shows the impact of BBC Radio 3 Unwind on commercial providers. The first set of results refers to diversion and cannibalisation based on all audio listening shares; the second set of results refers to the close comparator set shares calculated in figure 47. Under the close comparator scenario, cannibalisation from the BBC is small and a greater share of listening comes from Global. This is driven by the size of Classic FM which is the largest classical music station.

## 7.5 Static impact on revenues and profitability

In this section we consider the static impact of the changes on revenues. We present some limited impact on profitability of those affected.

### *7.5.1 Commercial radio revenues and profitability*

Commercial radio generated £715.5m in revenue in 2023. With revenues above £700m for the past three years.[71] The over half of the revenue is delivered via national advertising, but with significant contributions from Branded Content (21%), Local advertising (16%) and digital advertising (10%). In our counterfactual this rises to £754.6m in 2026 driven by growth in listening.

In 2023 Global generated £426m in revenue from radio, up a little on the prior year. While Global reports radio revenue, it doesn't disaggregate cost. They report an EBITDA margin of about 25% for their overall business.

[71] Ad Revenues and Forecasts, Radiocentre

The most recent accounts for News Broadcasting[72] show growth in both revenue and profits. In 2023 recording just under £81m in revenue and just under £11.5m EBITDA. This was lower margin than in 2022 after reporting a loss in 2021, like due to COVIDs effects on advertising and sport. Over the two years the average margin was 15%.

Not all of commercial radio publish accounts to the detail of News Broadcasting or Global. We have therefore relied on Radiocentre industry level figures. We have assigned this revenue to the three major groups and 'other' based on their total listening as measured by RAJAR. The estimates presented in this section are based on the modelled revenue.

We provide some indicative profitability analysis based on the data we have available to us for Global and News Broadcasting. This is presented at the group level, not at the level of individual stations. We do not have access to station level profitability and, even if we did, we do not consider that to be an appropriate way to assess the impact on profitability. While there may be some station specific packages and sponsorships, the market norm in commercial radio is to be invested across a portfolio of genres and brands through which to sell advertising.

Reductions in regulatory requirements on commercial radio over the prior decades have enabled the industry to consolidate into three major commercial radio groups, representing a little under 90% of all commercial listening. There are few independent stations and none of significant scale. Our assessment of the impact on revenues and profitability are conducted at the group level to reflect this.

The only exception to this in our analysis is Boom radio where we have made a station specific assessment. Boom is an independent radio station focusing on older audiences and will potentially be impacted by the Radio 2 Extension. However, Boom's operating model is not typical for the market. It does not have the diversification across different genres and instead offers a niche advertising product based on older demographics. We understand that advertisers in general see younger audiences as more valuable.

### *7.5.2 Static profitability and revenue impact*

The tables below set out the revenue impacts for the four proposed stations. Individually we expect Radio 1 Dance, Radio 1 Anthems and BBC Radio 3 Unwind to have a marginal impact on Commercial Radio's revenues or profits. They are unlikely to impact incentives to invest. Collectively these three stations are also unlikely to have a significant impact with less than 2% of industry revenues when fully operational. Assuming a one for one relationship between revenues and profit margin, this could reduce Global profit margin by 1.8% points but would have a negligible effect on News Broadcasting with less than 0.2% point reduction in profit margin.

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[72] This is the company listed as talkSPORT Limited on Companies House, whose principal activity is "national commercial radio broadcasting via AM, DAB/DAB+ and internet enabled devices", including talkSPORT, talkSPORT2, TalkRadio, Times Radio, Virgin Radio, Virgin Anthems, Virgin Chilled, Virgin Groove. To avoid confusion we refer to News Broadcasting throughout, which is described as "the collective name given to the UK radio station operations".

The Radio 2 Extension, with a potential 2.6% revenue impact is higher than the other stations combined. This could reduce the profit margins of Global by 2.9% points and News Broadcasting by 1.3% percentage points, based on our close competitor analysis.

Collectively on a static basis, the stations have a potential revenue impact of 3.8%. This could reduce Global's profit margin by 4.8% points and News Broadcasting's by 1.3% points, based on our close competitor analysis.

**Figure 49: Revenue impact of Radio 1 Dance on competitors**

| | All audio listening shares | | Close comparators | |
|---|---|---|---|---|
| | Revenue (£'000) | Revenue (%) | Revenue (£'000) | Revenue (%) |
| Global | -£1,709 | -0.5% | -£2,707 | -0.8% |
| Bauer | -£1,591 | -0.5% | -£1,916 | -0.6% |
| News Broadcasting | -£410 | -0.6% | | 0.0% |
| Other | -£308 | -0.6% | | 0.0% |
| Total | -£4,018 | -0.5% | -£4,623 | -0.6% |

*Source: BBC Analysis*

**Figure 50: Revenue impact of BBC Radio 1 Anthems on competitors**

| | All audio listening shares | | Close comparators | |
|---|---|---|---|---|
| | Revenue (£'000) | Revenue (%) | Revenue (£'000) | Revenue (%) |
| Global | -£1,202 | -0.4% | -£2,240 | -0.7% |
| Bauer | -£1,119 | -0.4% | -£1,008 | -0.3% |
| News Broadcasting | -£289 | -0.4% | -£57 | -0.1% |
| Other | -£217 | -0.4% | | 0.0% |
| Total | -£2,827 | -0.4% | -£3,305 | -0.4% |

*Source: BBC Analysis*

**Figure 51: Revenue impact of Radio 2 Extension on competitors**

| | All audio listening shares | | Close comparators | |
|---|---|---|---|---|
| | Revenue (£'000) | Revenue (%) | Revenue (£'000) | Revenue (%) |
| Global | -£7,706 | -2.3% | -£9,593 | -2.9% |
| Bauer | -£7,176 | -2.4% | -£8,372 | -2.8% |
| News Broadcasting | -£1,850 | -2.8% | -£838 | -1.2% |
| Other | -£1,391 | -2.7% | -£1,061 | -2.0% |
| Total | -£18,123 | -2.4% | -£19,864 | -2.6% |

*Source: BBC Analysis*

**Figure 52: Revenue impact of BBC Radio 3 Unwind on competitors**

| | All audio listening shares | | Close comparators | |
|---|---|---|---|---|
| | Revenue (£'000) | Revenue (%) | Revenue (£'000) | Revenue (%) |
| Global | -£401 | -0.1% | -£1,153 | -0.3% |
| Bauer | -£374 | -0.1% | -£49 | 0.0% |
| News Broadcasting | -£96 | -0.1% | £- | 0.0% |
| Other | -£72 | -0.1% | £- | 0.0% |
| Total | -£944 | -0.1% | -£1,203 | -0.2% |

*Source: BBC Analysis*

**Figure 53: Revenue impact of the four proposals on competitors**

| | All audio listening shares | | Close comparators | |
|---|---|---|---|---|
| | Revenue (£'000) | Revenue (%) | Revenue (£'000) | Revenue (%) |
| Global | -£11,017 | -3.3% | -£15,693 | -4.7% |
| Bauer | -£10,261 | -3.4% | -£11,346 | -3.8% |
| News Broadcasting | -£2,645 | -3.9% | -£895 | -1.3% |
| Other | -£1,989 | -3.8% | -£1,061 | -2.0% |
| Total | -£25,911 | -3.4% | -28,994 | -3.8% |

*Source: BBC Analysis*

## 7.6 Dynamic impacts

In this section we consider the potential dynamic impact of the change. As part of the normal competitive process, we expect competitor services to react to changes made by the BBC to mitigate the impact of the change on their business. This may result in additional investment or cost cutting, depending on the specifics of the business and the sector. Quantifying dynamic impacts is highly uncertain and we do not attempt to do so in this section. Instead, we set out what we consider to be plausible responses by commercial operators.

### *7.6.1 Space to response*

One of the key factors as to whether a dynamic response is possible is time: do commercial operators have sufficient time to adjust to the change, or will it be too swift?

We consider that there is sufficient time in which commercial radio could react and indeed may have done so already. With regards to timing, the proposals have been known about for nine months at the publication of this report and Ofcom will have a further six months to reach its decision. There will also be a further window of set up for the launch of the stations on DAB as the BBC is unable to invest towards this until Ofcom has approved a PIT. This could mean at least 18 months from hearing about the proposals to any service being launched. Plus there will be a further period of time until audiences become aware of the service on DAB.

Audience awareness is likely to be higher for Radio 1 Dance as it is a pre-existing stream on BBC Sounds. The BBC Radio 1 Anthems and the BBC Radio 3 Unwind are planned to launch as streams on BBC Sounds ahead of any DAB approval. However, Radio 1 Dance does not currently take a significant share of listening on BBC Sounds, nor do we anticipate that the new streams will do so. So we consider that the presence of a Sounds stream does not materially affect audience awareness ahead of a launch on DAB. The BBC did not gain permission to launch a Radio 2 extension on BBC Sounds ahead of the full DAB service.

In that timeframe, commercial radio will have sufficient agency to react to the proposals, through changes and innovation within its own scheduling and operations. We have for example observed reaction previously when, shortly after the announcement of Radio 1 Dance becoming a full-time stream on BBC Sounds, Global launched Capital Dance as a digital radio station.

### *7.6.2 Ability to adapt*

Commercial Radio is dynamic and quick to change services when they are not performing and/or to launch new services. Capital Dance is just one of the extensions and new services that commercial radio has launched in recent years . Examples include:

- 2019: Heart 70s, Heart 90's, Heart Dance and Capital XTRA Reloaded
- 2020: Capital Dance
- 2022: Heart 00s, Virgin Radio 80s plus
- 2023: Capital Chill

Commercial radio is adapting its business model in other ways too. In July 2024 Bauer launched Rayo bringing together all of its UK radio stations for the first time under one app.[73] Rayo builds on Bauer's subscription radio model where, for £3.99 a month, users can get ad-free station streams and access to 100's of music streams offering a radio like experience via Rayo Premium. Similarly, in its latest press release on performance News Broadcasting noted the strength of the operation in IP delivery and being the market leader in areas such as broadcast via YouTube.[74]

There is also proven flexibility in established brands and content to adapt to changes in habits and behaviour. For example, it has been reported that Bauer is rebranding both Scala and Magic Chilled to better optimise the brands. Scala will become Magic Classical while Magic Chilled will move to the Hits brand.[75]

In general, commercial radio's ability to act at a more rapid pace than the BBC and its ability to gain a first-to-market advantage ahead of BBC developments, means that a substantial part of any impact is likely to be mitigated.

Illustrating this nimbleness, on 12 September 2024, Global launched 12 new radio stations, which it described as the biggest ever launch in UK radio history.[76] Two of these

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[73] Say Hello to Rayo, Bauer Media Group, June 2024
[74] Another record-breaking round of RAJAR results for News Broadcasting, News UK, 1 August 2024
[75] Bauer plans rebrands for Scala Radio and Magic Chilled, Radio Today, July 2024
[76] 12 brand new stations go live today!, Global, 12 September 2024

were national stations – Capital Anthems and Smooth 80s. The remaining 10 are available on DAB in London. All the stations are available nationally through their online app Global Player. The new stations are:

- Capital Anthems
- Classic FM Calm
- Classic FM Movies
- Heart 10s
- Heart Love
- Heart Musicals
- Radio X Chilled
- Radio X 90s
- Radio X 00s
- Smooth 70s
- Smooth 80s
- Smooth Soul

On the same day, Global renamed Gold as Gold Radio, with a new website, logo, jingles and strapline ('All Time Classics' replacing 'Greatest Hits of All Time').[77]

Four days later on 16 September 2024, Bauer launched Greatest Hits Radio 60s, available nationally on DAB and their Rayo app.

We have not modelled out the impact of these launches, but they are likely to be significant as they are widely available, received significant promotion on launch day as well as cross promotion on their parent networks. As described elsewhere in this paper, commercial radio's extension strategy has been successful in attracting and retaining audiences.

We consider that these latest launches are primarily driven by intensifying competition within commercial radio i.e. Global reacting to recent Bauer successes. Some of the launches are within the genres the BBC is targeting with these proposals i.e. Classic FM Calm and the proposed BBC Radio 3 Unwind. However we don't think this is sufficient evidence that it's a direct reaction to the BBC proposal. It will now be more difficult for the BBC to attract audiences in these overlap genres as the level of provision has increased. Commercial radio has strengthened its position relative to the BBC.

### *7.6.3 Boom Radio*

Boom Radio is an exception to some of the arguments above and, unlike the radio groups, have fewer routes through which to mitigate the impact. However, this needs to be considered in the context of the general sustainability of Boom Radio's business model given that it is atypical for the industry. Deregulation has seen significant consolidation in the industry. Global and Bauer have purchased and launched a number of national stations, as well as purchasing a range of local stations and rebranding them into nationally branded networks. This approach brings significant scale benefits in radio

[77] Gold gets new branding, Radio Today, 12 September 2024

provision both in costs in supplying the service as well as in revenue generation through scaled advertising.

In its response to the BBC's consultation, Boom Radio have said that their medium term ambition is to reach a million listeners tuning in for 10 million hours per week by the end of 2025. Boom Radio also said that its analysis indicated that it would suffer 39% audience loss as a direct result of the launch of the Radio 2 extension, and that within three years it projected revenue declines of 51% compared to its current plans. Boom Radio stated that its spin-off services – Boom Light and Boom Rock – would quickly become unsustainable and be forced to close. It states that this will destroy the value of Boom Radio as a business.

Boom Radio shared some of the detail of this analysis with the BBC in confidence. We have assessed this analysis. While we disagree with its estimates of the scale of the proposed Radio 2 extension and therefore the quantum of the impact, our remodelling of this analysis confirms that significant competition – as would be created by the launch of the proposed Radio 2 extension – would significantly hamper Boom Radio's financial performance.

However, as noted above Boom Radio's ambitions require sustained and significant growth. As of September 2024, Boom Radio's weekly reach was 701,000 and its average weekly hours of listening was 7.7 million; this represented year-on-year growth of 6% and 0.1% respectively.[78]

We also note that the last couple of months has seen an increase in the intensity of commercial competition in this part of the market. In September 2024, Bauer launched Greatest Hits Radio 60s, a national DAB station led by a range of top talent including Joanna Lumley, Paul Gambaccini, Ken Bruce and Simon Mayo. At about the same time, Global re-launched Gold Radio and the launched Smooth 70s, available in London on DAB and nationally on smart speakers and Global Player. We consider that these launches by Bauer and Global mean that the competitive environment for Boom Radio has significantly intensified regardless of the proposed Radio 2 extension. If these new services are successful, they will make it more difficult for Boom to attract the audiences it needs to support the service.

## 7.7 Potential vertical supply chain impacts

In this section we consider whether there are likely impacts within the supply chain following the expansion of our music radio stations. Here we consider impacts on production companies, talent and rights holders. Overall, we consider there is a small positive impact from the stations on the supply chain. This is slightly higher on the BBC Radio 1 Anthems due to its talent proposals.

The launch of the stations creates a small additional commissioning spend and associated rights acquisition costs. This will have a small impact on the investment incentives of producers as it provides additional opportunities that wouldn't have otherwise been present on a full broadcast service.

[78] RAJAR Q3 2023 and Q3 2024

The BBC Radio 1 Anthems is providing additional opportunities for new presenting talent. This will create a limited range of opportunities for a new generation of presenters. This will have a longer-term impact for the BBC and wider industry as it acts as an additional training ground for up and coming talent. This will strengthen the industry talent pipeline.

For content that has already been commissioned the expansion onto DAB provides a wider audience for programming. This is likely to raise the profile of the producers and on air talent associated with the content.

## 7.8 Conclusions on the BBC's potential impact on fair and effective competition

### *7.8.1 Radio 1 Dance, BBC Radio 1 Anthems, and BBC Radio 3 Unwind*

The analysis above shows that the proposals for Radio 1 Dance, the BBC Radio 1 Anthems and the BBC Radio 3 Unwind individually and collectively are unlikely to have a significant impact on fair and effective competition. While they are likely to draw listening from commercial operators the likely size of the stations suggests that it will only have a c.1.2% reduction in industry wide revenues. On a static basis such a reduction in revenues is unlikely to impact investment incentives. Taking into account the dynamic effects reduce this impact further. The supply chain is likely to benefit from these proposals. Ofcom has previously agreed with the BBC that changes of this scale are not ones that would have a significant impact on fair and effective competition and are not material. As such in this case a Public Interest Test is only required because the services are new UK Public Services.

### *7.8.2 Radio 2 extension*

Our analysis above indicates that the Radio 2 extension does have the capacity to have an impact on fair and effective competition. It's likely impact on commercial radio revenues is more than twice that of the other three stations combined at 2.6%.

Likewise, its impact on profitability has the potential to impact investment incentives on a static assessment. Dynamic effects will moderate this to a degree, but it is not possible to say whether it will be fully mitigated.

For Boom Radio in particular, which is atypical for the industry, the change is likely to add further pressure given the recent changes implemented by Global and Bauer targeting a similar demographic. Those pressures from commercial radio are likely to have a detrimental effect ahead of any launch of the Radio 2 extension.

Collectively, therefore, the stations are likely to have an impact on fair and effective competition, but this is driven almost entirely by the proposed impact of the Radio 2 extension.

# 8. The Public Interest Test

## 8.1 Background

The Charter and Agreement place a number of obligations on the BBC when it would like to make changes to its UK public services. In particular the Agreement[79] stipulates that the BBC may only make a material change to its UK public services where:

- The BBC has carried out a Public Interest Test on the proposed change;
- The BBC has determined that the Public Interest Test is satisfied; and
- Ofcom determine that the BBC may carry out the proposed change.

A material change is defined to include:

(a) the carrying out of any activity as a new UK Public Service; and

(b) any change to a UK Public Service which may have a significant adverse impact on fair and effective competition.

The Agreement[80] also explains what a Public Interest Test involves. Specifically the BBC must be satisfied that:

- The proposed change to the UK public services contributes to the fulfilment of the Mission and the promotion of one or more of the BBC's Public Purposes;
- It has taken reasonable steps to ensure that the proposed change has no adverse impact on fair and effective competition which is not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes; and
- The public value of the proposed change justifies any adverse impact on fair and effective competition.

In addition, the Agreement[81] also requires that the BBC, in carrying out the Public Interest Test, must consider the scale and likelihood of any public value relative to the scale and likelihood of any adverse impact on fair and effective competition. It is recognised that the determination will require qualitative assessments to be made and that direct comparison of factors relating to public value and factors relating to risks to fair and effective competition may not be possible.

We have conducted a Public Interest Test regarding our proposals to launch four new music stations to deliver greater value to audiences, including underserved audiences, support homegrown creativity and support the BBC's transition to a digital first future. We set out below our findings under the Public Interest Test in light of the research and analysis we have conducted and the consultation process.

79 BBC Framework Agreement, Clause 7

80 BBC Framework Agreement, Clause 8(1)

81 BBC Framework Agreement, Clause 8(2)

## 8.2 Does the proposed change contribute to the fulfilment of the Mission and the promotion of the Public Purposes?

The BBC is satisfied that our proposals will deliver high public value and will contribute to the fulfilment of the Mission and the promotion of several of the Public Purposes. Our analysis, based on our audience research, responses to our consultation and modelling of take up and usage, demonstrates that:

### *8.2.1 BBC Radio 1 Dance*

As set out in section 6, our analysis – based on our audience research conducted by MTM, responses to our consultation and modelling of take up and usage – shows that our proposals will clearly deliver high public value – personal, social and industry value. In particular, the new Radio 1 Dance station will enable the BBC to better fulfil our Mission and promote the Public Purposes by:

- Improving value for all audiences including younger (16 – 34) and C2DE audiences who currently receive less value from the BBC, as well as better serve the moods and needs of modern audiences.
- Featuring high quality, talent-led music programming, playing a broader range of music than the market and exposing audiences to a greater breadth of music from a wide range of genres.
- Showcasing new music to audiences and supporting development of current and new artists with a playlist that will comprise at least a third of tracks being new music.
- Featuring the best of British dance music with a commitment to at least 45% of tracks being played by British artists.
- Showcasing the best of live music for audiences with features for live events across the world such as Radio 1's Dance Weekend: Ibiza and other third-party events. BBC Introducing will also continue to spotlight new artists, including dance acts, bringing more live and specially recorded music to audiences of the station.
- Supporting the digital transition of UK radio by launching on Dab+ and encouraging audiences to listen via BBC Sounds for added live listening functionality (e.g. pause and rewind, track listings).

As such, the BBC is satisfied that our proposals for Radio 1 Dance will deliver high public value and contribute to the fulfilment of the BBC Mission and the promotion of all the relevant Public Purposes.

### *8.2.2 BBC Radio 1 Anthems*

As set out in section 6, our analysis – based on our audience research conducted by MTM, responses to our consultation and modelling of take up and usage – shows that our proposals will clearly deliver high public value – personal, social and industry value. In particular, the new Radio 1 Anthems radio station will enable the BBC to better fulfil our Mission and promote the Public Purposes by:

- Improving value for all audiences particularly for younger (16 – 34) and C2DE audiences who currently get less value from the BBC but are more likely to skew

towards the content proposed, as well as better meeting the moods and needs of modern audiences.
- Delivering a breadth and range of music that exposes audiences to a broader range of music and genres than is currently available in the commercial market.
- Championing British music and talent, including carrying at least 33% of British artists and acting as a training ground for new British talent.
- Featuring live or specially recorded programming including programming to improve discovery of music for audiences under 35.
- Supporting the digital transition of UK radio by launching on DAB+ and encouraging audiences to listen via BBC Sounds for added live listening functionality (e.g. pause and rewind, track listings).

As such the BBC is satisfied that our proposals for Radio 1 Anthems will deliver high public value and will contribute to the fulfilment of the Mission and the promotion of all the relevant Public Purposes.

#### *8.2.3 BBC Radio 2 extension*

As set out in section 6, our analysis – based on our audience research conducted by MTM, responses to our consultation and modelling of take up and usage – shows that our proposals will clearly deliver high public value – personal, social and industry value. In particular, the new Radio 2 Extension radio station will enable the BBC to better fulfil our Mission and promote the Public Purposes by:

- Improving value for all audiences including C2DE audiences who currently get less value from the BBC as well as better serving the moods and needs of modern audiences including older audiences who are the target audience of the station.
- Delivering a broader range and depth of music for audiences, particularly when compared to similar commercial radio stations.
- Showcasing the best of British music with at least 40% of music on the station coming from British artists.
- Delivering distinctive and unique speech content that is relevant to audiences, entertaining and of educational value.
- Delivering news to audiences throughout the day.
- Bringing live and specially recorded content to audiences from across the BBC's vast range of archive music content, allowing audiences to relive events they attended or may have missed and showcasing these to new audiences to discover.
- Supporting the digital transition of UK radio by launching on DAB+ and encouraging audiences to listen via BBC Sounds for added live listening functionality (e.g. pause and rewind, track listings).

With these considerations, the BBC is satisfied that our proposals for the Radio 2 Extension will deliver high public value and contribute to the fulfilment of the BBC Mission and the promotion of all the relevant Public Purposes.

#### *8.2.4 BBC Radio 3 Unwind*

As set out in section 6, our analysis – based on our audience research conducted by MTM, responses to our consultation and modelling of take up and usage – shows that our proposals will clearly deliver high public value – personal, social and industry value.

In particular, the new BBC Radio 3 Unwind radio station will enable the BBC to better fulfil our Mission and promote the Public Purposes by:

- Improving value for all audiences including younger (16 – 34) and C2DE audiences who currently get less value from the BBC, as well as better meeting the moods and need states of modern audiences by providing a calming and relaxing classical music experience.
- Delivering a broader range and depth of music for audiences and bringing audiences deeper into genres and periods of music they love.
- Showcasing new classical music pieces to audiences. The station will champion music by living composers and the new generation of artist-composers. It will also support diverse and under-represented composers and performers, including women and artists from ethnically diverse backgrounds.
- Championing British music, new and old, including emerging BBC introducing artists, and will reflect performances by the BBC Orchestras and Choirs from across the UK. Providing audiences with a broad range of tracks from a variety of British composers.
- Broadcasting live and specially recorded music every week through leading events such as BBC Proms festival, the BBC Orchestras and Choirs, the BBC's New Generation Artists and other performers.
- Featuring unique and compelling combinations of speech and music through distinctive and unique content pulled from across the BBC including shows that lean in to mindfulness, wellbeing and sleep space in a way no commercial providers currently do.
- Supporting the digital transition of UK radio by launching on DAB+ and encouraging audiences to listen via BBC Sounds for added live listening functionality (e.g. pause and rewind, track listings).

As such, the BBC is satisfied that our proposals for the new station, Radio 3 Unwind, will deliver high public value and contribute to the fulfilment of the BBC Mission and the promotion of all the relevant Public Purposes.

### *8.2.5 The new radio stations collectively*

With consideration of audience research, responses to our consultation, economic analysis and assessment of our public value hypotheses, we consider that the proposed new stations will both individually and collectively generate significant public value and contribute to the fulfilment of the Mission and the promotion of its Public Purposes. The stations will achieve this by improving value for all audiences, expanding the breadth and range of music on radio, showcasing new music and British music from across the UK, delivering high quality and impactful speech content and relevant news to audiences, and ultimately, supporting technological innovation in radio broadcasting.

## 8.3 Has the BBC taken reasonable steps to ensure that the proposed change has no adverse impact on fair and effective competition which is not necessary for the effective fulfilment of the Mission and promotion of the Public Purposes?

### *8.3.1 Potential adverse impacts on fair and effective competition*

In order to determine what reasonable steps might be needed to avoid any unnecessary adverse impact on fair and effective competition, it is necessary to identify what adverse effects might flow from the proposed changes (and if so, whether they are necessary for the effective fulfilment of the BBC's Mission and the promotion of its Public Purposes).

#### 8.3.1.1 BBC Radio 1 Dance

As set out in Section 7, our analysis indicates that the new Radio 1 Dance station will have only a modest impact (-0.6%) on the revenues of commercial competitors and that commercial competitors will have sufficient agency to react and will certainly be able to exhibit a strong dynamic response. Therefore the new Radio 1 Dance radio station is highly unlikely to have an adverse impact on the structure of competition or the incentives of competitors to invest in programmes and services, generally or more specifically for the target audience.

#### 8.3.1.2 BBC Radio 1 Anthems

As set out in Section 7, our analysis indicates that the new Radio 1 Anthems station will have only a modest impact (-0.4%) on the revenues of commercial competitors, and therefore is highly unlikely to have an adverse impact on the structure of competition or the incentives of competitors to invest in programmes and services, generally or more specifically for the target audience.

#### 8.3.1.3 BBC Radio 2 extension

As set out in Section 7, our analysis indicates that the Radio 2 extension does have the capacity to have an impact on fair and effective competition. Specifically in the case of one commercial broadcaster which (atypical within the industry) has limited routes through which it is able to dynamically mitigate the impact. We have taken significant steps to mitigate the impact in this case and we believe the public value generated by the change justifies any adverse impact (see further below).

#### 8.3.1.4 BBC Radio 3 Unwind

As set out in Section 7, our analysis indicates that the new Radio 3 Unwind radio station will have only a modest impact (-0.2%) on the revenues of commercial competitors and that commercial competitors will almost certainly exhibit a strong dynamic response; and therefore the new BBC Radio 3 Unwind stations highly unlikely to have an adverse impact on the structure of competition or the incentives of competitors to invest in programmes and services, generally or more specifically for the target audience.

#### 8.3.1.5 The new radio stations collectively

As set out in Section 7, our analysis indicates that in aggregate the new radio stations will have only a modest impact on the revenues of commercial competitors, with the only significant impact being a on a single competitor as a result of the Radio 2 extension, which we contend is justified by the significant public value derived by the change (as set out in Section 6). However, collectively, it is unlikely the changes will have an adverse impact on the structure of competition or the incentives of competitors to invest in programmes and services, generally or more specifically for the target audience.

### *8.3.2 Consideration of reasonable steps to ensure that the proposed change has no adverse impact on fair and effective competition which is not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes*

The BBC has considered, in light of stakeholder responses and the evidence we have gathered through audience research and economic analysis, whether there are any reasonable steps the BBC needs to take to mitigate any adverse impacts on fair and effective competition that are not necessary for the effective fulfilment of the Mission and promotion of the Public Purposes.

#### 8.3.2.1 BBC Radio 1 Dance

The BBC is satisfied that to the extent the proposals may have some impact on our competitors, this impact is very limited and cannot be further reduced without jeopardising the proposal for Radio 1 Dance and the public value that our analysis has evidenced will flow from its launch.

#### 8.3.2.2 BBC Radio 1 Anthems

The BBC is satisfied that to the extent the proposals may have some impact on our competitors, this impact is very limited and cannot be further reduced without jeopardising the proposal for Radio 1 Anthems and the public value that our analysis has evidenced will flow from its launch.

#### 8.3.2.3 BBC Radio 2 extension

As noted in Section 7, our analysis indicates that the Radio 2 extension does have the capacity to have an impact on fair and effective competition.

In response to this and to reflect stakeholder feedback we have significantly redeveloped the proposal for the Radio 2 extension.

Specifically, we have redeveloped the station schedule toward a speech-led network with about 60% of the schedule being entertaining and educational content and also including news bulletins throughout the day at the top of each scheduled programme.

These changes are detailed in Section 5, summarised below:

- Clarifying the mission of the station to appeal to a target audience of 55+ and C2DE audiences (underserved by the BBC) and ensure the BBC is providing greater value for those audiences by building this target audience in to the vision of the station.
- Redeveloping the proposal to be speech-led, with a schedule which incorporates relevant, entertaining and educational documentaries and highly curated programmes which delivers the stations vision to provide a distinctive take on pop nostalgia and make extensive use of the BBC's unique historical archive.

- Incorporating news bulletins throughout the station to ensure audiences are informed and up to date of the latest news, with at least 10 news bulletins per day.
- Providing clarity on our commissioning plans for the station, with an editorial goal to deliver music programming which deliver unique and broad music experiences for audiences and ensure they are exposed to an extensive repertoire of music of the 50s, 60s, and 70s.
- Entrenching support for homegrown creativity within the stations mission, with a target of ensuring at least 40% of tracks played on the station coming from UK artists.
- Partnering with BBC local and national radio stations to develop homegrown creativity and talent from across the UK nations and regions.
- A commitment to about 20% of the new schedule being recorded songs, sessions and interviews BBC's unique archive

#### 8.3.2.4 BBC Radio 3 Unwind

The BBC is satisfied that to the extent the proposals may have some impact on our competitors, this impact is very limited and cannot be further reduced without jeopardising the proposal for Radio 3 Unwind and the public value that our analysis has evidenced will flow from its launch.

#### 8.3.2.5 The new radio stations collectively

The BBC is therefore satisfied that to the extent the proposals may have some impact on our competitors, in aggregate this impact is limited and cannot be further reduced without jeopardising the improvements to the BBC's radio portfolio and the public value that our analysis has evidenced will flow from those improvements.

## 8.4 Does the public value of the proposed changes justify the adverse impact on fair and effective competition?

### *8.4.1 BBC Radio 1 Dance*

In light of our findings on the public value of the proposal and the likely market impact, we are therefore satisfied that our proposal for a new Radio 1 Dance radio station demonstrates a clear value for audiences by better serving a currently underserved audience and further showcasing new music and British artists on radio, thereby providing better value for the licence fee, while not constraining the ability of the wider market to generate revenue and innovate. Therefore, we consider that the public value of the proposed change justifies any adverse impact on fair and effective competition.

### *8.4.2 BBC Radio 1 Anthems*

In light of our findings on the public value of the proposal and the likely market impact, we are therefore satisfied that our proposal for a new Radio 1 Anthems radio station will strikes the right balance between better serving a currently underserved audience (16 – 34s and C2DE audiences) and thereby providing better value for the licence fee, while not constraining the ability of the wider market to generate revenue and innovate. Therefore, we consider that the public value of the proposed change justifies any adverse impact on fair and effective competition.

### 8.4.3 BBC Radio 2 extension

As set out above, our market impact analysis on the Radio 2 extension (set out in Section 7) shows that the proposed extension does have the capacity to have an impact on fair and effective competition. In response to this and to reflect stakeholder feedback, we have significantly redeveloped the proposal for the Radio 2 extension (as set out in Section 5).

With consideration of our redeveloped proposal, our market research, stakeholder feedback and our reassessment of the findings on the public value of the proposal, we are satisfied that our proposal for a new Radio 2 extension radio station strikes the right balance between generating significant public value for licence fee payers and the ability of the wider market to generate revenue and innovate. Though it does show evidence of a potential rise to a degree of risk of an adverse impact on fair and effective competition, we believe the public value generated justifies any potential adverse impact that could arise and thus we conclude that the public interest test is met.

### 8.4.4 BBC Radio 3 Unwind

In light of our findings on the public value of the proposal and the likely market impact, we are therefore satisfied that our proposal for a new Radio 3 Unwind radio station strikes the right balance between better serving younger and C2DE audiences by showcasing new classical music to audiences and highlighting British composers. As well as broadcasting more live and specially recorded music every week to audiences and featuring unique and distinctive content pulled from across the BBC. Therefore, the new station will be providing better value for the licence fee, while not constraining the ability of the wider market to generate revenue and innovate. Therefore, we consider that the public value of the proposed change justifies any adverse impact on fair and effective competition.

### 8.4.5 The new radio stations collectively

With consideration of audience research, responses to our consultation, economic analysis and assessment of our public value hypotheses, we consider that the proposed new stations will both individually and collectively generate significant public value and contribute to the fulfilment of the Mission and the promotion of its Public Purposes.

Our market analysis in Section 7 shows that the proposals for Radio 1 Dance, Radio 1 Anthems and Radio 3 Unwind individually and collectively are unlikely to have a significant impact on fair and effective competition. For the Radio 2 Extension, as noted above, our analysis above indicates that the proposed extension does have the capacity to have an impact on fair and effective competition, however we believe the public value generated justifies any potential adverse impact that could arise. As such we consider that collectively the public value of the proposed changes justify any adverse impact on fair and effective competition.

## 8.5 Conclusion

As set out in detail in this document and summarised above, the BBC is satisfied that all elements of the Public Interest Test are met with regard to each of the proposed new radio stations – Radio 1 Anthems, Radio 1 Dance, the new Radio 2 extension and Radio 3

Unwind, and collectively for all of the stations. We consider the new stations will contribute to the fulfilment of the mission and the promotion of the public purposes, create high public value and have at most a modest impact on fair and effective competition.