News Broadcasting's response to Ofcom's consultation on the BBC's request to change the Operating Licence

Introduction and market context

News Broadcasting welcomes the opportunity to respond to Ofcom's consultation on the BBC's request to change the requirements for BBC Radio 5 Live, BBC Radio 2 and programming of a regional or national interest under the Operating Licence. News Broadcasting is home to the current affairs channel TalkTV, as well as speech and music radio services, including talkSPORT, Times Radio and Virgin Radio. Our radio stations reach 5.7 million listeners each week.[1]

At its best, the BBC plays a valuable role in national life, and in supporting the UK media ecosystem. It produces content that other broadcasters would struggle to provide given commercial constraints, such as educational content, and it plays an important role in supporting the UK's production sector, particularly in the nations and regions. The BBC continues to enjoy considerable reach across its platforms. It has a particularly strong market share in radio, with 48% of UK radio listening hours, rising to 74% of speech radio hours.[2] BBC Radio 5 Live has 4.9 million weekly listeners, with an additional 1.8 million listening to BBC Radio 5 Sports Extra.[3] Radio 5 Live's podcasts are among the most popular on BBC Sounds and third party platforms (e.g. Apple Podcasts, Spotify), including *Newscast*, *Ukrainecast* and *Football Daily,* and are promoted across the BBC's platforms.[4]

Given the BBC's position as a publicly-funded broadcaster with considerable market share, it is important that regulation ensures that the BBC provides a differentiated offer to commercial broadcasters, and does not stifle competition in the UK broadcasting sector.

As the BBC set out in its request to Ofcom, our radio stations - specifically talkSPORT and talkSPORT 2 - are the closest competitors to BBC Radio 5 Live as UK free-to-air speech audio services covering sports.[5] We compete with 5 Live for listeners, for talent, and for content in the form of sports rights. Based on the latest industry data, talkSPORT has 2.7 million weekly listeners, with just under 0.5 million listening to talkSPORT 2.[6]

Over the last twenty years, we have invested in developing the talkSPORT brand, producing award winning coverage and analysis of sporting events that matter to UK audiences. We have steadily expanded the availability of sports coverage on radio across our channels. In 2022, we broadcast exclusive coverage of England's tour in the West Indies and British boxers' fights, including Anthony Joshua vs. Oleksandr Usyk and Tyson Fury vs. Dillian Whyte. Across the 2022/23 football season, we will cover 450 football matches live, more

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[1] RAJAR, Q3 2022
[2] RAJAR, 6 month weighting, Q3 2022. The speech radio market consists of BBC Radio 4, BBC Radio 4 Extra, BBC 5 Live, 5 Live Sports Extra, talkSPORT, talkSPORT 2, TalkRadio, Times Radio, LBC, LBC News, GB News.
[3] RAJAR, Q3 2022
[4] BBC Media Centre, 23 December 2022, Record 1.48 billion plays on BBC Sounds in 2022 with podcast listening up by 27%
[5] BBC, published 14 December 2022, BBC request to amend the Operating Licence
[6] RAJAR, 6-month weighting, Q3 2022

than any other radio station. This includes matches from the Women's Super League, English Football League, FA Cup, international and European fixtures, and for the first time this season, weekday evening matches from the Premier League, the rights to which were previously held by the BBC.

Overview: The change to BBC Radio 5 Live would harm competition in the UK audio market, without benefiting audiences or enhancing distinctiveness

We strongly disagree with Ofcom's provisional decision to accept the BBC's request to reduce the quota for news and current affairs on Radio 5 Live from 75% to 70%.

Our response to this consultation has been made more difficult by the lack of detail provided in the BBC's request to Ofcom. It is not clear, for example, what exactly the BBC considers to be wrong with the status quo, why the BBC has concluded this specific change to the quota is the solution, and how the BBC plans to deploy the additional sports output in its schedule (e.g. which time of day would be impacted). This lack of detail from the BBC makes it more challenging to properly assess and quantify the potential competition impact on our business. It goes against the spirit of transparency and open engagement with industry set out in Ofcom's recent consultations on the BBC's Operating Licence and approach to regulating the BBC's impact on competition.[7]

Nevertheless, it is clear that this would not be a "marginal" change, as both the BBC and Ofcom repeat in their request and consultation.[8] It would mark a 20% increase in sports output on BBC Radio 5 Live, which would be a significant increase. There is a finite pool of potential listeners to live sports coverage on radio, a pool which is under pressure due to structural trends in linear radio consumption. The BBC's proposals would not be adding to this pool by attracting new audiences to sports content on radio. Rather, these plans would likely draw listeners directly from talkSPORT, causing direct harm. [✂]. This is before any additional harm talkSPORT will likely suffer as a result of other possible consequences, such as the negative impact on operating income through sports rights inflation.

Approving the BBC's request to reduce the amount of news output it must provide on 5 Live would not enhance the BBC's distinctiveness, nor its public value. The BBC states that it needs this quota change to showcase a wider range of sports, provide more wraparound coverage of live events, have more flexibility to cover major sporting events, and broadcast its sports podcasts. However, as our analysis of the BBC's schedule demonstrates, 5 Live already does all of this within the existing quota. The change will not add anything innovative or novel to 5 Live's output.

Neither is it likely that the BBC will use this increase in its sports output to cover sports that have been traditionally under-represented by broadcasters, such as women's sports and accessible and disability sports. We anticipate that the BBC would more than likely use this change to provide more 'sport chat' style shows and extended coverage around its

[7] Ofcom, 22 June 2022, Consultation: Modernising the BBC's Operating Licence. Ofcom, 30 November 2022, Consultation: How Ofcom regulates the BBC's impact on competition
[8] Ofcom, 14 December 2022, Consultation on the BBC's request to change the Operating Licence. BBC, 14 December 2022, BBC request to amend the Operating Licence

high-profile, mainstream sports (such as football and boxing) which will cut directly into existing commercial radio provision.

This change would have a negative impact on the fair and effective competition for audio sports rights. We are the only competitor to the BBC for UK audio sports rights. If this change does proceed, it would further strengthen the BBC's market power in competing for key commercial sports rights, such as boxing rights. This would crowd out commercial operators and drive up the price of these rights, adding to the commercial harm suffered by talkSPORT as a result of this proposal.

The BBC suggests in its request to Ofcom that this change would help it better serve audiences it has long considered to be under-serving. However, C1C2D audiences aged 15-34 are primarily served by commercial radio; commercial radio has a 66% share of listening among this demographic, compared to BBC radio's 30% share.[9] For sports coverage on radio, this demographic turns to talkSPORT; talkSPORT has a 2.3% share of listening hours among this cohort, compared to 5 Live's 1.3% share.

This quota change would not fundamentally improve the BBC's relationship with younger audiences and those in lower socio-economic groups. Instead, enacting this change could diminish the BBC's news and current affairs offer to younger, CDE audiences, given that the BBC views 5 Live as a key tool for providing news and current affairs programming to this demographic. To achieve a substantive improvement in its relationship with this target demographic, we suggest that the BBC needs to undertake a more thorough, joined-up and systematic assessment of how it serves this demographic across all of its services and content, rather than making changes to pockets of its content. Alternatives to help it better serve these demographics, without harming competition in the audio market, include opening up its platforms to third party content already popular with this target audience.

Our key recommendations - repeated throughout this response - are summarised below:

- **Ofcom should not agree to BBC's request to change BBC Radio 5 Live's quota for news and current affairs output.** It would harm competition in the UK audio market, without providing a clear benefit to audiences. The BBC would further extend its reach into content that is already provided by commercial broadcasters. It would not contribute to the BBC's distinctiveness nor its public value. It would directly impact commercial broadcasters who provide sports coverage, directly cutting across their provision and reducing their listenership, causing commercial harm by reducing advertising revenue and driving up programming costs.

- **Without Ofcom taking steps to protect competition in the market for audio sports rights, it would not be possible to mitigate the negative impact this change would have on the downstream market for sports rights.** The BBC already has an advantageous position in bidding for audio sports rights. If this change is made, there will be nothing to stop the BBC bidding for additional, high value sports rights, squeezing out smaller broadcasters.

[9] RAJAR, 12 months / yearly to Q3 2022, Adults 15-34, C1C2D

- **There are alternative measures the BBC could take to build its relationship with younger audiences in lower socio-economic groups,** rather than reaching first for the most extreme approach of amending the quota. Those include innovating its news and current affairs programming on 5 Live to make it more attractive to younger, C1C2D audiences, and opening up BBC platforms to third parties.

- **Ofcom should ensure that the BBC provides more detail in any future request to change to its Public Services**. This includes providing clarity on what exactly the BBC considers to be wrong with the status quo, how it has concluded it requires the change, and specific details about how it plans to deploy the change it is requesting. Otherwise, it is very difficult for industry stakeholders to assess, with any certainty, the impact a proposed change will have on the market and their business. A lack of information diminishes stakeholders' ability to engage properly with any consultative process.

Responses to specific consultation questions

Question 1

Do you agree with Ofcom's provisional assessment and its proposed changes to the Operating Licence for news and current affairs on BBC Radio 5 Live? If not, please explain why, providing appropriate supporting evidence where possible.

News Broadcasting does not agree with Ofcom's provisional assessment and its proposed change to the Operating Licence for news and current affairs on BBC Radio 5 Live.

We are concerned about the level of detail underpinning the assessment and what this means for future changes to the Operating Licence

The proposed new Operating Licence and proposed approach to regulating the BBC's impact on competition encourage the BBC to be more transparent and provide more detail to industry on proposed changes to its Public Services.[10]

We are therefore disappointed by the lack of detail provided in the BBC's request and Ofcom's consultation on these proposed changes to the Operating Licence. It is not clear:

- what exactly the BBC considers to be wrong with the status quo;
- how the BBC reached the conclusion that it requires this specific quota change;
- how the BBC plans to reduce its news and current affairs coverage;
- how the BBC plans to use its additional sports output; and
- whether the BBC has tested any proposed changes with its target demographic?

This makes it difficult to understand why the BBC considers it needs this change to the Operating Licence to help it better serve UK audiences, and in turn, to assess how the change may impact the audio market and our business.

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[10] Ofcom, 22 June 2022, Consultation: Modernising the BBC's Operating Licence. Ofcom, 30 November 2022, Consultation: How Ofcom regulates the BBC's impact on competition

We are concerned that this request signals how the BBC intends to advocate for changes to its Public Services under the new Operating Licence. We worry that the BBC will increasingly advocate for seemingly immaterial changes, which cumulatively add up to considerable changes to the BBC's Public Services and harm the UK media market. As we set out in our response to Ofcom's consultation on the new BBC Operating Licence, the proposed new model, with less of a focus on qualitative descriptions and metrics for the BBC's Public Services, will make it harder to guard against a chipping away of the BBC's distinctiveness.[11]

This change would have a direct, negative impact on commercial radio listenership and revenue, as well as inflating sports rights costs and crowding out the market for live audio commentary rights.

While a 5% change to the quota may appear marginal, it represents a 20% increase in BBC Radio 5 Live's overall sports output. That increase has the potential to crowd out competition in the market for radio services specialising in sports coverage, making it more challenging for commercial broadcasters to attract listeners and talent, and acquire sports rights.

We know from our experience operating talkSPORT that there is a finite and relatively small (compared to TV audiences) pool of potential listeners interested in listening to sports coverage on the radio. What listening there is is driven primarily by exclusive, live coverage of high-profile sports events (such as Premier League football, test match cricket, and big ticket boxing), presented by well-known pundits and commentators.

Structural trends in media consumption are putting pressure on this pool of potential radio listeners. Overall audience levels for linear channels - including live radio - are flat or declining, as there is more competition than ever for attention, and younger audiences do not have the same relationship with linear media that older audiences do.

In its request, the BBC states that this change to the quota will help it to "better reach these underserved audiences, including younger audiences and those in the C1C2D groups".[12] However, younger audiences are less likely than older audiences to see radio as a vehicle for consuming sports coverage. [✂[13]]

However, as Figure 1 illustrates, that small pool of younger, C1C2D audiences who do listen to live sports coverage on radio tend to turn to talkSPORT over 5 Live.

Figure 1: Radio listening hours by demographic, Q3 2022, based on 12 month weighting

All Adults 15+	Adults 15-34, C1C2D

[11] News Broadcasting, September 2022, News Broadcasting response to Ofcom's consultation: Modernising the BBC's Operating Licence
[12] BBC, December 2022, Operating Licence consultation - BBC's request
[13] [✂]

Rank	Station	Hours (000)	Rank	Station	Hours (000)
1	BBC Radio 2	163,784	1	BBC Radio 1	17,810
2	BBC Radio 4	116,102	2	Heart Network (UK)	11,172
3	Heart Network (UK)	52,833	3	Hits Radio Network	10,772
4	Hits Radio Network	52,629	4	BBC Radio 2	10,056
5	BBC Radio 1	50,340	5	Capital Network (UK)	9,569
6	Classic FM	41,297	6	KISS Network	9,171
7	Absolute Radio Network	35,941	7	Absolute Radio Network	7,085
8	Smooth Radio Network (UK)	34,897	8	Radio X Network (UK)	4,686
9	BBC Radio 5 Live	30,585	9	Greatest Hits Network	4,526
10	Greatest Hits Network	30,546	10	Magic Network	3,656
11	Capital Network (UK)	28,317	11	Smooth Radio Network (UK)	3,432
12	BBC 6 Music	28,051	12	talkSPORT Network	3,146
13	LBC (UK)	27,669	13	BBC 6 Music	2,948
14	Magic Network	22,318	14	BBC Radio 4	2,721
15	KISS Network	20,658	15	Classic FM	2,479
16	talkSPORT Network	18,405	16	LBC (UK)	2,271
17	Radio X Network (UK)	18,211	17	BBC Radio 5 Live	1,726
18	BBC Radio 3	14,885	18	1Xtra from the BBC	1,399
19	BBC Radio 4 Extra	13,912	19	Virgin Radio Network	1,354
20	Gold Network (UK)	12,809	20	Planet Rock	1,071

Source: RAJAR, 12 months / yearly, Q3 21 - Q3 22. [✂]

We understand that the BBC is mandated by its Charter to serve all audiences, and that it wants to take steps to better serve those audience groups who have been repeatedly identified by Ofcom as being less satisfied with the BBC than average. Figure 1 illustrates that the BBC's radio services do already serve younger audiences in lower socio-economic groups through BBC Radio 1, BBC Radio 2 and Radio 1Xtra.

But if the BBC wants to attract more of these listeners to BBC 5 Live by increasing its proportion of sports output, it will do so by pulling listeners directly from talkSPORT. The BBC would not be developing a new audience for sports radio, given existing media habits among audiences, particularly among younger audiences. This change would therefore have a direct, negative impact on our listenership, and given our advertising-based business model, a direct, negative impact on our revenues.

In the absence of any specific programming proposals from 5 Live, we have attempted to quantify the impact the proposed increase in sports output would have on talkSPORT's listening hours. The quota change being requested by 5 Live would allow it to increase its sports output by over an hour a day.[14] We have therefore modelled this increase in output on the listening hours generated by talkSPORT across both weekdays and weekends.

[✂]

<u>This change would not contribute to BBC Radio 5 Live's distinctiveness</u>

BBC Radio 5 Live already provides all the types of content it said it requires this change to do

The BBC has not said how exactly it intends to deploy this change to its sports output, which equates to an extra 1.2 hours a day. It has suggested in its request that it requires the change to the quota so that it can:

- **Cover a wider range of sports,** including women's sports, disability sports, and sporting events that appeal to audiences outside of London (e.g. rugby league);
- **Provide more wraparound coverage of live fixtures** (e.g. pre-match build-up, post-match analysis) to extend the value of its sports rights;
- Have more flexibility to **provide more coverage of key sporting events** (e.g. the Euros, the Olympics and Paralympics); and
- **Broadcast its sports podcasts** on Radio 5 Live.

We have analysed 5 Live's schedule for Q3 and Q4 2022.[15] Based on our assessment, 5 Live fulfilled its 25% quota commitment for sports output during this period, despite already providing all of the types of content it said it requires this change to do.

For example, looking at its Q3 and Q4 2022 schedule:

- **It provided extensive coverage of the Women's Euros throughout July**, including live coverage of matches each evening (e.g. it broadcast live matches each evening - except Sundays - from 7th July to 28th July). It also provided live coverage of the Women's Rugby World Cup and the Rugby League World Cup in October.
- **It provided wraparound coverage of Women's Euros games**, with build-up starting at 7pm each evening (e.g. build-up shows with Steve Crossman, Emma Saunders or Juliette Fetherington), followed by live coverage of the matches (which kicked-off at 8pm), broadcasting coverage and post-match analysis until 10:30pm.
- **It follows a similar pattern in providing wraparound coverage of 'regular' sporting events on weekday evenings**. For example, in covering Premier League games (e.g. Newcastle vs Liverpool, 31st August), its build-up show starts at 7pm, with the match and post-match analysis broadcast from 8pm to 10:30pm.
- **It already has flexibility to change its schedule to cover major sporting events.** During the group stages of the FIFA World Cup (i.e. 22nd to 28th November), it started broadcasting pre-match build up at 9am, live coverage of matches throughout the day, wrapping up at 10pm most evenings, but continuing coverage of reaction and analysis until 11pm on days of England and Wales games. Similarly, during Wimbledon, it broadcast live coverage and analysis from 12:30 to 10pm (see 30 June, 1 July and 4-5 July).

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[14] The change to the quota equates to 1.2 hours a day of additional sports programming, or 100 hours a quarter.
[15] [✂]

- **It already broadcasts its sports podcasts on Radio 5 Live**. For example, it broadcasts *Kammy & Ben's Proper Football Podcast* (often Sundays at 8pm, when there is no live fixture) and *The Footballer's Football Podcast* (Fridays at 1:30pm).

It is difficult therefore, to understand why exactly the BBC requires this change to the quota, given that it already provides the types of coverage it says it needs this change to provide. This change would not add anything new or innovative to BBC Radio 5 Live, nor make it any more distinctive than it is now.

It would likely use this quota change to produce more 'sport chat' style content and to extend its coverage of live fixtures

It would be natural to assume that the BBC might use this change to broadcast more live sports fixtures and events. But a key constraint - for all broadcasters - in showing more live sports events is fixture congestion. Most sports fixtures are scheduled in similar slots, normally weekday evenings and weekend afternoons and evenings, which restricts the broadcast of more sporting events because of clashes. This restriction means that it is likely that the BBC would use this extra sports output to produce more informal 'sport chat' style content around live sporting fixtures, and allow it to extend its live coverage of popular sports events, such as boxing on Saturday evenings.

[✂]

Producing additional 'sport chat' content will not enhance the BBC's distinctiveness

The BBC suggests that it will provide more 'sport chat' style wraparound content in its request: "As sports coverage is driven by sports rights and these rights need to be acquired in the packages offered by rightsholders, this flexibility will enable us to maximise the value from our investment in existing sports rights. For example, we will look to improve the coverage of our live sporting events through **even more commentary and analysis. This could include more distinctive 'wraparound content' for key live fixtures,** using BBC Sport's unparalleled breadth and depth of knowledge to provide high-quality original output and develop the range of audiences served".[16]

5 Live already produces a significant amount of this style of content, giving an indication of the operational flexibility it already enjoys within its existing programming quotas. It typically provides an hour of build-up coverage before fixtures, and it produces extensive 'sports chat' style programming. Examples include the *606* phone-in show on weekend evenings post-matches, and the *Monday Night Club* (Mondays, 7pm) and the *Friday Football Social* (Fridays, 7pm). As noted above, it already broadcasts sports podcasts. These programmes are typically scheduled directly against similar talkSPORT shows.

The *Monday Night Club* and the *Friday Football Social* are examples of the BBC failing to make effective use of its existing operating flexibility within the quota. During the new Premier League rights period (August 2022 - May 2025), 5 Live continues to hold more Premier League rights packages than talkSPORT overall. However, for the first time,

[16] BBC, December 2022, [Operating Licence consultation - BBC's request]

commentary rights on Monday and Friday evenings are now held by talkSPORT, rather than the BBC. In addition, talkSPORT continues to hold exclusive national commentary rights for EFL league matches, which are occasionally played on Friday evenings.

Despite this, 5 Live has not opted to adjust its schedule on Monday or Friday evenings to utilise the additional freed up non-news programming time for alternative, distinctive coverage. It continues to broadcast sports programming in these slots, although it does not own the commentary rights for matches at those times.

As well as replicating output provided by talkSPORT, 5 Live's existing sports chat shows lack distinctiveness compared to the output of a host of independent podcast publishers. Examples of podcasts providing this type of content for football include *Sky Sports Football Podcast*, *The Guardian's Football Weekly*, *The Athletic Totally Football Show*, *Off the Ball's Football Show,* while there are a host of fan-lead, club-specific podcasts from smaller producers, such as *Arseblog* for Arsenal fans and *The Anfield Wrap* for Liverpool supporters.

There is already a plurality of providers of this type of sports content, from large established media companies and smaller, independent producers, and consumers have a range of providers to choose from. The range of providers illustrates innovation in the provision of this type of sports content, which should be allowed to flourish, rather than being squeezed out by additional BBC 'sports chat' programming, which would merely ape this existing provision.

It is unlikely that the BBC will use this change to produce more coverage of under-represented sports, which will have an impact on the market for audio sports rights

In its request to Ofcom, the BBC said that it does not plan to use the extra sports output to bid for additional high-value rights or for fixtures where there would be substantive competition for rights. It has not, however, defined what it considers "high-value" nor "substantive competition", given that by the BBC's own admission, there are only two key competitors for radio sports rights in the UK - BBC 5 Live and talkSPORT. Importantly, while the BBC states it is "unlikely" to acquire new rights in areas of substantive competition (e.g. boxing), it does not rule this out.

The BBC also stated that it could use the extra output to broadcast sports that have been traditionally under-represented: "Where we do explore investing in new sports rights, we will look to strengthen our commitment towards providing a range of sports, and **look [to] do so in areas that drive value for underserved audiences**. For example, we may look to **improve our coverage of women's sports, sports that appeal to audiences outside of London (e.g. rugby league) and/or coverage of sporting events for disabled people**".[17]

Given that this change is intended to help the BBC better serve young audiences in lower socio-economic groups, the BBC listed sporting events which, in its experience, over-indexed with this target demographic: "Certain sports events and fixtures (for example, **Premier League Football 2021-22; Champions League Football 2021-22; Euros 2020;**

[17] BBC, December 2022, [Operating Licence consultation - BBC's request]

and the Anthony Joshua vs Andy Ruiz Jr boxing match) over-index for C1C2D, 16-24 and 25-34 audiences relative to all 15+ audiences."

These events - Premier League, Champions League and international football competitions, as well as professional boxing fixtures - are all high-value sporting fixtures, for which there would be substantive competition for the rights.

It is therefore unclear from the BBC's request how it wants to deploy this extra sports output. It is unclear whether it wants to provide coverage of sports that tend to be overlooked by commercial broadcasters and that may draw a smaller audience (e.g. accessible and disability sports), or whether it wants to provide coverage of sports that appeal to younger, C1C2D audiences in big numbers - which we know are mainstream sports such as football and boxing (see Figure 3 above).

While arguably the BBC should be doing much more of the former given its public service remit, we consider it more likely that it will use this extra output to do the latter, given its focus on chasing audience volumes.

This would have an impact on the fair and effective competition for sports rights, given the BBC would be focused on covering high-profile sporting fixtures. The BBC has an advantage when it comes to high-profile sports bidding. It already has a sizable budget at its disposal to bid for sports rights. The BBC does not disclose its sports rights budget for audio, but 5 Live's budget in 2021/22 was £50 million, with an extra £3 million for 5 Sports Extra.[18] [✂]

The BBC also has an advantage over audio-only sports broadcasters in its ability to provide cross-platform coverage of events and promote its coverage across its platforms. When bidding for sports rights, the BBC can provide a single, combined bid for audio, online and TV sports rights, which makes it harder for audio-only bidders - like talkSPORT - to compete. Given that the BBC has a pan-TV and radio budget for sports rights, it is unclear how it makes cost allocations to radio specifically. Our understanding is that the BBC has the ability to cross-subsidise its radio output from its TV budget.

Without introducing formal restrictions on BBC sports rights acquisitions, there is nothing to stop the BBC using this proposed change to the Operating Licence to bid for more exclusive, high-value rights to boost its reach. Ofcom should take this opportunity to more fully understand the BBC's Sports Rights policy.[19] This policy should be reviewed and clarified in order to limit the impact on competition for audio sports rights. We are particularly concerned about the BBC's growing tendency to seek exclusive rights, and by the BBC's ability to bid for rights on the basis that it can package coverage across its audio, TV and online services.

To protect competition in the downstream market for sports rights, the BBC must be forced to be more cognisant of the effect of its actions in the market for live audio rights. In addition,

[18] BBC, June 2022, BBC Group Annual Report and Accounts 2021/22, p. 183.
[19] We have previously engaged with Ofcom on the BBC's practice in bidding for audio sports rights. Ofcom, December 2018, Consideration of a request from Wireless Group Media (GB) Limited for Ofcom to launch a BBC Competition Review

restrictions should be placed on the BBC's ability to seek exclusive rights, such that public value added is put at the centre of such considerations, and bids for radio coverage must be clearly distinguishable from TV and online coverage.

The BBC has a duty to provide news and current affairs output for all audiences

In its request to Ofcom, the BBC said that news and current affairs "will remain the primary focus of 5 Live", that it has "no plans to make changes to our mid-week peak news programming", and that it will use any additional flexibility in the quota "at times where there is less audience appetite for news and current affairs audio consumption". It is unclear from its request how it defines audience appetite.

The fundamental duty of the BBC, as a service that aims to educate, entertain, and inform, is to make the popular good and the good popular. Ofcom has repeatedly identified younger audiences and those in lower socio-economic groups as demographics that the BBC is struggling to serve, given that those audience groups tend to give the BBC a lower satisfaction rating than others. In its latest Annual Report on the BBC, Ofcom stated that audiences in lower socio-economic groups are less satisfied with the BBC as a whole.[20]

More specifically, the BBC has struggled to reach audiences in lower socio-economic groups with its news and current affairs output. In its fifth annual report on the BBC, Ofcom's BBC Performance Tracker found that BBC news sources only reach 66% of DE adults, compared to 75% of adults in A, B, C1 and C2 groups, and that DE audiences are less likely than the UK average to positively view the BBC's delivery of 'news and information to help people understand what is going on in the UK and the world'.[21]

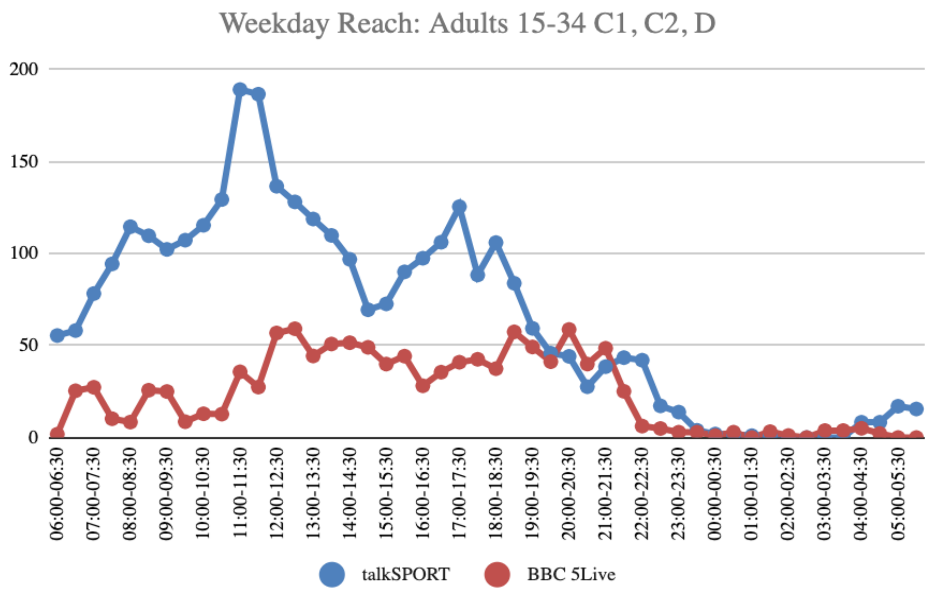
It is difficult to understand how reducing news and current affairs programming on BBC Radio 5 Live, which the BBC suggests is a key tool for reaching audiences in lower socio-economic groups with news and current affairs content, will help the BBC improve reach and satisfaction among those audience groups.

Figure 4 and Figure 5 show the reach amongst this target demographic during weekdays and weekends. The data show that in absolute terms, 5 Live's weekday daytime news output attracts just as many target listeners as its evening weekday sports output. This fact seems to run counter to the claim made by the BBC in its proposal that sports output was more highly demanded.

Figure 4 and Figure 5 also show the extent to which competitive scheduling of sports output by 5 Live directly reduces the available audience to talkSPORT. This is particularly clear in Figure 4, where the drop in talkSPORT's weekday audience is significant around the 7pm daypart, which is precisely where 5 Live begin their evening sports output.

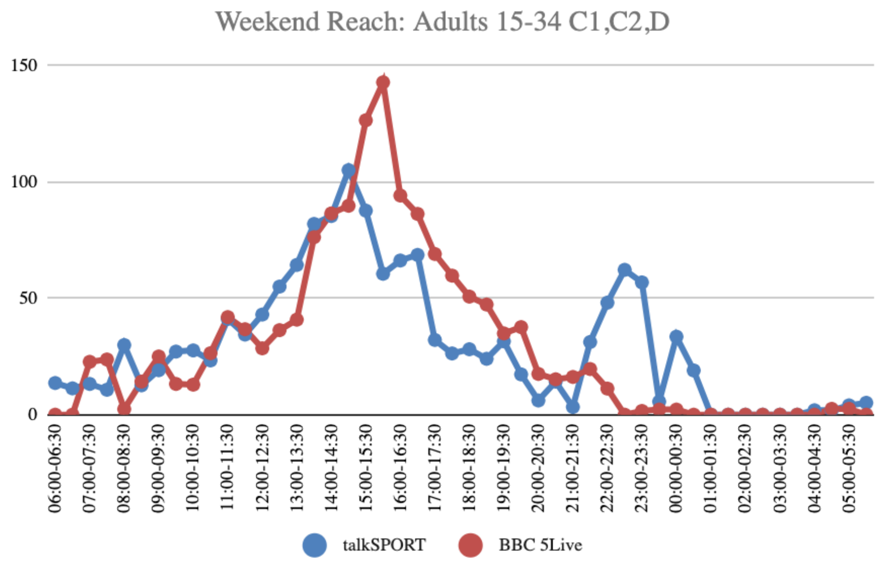
Figure 4: Weekday reach ('000) in the target demographic of young, C1C2D adults

[20] Ofcom, November 2022, Ofcom's Annual Report on the BBC 2021/22, p. 3.
[21] Ofcom, November 2022, Ofcom's Annual Report on the BBC 2021/22, p. 10



Source: RAJAR, quarterly, Q3 2022

Figure 5: Weekend reach ('000) in the target demographic of young, C1C2D adults



Source: RAJAR, quarterly, Q3 2022

In all, this change is likely to have a negative impact on the BBC's commercial rivals who already serve younger, C1C2D audiences, without helping the BBC to build a long-term relationship with this demographic, particularly in helping it serve these groups with news and current affairs content.

In its request, BBC states that the change to the quota will help it "better reach these underserved audiences, including younger audiences and those in the C1C2D groups". But it never expands on how it plans to use this specific change to help it better target those audience demographics. It is unclear how it will use the scheduling, tone or style of the extra sports content to help it target those audience groups.

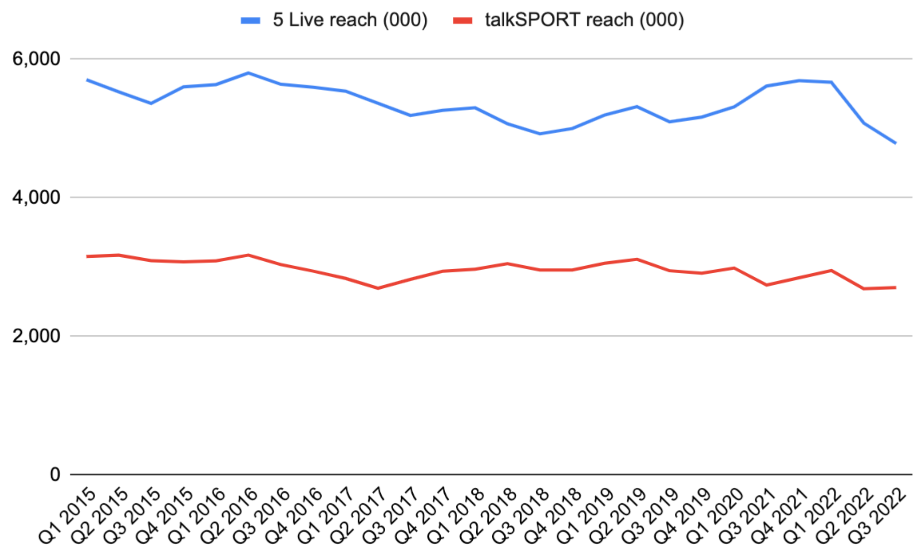
Notably, it does not appear from the BBC's request that it has tested this specific change with those audience groups via quantitative and/or qualitative market research studies. This is a surprising omission, given that better serving younger audiences and those in lower socio-economic groups is presented as the core argument for this quota change in the BBC's request and Ofcom's consultation. Rebuilding relationships with those demographics would likely require the BBC to conduct a more holistic, systematic review of its services and content to consider how it serves these audiences across all of its services, in line with Ofcom's upcoming thematic review.

Instead of serving more sports content, which would cut across commercial provision, perhaps the BBC should do more instead to better serve younger, C1C2D audiences with news and current affairs coverage on 5 Live that appeals to them, if that is where it wants to target those audience groups. It could of course - as it suggests in its request - use its sports content to attract younger audiences and those in lower socio-economic groups, and encourage them, once in the BBC ecosystem, to listen to additional content they would not otherwise have sought out, such as news and current affairs output. But there is no reason why it needs a change in the Operating Licence to do this.

There are alternative approaches the BBC could take to serve younger audiences in lower socio-economic groups, without harming competition in the market. For example, it could open up its platforms, such as BBC Sounds, to third party content providers that already have a relationship with these audience groups to attract them to BBC platforms. This would also allow the BBC to serve the audiences it finds harder to reach, without reducing the volume of news and current affairs coverage that it carries under the existing quota.

The BBC should be focused on strategically rebuilding its appeal to these audiences with its news and current affairs coverage. Instead, this request reads as a hasty reaction to recent falling listening figures; 5 Live's reach fell by 17.5% year-on-year in Q3 2022. It might suggest that 5 Live's focus on upping its sports coverage is borne of a desire to pull in audience volumes from all adults, and in particular the older demographic that commands the highest reach and average hours, as opposed to the specific demographic that the BBC says it wants to attract.

Figure 6: Reach to BBC 5 Live and talkSPORT, Q1 2015 - Q3 2022



Source: RAJAR, Q1 2015 - Q3 2022

Question 2

Do you agree with Ofcom's provisional assessment and its proposed changes to the Operating Licence for live music on BBC Radio 2, including the view that new live music is more valuable to audiences than repeats? If not, please explain why, providing appropriate supporting evidence where possible.

News Broadcasting does not have any comments on proposed changes to the Operating Licence for live music on BBC Radio 2 at this time.

Question 3

Do you agree with Ofcom's provisional assessment and its proposed changes to the Operating Licence for programmes of a national or regional interest? If not, please explain why, providing appropriate supporting evidence where possible.

News Broadcasting does not have any comments on proposed changes to the Operating Licence for programmes of a national or regional interest at this time.

January 2023

For any queries about our response, please contact Aoife Hyde, Public Policy Manager (aoife.hyde@news.co.uk).