

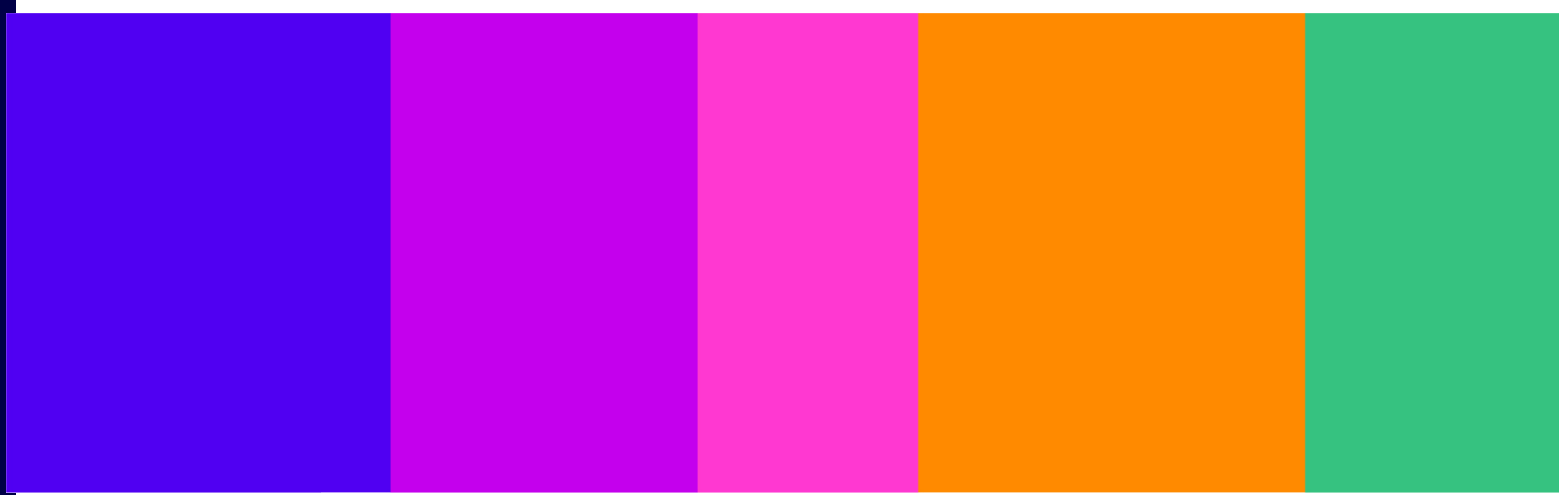
BBC Radio Cymru 2 competition assessment

Consultation on Ofcom's provisional
determination

Consultation

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1. Overview

- 1.1 The BBC has proposed to extend the number of originated Welsh-language hours offered by BBC Radio Cymru 2 so that it becomes a new UK Public Service. As required by the BBC Charter and Framework Agreement ('Agreement'), we are considering the BBC's proposal. Our role is to assess the impact of the BBC's proposals on competition and consider whether the public value justifies any adverse impacts that we identify.
- 1.2 Under the terms of the Agreement, our assessment must take the form of either a BBC Competition Assessment ('BCA') or a shorter assessment. At the end of September 2023, we announced our intention to proceed with a shorter assessment as we were satisfied that the BBC has provided potentially affected parties a suitable opportunity to comment on the proposal and that the nature of the market analysis the BBC had undertaken of the potential impact on competition was appropriate and proportionate. We also said we recognise the BBC's proposal has the potential to deliver public value by better serving audiences in Wales, particularly for Welsh speakers or individuals keen on listening to Welsh-language content. We set out our provisional conclusions of our shorter assessment in this document.
- 1.3 Alongside our assessment we have considered, if we approve the service, what Operating Licence conditions may be appropriate. We set this out in Section 7 of this document.

Our provisional conclusions – in brief

We agree that the proposal is likely to deliver additional public value for Welsh-language listeners, specifically by delivering personal value for those who are learning or less-fluent in the Welsh language aged 25-54, and by delivering social value through supporting the use and enjoyment of the Welsh language. We agree with the BBC's conclusions that the proposal should better serve audiences in Wales and provide a larger volume of Welsh-language content.

The proposal is unlikely to have a significant adverse impact on competition. We consider that the BBC has conducted a sufficiently robust assessment on the potential impact of this proposal. We agree that this proposal will likely have a negligible effect on most of the commercial radio stations that offer Welsh-language content. We do consider that this proposal could have an impact on the commercial radio station Capital Cymru but we think this impact will likely be low given the substantial differences in their content offerings.

Our provisional conclusion is that the BBC may proceed with its proposal. We consider that the additional public value for Welsh-language listeners justifies the potential impact on Capital Cymru.

We are consulting on three Operating Licence conditions for the new service if it is approved. To secure its contribution towards the delivery of Public Purpose 4, we propose requiring that the service contribute to the current conditions (4.51 and 4.52) that secure the delivery of content of interest and relevance and music of relevance to audiences in Wales. We also propose a condition on the delivery news bulletins daily and regularly Monday to Saturdays and daily news bulletins on Sunday to secure news content on the service. The BBC must also set out its plans for delivering news bulletins on the service and report to Ofcom its intended frequency of these.

The overview section in this document is a simplified high-level summary only. The proposals on which we are consulting and our reasoning are set out in the full document.

2. Background

Purpose of BBC competition assessments

- 2.1 The BBC's role is to act in the public interest, serving all audiences with content which informs, educates and entertains. We expect the BBC to make changes to its services to adapt to changes in technology and changing audience needs. However, as a large, publicly funded organisation, some changes that the BBC might wish to make could have a significant impact on competition in the wider media market.
- 2.2 It may have a positive effect by increasing choice, stimulating demand or encouraging sector wide innovation, for example. But in fulfilling its objectives, the BBC may also harm the ability of others to compete effectively; for example, by crowding out investment from third parties, with ultimately negative consequences for audiences. Because of this, the [Charter](#) and [Agreement](#), which set the BBC's Mission and duties, provides for Ofcom to consider the effects on competition of significant changes to the BBC's TV, radio and online public services.

The BBC's Public Interest Test process

- 2.3 Under the terms of the Agreement, the BBC must assess whether any proposed change to its UK public services is "material".¹ If it decides that a change is material, the BBC is then obliged to carry out a further assessment known as a Public Interest Test ('PIT') which is reviewed by the BBC Board. The PIT is a process used to assess the public value of a change and its impact on competition.
- 2.4 To meet the criteria set out in a PIT, the BBC Board must be satisfied that:
 - a) the proposed change contributes to the fulfilment of the BBC's Mission and the promotion of at least one of the Public Purposes;
 - b) reasonable steps have been taken to ensure the proposal will have no unnecessary adverse impacts on fair and effective competition; and,
 - c) the public value of the proposed change justifies any adverse impact on fair and effective competition.

The BBC's final proposals for BBC Radio Cymru 2

- 2.5 The BBC is proposing to extend the number of originated Welsh-language hosted hours broadcast on BBC Radio Cymru 2. It believes this would ensure audiences across Wales are better served having access to Welsh-language programming for the majority of their day and giving them the opportunity to listen to and learn more of the Welsh language. The proposed service would target Welsh speakers and individuals keen on listening to Welsh-language content between the ages of 25 to 54, particularly Welsh-language speakers with lower levels of fluency. The service would be broadcast across Wales using Digital Audio

¹ Agreement, Clause 7(5). As we set out in Annex 2, the Agreement defines a material change as the carrying out of any activity as a new UK Public Service; and any change to a UK Public Service which may have a significant adverse impact on fair and effective competition. Clauses 7(6) and 7(7) of the Agreement.

Broadcasting ('DAB'). It would also be available online through BBC Sounds and other online apps, smart speakers, and digital TV.

- 2.6 The BBC's plan for the service proposes:
- a) Extending the number of originated Welsh-language hosted hours from 25 to 61.5 hours per week.
 - b) A total station content and operating costs budget of £420,000 per annum, a £10,000 increase on BBC Radio Cymru 2's current budget. The BBC will fund the extension through the reprioritisation of funding from BBC Radio Cymru. The BBC states this will not impact the provision of the BBC Radio Cymru service.
 - c) A combination of presenter-led content and pre-recorded playlist shows. BBC Radio Cymru 2 would become an 18.5 hour a day radio station operating from 5.30am to midnight each day.
 - d) BBC Radio Cymru 2's language of presentation would be wholly Welsh and at least 50% of its music would be Welsh-language in aggregate and in each programming block.
 - e) News bulletins scheduled for 8am, 9am, 10am, 11am and midday.
- 2.7 The proposal does not impact our Operating Licence conditions for BBC Radio Cymru.

The BBC's final PIT

- 2.8 At the end of July 2023, the BBC published a [consultation](#) on its proposals for BBC Radio Cymru 2. Following this, the BBC published [the results of its PIT](#) on 27 September 2023 which set out its proposals in more detail and responded to stakeholder comments on its consultation.² This document confirmed the BBC Board's view "that all elements of the Public Interest Test are met" and that the proposed service "will contribute to the fulfilment of the Mission and the promotion of the Public Purposes, create high public value in Wales, and will not have a significant impact on fair and effective competition".³

Ofcom's role

- 2.9 If the BBC Board concludes that a PIT has been satisfied, Ofcom must carry out its own assessment of the proposal before a change can be implemented. We have published [guidance](#) on how we will assess the impact of proposed changes to the BBC's public service activities.
- 2.10 The Agreement divides Ofcom's work into two phases. During the initial phase, which must be completed in six weeks, Ofcom is required to:
- a) confirm whether the BBC proposal is material; and, if so
 - b) decide what form our assessment during the second phase should take.
- 2.11 We agree with the BBC that the extent of the change to BBC Radio Cymru 2's hours would require it to become a new UK Public Service, and hence the BBC's proposal is a material change to the UK Public Service.

² Responses from stakeholders to the BBC's consultation are published on the BBC's website; [BBC Board Decision on BBC Radio Cymru 2 Public Interest Test](#)

³ BBC Public Interest Test, 6.4 Our conclusions

Shorter assessment

- 2.12 Under the terms of the Agreement, our assessment must take the form of either a BBC Competition Assessment ('BCA') or a shorter assessment. In our guidance document, [Assessing the impact of proposed changes to the BBC's public service activities](#), we explain that:
- a) a BCA is more likely to be appropriate "where a proposal raises large, complex and/or particularly contentious issues, potentially involving a number of interested parties and ways in which there may be an adverse impact on fair and effective competition"; whereas,
 - b) a shorter assessment is likely if "there is a narrower range of issues to consider," for example where we consider the BBC's public interest test "adequately addresses all (or most) issues".
- 2.13 A competition assessment involves: (i) a review of the procedures the BBC has followed in its public interest test (including consultation with third parties); (ii) a review of the public value of the proposed change; (iii) an assessment of any adverse impact of the proposed change on fair and effective competition; and (iv) an assessment of whether the public value of the proposed change justifies any adverse impact of the proposed change on fair and effective competition.⁴ A shorter assessment considers the same four elements but we do not have to reach a conclusion on all of them.
- 2.14 Our guidance sets out factors we expected to consider in deciding which assessment was most appropriate, including:
- the thoroughness, quality and balance of the BBC's PIT;
 - the likelihood of an outcome other than unconditional clearance;
 - whether there is a separable element of the proposal giving rise to concern, while other elements give rise to few concerns; and
 - the proportionality of the resources required.
- 2.15 In a BCA there are four potential conclusions following our assessment: that the BBC may carry out the proposal; that the BBC may not carry out the proposal; that it may carry out the proposal subject to modifications or conditions; or that it must reconsider elements of the public interest test or follow such further procedures as we consider appropriate. The Agreement requires that, except in exceptional circumstances, the BCA be completed within six months.
- 2.16 The determination procedure for shorter assessments differs from that of a BCA. In this case, we may only conclude that the BBC may carry out a proposed change, or reconsider its public interest test, or follow such further procedures as we consider appropriate. However, it would be open for us to convert a shorter assessment into a BCA if it became appropriate. A shorter assessment must be completed in six months.
- 2.17 In September we [consulted](#) on our intention to undertake a shorter assessment of the BBC's PIT because we considered that the BBC has provided potentially affected parties a suitable opportunity to comment on the BBC's PIT and that the nature of the market analysis the BBC has undertaken of the potential impact of the proposed change on fair and effective competition is appropriate and proportionate.

⁴ The Agreement, clause 3 (a) to (d)

- 2.18 We received three responses from individuals. While they commented on the BBC's proposal, none provided comment on our intention to undertake a shorter assessment. We therefore have proceeded with a shorter assessment.
- 2.19 Our assessment is informed by the BBC's PIT, its economic modelling and the qualitative research commissioned by the BBC supporting its public value assessment. We have also taken account of the consultation responses to the BBC's PIT consultation, our own [consultation on our approach to the competition assessment](#), informal discussions with interested parties and additional analysis of RAJAR data.
- 2.20 Our consultation on this provisional determination will run for four weeks from 16 November to 5pm on 14 December 2023.

Operating Licence for the BBC's UK Public Services

- 2.21 The BBC's PIT has highlighted elements that the BBC considers will be important to deliver public value and distinctiveness. In addition, as well as consulting on our provisional determination that the public value of the proposal justifies any adverse impact on competition, we are also consulting on proposed changes to the [Operating Licence](#) that we consider it would be appropriate to impose in relation to BBC Radio Cymru 2 in the light of our duties if we approve the proposals in our final determination.⁵

⁵ Ofcom's function of setting conditions in the Operating Licence is set out in the BBC Charter at Article 46(3) and Clause 13 of the Agreement.

3. Market Context

Radio in Wales

- 3.1 Radio is popular in Wales, with more people tuning in for longer compared to the UK average. Live radio reaches 89.4% of people in Wales for an average of 21.2 hours each week. BBC radio is also more popular there than any other UK nation, reaching around six in ten adults in Wales (62.5%) compared to around half in England, Northern Ireland and Scotland (55.8%, 54.8% and 51.9% respectively). Conversely, reach of commercial radio is lower in Wales than any other UK nation.⁶
- 3.2 BBC UK-wide radio in particular is more popular in Wales than the rest of the UK, although the same is not true for the BBC nations' stations. A majority of people in Wales (56.8%) listen to BBC UK-wide stations each week, particularly BBC Radio 2 and BBC Radio 4, while 15.8% listen to BBC Radio Wales (12.2%) and BBC Radio Cymru/Cymru 2⁷ (3.9%). This is lower than the reach of equivalent English-language stations in Northern Ireland (BBC Radio Ulster) and Scotland (BBC Radio Scotland), but higher than the average across all BBC local radio stations serving regions in England.⁸

Figure 1: Weekly reach, market share and average hours of listening in Wales

	Weekly reach (000s)			Weekly reach (%)			Market share (%)			Average hours		
	Q3 '22	Q2 '23	Q3 '23	Q3 '22	Q2 '23	Q3 '23	Q3 '22	Q2 '23	Q3 '23	Q3 '22	Q2 '23	Q3 '23
All radio	2,401	2,313	2,350	90.2	88.0	89.4	-	-	-	22.1	20.9	21.2
BBC radio	1,739	1,698	1,644	65.4	64.6	62.5	54.5	53.7	47.9	16.6	15.3	14.5
BBC UK-wide radio	1,604	1,561	1,492	60.3	59.4	56.8	46.3	44.5	40.2	15.3	13.8	13.4
BBC nations/regions	446	441	417	16.8	16.8	15.8	8.2	9.2	7.7	9.7	10.1	9.3
Total BBC Radio Wales/Cymru/2	409	423	398	15.4	16.1	15.1	8.0	8.6	7.4	10.4	9.8	9.2
BBC Radio Wales	298	341	321	11.2	13.0	12.2	5.1	6.0	5.3	9.0	8.5	8.3
BBC Radio Cymru/2	131	110	102	4.9	4.2	3.9	2.9	2.6	2.0	11.8	11.5	9.9

⁶ RAJAR Q3 2023; BBC Local Radio in England TSA; BBC Radio Ulster TSA; BBC Radio Scotland TSA; BBC Radio Wales TSA; six-month weighting.

⁷ The current BBC Radio Cymru 2 opt-out service is not included as a separate station on RAJAR, so references to BBC Radio Cymru/Cymru 2 include both stations.

⁸ Ibid.

	Weekly reach (000s)			Weekly reach (%)			Market share (%)			Average hours		
Commercial radio	1,682	1,662	1,756	63.2	63.2	66.8	43.4	45.2	50.6	13.6	13.1	14.4
UK-wide commercial	1,204	1,205	1,293	45.3	45.9	49.2	23.0	24.2	27.7	10.1	9.7	10.7
Local commercial	1,080	1,024	1,107	40.6	39.0	42.1	20.3	20.9	22.9	10.0	9.9	10.3
Other radio	295	139	155	11.1	5.3	5.9	2.1	1.1	1.5	3.8	3.7	4.8

Source: RAJAR; BBC Radio Wales Total Survey Area (TSA)

- 3.3 Since its launch in 2018 as an opt-out service from BBC Radio Cymru, BBC Radio Cymru 2 has targeted Welsh-language listeners aged 25-54 years old. Forty-five per cent (44.5%) of radio listeners in Wales fall into this age bracket, but this drops to just over a third for the BBC Radio Cymru/Cymru 2 audience (36%).⁹
- 3.4 Radio listening in Wales is more evenly split between analogue (33.0% of hours) and DAB (37.6%) compared to the rest of the UK. Online listening still accounts for the majority of the remaining hours, with a greater proportion taking place over smart speakers compared to the rest of the UK: 17.2% of total radio listening in Wales compared to the UK average of 13.8%.¹⁰

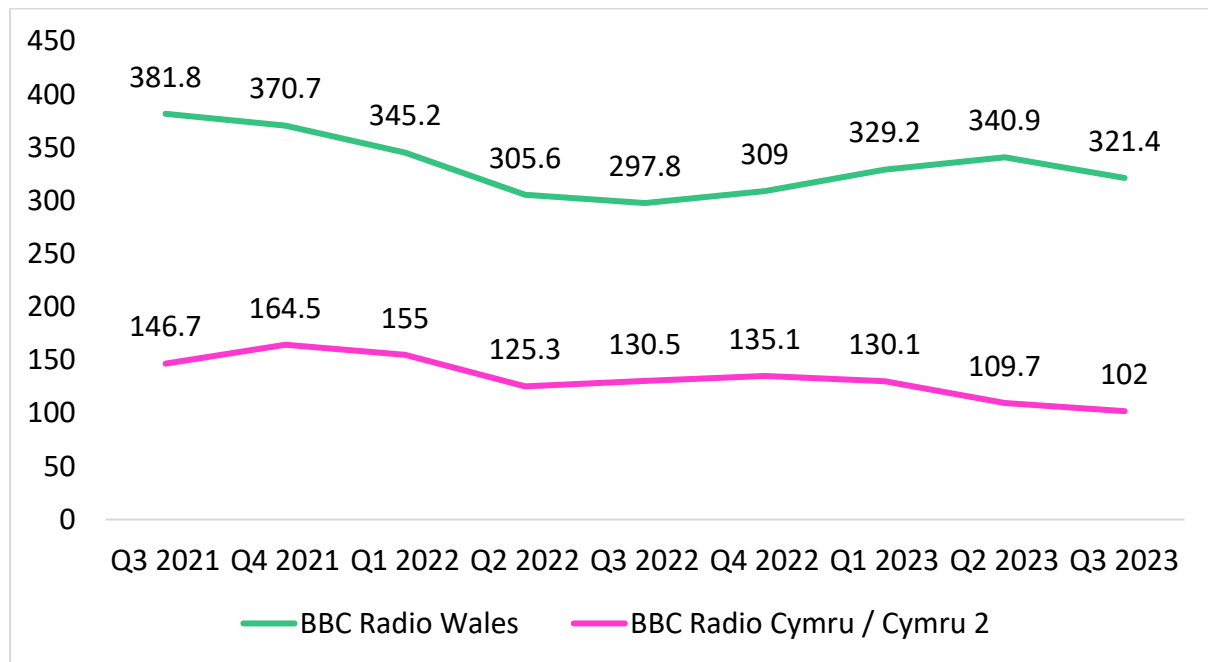
BBC nations' radio stations in Wales

Weekly reach of BBC Radio Cymru/Cymru 2 has declined in recent quarters, reaching 147,000 adults in Quarter 3 of 2021 and 102,000 adults in Q3 of 2023.

⁹ RAJAR Q3 2023; BBC Radio Wales TSA

¹⁰ Ibid.

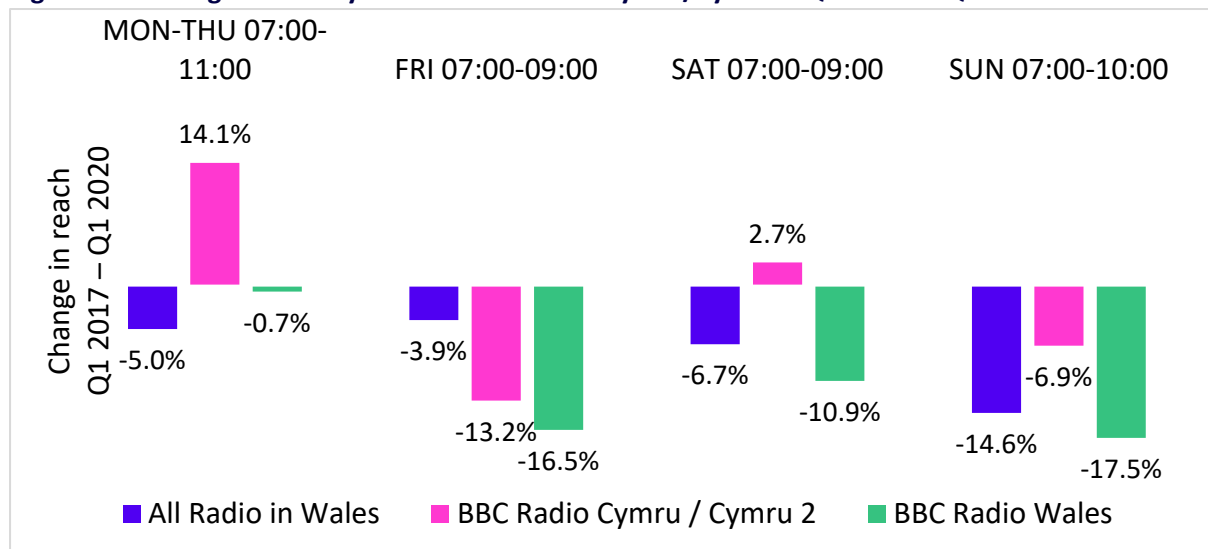
Figure 2: Weekly reach (000s) of BBC Radio Wales and BBC Radio Cymru/Cymru 2



Source: RAJAR. Note: BBC Radio Cymru 2 is not included as a separate station on RAJAR. Please note that all RAJAR listening figures from Q3 2021 have been calculated using a modified survey methodology and this should be considered when making comparisons against historical data.

3.5 Changes in radio listening habits during lockdown and the new RAJAR methodology make longer trend comparisons difficult, so to look at the impact of the launch of BBC Radio Cymru 2 we calculated the change in reach from before the launch of BBC Radio Cymru 2 in January 2018 and Q1 2020. Against the backdrop of declining reach of all radio, Figure 3 shows the reach of BBC Radio Cymru/Cymru 2 increased by 14.1% in one of the four timeslots where BBC Radio Cymru 2 currently broadcasts its originated content and by a marginal 2.7% in another slot.

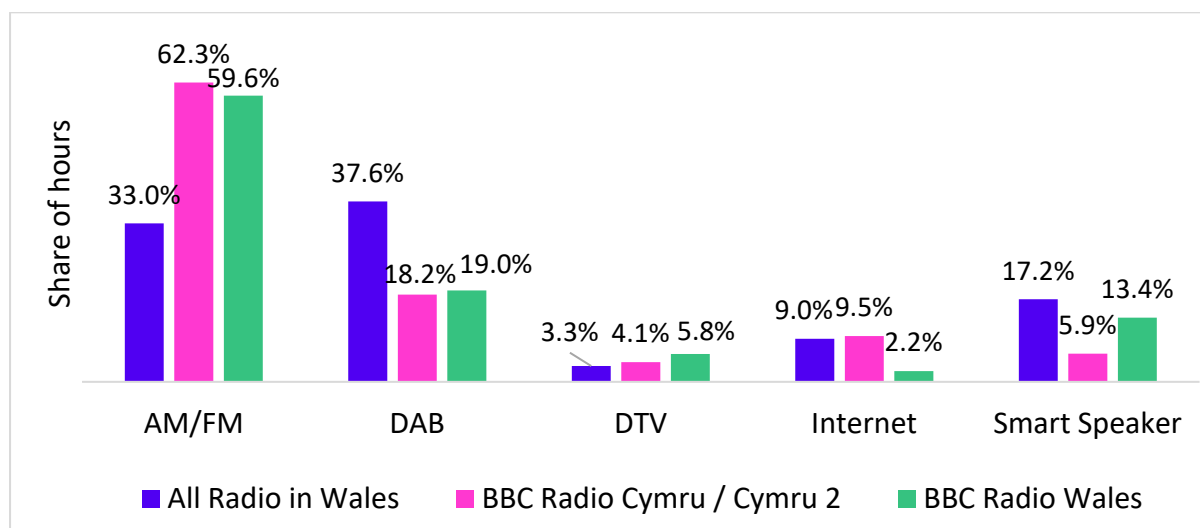
Figure 3: % change in weekly reach of BBC Radio Cymru/Cymru 2 Q1 2017 vs Q1 2020



Source: RAJAR Q1 2017 (pre-BBC Radio Cymru 2) vs Q1 2020 (pre-lockdown listening and RAJAR methodology change); six-month weighting; BBC Radio Wales TSA

3.6 The majority of listening to these BBC radio stations is on AM/FM. However, nine out of ten homes (92.2%) and 78.1% of major roads in Wales are covered by BBC DAB services.¹¹ Additionally, eight in ten homes (82.6%) and 60.9% of major roads are covered by local DAB services.¹² According to Ofcom’s [Technology Tracker](#), the majority of households in Wales (61%) have a DAB radio set either at home or in the car. So, although BBC Radio Cymru 2 is not available on AM/FM, most people should be able to listen to it on DAB. BBC Radio Cymru 2 is also on BBC Sounds, other online apps, smart speakers, and digital TV.

Figure 4: Radio listening in Wales by platform and station



Source: RAJAR Q3 2023; BBC Radio Wales TSA

Welsh language radio services

3.7 There are currently 13 radio stations providing Welsh-language programming with only one broadcasting across Wales – BBC Radio Cymru, which includes the BBC Radio Cymru 2 opt. If approved, BBC Radio Cymru 2 would become the second Welsh-language station to broadcast across Wales on DAB.

3.8 As well as the BBC’s Radio Cymru and BBC Radio Cymru 2, there are five commercial radio stations that broadcast some hours of Welsh-language content.¹³

- Capital Cymru
- Capital North West and North Wales
- Greatest Hits Radio South Wales
- Radio Carmarthenshire
- Radio Pembrokeshire

3.9 There are also six community radio stations in Wales that provide varying levels of programming in the Welsh language.

- BGFm Gwent

¹¹ Ofcom [Media Nations Wales Report 2023](#)

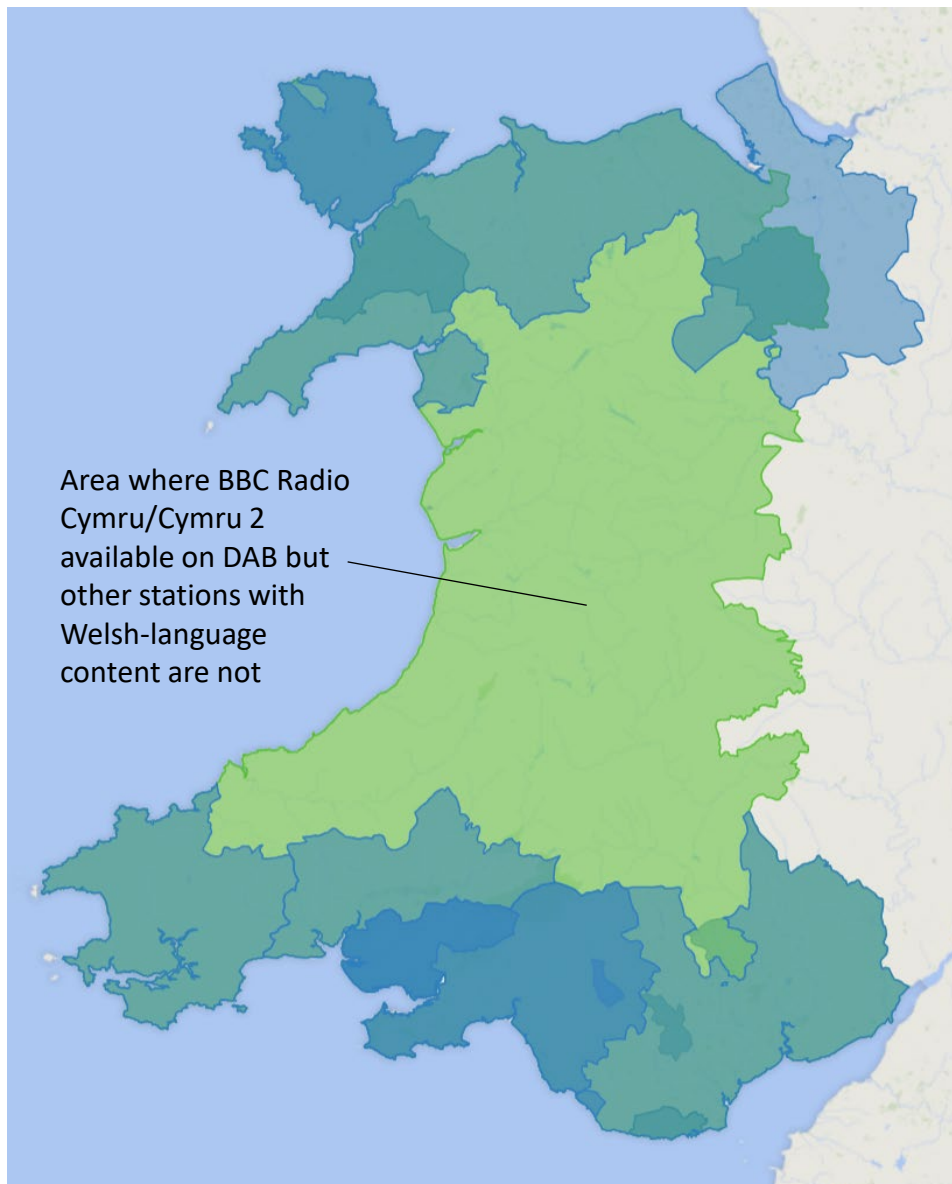
¹² Ibid

¹³ Nations Easy Radio (Swansea) also must regularly reflect Welsh culture and language under its broadcasting licence. Capital Cymru and Capital North West and North Wales are called Capital Caernarfon and Capital North Wales Coast in their broadcasting licences.

- BRO Radio Barry
- Calon FM Wrexham
- GTFM Pontypridd
- Mon FM Anglesey
- Rhondda Radio

3.10 The smaller commercial stations, Welsh-language commercial stations and community stations do not subscribe to the RAJAR industry survey and so we are not able to measure their audience reach. However, we have included a map below representing the distribution of the radio coverage of commercial and community stations that provide some programming in the Welsh-language across Wales on DAB. While BBC Radio Cymru and BBC Radio Cymru 2 will be available across Wales there are areas where commercial and community stations are not available (a representation of this area is shown in light green on the map below).

Figure 5: Geography of Welsh-language community and commercial radio services available



Source: Ofcom/Mediatel mapping. Note: BBC Radio Cymru/Cymru 2 TSA shown in light green, approximate coverage of other stations providing some programming in the Welsh language shown in blue / dark green where overlapping

4. Our review of the BBC's public value assessment

Background

- 4.1 When developing its proposals, the BBC must satisfy itself that any changes to its public services contribute to the fulfilment of its mission and the promotion of one or more of its Public Purposes, which are:

Purpose 1: To provide impartial news and information to help people understand and engage with the world around them;

Purpose 2: To support learning for people of all ages;

Purpose 3: To show the most creative, highest quality and distinctive output and services;

Purpose 4: To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom; and

Purpose 5: To reflect the United Kingdom, its culture and values to the world.

How we have approached reviewing the BBC's assessment of public value

- 4.2 Under the Agreement, it is for the BBC to secure the effective fulfilment of its mission and promotion of its Public Purposes, and therefore it has responsibility to shape the public value aspects of the proposal. Our role is to review the BBC's public value case. As such we are principally testing and reviewing the BBC's assessment of the proposed change, rather than conducting our own analysis.¹⁴
- 4.3 In this section, we summarise the approach that the BBC has taken to its assessment of public value and the evidence that it has put forward to support the value it believes the service will provide, noting where relevant the views of stakeholders. We also identify the main factors that we have considered in reviewing the public value likely to be generated by the BBC's proposal, as well as our view overall on the case that the BBC has made.
- 4.4 Accordingly, we have not sought to determine whether the BBC could have delivered greater public value by changing aspects of its proposal. Instead, we have considered whether the analysis conducted by the BBC is reasonable, robust and objective, and whether the interpretation of the evidence is credible. We have not conducted our own additional research, although we have drawn on relevant existing research and data that we hold.
- 4.5 In this section, we have taken into account the factors set out in our guidance, insofar as we consider them to be relevant to our analysis for a shorter assessment. We reasoned in proposing a shorter assessment that "the BBC's proposal has the potential to deliver public

¹⁴ [BBC Radio Cymru 2: Public Interest Test Submission](#)

value by better serving audiences in Wales, particularly for Welsh speakers or individuals keen on listening to Welsh-language content”.¹⁵ While we have not carried out as detailed a review as a full BCA would require, we have reviewed every area of public value the BBC identified.

The approach that the BBC has taken

- 4.6 The BBC has examined the benefits of the proposal around the three groupings of public value:
- a) Individual value;
 - b) Societal value; and
 - c) Industry value.
- 4.7 The PIT concludes that increasing hours for BBC Radio Cymru 2 will result in high public value. The BBC considers that the proposed new service will deliver value for money for Welsh-language audiences, increase audience reach, provide a greater volume of Welsh-language content, encourage take-up of the Welsh language, and support the Welsh language music industry.
- 4.8 The evidence for the BBC’s assessment of public value is based on RAJAR data, qualitative audience research the BBC commissioned from Oxygen Brand Consulting in 2021, and 11 responses to the BBC’s consultation on the proposal, as well as analysis of the market and artists played on Capital Cymru and BBC Radio Cymru 2.

The public value of the proposal

The BBC’s view

- 4.9 The BBC has laid out the benefits of extending BBC Radio Cymru 2’s originated hours for its audiences, the Welsh community and the Welsh language music industry within its public value framework. It identifies five areas where public value will occur. We consider each of these in this section.

Better serving audiences in Wales

- 4.10 The BBC identifies 25-54 year old Welsh-language listeners, particularly those with lower levels of fluency in Welsh, as the target audience of the proposed service. This has been the target audience for BBC Radio Cymru 2 since its launch as an opt-out of BBC Radio Cymru in 2018.¹⁶ This also includes C2DE audiences within this age group who the BBC also recognises it needs to better serve. It contends that, under the proposal, this target audience will have access to more hours of high-quality Welsh-language programming throughout the week at a low additional cost.
- 4.11 The BBC argues that BBC Radio Cymru 2’s proposed broadcasting hours will only overlap with Capital Cymru which broadcasts to Gwynedd, Anglesey and North Wales Coast.¹⁷ The

¹⁵ [Our consultation](#) on our initial assessment

¹⁶ BBC PIT, 4.4.1 Our value for money hypothesis

¹⁷ BBC PIT, 4.4.1 Our value for money hypothesis

five other commercial stations that have Welsh-language programming broadcast Welsh-language programming outside peak listening time.¹⁸

- 4.12 The BBC points to support for the proposed service from most stakeholders who responded to its consultation. In welcoming the proposal, these stakeholders highlighted the lack of variety, provision of and competition in Welsh-language programming and agreed with the BBC that the proposed service would meet the needs of underserved audiences. We note that one stakeholder responding to the BBC's consultation, the National Voluntary Youth Organisation (Urdd Gobaith Cymru), argued 18 to 25 year-olds could benefit from the new service.¹⁹ As set out above, our role is to review the BBC's public value case as the BBC has submitted it to us rather than determine whether the BBC could have delivered greater public value by changing aspects of its proposal.

Our view

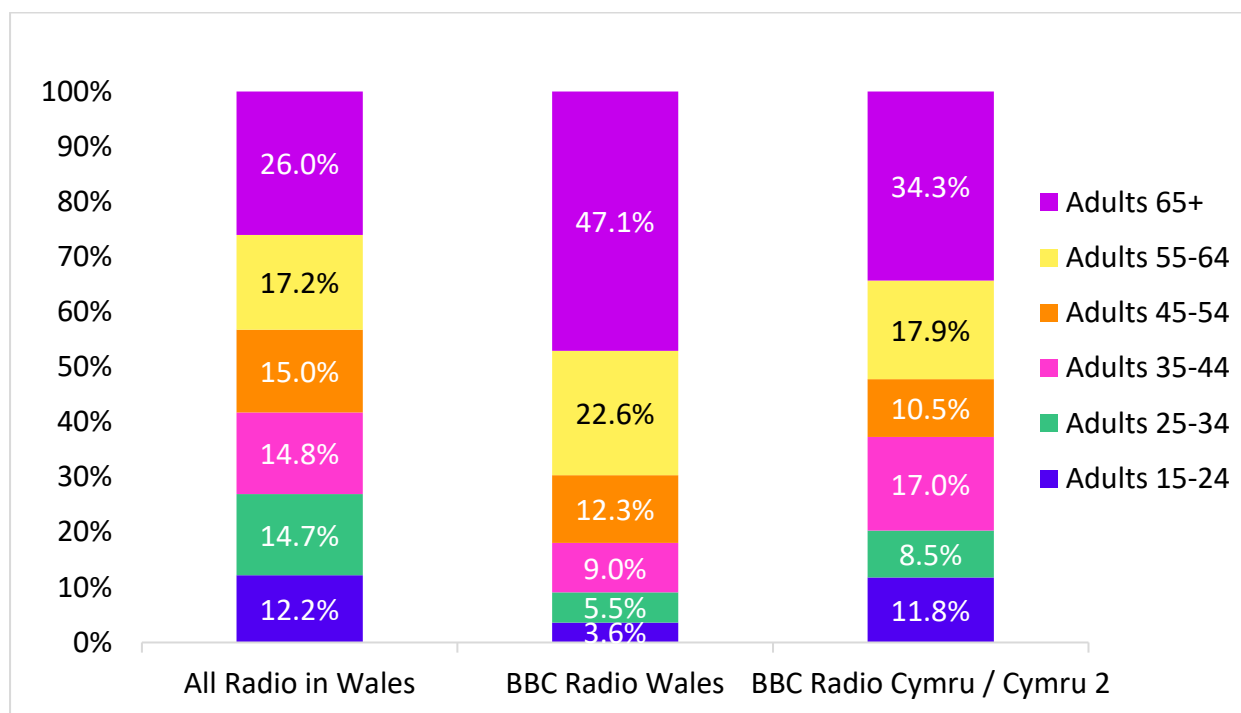
- 4.13 We agree with the BBC's assessment that the proposal for increased hours on BBC Radio Cymru 2 would better serve audiences in Wales. The offer will differ substantially from the current programming on BBC Radio Cymru, which includes a mix of music and entertainment programmes but also includes news and current affairs, factual, sport, art, and religious programmes. The high proportion of Welsh-language music proposed, from a diverse range of Welsh-language artists including a 'new music' category will be a key aspect of the service. This focus on Welsh-language music provides an opportunity for the BBC to engage a different Welsh-language audience to BBC Radio Cymru, and in doing so should support Welsh-language listeners in the targeted younger age demographic who want to engage with Welsh-language radio and music in particular.
- 4.14 Our analysis of RAJAR data confirms that individuals living in Wales aged 25-54, which the BBC is targeting, are likely underserved by the existing BBC Radio Cymru service compared to older groups. In particular, we note that 44.5% of radio listeners in Wales are aged 25-54, but only 36.0% of BBC Radio Cymru/Cymru 2's listeners are in that age range.²⁰

¹⁸ Peak listening time means 6-10am and 4-7pm on Mondays to Fridays and 7-11am on Saturdays and Sundays. Radio Carmarthenshire and Radio Pembrokeshire both broadcast a Welsh-language programme from 9-10pm on Sundays. Greatest Hits Radio South Wales broadcasts Welsh content from 10pm-1am on Sunday to Thursday. Capital North West and North Wales has Welsh-language programming from 5-6am Monday to Friday.

¹⁹ [Response to BBC consultation from National Voluntary Youth Organisation \(Urdd Gobaith Cymru\)](#)

²⁰ Please note we are unable to isolate Welsh-speakers in RAJAR so this analysis refers to listeners in the 25-54 age group.

Figure 6: Age profile of radio audiences in Wales



Source: RAJAR Q3 2023; BBC Radio Wales TSA

4.15 The proposal should also see people living outside the more densely populated parts of Wales better served. Our analysis in Section 3 shows that commercial and community stations do not cover all of Wales, and particularly in large parts of the less densely populated rural areas. While there are parts of Wales without digital reach, and the proposed service will not be available on AM/FM, increasing the hours of BBC Radio Cymru 2 will increase the Welsh-language content for those who live in areas that have digital or DAB reach, but are not covered by commercial stations that present some of their programming in Welsh or play Welsh-language music. It will also provide additional Welsh-language music programming at times when commercial stations are not broadcasting in the Welsh language.

4.16 We also welcome the BBC’s commitment to simulcast regular news bulletins from the BBC Radio Cymru service. The BBC has set out a schedule of daily simulcasted bulletins that could deliver increased social value for audiences against Public Purpose 1.²¹ We also consider that regular daily news bulletins could bring additional personal value to the target audience, who are less likely to tune into BBC Radio Cymru and are therefore currently receiving less news in Welsh. The change will increase the number of news bulletins within the extended hours of BBC Radio Cymru 2’s originated content.

Increased volume of Welsh-language content

4.17 The BBC argues that by extending BBC Radio Cymru 2’s originated hours, listeners will be better served by having a greater choice of Welsh-language programming with music from a broader range of Welsh-language artists.²² Stakeholders responding to the BBC’s consultation agreed, noting the opportunity for a greater variety of more innovative programming. Some stakeholders felt that BBC Radio Cymru 2 should play more than a

²¹ BBC PIT, Annex 2: Summary of Radio Cymru 2’s schedule under proposed extension

²² BBC PIT, 4.8.1 Our hypothesis on the volume of Welsh content

minimum of 50% Welsh-language music. Radiocentre suggested the proposed service could match the 66% level reached by BBC Radio Cymru.²³ The Association of Welsh Translators and Interpreters (Cymdeithas Cyfieithwyr Cymru) also advocated for more than 50% to differentiate it from commercial radio stations and support the Welsh-language music industry.²⁴

- 4.18 Oxygen Brand Consulting carried out research in 2021 on behalf of the BBC to test different mixes of Welsh-language and English-language music on the BBC Radio Cymru 2 opt. Participants preferred a 50%/50% mix of Welsh- and English-language music over the other options. In particular, those coming from less fluent backgrounds said they would struggle to listen to a service with a higher proportion of Welsh-language music.
- 4.19 Radiocentre expressed their concern about future changes to BBC Radio Cymru 2, such as incorporating more English speech-programming or extending music mix playlists, and the process in which these changes would be undertaken if this extension was approved.²⁵ Radiocentre also requested that Ofcom confirms new Operating Licence conditions for BBC Radio Cymru 2 similar to those that apply to BBC Radio Cymru in order to hold the BBC to account for meeting its public service obligations.

Our view

- 4.20 We consider that the additional hours of Welsh-programming proposed for BBC Radio Cymru 2 should provide Welsh-language listeners with a distinctive service and greater choice. We are satisfied that providing a minimum of 50% Welsh-language music for all programming blocks (both the presenter-led and the playlist shows) and in the aggregate as well as 100% Welsh speech is likely to deliver personal and social value for people in Wales interested in Welsh-language content and contribute to the delivery of Public Purpose 4. We consider that these proportions would offer a distinctive service and meet the expectations of the target audience, in particular the less fluent Welsh-speakers and those that are keen to develop their learning of the Welsh language. See section 7 for consideration of Operating Licence conditions.

Welsh language take-up

- 4.21 The BBC states the proposal will result in more listeners being exposed to the Welsh language and therefore will encourage the take-up of the Welsh language particularly by individuals with lower levels of fluency in Welsh.²⁶ The BBC further contends that the extension aligns with the Welsh Government's language strategy action plan to create 1 million Welsh speakers by 2050.²⁷
- 4.22 The BBC points out that the overall number of individuals speaking Welsh is declining, although within the target demographic for the proposed service those aged 20-44 are slightly more likely to speak Welsh in 2021 compared to 2011, while those aged 45-64 roughly equally as likely to speak Welsh. Findings from the BBC's research showed that audiences wanted BBC Radio Cymru 2 to be inclusive and that a mix of English- and Welsh-

²³ [Response to BBC consultation from Radiocentre](#)

²⁴ [Response to BBC consultation from Association of Welsh Translators and Interpreters \(Cymdeithas Cyfieithwyr Cymru\)](#)

²⁵ [Response to BBC consultation from Radiocentre](#)

²⁶ BBC PIT, 4.8.1 Our Welsh language take-up hypothesis

²⁷ [Cymraeg 2050: Welsh language strategy action plan 2022 to 2023](#), Llywodraeth Cymru Welsh Government, 22 March 2022

language music was the best option for encouraging listening among new or less fluent Welsh speakers.

- 4.23 Most stakeholders responding to the BBC’s consultation agreed that BBC Radio Cymru and BBC Radio Cymru 2 are important for bringing Welsh-language learners the type of content they need to become more familiar with the language. Some stakeholders made specific reference to the 25-54 age group as the one that needs to be specifically targeted in order to encourage the use of the Welsh language.
- 4.24 Stakeholders also agreed that the proposal will support Welsh-language communities and promote the growth of the language. They highlighted how the opportunity to consume more hours of Welsh-language speech and Welsh-language music radio content could prove to be an important pillar in supporting wider public initiatives to improve take-up.

Our view

- 4.25 The Welsh language is a significant distinguishing characteristic of the people of Wales. We agree that the proposal has the potential to support Welsh-language speakers those keen to improve their fluency particularly if the programming is used and enjoyed by listeners as an additional resource to assist their learning. We agree that expanding hours of BBC Radio Cymru 2 should provide more Welsh-language content targeted towards younger individuals, with lower levels of fluency, that BBC Radio Cymru attracts fewer of and caters to less.

Increasing audience reach

- 4.26 The BBC contends the proposal has the potential for reaching more individuals across Wales, especially those within its stated target group. Overall, the BBC estimates the proposed service could reach between 30,000 and 50,000 weekly listeners within three years, an uplift of between 7,500 and 27,500 listeners.²⁸ If approved, the Welsh-language presented music programming offer will be available across Wales and overlap with only one other commercial Welsh-language service, Capital Cymru. The BBC accepts that the proposal would likely have some impact on Capital Cymru listeners but also highlights that audiences are likely to come from the existing BBC Radio Cymru service.
- 4.27 Stakeholders responding to the BBC’s consultation agreed that the proposal could attract new, younger audiences but also raised concerns that some areas of mid-west Wales are still without digital reach. The BBC recognises these concerns stating that the budget allocated to the proposed service will not cover an extension to the existing coverage of BBC Radio Cymru 2.²⁹ However, the BBC points out that most areas in Wales are already covered, with nine out of ten homes (92.2%) and 78.1% of major roads in Wales are covered by BBC DAB services.³⁰

Our view

- 4.28 We agree that the increase in hours may mean the proposed service can reach new audiences and therefore see some uplift in the future. We consider that this would increase public value by bringing targeted Welsh-language content to audiences not already accessing this, or accessing less of it than they would be without the service.

²⁸ BBC PIT, 4.6.2.2 Further research & evidence

²⁹ BBC PIT, 3.4.3 Our final proposal

³⁰ [Ofcom Media Nations: Wales 2023](#)

- 4.29 Figure 3 in Section 3 indicates that the launch of BBC Radio Cymru 2 as an opt in 2018 did not materially increase the reach of BBC Radio Cymru and BBC Radio Cymru 2. We also note that more recently, following the increase in radio listening during the Covid-19 lockdown, the reach of BBC Radio Cymru and BBC Radio Cymru 2 has been in decline; this is discussed further in Section 5.
- 4.30 While the proposed service has the potential to reach and serve new Welsh-language listeners, given we expect the service might draw most of its increased listenership from BBC Radio Cymru that has seen overall listening decline, we therefore would not expect there to be a material increase in overall audience reach of the BBC's Welsh-language radio stations.

Supporting Welsh-language music recording industry

- 4.31 The BBC suggests that by showcasing more music from a wider range of existing and emerging contemporary Welsh-language artists, awareness of these artists and their music will improve among a wider population and as a result could support downstream sales and streams from these artists, as well as encourage listeners to attend their concerts and gigs as they become more prominent.³¹ The BBC states that the proposed service will therefore have an indirect and beneficial impact on the Welsh-language recording industry.
- 4.32 Some stakeholders responding to the BBC consultation supported this conclusion stating that more Welsh-language playing time on BBC Radio Cymru 2 should stimulate the creation of more original music in Welsh, which would benefit the industry and other commercial stations. They also noted that the proposed service could nurture new broadcasting talents and create new opportunities for listeners to hear a range of Welsh voices.
- 4.33 Some concerns were raised by Radiocentre and the Association of Welsh Translators and Interpreters (Cymdeithas Cyfieithwyr Cymru) about the promotion of non-Welsh language music on the proposed service and they questioned how this would support the Welsh-language recording industry.

Our view

- 4.34 While much of the evidence relies on qualitative and anecdotal evidence, including from stakeholders, we consider it is reasonable to expect that additional broadcasting of Welsh-language music may have a positive impact on the Welsh-language recording industry, by encouraging more people to listen to and purchase the work of Welsh language artists, to attend their gigs and to support the development of new talent. However, without quantitative evidence or modelling it is not possible to estimate the value of this potential industry impact.

Additional public value

- 4.35 Our competition assessment guidance sets out that the BBC should assess changes to public value that result from the BBC's proposal. We expect it to include a qualitative consideration of the *additional* public value associated with the proposal and clearly articulate how it contributes to the distinctiveness of the BBC.³² In doing so the BBC should recognise that other services (both BBC and non-BBC) also provide public value, and so it is the overall

³¹ BBC PIT, 4.7.1 Our hypothesis on the Welsh-language music recording industry

³²Our guidance, paragraph 5.28

change in public value as a result of the proposal that is relevant whether there is any adverse impact on competition.³³

Potential forgone public value in other BBC activities

- 4.36 The BBC considers that there will be no detrimental impact on the BBC's overall offer to audiences if some budget is diverted from BBC Radio Cymru to fund the proposal, given the relatively small additional amounts required. The BBC stated that the proposed £10,000 additional cost for hours more than doubling on the proposed service represents 2.4% of BBC Radio Cymru 2's current budget of £410,000, and less than 0.25% of the total annual BBC Radio Cymru budget of £4.7m.³⁴
- 4.37 The BBC has highlighted that audiences are likely to come from BBC Radio Cymru. However, the BBC contends that this is unlikely to have a negative impact on public value. It argues that, if the proposed service is approved, the Welsh-speaking audience and in particular the younger, less fluent target audience will have two distinctive radio services to choose from and therefore this audience will ultimately be better served.

Potential forgone public value in non-BBC services

- 4.38 The BBC acknowledges that commercial radio can also be a source of public value and, in this context, Welsh-language radio in particular.³⁵ It considers that the proposed changes are likely to impact Capital Cymru's audience, but unlikely to result in it being crowded-out of the market. It considers the proposal is unlikely to have any adverse impact on other Welsh-language commercial radio. The BBC believes on balance the proposed service will not have an adverse impact on other radio stations' incentives to invest in Welsh-language content and considers that commercial incentives to extend Welsh-language radio in future are limited. The BBC also believes any impact on the public value of Capital Cymru, which has limited geographical coverage, is outweighed by the increase in net public value delivered by the expansion of BBC Radio Cymru 2 across Wales.

Our view

- 4.39 We agree that the proposal will generate additional public value. Given the distinctive nature of BBC Radio Cymru 2 relative to other stations, BBC Radio Cymru 2 could attract new listeners to Welsh-language radio content which would contribute towards an increase in public value.
- 4.40 There may be foregone public value when consumers switch from another BBC service and/or BBC reduces spend on existing services as a result of the proposal. In this case:
- a) We agree that the additional budget for BBC Radio Cymru 2 would not have a significant impact on BBC's overall ability to offer its services to audiences since it represents a small proportion of BBC Radio Cymru's overall budget.
 - b) We expect the proposed service might draw most of its increased listenership from BBC Radio Cymru, and so there is likely to be some foregone in public value of BBC Radio Cymru. However, these listeners will gain additional personal value from listening to BBC Radio Cymru 2.

³³ Our guidance, paragraph 5.29

³⁴ BBC PIT, 4.9.1 Potential forgone public value in other BBC activities

³⁵ BBC PIT, 4.9.2 Potential forgone public value in non-BBC services

- c) Some of the increased listenership will come from other commercial and community radio stations, and this can also be a source of foregone public value. We consider that the limited overlap in Welsh-language scheduling (see paragraph 4.11) and the distinctive nature of content on BBC Radio Cymru 2 will likely mean that BBC Radio Cymru 2 will largely complement any public value that is delivered by commercial and community radio stations.³⁶

Provisional conclusion

- 4.41 As we said in our consultation on our approach, we recognise that the proposal has the potential to deliver significant public value for listeners of Welsh-language content and those interested in the Welsh language. In this shorter assessment we have not carried out as detailed a review as a full BCA would require, however we have reviewed every area of public value the BBC assessed. Overall, we consider that the BBC's conclusions on the additional public value the proposal could deliver are reasonable.
- 4.42 On the basis of the BBC's submission, our view is that the proposal should offer audiences in Wales a distinctive new service providing more content in the Welsh language. This new service is likely to contribute to significant public value particularly in personal value to people with an interest in Welsh-language content, and specifically those who are learning or less-fluent in the Welsh language aged 25-54. We also consider that the proposed service could deliver wider social value by supporting the use and enjoyment of the Welsh language. While it is reasonable for the BBC to expect that the proposed service could also contribute to supporting the Welsh-language music industry, how much it could benefit is uncertain.

Securing the public value of the proposals

- 4.43 Our assessment of the public value case that the BBC has made is based on what it has committed to in its PIT. As set out in Section 7, should we reach a final determination in line with our provisional conclusion we propose to put in place some Operating Licence conditions to hold the BBC to account for key aspects of the proposals.

Question 1: Do you agree with the findings from our review of the BBC's assessment of the public value of the Proposals? Please provide evidence to support your views.

³⁶ The BBC has not considered the impact of this proposal on community radio stations (see Section 3). These community radio stations typically have smaller audiences and limited geographic coverage, but they do provide public value to their listeners. However, similar to commercial stations, our analysis indicates there is limited overlap in the scheduling of Welsh-language content on these stations with the proposed scheduling of this content on BBC Radio Cymru 2.

5. Our assessment of the potential market impacts

- 5.1 In accordance with our duties under the Charter and Agreement, we are required to make an assessment of the potential impact on fair and effective competition of the changes proposed by the BBC.
- 5.2 As a large publicly-funded organisation which operates across the television, radio and online sectors in the UK, the launch of a new service by the BBC could have an impact on the degree of competition in the radio sector.
- 5.3 This impact may be positive and stimulate demand and/or encourage innovation. However, in fulfilling its objectives, there is also risk that the BBC may harm the ability of others to compete effectively. For example, an adverse impact on competition could arise if commercial operators' revenues and profits reduce to such an extent that it undermines their willingness to invest in new services or in improving the quality of their existing services. It may also result in some commercial operators ceasing to provide services or being deterred from entering the market, if it is no longer profitable to do so. This example could harm audiences in the long run by reducing choice, quality or innovation.³⁷
- 5.4 In this section, we consider the BBC's analysis of the market impacts of the proposal and conclude whether we consider the proposal is likely to have an impact on fair and effective competition. We then conclude in Section 6 on the overall impact of this change, balancing the benefits to this change against the impact on fair and effective competition.

The BBC's conclusions on market impact

- 5.5 The BBC's assessment considers the possible impact of its proposal on fair and effective competition. The BBC concludes that the proposals for BBC Radio Cymru 2 will have:
- An insignificant impact on commercial local and network radio in aggregate in Wales;
 - A negligible impact on those stations with some Welsh-language programming: Capital North West & Wales (North Wales Coast opt), GHR South Wales, Radio Pembrokeshire or Radio Carmarthenshire; and
 - Some potential impact on Capital Cymru, but not to the extent of crowding out Capital Cymru.
- 5.6 In light of this, the BBC concludes that the increased hours will not have an adverse impact on fair and effective competition on other commercial Welsh-language radio or other commercial radio in Wales.

³⁷ Crowding out is not the only way in which the BBC can harm competition – for example, there is a risk that BBC activity may cause harmful impacts on services elsewhere in the UK media supply chain.

How we approached our assessment

- 5.7 As discussed in our initial assessment,³⁸ we have chosen to undertake a shorter assessment because we consider that the BBC has carried out an appropriate market analysis to support its proposal. We also stated that any further analysis by Ofcom on the potential market impacts would unlikely provide any additional evidence on the impact of the proposal on fair and effective competition. We did not receive any stakeholder responses to our initial assessment on this area.
- 5.8 As such, we have not conducted any further detailed analysis on the potential impact of BBC's proposal within this preliminary determination. Instead, we have assessed whether the BBC has conducted a reasonable, complete and objective assessment.³⁹ In particular, we have considered whether the BBC has provided sufficient evidence to support its conclusions and whether the BBC has considered a sufficient number of factors in relation to the potential impact of this proposal on relevant commercial operators. As part of this, we have also supported our assessment by engaging in informal discussions with stakeholders and drawing on relevant existing research and data that we hold.
- 5.9 We first consider the BBC's assessment on the impact of extending BBC Radio Cymru 2's hours on radio services within Wales as a whole and we then move on to BBC's assessment of the impact on radio services with Welsh language propositions.

Share of audience listening

The BBC's assessment

- 5.10 The BBC's proposal considered the impact on all radio listening in Wales as well as on Welsh language radio listening to determine whether extending the hours of Radio Cymru 2 will have an impact on fair and effective competition.
- 5.11 The BBC sets out in Annex 4 of its PIT the data limitations and assumption it used to inform its market impact assessment. It notes there are limitations in obtaining robust estimates for BBC Radio Cymru 2 and the other radio stations with Welsh language propositions including Capital Cymru. For example, RAJAR does not currently report separately on BBC Radio Cymru 2 as an opt-out and does not currently collect any data for Capital Cymru.
- 5.12 To inform its estimates, the BBC has instead relied on observed changes to listening habits on BBC Sounds as a result of the increase in opt hours in October 2022 from 15 to 25 hours. Based on this, the BBC expects that the proposed extension of BBC Radio Cymru 2's hours will likely attract more listeners.
- 5.13 The BBC estimates that BBC Radio Cymru 2's existing reach in Q2 2023 is 22,460 and listening per listener is 6.61 hours per week.⁴⁰ Under its original plans, the BBC expects the proposed service to reach between 30,000 and 50,000 weekly listeners, (an uplift of between 7,500 and 27,500 listeners) with an average of 7.5 hours per listener per week;

³⁸ [Our consultation](#) on our initial assessment

³⁹ Our guidance, para 5.13.

⁴⁰ BBC PIT, section 5.1 Uplift Radio Cymru 2's reach and share of listening.

although it expects 30,000 within three years to be the more realistic estimate and it acknowledges an overall trend of declining radio listening.⁴¹

Figure 7: BBC’s estimated uplift in listening for BBC Radio Cymru 2

	Existing	Expected (Lower bound)	Expected (Upper bound)
Reach	22,460	30,000	50,000
(% of Wales)	(0.9%)	(1.1%)	(1.9%)
Listening, total hours	148,500	225,000	375,000

Source: Figure 6: Estimated uplift in Radio Cymru 2 reach and listening, BBC PIT.

5.14 The BBC concludes these uplift estimates are insignificant given the total radio listening in Wales and therefore that the potential impact on commercial local and network radio in Wales overall is negligible.⁴²

Our view

5.15 The potential impact of this proposal on listening habits is inherently difficult to assess due to the uncertainties in predicting how and to what extent listeners will react to the proposed increase in service hours. This is especially the case if there are already uncertainties in relation to the existing listening figures for BBC Radio Cymru 2.

5.16 We do however expect that the increase in hours for the proposed BBC Radio Cymru 2 service will likely attract more listeners to this service. We note that this is consistent with BBC’s previous observations on listening habits when the BBC increased the number of opt hours for BBC Radio Cymru 2 from 15 to 25 hours in October 2022.

5.17 We also agree that the likely impact of this increase will be small relative to the overall audience figures in Wales. As discussed in Section 3, total reach of BBC Radio Cymru / Cymru 2 has remained relatively flat following the launch of BBC Radio Cymru 2 in 2018 and there has been a decline more recently. We would therefore not expect the increase in service hours to lead to a material increase in audience figures relative to the overall audience figures for Wales.

Impact on Welsh-language in radio in Wales

The BBC’s assessment

5.18 The BBC considered the impact of its proposal on other Welsh-language radio stations in Wales. The BBC predicts it is highly probable that any increase in audience for the proposed Radio Cymru 2 service will largely come from existing BBC Radio Cymru listeners. The BBC supported this by showing that listening to BBC Radio Cymru did not increase significantly after the increase in opt hours in 2022 and total combined BBC Radio Cymru / Radio Cymru 2 has remained stable over time (2-3% of listening).

⁴¹ BBC PIT, section 5.1 Uplift Radio Cymru 2’s reach and share of listening.

⁴² BBC PIT, section 5.2.2 All radio listening in Wales – broad competition set

- 5.19 The BBC recognises that the proposed change to BBC Radio Cymru 2 will likely have a larger impact on a narrower list of competitors that offer Welsh language propositions than those competitors that offer non-Welsh content. These include Capital Cymru, Capital North West and North Wales, Greatest Hits Radio South Wales, Radio Carmarthenshire, and Radio Pembrokeshire.
- 5.20 The BBC assessed the potential impact of the change on these radio stations by considering the overlap in relation to (i) broadcast hours, (ii) geographic broadcast coverage areas, (iii) scale of Welsh-language offer (i.e. length and frequency of Welsh-language programmes); and (iv) type of Welsh-language content (e.g. speech vs music). With the exception of Capital Cymru, the BBC noted that BBC Radio Cymru 2's proposed originated programming hours do not overlap with other commercial Welsh-language radio stations.⁴³ The BBC therefore concludes that the proposal will have a negligible impact on these other radio stations that broadcast Welsh-language content. It therefore focused its analysis on Capital Cymru.⁴⁴
- 5.21 The BBC further expects that the proposed service may have an indirect impact on commercial providers that offer content for Welsh audiences but on other platforms. However, it does not expect the impact to be significant as these platforms are not directly substitutable to radio services. As such, the BBC did not consider this any further in its assessment.

Impact on Capital Cymru

- 5.22 The BBC did not quantitatively model the impact of its proposal on Capital Cymru due to the lack of reliable information on the specific reach to, and listenership of, Capital Cymru and BBC Radio Cymru 2. As such, the BBC has examined other factors in relation to the three considerations above.
- 5.23 The BBC considers that, although there is an overlap in the scheduling of BBC Radio Cymru 2 and Capital Cymru, there are a number of factors mitigating the impact on the latter station.
- a) **Distribution platform:** As BBC Radio Cymru 2 is proposed to be a digital-only service, the BBC considered any potential diversion is most likely to come from Capital Cymru's digital listeners and not affect their AM/FM listeners.
 - a) **Target audience:** The BBC considers that the target audience of BBC Radio Cymru 2 and other commercial radio stations that offer Welsh language propositions (including Capital Cymru) is different. For example, BBC Radio Cymru 2 targets listeners between the ages of 25-54 while the BBC notes that Capital branded stations primarily target listeners aged 16-34.⁴⁵
 - b) **Content.** Under the proposals, BBC Radio Cymru 2 will broadcast a higher percentage (at least 50%) Welsh language music than Capital Cymru (23.5%). Capital Cymru also relies on a rotation of a small number of Welsh-language artists whereas Radio Cymru 2's playlist will be more diverse. As such BBC Radio Cymru 2 will likely appeal to different audience segments.

⁴³ Capital North West and North Wales (North Wales Coast opt) GHR South Wales, Radio Pembrokeshire and Radio Carmarthenshire also provide Welsh-language programming but schedules do not overlap with the extended originated programming on BBC Radio Cymru 2.

⁴⁴ BBC PIT, section 5.4 Potential diversion of listening from Welsh-language commercial radio

⁴⁵ Data on Capital Cymru is not available but the BBC notes that 48% of Capital's UK listeners are between the ages of 15-34. BBC PIT, Section 5.5.3 Target audience.

- 5.24 The BBC has further assessed the impact of its change on investment incentives for Capital Cymru. The BBC notes that Capital Cymru is broadcast across Gwynedd, Anglesey and parts of North Wales Coast, where there is the highest density of Welsh speakers. This coverage in the highest density areas suggests that Capital Cymru has limited commercial incentives to extend Welsh-language provision in the future and therefore the dynamic impact is considered by the BBC to be negligible.
- 5.25 The BBC concludes that, as part of Global Media Group, Capital Cymru could benefit from the economies of scale and scope this offers, and considers it is unlikely that the BBC's proposal will result in Capital Cymru exiting the market due to the existence of group cost advantages and the ability to cross-subsidise from the wider group.⁴⁶

Our view

- 5.26 We agree that the impact of this change will likely have a greater potential impact on commercial radio stations that offer Welsh-language content than other commercial radio stations. This is because Radio Cymru 2 is likely to be a closer substitute for these stations. These include Capital Cymru, Capital North West and North Wales, Greatest Hits Radio South Wales, Radio Carmarthenshire, and Radio Pembrokeshire. As such, we have focused on the impact of this proposal on these radio stations below.
- 5.27 We consider that the impact of this proposal on these commercial radio stations will depend on the overlap in timeslots where Welsh-language content is broadcast, and depend on the similarities in Welsh-language programming and frequency/usage of the Welsh language. We consider that other factors are also important including the overlap in broadcast areas, target audience and the type of radio distribution platform (such as AM/FM, digital, and internet).
- 5.28 With the exception of Capital Cymru, the proposed change to the schedule of BBC Radio Cymru 2 does not overlap with the Welsh language programming of these radio stations. Therefore, we do not consider that the change will have a significant impact on these stations.⁴⁷ In addition, we note there are significant differences in their content offerings and target audience. For example, Greatest Hits Radio South Wales only offers a Welsh presented programme from 10pm to 1am from Sunday to Thursday where music is played in English.
- 5.29 We do consider, however, that this proposal will likely have a relatively larger impact on Capital Cymru than those other commercial radio providers given that the expanded schedule of BBC Radio Cymru 2 will overlap with Welsh-language programming on Capital Cymru. It is difficult to predict how and to what extent Capital Cymru listeners might change their listening habits in response to the extended hours on BBC Radio Cymru 2. However, we agree that the above factors identified by the BBC will likely mitigate the potential impact on Capital Cymru. For instance, BBC Radio Cymru 2 offers a higher proportion of Welsh music across all time slots (at least 50%) than Capital Cymru (around 25%). BBC Radio Cymru 2 also offers a larger number of Welsh artists (up to 159 within its general playlist) and more recent

⁴⁶ BBC PIT, section 5.6.6 Conclusions on our potential impact on Capital Cymru

⁴⁷ We recognise that the availability of on-demand listening means that there is the potential for this change to have an impact on these stations even if the timeslots do not overlap. However, we have not seen any evidence to suggest that this is significant and we note that other factors, discussed further in this paragraph, could further limit the potential impact.

music tracks (core playlist does not generally include tracks before 2010) whereas Capital Cymru relies on a rotation of a smaller number of Welsh language artists.⁴⁸

- 5.30 Given these factors, we consider that any impact on Capital Cymru’s listening – and therefore revenues – is unlikely to be significant and likely to be limited. We agree that the proposal is unlikely to result in Capital Cymru exiting the market or significantly reducing investment in this service.
- 5.31 In terms of stakeholder responses to the BBC on the potential impact of this proposal on fair and effective competition, we note that no Welsh-language radio station (including Capital Cymru) submitted a concern on this issue. Radiocentre, did express a concern in relation to the distinctiveness of BBC Radio Cymru 2’s content (especially in relation to music being played at peak hours relative to other commercial providers) and the relatively lower Welsh content mix (50%) relative to BBC Radio Cymru (66%). The BBC addressed this concern in their PIT by clarifying that 50% is a minimum across its broadcast slots and that its audience research supported a lower language split than BBC Radio Cymru. We also address this in more detail in Section 4 above.
- 5.32 We have also considered the extent to which stakeholders are intending to invest in Welsh language content. For this, we are not aware of any major future plans from stakeholders to invest in Welsh content and we have also not received any concerns from stakeholders in relation to the impact of this proposal on their investment plans.

Provisional conclusion

- 5.33 We consider that the BBC has conducted a sufficiently robust assessment of the potential impact of this proposal on fair and effective competition.
- 5.34 We agree that this proposal will unlikely have an impact on most commercial radio stations that offer Welsh-language content due to the fact that the increase in service hours does not overlap with their broadcast of Welsh-language content.
- 5.35 We do consider that this proposal could have a relatively larger impact on Capital Cymru but we consider that this impact (and the degree of crowding out) will likely be limited given the considerable differences in their content offerings. In particular, we note that the Welsh language programming is significantly different where BBC Radio Cymru 2 offers a higher percentage of Welsh music and a wider pool of Welsh artists.
- 5.36 Overall, we consider that the proposed changes are unlikely to have a significant adverse impact on fair and effective competition.

Question 2: Do you agree with our assessment of the likely impact of the proposals on fair and effective competition? Please provide evidence to support your views.

⁴⁸ Capital Cymru relies on a small number of Welsh-language artists such as Bryn Fon, Elin Fflur, Yws Gwynedd and Al Lewis, and to a lesser extent Meinir Gwilym, Yr Ods, Fleur De Lys and Swnami.

6. Our provisional conclusions

- 6.1 In this shorter assessment we have assess whether the public value of the proposal justifies any such adverse impact on fair and effective competition we have identified.
- 6.2 In reaching our provisional determination, we have had regard to the objective of the BBC to fulfil its Mission and promote the Public Purposes as well as our relevant duties under the Communications Act 2003 and the Charter and Agreement, including those concerning protection of fair and effective competition and support for public service media.
- 6.3 In reaching our provisional conclusions, we have exercised our judgment, taking into account the available evidence from the BBC’s PIT, our own analysis and data, as well as information and views offered by stakeholders to the BBC and our consultation.

Provisional determination

- 6.4 Overall, we consider that the BBC’s conclusions on the additional public value the proposal could deliver are reasonable. The proposal will provide more content in the Welsh language and to a different audience to that of existing services. We consider that the proposal has the potential to provide additional public value to Welsh-language listeners in the form of additional Welsh-language output. This would provide more content for less-fluent Welsh-language listeners and those who have an interest in learning the Welsh language.
- 6.5 We consider that the proposed changes are unlikely to have a significant impact on fair and effective competition. We consider that the BBC has conducted a sufficiently robust assessment of the market impacts of its proposal, and we agree that it will unlikely have an impact on radio in Wales overall and on the vast majority of commercial radio stations that offer Welsh-language content. We do consider that this proposal could have a relatively larger impact on Capital Cymru, but we consider that this impact (and the degree of crowding out) will likely be limited given the considerable differences in their content offerings.
- 6.6 Given the impact is likely to be limited to Capital Cymru and unlikely to result in this radio station being crowded out, and there could be significant public value to Welsh-language listeners, we have provisionally concluded that the additional public value justifies the limited adverse impact on fair and effective competition. Our provisional determination is therefore that we approve the BBC’s proposal.

Question 3: Do you agree with our provisional conclusion that the public value associated with the BBC’s proposals justifies the adverse impact on fair and effective competition that we have identified? Please provide evidence to support your views.

7. Operating Licence conditions

Our approach

- 7.1 Under the Charter and Agreement, Ofcom is required to set an [Operating Licence for the BBC's UK Public Services](#). The Operating Licence contains a set of regulatory conditions that Ofcom considers appropriate for requiring the BBC to fulfil its Mission⁴⁹ and promote the Public Purposes,⁵⁰ to secure the provision of distinctive output and services and that audiences across the UK are well served.⁵¹ The Agreement creates obligations on Ofcom to set certain licence conditions for the BBC, and enables us to impose such further regulatory conditions as we consider appropriate for requiring the BBC, in carrying out the UK Public Services, to fulfil the Mission and promote the Public Purposes, and to secure that the audiences in the UK's nations are well served.⁵² We can amend the Operating Licence following consultation with the BBC and any person we consider appropriate. We have regard to the "procedures for setting and amending the Operating Licence" in proposing the conditions in this consultation.⁵³
- 7.2 In 2023 we published a new modernised Operating Licence that gives the BBC greater flexibility to demonstrate how it is delivering for audiences as well as incorporating new requirements for the BBC's online services. It also requires the BBC to set out specific information in its Annual Plan and Annual Report, including plans to deliver a level of certain output, so that the BBC is more transparent about how it is delivering for audiences.
- 7.3 In the light of our provisional determination that the BBC should be permitted to extend the hours of BBC Radio Cymru 2 so that it becomes a new UK Public Service, we have considered, and are consulting on here, what Operating Licence conditions ('conditions') are appropriate in the light of our duties and the requirements of the Charter and Agreement (see further Annex A1: Legal Framework). In considering this, we have had particular regard to Public Purpose 4. This is because we consider in our shorter assessment that the proposal would offer audiences in Wales a distinctive new service providing more content in the Welsh language and is likely to contribute significant personal public value to people with an interest in Welsh-language content; specifically, those who are less-fluent in the Welsh language aged 25-54. We also consider that the proposed service could deliver wider social value by supporting the use and enjoyment of the Welsh language.

⁴⁹ 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 (article 5 of the Charter).

⁵⁰ The Public Purposes of the BBC are 1) to provide impartial news and information to help people understand and engage with the world around them; 2) to support learning for people of all ages; 3) to show the most creative, highest quality and distinctive output and services; 4) to reflect, represent and serve the diverse communities of all of the UK's nations and regions and, in doing so, support the creative economy across the UK; and 5) to reflect the UK, its culture and values to the world (article 6 of the Charter).

⁵¹ As required by article 46 of the Charter

⁵² Agreement, clause 13

⁵³ [Procedures for setting and amending the BBC Operating Licence \(ofcom.org.uk\)](#)

Proposed amendments to the Operating Licence

Serving audiences in Wales

- 7.4 The service aims to provide more content in the Welsh language, reach new Welsh-language listeners (in particular those who are less-fluent and aged 25-54), support their learning of the Welsh-language, increase the volume of Welsh content and benefit the Welsh language music industry from listeners' increased exposure to Welsh-language music. In doing so, the proposal will contribute towards Public Purpose 4; reflecting, representing and serving the diverse communities of all the UK nations and regions and support the creative economy across the UK, and more specifically better serve Welsh-language listeners. The Welsh language is a significant distinguishing characteristic of Wales that is underserved by radio broadcasters.
- 7.5 Our Operating Licence for the BBC contains a condition on all services specifically for audiences in Wales to provide content of interest and relevance to audiences in Wales (condition 4.51). We also have a condition on providing music of particular relevance to audiences in Wales on all services that provide music specifically for audiences in Wales (condition 4.52). This is because this content is important to the delivery of Public Purpose 4 for people in Wales. As a new service specifically for people in Wales we propose that it should also contribute to the delivery of these conditions.

The proposed conditions are:

4.51 In relation to each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Wales, BBC Two Wales, BBC Radio Wales, BBC Radio Cymru and **BBC Radio Cymru 2**, the BBC must provide content of interest and relevance to audiences in Wales, including a broad range of content which reflects Wales' culture.

4.52 In complying with condition 4.51, in relation to each of BBC Sounds, BBC Radio Wales, BBC Radio Cymru and **BBC Radio Cymru 2**, the BBC must provide music of particular relevance to audiences in Wales.

News

- 7.6 In its PIT, the BBC states that BBC Radio Cymru 2 will have news bulletins at 8am, 9am, 10am, 11am, and midday,⁵⁴ and it has confirmed to Ofcom that audiences will also hear news bulletins scheduled in content simulcast from BBC Radio Cymru. Simulcast output is part of BBC Radio Cymru's service delivery. Our review of the BBC's public value assessment acknowledges that this will make news more available to Welsh-language radio listeners as it increases the number of news bulletins within the extended hours of BBC Radio Cymru 2's originated content.
- 7.7 The BBC plays an important role in keeping audiences across the UK informed with up to date and accurate news. Providing high quality, trusted and accurate news is central to the BBC's remit and the promotion of Public Purpose 1. Because of the important role of news, we decided to retain our conditions on news and current affairs output in our new modernised Operating Licence to ensure it is readily available and accessible to audiences.

⁵⁴ BBC PIT, section 3.3.1.3 Our final proposal

- 7.8 In our Operating Licence, UK public radio services are subject to providing news bulletins ‘regularly at frequent intervals throughout the day’.⁵⁵ We reviewed the BBC’s proposed schedule for BBC Radio Cymru 2 which consists of a mix of originated content, simulcast content from BBC Radio Cymru and pre-recorded playlists that are at least 50% Welsh-language music. Scheduling of these has been selected so that the station is delivering music and entertainment programming throughout the day in the Welsh language. Broadcasting majority Welsh-language music is a distinctive feature of the service and including majority Welsh-language music playlists in the content mix provides additional distinctive Welsh-language content. In doing so it provides an alternative to Welsh-language content on BBC Radio Cymru and an opportunity to better serve a different Welsh-language audience to BBC Radio Cymru, who are currently underserved by commercial radio. As previously stated, there is no commercial radio station broadcasting wholly in Welsh with majority of Welsh-language music across Wales.
- 7.9 The use of playlists means there would be periods where news bulletins are not simulcast to BBC Radio Cymru 2 listeners during the day on Sunday and weekday afternoon drive-time. At these times BBC Radio Cymru is mostly broadcasting genres other than music and entertainment;⁵⁶ so simulcasting would not serve its listeners better because it would alter the genre-mix and nature of BBC Radio Cymru 2.⁵⁷
- 7.10 We propose setting an Operating Licence condition to secure news bulletins on the service with an exception to frequency for only this proposed service to take account of the periods in BBC Radio Cymru 2’s schedule where news bulletins become less frequent. Instead, we propose to set a reporting requirement on the BBC to set out in its Annual Plan how it will deliver news bulletins on BBC Radio Cymru 2. We propose this must include the expected frequency of news bulletins and it must inform Ofcom if there is significant change in the year to these timings.
- 7.11 Regularity of news bulletins for this service would mean throughout the day Monday to Saturday and in the morning on Sundays. We propose simulcasting news bulletins are permissible in delivering this condition.

The proposed conditions are:

4.58A. In respect of **BBC Radio Cymru 2**, the BBC must ensure that it provides daily and regular news bulletins Monday to Saturday and daily news bulletins on Sunday.

....

4.67. The BBC must publish annually, at the same time as it publishes its Annual Plan, the steps it plans to take during the Financial Year to which the Annual Plan relates to provide content of interest and relevance to audiences in Scotland, in Wales, in Northern Ireland and in the regions of England, including any Significant Changes it plans to make in that year and the and the reasons for those changes.

4.68 In complying with condition 4.67, the BBC must include the following:

....

⁵⁵ Except BBC Radio 4 and BBC Radio 5 Live which are subject to different news conditions.

⁵⁶ On Sunday classical and traditional music programming is broadcast on BBC Radio Cymru 10am-noon and 8-9pm

⁵⁷ BBC PIT, Annex 3 Welsh language weekly programming schedule

4.68.8 its plans to deliver news on BBC Radio Cymru 2. As part of this explanation, the BBC must set out planned frequency of news bulletins.

Other considerations

- 7.12 We have considered whether it would be appropriate to impose any other Operating Licence conditions on the proposed service at this stage.
- 7.13 The proposed service's presentation will be wholly in the Welsh language. We considered whether a specific condition on the percentage of the service presented in the Welsh language was needed as we agree with stakeholders that this is important to the distinctiveness of the service. However, if we approve the BBC's proposals, the BBC is required to add BBC Radio Cymru 2 to its list of services that the BBC maintains within Schedule 1 of the Agreement. The BBC has confirmed to Ofcom that if the service is approved its description will include presentation of programming 'in the Welsh language'. We therefore do not consider it necessary to also have a separate Operating Licence condition that seeks to secure this.
- 7.14 We considered whether a specific condition on the proportion of speech at breakfast peak (07:00-08:30am) is appropriate for the radio station; similar to conditions 4.36 and 4.37.⁵⁸ Since its launch in January 2018 BBC Radio Cymru 2 has operated a mix of speech and music at breakfast peak to provide an alternative choice to the all-speech breakfast peak news service available on BBC Radio Cymru. In doing so, BBC Radio Cymru 2 looks to serve a different audience of Welsh-language listeners.⁵⁹ For the proposed service to be accessible to the target audience of listeners with low levels of fluency in the Welsh language and ensure it serves them better, we consider a mix of music and speech is more accessible to them than all speech breakfast peak programming. We therefore propose that, if the service is approved, we will not impose an all-speech at breakfast peak quota on BBC Radio Cymru 2. This offer is already available to Welsh-language listeners on BBC Radio Cymru. We consider that a mix of speech and music would better serve the needs of the target audience for the proposed service, who have lower levels of fluency in the Welsh language.
- 7.15 We considered whether to impose a condition on the percentage of Welsh-language music played on the proposed service. In its PIT, the BBC has committed to at least 50% of music on the service being in the Welsh-language both in aggregate and across each programming block.⁶⁰ As we explain Section 4, we believe, if approved, this will be a key aspect of the service's distinctive charter and in better serving the needs of its target audience. We would therefore expect the BBC to regularly monitor the proportion of its Welsh-language music output on the service, as it already does for BBC Radio Cymru,⁶¹ to ensure it is delivering against its public commitment and so it can readily respond to an information request by Ofcom on the performance of the service. As such, we do not propose to impose a condition on the percentage of Welsh-language music on the proposed service. However, we would

⁵⁸ Operating Licence conditions 4.35 and 4.36 place a condition for 100% speech content during breakfast peak on BBC Radio Scotland, BBC Radio nan Gàidheal, BBC Radio Wales, BBC Radio Cymru, BBC Radio Ulster, and BBC Radio Foyle.

⁵⁹ [The countdown begins - BBC Radio Cymru 2 takes to the airwaves in January 2018 – BBC Media Centre](#)

⁶⁰ BBC PIT, section 3.3.1.3 Our final proposal

⁶¹ BBC PIT, at 5.3 the BBC notes that approximately 66% of Radio Cymru's music is Welsh-language.

consider setting such a condition in the future should the BBC's performance fall below, or risk falling below, its 50% minimum commitment.

Question 4: Do you agree with our proposals on the Operating Licence conditions that should apply to BBC Radio Cymru 2? Please provide evidence to support your views.

A1. Legal Framework

- A1.1 Ofcom’s principal duty, in section 3 of [the Communications Act 2003](#) (‘the Act’), is to further the interests of citizens in relation to communications matters and of consumers in relevant markets, where appropriate by promoting competition. In performing our duties we must have regard, among other things, to the desirability of promoting the fulfilment of the purposes of public service television broadcasting in the UK and of promoting competition in relevant markets.
- A1.2 Ofcom’s power to regulate the BBC is derived from section 198 of the Act, which sets out that for the purposes of the carrying out of regulation of the BBC, we will have such powers and duties as may be conferred on us by or under the Royal Charter for the continuance of the British Broadcasting Corporation (the Charter)⁶² and the Agreement between the Secretary of State for Culture, Media and Sport, and the BBC (the Agreement).⁶³ The Charter and Agreement set the BBC’s Mission and Public Purposes and the framework for Ofcom’s regulation of the BBC.
- A1.3 The Charter provides that we must have regard, in carrying out our functions, to such of the following as appear to us to be relevant in the circumstances:⁶⁴
- a) the object of the BBC to fulfil its Mission⁶⁵ and to promote the Public Purposes;
 - b) the desirability of protecting fair and effective competition in the United Kingdom; and
 - c) the requirement for the BBC to comply with its duties under the Charter, including its general duties.⁶⁶
- A1.4 The Charter and Agreement recognise that, in order fulfil its Mission and promote the Public Purposes, the BBC may need to make changes to the UK Public Services. However, to protect fair and effective competition, the BBC may only make a material change to the UK Public Services where:
- a) it has carried out a public interest test and determined that test is satisfied; and
 - b) Ofcom determines that the BBC may carry out the proposed change.⁶⁷

The BBC’s analysis

- A1.5 The BBC must therefore initially assess whether a proposed change is material. The Agreement defines a material change as:

⁶² [The Charter](#).

⁶³ [The Agreement](#).

⁶⁴ Article 45(2) of the Charter.

⁶⁵ 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 (Article 5 of the Charter).

⁶⁶ The BBC’s general duties are set out at Articles 9 to 18 of the Charter. The Agreement also imposes certain general obligations on the BBC. These include, at Clause 61, a requirement for the BBC to do all that is reasonably practicable to ensure that viewers, listeners and other users (as the case may be) are able to access the UK Public Services that are intended for them, or elements of their content, in a range of convenient and cost effective ways which are available or might become available in the future. These could include (for example) broadcasting, streaming or making content available on demand, whether by terrestrial, satellite, cable or broadband networks (fixed or wireless) or via the internet.

⁶⁷ Clause 7(6) of the Agreement.

- 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.⁶⁸
- A1.6 If the BBC considers that a proposed change is not material, it may carry out the change, unless Ofcom disagrees with the BBC on materiality. If we consider that the proposed change is material, we may direct the BBC to:
- a) carry out a public interest test and, if the test is satisfied, publish the change; or
 - b) stop carrying out the change in accordance with such directions as we consider appropriate.⁶⁹
- A1.7 In order for a public interest test to be satisfied, the BBC must determine that:
- a) the proposed change contributes to the fulfilment of the BBC’s mission and promotion of one or more of the public purposes;
 - b) it has taken reasonable steps to ensure that the proposed change has no unnecessary adverse impact on fair and effective competition; and
 - c) the public value of the proposed change justifies any adverse impact on fair and effective competition.⁷⁰
- A1.8 If the test is satisfied and the BBC wishes to implement the proposal, it must publish the proposed change and provide a copy to Ofcom.⁷¹

Ofcom’s role

- A1.9 Ofcom must then assess whether the proposed change is material and, if so, decide what type of further assessment to conduct.⁷²
- A1.10 Paragraph 4.33 of Ofcom’s guidance document [Assessing the impact of proposed changes to the BBC’s public service activities](#) (‘the guidance’)⁷³ sets out a non-exhaustive list of factors we may take into account when assessing the potential significant adverse impact of a change.
- A1.11 If we conclude a proposed change is not material, or six weeks pass without our informing the BBC of our view, the BBC may carry out the change.⁷⁴
- A1.12 If we conclude that the proposal is material, we may decide to carry out a BBC competition assessment (BCA) under clause 10 of the Agreement or a shorter assessment drawing on elements of the BCA procedure. Paragraph 4.35 of the guidance explains when each type of assessment might be appropriate.
- A1.13 In carrying out a BCA or shorter assessment, Ofcom must:
- a) review the procedures the BBC has followed in carrying out the public interest test;
 - b) review the BBC’s assessment of the public value of the proposed change to the UK Public Services;

⁶⁸ Clause 7(7) of the Agreement.

⁶⁹ Clause 9(6) of the Agreement.

⁷⁰ Clause 8(1) of the Agreement.

⁷¹ Clause 8(3) of the Agreement.

⁷² Clause 9 of the Agreement.

⁷³ https://www.ofcom.org.uk/data/assets/pdf_file/0028/99415/bbc-public-service-activities-proposed.pdf.

⁷⁴ Clauses 9(3) and (4) of the Agreement.

- c) assess any adverse impact of the proposed change on fair and effective competition; and
 - d) assess whether the public value of the proposed change justifies any adverse impact on fair and effective competition.⁷⁵
- A1.14 Ofcom 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. The Agreement recognises 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.⁷⁶
- A1.15 At the end of the process, we will make one of four possible determinations:
- a) that the BBC may carry out the proposed change;
 - b) that the BBC may not carry out the proposal;
 - c) that the proposal may go ahead subject to conditions or modifications that we consider appropriate; or
 - d) that the BBC must reconsider elements of its public interest test or follow any further procedures we consider appropriate.⁷⁷
- A1.16 The determination procedure for short assessments differs from that of a BCA. In this case, we may only conclude that the BBC may carry out a proposed change, or reconsider its public interest test, or follow such further procedures as we consider appropriate. However, it would be open for us to convert a shorter assessment into a BCA if it became appropriate.
- A1.17 Ofcom may only make determinations (b) and (c) above where we have carried out a BCA and not following a shorter assessment.⁷⁸
- A1.18 Ofcom must complete a BCA within six months⁷⁹ and a shorter assessment in less than six months.⁸⁰ In either case we will consult stakeholders before making our final determination.

Operating Licence

- A1.19 Under the Charter and the Agreement, we are required to set an Operating Licence (the Operating Licence) containing a set of regulatory conditions with which the BBC must comply.⁸¹ The Charter states that the Operating Licence must contain regulatory conditions Ofcom considers appropriate for requiring the BBC to:
- a) fulfil its Mission and promote the Public Purposes;
 - b) secure the provision of distinctive output and services; and

⁷⁵ Clause 10(3) of the Agreement. Section 5 of the BCA guidance explains the analytical approach we expect to apply.

⁷⁶ Clause 10(4) of the Agreement.

⁷⁷ Clause 11(1) of the Agreement.

⁷⁸ Clause 11(2) of the Agreement.

⁷⁹ Clause 10(2) of the Agreement.

⁸⁰ Clause 9(2) of the Agreement.

⁸¹ Under the Charter and the Agreement, Ofcom is required to set an Operating Licence for the BBC's UK Public Services. Charter, Article 46(3) and Agreement, Clause 13.

- c) secure that audiences in Scotland, Wales, Northern Ireland and England are well served.⁸²

A1.20 The Agreement provides that:

- a) Ofcom must impose on the BBC the regulatory conditions set out in, and in accordance with, Schedule 2 to the Agreement;
- b) Ofcom may impose such further regulatory conditions we consider appropriate for requiring the BBC, in carrying out the UK Public Services, to fulfil the mission and promote the public purposes; and
- c) Ofcom may impose further regulatory conditions we consider appropriate for requiring the BBC to secure that the audiences in Scotland, Wales, Northern Ireland and England are well served.⁸³

A1.21 We may amend the Operating Licence under [our published procedures for setting and amending the Operating Licence](#) following consultation with the BBC and any person we consider appropriate.⁸⁴ Ofcom will do so in compliance with its consultation principles (Annex 5). The most recent Operating Licence was issued on 23 March 2023.⁸⁵

⁸² This duty is reiterated in paragraph 1(1) of Schedule 2 to the Agreement, which states that “[i]n imposing the regulatory conditions Ofcom must have particular regard to the need for the BBC to secure the provision of distinctive output and services”.

⁸³ Agreement, Clause 13.

⁸⁴ Agreement, Clause 13(5).

⁸⁵ For changes to the Operating Licence see [The Operating Framework webpage](#). For our procedures for setting and amending the Operating Licence see https://www.ofcom.org.uk/data/assets/pdf_file/0025/107089/procedures-bbc-operating-licence.pdf.

A2. Proposed Operating Licence conditions

A2.1 This annex contains the following details:

- a) proposed new Operating Licence conditions for BBC Radio Cymru 2 shown as a blackline; and
- b) proposed new Operating Licence conditions for BBC Radio Cymru 2 shown as a clean version.

Comparison between existing conditions and proposed Operating Licence conditions

A2.2 There are presently no existing Operating Licence conditions expressly setting conditions for BBC Radio Cymru 2. We propose to amend the programming for Wales conditions in the Operating Licence relating to the provision of content of interest and relevance to audiences in Wales, including a broad range of content which reflects Wales' culture. We also propose to insert a new condition requiring the provision of news bulletins on Radio Cymru 2 and a new condition requiring the BBC to publish, alongside its Annual Plan, its plans for delivering news on Radio Cymru 2.

Programming for the nations and regions

4.51 In relation to each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Wales, BBC Two Wales, BBC Radio Wales, ~~and~~ BBC Radio Cymru and BBC Radio Cymru 2, the BBC must provide content of interest and relevance to audiences in Wales, including a broad range of content which reflects Wales' culture.

4.52 In complying with condition 4.51, in relation to each of BBC Sounds, BBC Radio Wales, ~~and~~ BBC Radio Cymru and BBC Radio Cymru 2, the BBC must provide music of particular relevance to audiences in Wales.

....

4.58 In respect of BBC Radio Cymru, the BBC must ensure that:

4.58.1 in each Financial Year at least 1,199 hours are allocated to news and current affairs programmes (including repeats); and

4.58.2 it provides news bulletins regularly at frequent intervals throughout the day

4.58A In respect of BBC Radio Cymru 2, the BBC must ensure that it provides daily and regular news bulletins Monday to Saturday and daily news bulletins on Sunday.

Transparency requirements

4.67 The BBC must publish annually, at the same time as it publishes its Annual Plan, the steps it plans to take during the Financial Year to which the Annual Plan relates to provide content of interest and relevance to audiences in Scotland, in Wales, in Northern Ireland and in the regions of England, including any Significant Changes it plans to make in that year and the reasons for those changes.

4.68 In complying with condition 4.67, the BBC must include the following:

...

4.68.8 its plans to deliver news on BBC Radio Cymru 2. As part of this explanation, the BBC must set out planned frequency of news bulletins.

4.69 The BBC must also publish any Significant Changes which are: (i) planned by the BBC after it has already published information under condition 4.67 for the current Financial Year; and (ii) proposed to be implemented before publication of information under condition 4.67 for the following Financial Year. Publication referred to in this condition must be effected as soon as reasonably practicable after the BBC has made its plans in respect of any such Significant Changes.

4.70 The BBC must publish annually, no later than two weeks after it publishes its Annual Report, a report on whether it took the steps that it set out under conditions 4.67 and 4.68 during the Financial Year to which the Annual Report relates, including: (i) whether it made Significant Changes from those plans, including those made under condition 4.69 and (ii) if so, what those changes were and the reasons for those changes.

A2.3 A clean version of the proposed conditions is set out below.

Programming for the nations and regions

4.51 In relation to each of BBC iPlayer, BBC Sounds, the BBC Website, BBC One Wales, BBC Two Wales, BBC Radio Wales, BBC Radio Cymru and BBC Radio Cymru 2, the BBC must provide content of interest and relevance to audiences in Wales, including a broad range of content which reflects Wales' culture.

4.52 In complying with condition 4.51, in relation to each of BBC Sounds, BBC Radio Wales, BBC Radio Cymru and BBC Radio Cymru 2, the BBC must provide music of particular relevance to audiences in Wales.

....

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4.58A In respect of BBC Radio Cymru 2, the BBC must ensure that it provides daily and regular news bulletins Monday to Saturday and daily news bulletins on Sunday.

Transparency requirements

4.67 The BBC must publish annually, at the same time as it publishes its Annual Plan, the steps it plans to take during the Financial Year to which the Annual Plan relates to provide content of interest and relevance to audiences in Scotland, in Wales, in Northern Ireland and in the regions of England, including any Significant Changes it plans to make in that year and the reasons for those changes.

4.68 In complying with condition 4.67, the BBC must include the following:

...

4.68.8 its plans to deliver news on BBC Radio Cymru 2. As part of this explanation, the BBC must set out planned frequency of news bulletins.

4.69 The BBC must also publish any Significant Changes which are: (i) planned by the BBC after it has already published information under condition 4.67 for the current Financial Year; and (ii) proposed to be implemented before publication of information under condition 4.67 for the following Financial Year. Publication referred to in this condition must be effected as soon as reasonably practicable after the BBC has made its plans in respect of any such Significant Changes.

4.70 The BBC must publish annually, no later than two weeks after it publishes its Annual Report, a report on whether it took the steps that it set out under conditions 4.67 and 4.68 during the Financial Year to which the Annual Report relates, including: (i) whether it made Significant Changes from those plans, including those made under condition 4.69 and (ii) if so, what those changes were and the reasons for those changes.

A3. Impact assessments

- A3.1 Section 7 of the Communications Act 2003 requires us to carry out impact assessments where our policy decisions are likely to have a significant effect on businesses or the public, or when there is a major change in Ofcom's activities.
- A3.2 Within this shorter assessment we have considered the impact on the BBC, other commercial and community radio broadcasters, the Welsh-language recording industry and listeners in Wales. We have also had regard to this in considering our view on what Operating Licence conditions may be appropriate to impose on the BBC Radio Cymru 2 service if approved.
- A3.3 The BBC's intention with the proposal to extend the hours of BBC Radio Cymru 2 so that it becomes a service in its own right is to better serve 25-54 year old Welsh-language listeners, particularly those with lower levels of fluency, interested in listening to Welsh-language content, including C2DE listeners within this age group. It identifies these groups as currently underserved.
- A3.4 Specifically, we agree with the BBC that we think the proposal has the potential to better serve Welsh audiences, particularly those aged 25-54, and provide a larger volume of Welsh language content. We also consider that it could support the community of Welsh language speakers and listeners, and could result in an increase audience reach. The proposal may have a positive impact on the Welsh-language recording industry but it is not possible to estimate the value of this potential industry impact. See Section 4 for more detail on our view.
- A3.5 We have considered the alternative would be less likely to result in positive outcomes for audiences with an interest in the Welsh-language. If Ofcom were to determine that the BBC cannot proceed with this change we would expect that the BBC would continue with the existing services of BBC Radio Cymru and 25 hours of simulcasted BBC Radio Cymru 2. Without the additional hours of BBC Radio Cymru 2, we would consider that this 25-54 Welsh-speaking audience would continue to be underserved by the existing BBC services. As the opt broadcasts on DAB across Wales, people in areas in Wales who are not served by commercial or community radio stations that broadcast Welsh-language content would also lose out on the benefit of additional hours of Welsh-language content. The BBC would likely continue to see declining reach for the stations, without the mitigation of additional hours to appeal to this younger audience. There would also be reduced social value as the potential for positive impact on the reach of the Welsh language would be foregone.
- A3.6 We consider that if we determined the BBC can proceed with this change without licence conditions it could potentially result in less effective performance for the BBC's public purposes, in particular Public Purposes 1 and 4.
- A3.7 It is possible that there will be an impact on commercial competitors but we expect that this will be low and unlikely to lead to crowding out of a competitor. We conclude that any adverse impact on fair and effective competition is likely to be outweighed by the public value of the proposal to Welsh-language listeners. See Section 3 for further detail.
- A3.8 We will continue to monitor the service to ensure compliance with the conditions.

Equality impact assessment

- A3.9 We are required by statute to assess the potential impact of all our functions, policies, projects and practices on people with any of the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation.⁸⁶ We refer to groups of people with these protected characteristics as ‘equality groups’.
- A3.10 We fulfil these obligations by carrying out an equality impact assessment (‘EIA’), which examines the potential impact our policy is likely to have on people, depending on their personal circumstances. EIAs also assist us in making sure that we are meeting our principal duty of furthering the interests of citizens and consumers, regardless of their background and identity.
- A3.11 We have assessed the impact on audience groups in our review of the BBC’s assessment of the public value of its proposal. We consider the BBC’s proposals may have a positive personal impact on radio listeners, specifically less fluent Welsh-speaking radio listeners, in Wales aged 25-54, the target group for the station. Those aged 25-54 represent a lower proportion of Radio Cymru listeners than for radio listening as a whole and therefore may be better served by a new tailored service. There are also parts of Wales particularly underserved by commercial radio stations. We have therefore concluded that the proposal provides additional personal value for these groups. There may also be some adults outside of the target age group who listen to the service and are positively impacted by the proposal. We do not believe the proposal will create a negative impact for any equality groups.
- A3.12 Ofcom has separate but complementary duties under Northern Ireland’s equality legislation⁸⁷. This requires Ofcom to screen policies for their impact on equality of opportunity and/or good relations in each of the nine equality categories identified for Northern Ireland. We consider that these proposals are unlikely to have equality impacts in Northern Ireland because of the nature of the Radio Cymru 2 service and its target audience.

Welsh language

- A3.13 The Welsh Language (Wales) Measure 2011 established a legal framework to impose duties on certain organisations to comply with standards in relation to the Welsh language. We have also carried out a Welsh language impact assessment in our review of the BBC’s assessment of the public value of its proposal. As stated above we consider the BBC’s proposals are likely to have a positive personal impact on Welsh-language radio listeners, specifically those aged 25-54, particularly those with lower levels of fluency of Welsh. We have provisionally concluded that the proposal provides additional social value for this group, and the people of Wales more widely, through the content’s delivery of the Mission and Public Purposes, and through its contribution towards the growth of the Welsh language. There may also be some adults outside of the target age group who listen to the service who may benefit from additional Welsh language content. Overall, we consider that

⁸⁶ As defined in the Equality Act 2010.

⁸⁷ Section 75 of the Northern Ireland Act 1998.

the proposal will have positive effect on opportunities for persons to use the Welsh language and on treating the Welsh language, no less favourably than the English language.

We have considered the BBC's proposals in line with the requirements in the Agreement and decided to impose new licence conditions that we consider will benefit audiences through securing the delivery of news and content of interest and relevance to audiences in Wales. We do not consider that this consultation could be revised to have increased positive effects on opportunities for persons to use the Welsh Language and on treating the Welsh language no less favourably than the English language. We welcome stakeholder views on the impact assessments set out in this document.

A4. Responding to this consultation

How to respond

- A4.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 14 December 2023.
- A4.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-3/statement-bbcs-proposals-for-welsh-language-radio>. You can return this by email or post to the address provided in the response form.
- A4.3 If your response is a large file, or has supporting charts, tables or other data, please email it to BBCRadioCymru2.assessment@ofcom.org.uk, as an attachment in Microsoft Word format, together with the cover sheet. This email address is for this consultation only and will not be valid after 31 March 2024.
- A4.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:
- BBC Radio Cymru 2 Assessment
Content Policy
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- A4.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files; or
 - upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A4.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A4.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt of a response submitted to us by email.
- A4.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.
- A4.9 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 6. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.
- A4.10 If you want to discuss the issues and questions raised in this consultation, please contact us by email to BBCRadioCymru2.assessment@ofcom.org.uk.

Confidentiality

- A4.11 Consultations are more effective if we publish the responses before the consultation period closes. This can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish responses on the Ofcom website at regular intervals during and after the consultation period.
- A4.12 If you think your response should be kept confidential, please specify which part(s) this applies to and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A4.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A4.14 To fulfil our pre-disclosure duty, we may share a copy of your response with the relevant government department before we publish it on our website.
- A4.15 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our Terms of Use.

Next steps

- A4.16 Following this consultation period, Ofcom plans to publish a statement in the New Year.
- A4.17 If you wish, you can register to receive mail updates alerting you to new Ofcom publications.

Ofcom's consultation processes

- A4.18 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 5.
- A4.19 If you have any comments or suggestions on how we manage our consultations, please email us at consult@ofcom.org.uk. We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A4.20 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:
- A4.21 Corporation Secretary
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA
Email: corporationsecretary@ofcom.org.uk

A5. Ofcom's consultation principles

A5.1 Ofcom has seven principles that it follows for every public written consultation:

Before the consultation

A5.2 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

During the consultation

A5.3 We will be clear about whom we are consulting, why, on what questions and for how long.

A5.4 We will make the consultation document as short and simple as possible, with an overview of no more than two pages. We will try to make it as easy as possible for people to give us a written response.

A5.5 We will consult for up to ten weeks, depending on the potential impact of our proposals.

A5.6 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.

A5.7 If we are not able to follow any of these seven principles, we will explain why.

After the consultation

A5.8 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish the responses on our website at regular intervals during and after the consultation period. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

A6. Consultation coversheet

Basic details

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

Confidentiality

Please tick below what part of your response you consider is confidential, giving your reasons why

- Nothing
- Name/contact details/job title
- Whole response
- Organisation
- Part of the response

If you selected 'Part of the response', please specify which parts:

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

Yes No

Declaration

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom aims to publish responses at regular intervals during and after the consultation period. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

A7. Consultation questions

A7.1 This consultation is seeking views from stakeholders on our preliminary determination of the BBC's proposal to extend the hours of BBC Radio Cymru 2 so that it becomes a new public service and the conditions we may impose if the proposal is permitted to proceed.

Question 1: Do you agree with the findings from our review of the BBC's assessment of the public value of the Proposals? Please provide evidence to support your views.

Question 2: Do you agree with our assessment of the likely impact of the proposals on fair and effective competition? Please provide evidence to support your views.

Question 3: Do you agree with our provisional conclusion that the public value associated with the BBC's proposals justified the adverse impact on fair and effective competition that we have identified? Please provide evidence to support your views.

Question 4: Do you agree with our proposals on the Operating Licence conditions that should apply to BBC Radio Cymru 2? Please provide evidence to support your views.