

News Broadcasting's response to Ofcom's consultation on its review of the BBC's proposed new DAB+ services and changes to Radio 5 Sports Extra

Section 1: Introduction

News Corp UK and Ireland ('**News UK**') is one of the leading media businesses in the UK and Ireland. Our news brands include *The Times*, *The Sunday Times*, *The Sun* and *The TLS*. Our broadcasting brands sit under our News Broadcasting division, and include talkSPORT, Talk, Times Radio and Virgin Radio UK, as well as a network of local stations across the island of Ireland. Spanning print and pixel, audio and video, our multi-format brands are home to a plurality of news, opinion, analysis and entertainment. News UK is wholly owned by News Corp.

We welcome the opportunity to comment on Ofcom's review of the BBC's proposed new DAB+ radio services and its proposal to extend 5 Sports Extra's hours of broadcast ('**5SE**'). Our response focuses specifically on the proposed changes to 5SE and the proposed launch of a new Radio 2 extension station ('**R2X**'), as those changes pose the most significant risk to our business. That is not to say, however, that we would not be impacted if Radio 1 Anthems launched on DAB+, or as a result of the cumulative impact of the proposed stations launching.

We are disappointed that the BBC has decided to press ahead with these proposals despite the likely significant negative market impact, which cannot be justified by the very limited potential public value of the propositions. In our view, the plans for both the extended 5SE and the R2X service present a significant risk to fair and effective competition in the UK's radio market, without offering any additional net public value. Both of these propositions merely copy what the commercial market already successfully offers to audiences; they do not fill a gap in the market. Instead, both carry a significant risk of crowding out commercial competitors given the likely impact on listening hours and advertising revenues.

We welcome Ofcom's view that the changes are material and will require full BBC Competition Assessments ('**BCAs**'). It is important that the BBC's proposals are subject to an in-depth, independent and robust review. We look forward to engaging constructively with Ofcom as it works through its initial assessment and BCA process for both the proposed music stations and the proposals for 5SE. In the section below, we set out our brief responses to Ofcom's consultation questions. We welcome the opportunity to expand on these points with Ofcom over the coming months.

Section 2: Answers to consultation questions

Question 1: We consider that the launch of the four DAB+ music stations and the extension of broadcast hours for BBC 5 Sports Extra are material changes. If you disagree, please explain why you consider the BBC's published proposals are not material.

We agree. The proposed launch of the four DAB+ music stations and extension of hours for 5 Sports Extra are material changes and should be subject to an in-depth and robust BCA process.

Question 2: Do you consider that the BBC's published proposals are clear in relation to their scale (both in terms of financial resource and in terms of reach and type of content) and the timescales for implementation? If not, please provide details of the areas where you feel more clarity is required.

We do not consider that the BBC's published proposals are clear in their scale, be it in the reach and type of content they intend to offer on 5SE and R2X, or in the financial scale of the stations.

5 Sport Extra***Reach and type of content***

In terms of reach, we agree with the BBC's expectation that there is likely to be "significant take-up of the new station among radio listeners, specifically sport radio listeners" and that diversion rates from talkSPORT are likely to be very high.¹ However, we are concerned about the accuracy of the research used by the BBC to estimate the potential take-up as it is based on the version of the proposal the BBC presented in February, which differs from the final proposal. We cover this in more detail in response to Question 5.

In terms of the content offering, basic elements of the BBC's proposal remain unclear. The sample schedule provided gives little indication of what the station would actually sound like; for example, listing a podcast as a "sport podcast" provides no meaningful basis on which to assess the output and as such is unhelpful.²

The BBC's core offer to audiences is muddled. It is unclear whether the BBC plans to use the service primarily to showcase a range of minority sports podcasts that the BBC considers reach too low an audience on Sounds (e.g. *The GAA Social*, *Tractor Social*), or to offer mainstream 'sports chat' (e.g. about Premier League football, cricket, F1) around live sports coverage (i.e. Premier League football, cricket, F1 - all of which the BBC has the audio rights to). The latter is likely to have a much higher reach and longer listening hours than the former, as it corresponds to how audiences tend to engage with sports audio. As a

¹ BBC, [Public Interest Test Submission, 5 Sports Extra](#), 21 November 2024, p. 46.

² BBC, [Public Interest Test Submission, 5 Sports Extra](#), 21 November 2024, Figure 17, p. 36.

result, the consequences on competition from that sort of programme offering will be that much greater as it would compete directly with what talkSPORT offers.

Neither does the BBC's evidence base help to provide a clearer picture. Sticking with the example of minority sports coverage, in the BBC's market research, participants appear to have thought that minority sports content, such as netball, would be central to 5SE's offer.³ But the BBC has refused to formally commit to dedicating a certain proportion of the extra broadcast hours on 5SE to minority sports podcasts.⁴

We therefore welcome Ofcom's efforts to request that the BBC provide much greater detail on its programming plans.

Financial scale

The budgets provided by the BBC are simply not a true reflection of the actual cost of the service. They do not include key overheads, such as sports rights costs, talent costs or commissioning costs, because those are paid by other parts of the BBC.

Looking at the figures provided by the BBC, the £250k budget for three to four staff to support the station appears very high. [Redacted]. This indicates to us that either the BBC is paying some of those staff members well above the market rate or some of that £250,000 budget will be spent on other costs. We would welcome Ofcom's assistance in ensuring the BBC provides further clarity around this budget.

It also remains unclear what the proposed £150k marketing budget would be spent on. We would welcome further clarity from the BBC in this regard. In addition, this £150,000 figure does not reflect any cross-promotional value that will be made available to it from other BBC services. For example, we would anticipate that the BBC would run advertisements for the relaunched 5SE before, during and after *Match of the Day*, which is regularly watched by between 2.5 to 3 million people. Given the significant scale of this benefit, this type of promotional activity should be clarified and accounted for.

³ MTM research, slide 40. Quote from research participant (Heavy/Mid, 19-24, ABC1): "I would want there to be coverage of netball, because there's not a lot of coverage of netball at the moment and it is a very popular sport. As a woman who plays a lot of sport, as long as there's equal coverage of men and women's sports, I'd be all for it".

⁴ BBC PIT submission, p. 37. The BBC states "We will not be committing to any broader range of coverage because our current delivery is already more than any other radio broadcaster, and by leveraging our existing non-live sport podcast content on Sounds and non-live sport commentary content for broadcast on radio, we will be bolstering this distinctive offer".

The Radio 2 extension

Reach and type of content

On the reach of the proposed station, we are aware that other industry stakeholders have raised concerns about the BBC's approach to the projected audience estimates. We echo their concerns about how the BBC has arrived at its audience estimates, specifically the combination of RAJAR and streaming data, the exclusion of smart speaker listening data, and the use of a wider base of "all adults 15+", rather than the target audience of 55+.

On the content and offer to audiences, core elements of the proposed service remain unclear. For example, the BBC still have not provided a name for R2X, despite the fact that the R1 and R3 extension services announced at the same time as R2X have already launched as Radio 1 Anthems and Radio 3 Unwind.⁵ It has also not provided the names of any presenters attached to the extension, other than Tony Blackburn. Both are key factors to understanding the market position of R2X and therefore its impact on the market.

Financial scale

As with the budget provided for 5SE, the budget provided for R2X is not a true reflection of the cost of running the service. The relatively low commissioning budget indicates that either services will be repeated frequently, or cost more than budgeted for.

Again, key overheads such as talent costs and music licensing have been stripped out of the station budget. It is not clear if the budget includes potential additional costs, such as the costs of running events around the R2X brand, as the BBC does with its other stations. This includes the Sounds of the 60s Live tour, hosted by Tony Blackburn under the BBC Radio 2 brand.⁶

For transparency, it is positive that the BBC has now specified a marketing budget for the music radio stations, but it is unclear if this applies solely to R2X or to all four stations. Regardless, £285,000 is a significant sum for marketing spin-offs of the UK's biggest music radio stations, particularly as it does not include the equivalent monetary value of cross-promotion on BBC platforms and services. [Redacted].

All these aspects require further clarity from the BBC.

⁵ BBC Media Centre, 9 September 2024, [BBC Radio 1 announces 'Radio 1 Anthems' extension for BBC Sounds](#).

⁶ See the advertisement for Sounds of the 60s Live at the York Barbican on 30 September 2025, available on the [York Barbican website](#), accessed on 4 December 2024.

Question 3: Did the BBC's PIT consultation processes provide suitable opportunity for you to set out your views fully? If not, please provide details.

While we made our views to the BBC clear in our written responses to the BBC's PIT consultation process, we have been disappointed by the BBC's approach to stakeholder engagement throughout this process, which has limited our ability to set out our views fully.

The PIT process relies on the BBC engaging openly with industry stakeholders on changes likely to impact their businesses and sharing relevant information to help stakeholders understand the potential scale of that impact.⁷

The BBC's approach to stakeholder engagement

The BBC met us in February 2024 to brief us on their proposals for the new music radio stations and 5SE, and in November 2024 to brief us on the outcome of the PIT process. The briefing meetings were a welcome development. However, being briefed the day before announcements naturally gives us a limited opportunity to engage with the BBC on their plans and consider the impact of the BBC's announcements before they are in the public domain.

Between these two briefing meetings, we have had little contact from the BBC.⁸ The BBC has neither asked to engage with us in detail on the concerns we raised in our PIT responses nor asked any questions about issues raised in our responses between April and November. Similarly, there was no offer from the BBC to engage after Ofcom directed it to conduct a PIT on the R2X proposal, nor on any revisions it has made to its proposals and impact assessments between February and November.⁹

BBC approach to sharing relevant information with stakeholders

The BBC's PIT consultations, published in February 2024, provided limited information on the proposals for the new music stations and 5SE. For example, neither the new music radio stations and 5SE proposals were supported by any audience research.

At that time, we asked the BBC to share any audience research or economic analysis on its proposals that could help stakeholders understand the likely impact of the proposals on their businesses and to inform their responses to the PIT consultation, if the research findings became available during the consultation window. We were told by the BBC that it would publish its research at the same time as the PIT outcome.

⁷ Ofcom, 18 April 2023, Guidance for assessing the impact of proposed changes to the BBC's public service activities, paragraphs 4.23 - 4.25

⁸ For transparency, in October, News Broadcasting's Director of Strategy and Operations met informally with the Director of BBC Sounds, where the progress of the PITs was discussed as part of a wide ranging discussion.

⁹ Ofcom, 16 July 2024, Review of the BBC's materiality assessment of proposed new music streams on BBC Sounds.

The BBC's PIT outcome document indicates that fieldwork ran between 24 January and 1 February 2024.¹⁰ This was before the PIT consultation was published and before the consultation period closed at the end of March. It would be disappointing if the BBC had information available to share with stakeholders to help inform their PIT responses and it decided not to share it.

Question 4: Given that both proposals raise a number of contentious issues, it is our intention to undertake full BCAs for both. If you disagree and think that Ofcom should undertake Shorter Assessments, please explain why.

We agree. Both proposals raise numerous contentious issues. It is appropriate that both the BBC's plans to launch new music radio stations and extend the broadcast hours of 5SE should be subject to full BCAs.

Question 5: Do you agree with the BBC's assessments in its PITs about the potential public value and/or market impact of the proposals? Are there any additional public value and/or competition considerations that have not been identified by the BBC?

We disagree with the BBC's assessment of the potential public value (which it overestimates) and the market impact (which it underestimates). We cannot see how the BBC can justify the market impact of these proposals. Both the music radio station offerings and the proposed 5SE service lack distinctiveness and merely replicate offers that already exist in the commercial market, and as a result of the BBC's scale and financial model, pose a significant risk of crowding out in the commercial market.

In this answer, we focus primarily on the public value of the BBC's proposals and cover the market impact in more detail in response to Question 6 below.

5 Sports Extra

The BBC has made changes to this proposal since it was first announced in February 2024 to limit the hours the station will broadcast and to restrict the simulcasting of content from 5 Live to live sport. While these changes are welcome (as they recognise the significant potential impact of the proposed 5SE on the only other competitor in this market - the talkSPORT network), they go nowhere near far enough to mitigate the potential harm to the talkSPORT network. We strongly disagree with the BBC that these changes address "any concern that the BBC will erode talkSPORT's coverage of that the station is seeking to duplicate or replicate the talkSPORT offer".¹¹

The BBC lacks evidence to demonstrate the public value of the proposals

Most of the public value section of its PIT document is simply assertion, while the audience research ('**MTM research**') conducted by the BBC cannot be used to demonstrate that the proposals provide public value. The fieldwork was conducted in January and February 2024,

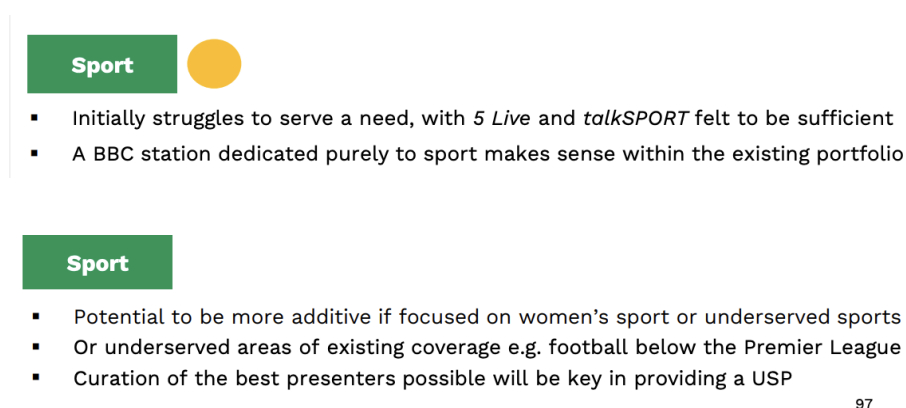
¹⁰ MTM, 20 November 2024, [BBC Radio Public Interest Test](#), slide 5.

¹¹ BBC, 21 November 2024, [Public Interest Test Submission. 5 Sports Extra](#), p. 35.

well before changes to the 5SE proposal were made, so research participants are responding to a different version of the proposals. It appears that even the original proposition was not articulated clearly to research participants. For example, participants were asked for their views on a 'new' BBC sports service, rather than a relaunched existing service.¹²

Notwithstanding these flaws in the BBC's public value evidence base, the research itself shows that participants did not consider that the proposition delivered significant public value. Participants viewed the 'sport station' as offering the lowest public value of all five stations tested, saw it as struggling to serve an obvious need, and only saw it as being of public value if it provided more coverage of less mainstream sports, which the BBC has ruled out committing to.¹³

Figure 1: MTM 'BBC Public Interest Test' audience research, slides 96 and 97



The BBC talks about how the service would bring greater plurality to the sports radio market, which it sees as adding public value. We would argue that there is already plurality in sports audio, given the range of sports audio content available on-demand, on livestream audio services, and on platforms such as YouTube. We cannot see the BBC's proposition adding incremental value.

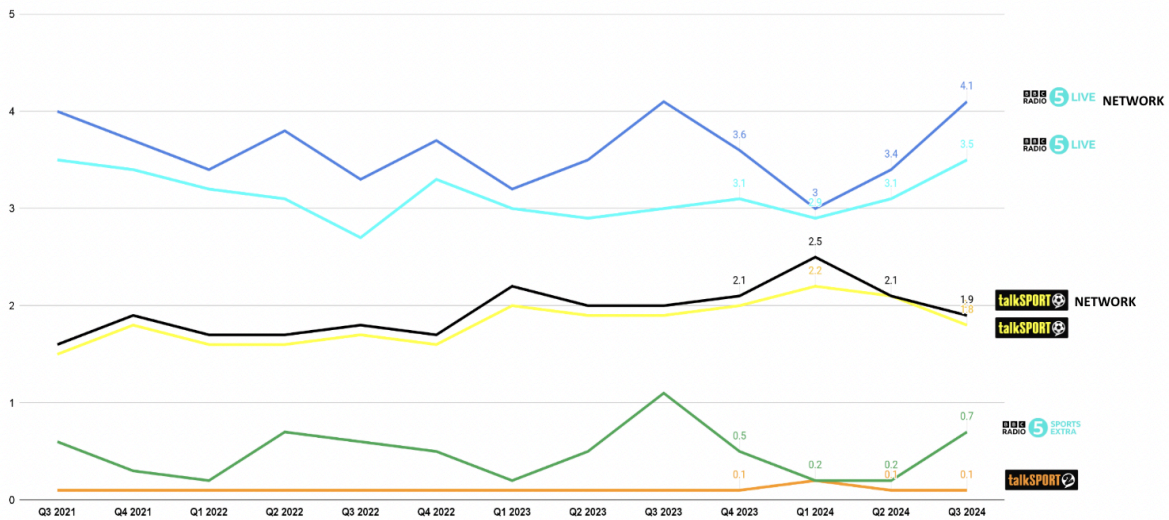
Second, the BBC's PIT document fails to recognise that a key reason why there are so few large scale commercial players in the sports broadcast radio market is because of the strength of the BBC's position in that market (see Figure 2 below). We would contend that it is not for the BBC - with a 77% market share in the speech radio market - to seek to provide plurality via proposals that are only likely to grow that market position.¹⁴

¹² For example, see Question C2: How likely would you be to listen to this service? D2: Knowing that [Service] is from the BBC, how likely would you be to listen to this **new** Radio station?

¹³ MTM, 20 November 2024, [BBC Radio Public Interest Test](#), slide 33

¹⁴ RAJAR Q3 2024 (3 month waiting). Speech defined as: BBC - Radio 4 Network, 5 Live Network, World Service, Local Radio. Commercial - talkSPORT Network, Talk, Times Radio, LBC Brand UK, GB News Radio.

Figure 2: Weekly market share in the sports radio market (RAJAR Q3 21 - Q3 24)



Source: RAJAR (3 month weighting)

It is also disappointing that the BBC has failed to engage on the downstream competition implications for audio sports rights. While we cover this issue in more detail in answer to Question 6 below, it provides no comfort to us that the BBC says that “these proposals do not involve any increase to either the BBC’s audio sports rights budget or hours of live sports coverage”.¹⁵ The budget could increase for other reasons, and the BBC’s hours of live sports rights are not fixed. [Redacted] Moreover since the BBC has resisted any previous requests to make this expenditure public, there would be no way for us to track that commitment.

Distinctiveness

The proposal for 5SE is not distinctive. By offering an all-day mix of live sport and ‘sports chat’ podcasts on a free-to-access service, it copies what talkSPORT already offers. There is nothing in this proposal that only the BBC can provide. This was recognised by the participants in the MTM research.

Figure 3: MTM ‘BBC Public Interest Test’, slide 80

<p>? Existing alternatives</p>	<p>Well, I feel that it's already been done. I think talkSPORT and that type of station already meets that criteria... It seems quite pointless. That's another one to add to the mix.”</p>
<p>Sports fans already enjoy the content and informal tone of talkSPORT, which is prominent in this space</p>	
<p>? Limited to sports fans</p>	<p>Light/Non, 65+, C2DE</p>

In particular, we refute the notion that only the BBC can offer a high quality, free-to-access sports radio station. talkSPORT provides high quality, free-to-access sports audio to audiences throughout the UK, which is of particular public value to those who may struggle

¹⁵ BBC, 21 November 2024, [Public Interest Test Submission. 5 Sports Extra](#), p. 4.

to afford a pay TV or online subscription to watch sport. As the BBC do, we note a particular increase in listening when offering live commentary of sports events which are not available on free-to-air TV. The fact that talkSPORT carries advertisements and sponsorship - because we need to make a commercial return - does not make it innately of lower quality.

We disagree with the BBC that “pre-recorded and podcast content is not a close substitute for live sports coverage”.¹⁶ Most sports stories are scheduled and predictable. For example, much of talkSPORT’s programming consists of pre-match build up and post-match analysis. Most ‘sports chat’ podcasts will seem very similar to a ‘sports chat’ on live radio, particularly if the podcast has been recorded recently. There would be very little difference to the listener.

Of course, one advantage we have as a live radio station is that we can react to breaking sports news stories. For example, if a high profile football manager resigned while you were reading this submission, talkSPORT would cover the story immediately and in-depth. The BBC would find that harder to do at certain times of day on 5 Live. However, if the proposed 5SE had launched, the BBC could very quickly do an ‘emergency’ live broadcast of Football Daily on the new 5 Sports Extra, effectively spoiling talkSPORT’s advantage. While this sort of major breaking sports news story is rare, it underlines our concerns about the BBC’s refusal to make any commitments about the recency of the podcasts it would intend to broadcast on 5SE.

It is difficult to see how the station would end up becoming anything other than a station providing ‘as live’, ‘near live’ or live mainstream sports chat podcasts (e.g. about football) around mainstream live sports coverage (e.g. about football, boxing, cricket).

While the BBC covered 21 sports last year, that is a relatively small number. It is just one more than the BBC is required to cover on 5 Live under its Operating Licence.¹⁷ In 2023/24, talkSPORT provided live coverage of thirteen different sports, as well as an additional six different sports at the Olympics.¹⁸ The BBC’s PIT document does not provide any indication of the depth of coverage to the different 21 sports. For example, it is unclear whether it has covered one swimming meet or ten swimming meets.

Ultimately, much of the BBC’s public value arguments rests on the idea that the BBC needs to make better value out of its sports podcasts for licence fee payers. This is a poor premise. If the BBC feels it needs to make a home on radio for its 500 sports podcasts, perhaps it should consider whether it needs to make this volume of sports podcasts at all, and whether that resource could be better deployed elsewhere.

¹⁶ BBC, 21 November 2024, [Public Interest Test Submission, 5 Sports Extra](#), p. 59.

¹⁷ Ofcom, Operating Licence for the BBC’s UK Public Services, 3.12.

¹⁸ In 23/24, talkSPORT provided live coverage of men’s football, women’s football, men’s golf, men’s boxing, women’s boxing, men’s rugby league, women’s rugby league, men’s cricket, men’s rugby union, horse racing, NFL, darts and Formula E. At the Paris Olympics, talkSPORT provided live coverage of athletics, swimming, rowing, boxing, tennis, cycling and rugby sevens.

The Radio 2 extension

The public value case for R2X is very limited and does not outweigh the likely market impact. It is deeply disappointing that the “largest change” between February and November was the BBC’s decision to include simulcast news bulletins and to increase the proportion of archive content from 5% to 20%.¹⁹ This does not tip the scale on public value versus the negative market impact - and indeed it risks increasing the negative impact on Virgin Radio network which places significant emphasis on speech content as a differentiating element.

Ultimately, the R2X proposal is not distinctive. As other industry stakeholders will have set out in detail, the music radio market is very competitive and there are lots of stations providing this offer to audiences, including Virgin Radio. Again, while we consider that the MTM research offers very limited insight as to the likely public value of the proposals because of the period of fieldwork, what it does offer is not convincing as to the public value of the proposal. It is telling that a key finding of the MTM research is that participants recognised that the offer already existed in the commercial market.²⁰

It continues to be our view that the BBC’s archive should be easily accessible to all commercial radio stations to use as a national archive, which has been funded by the public via the Licence Fee. We are concerned that the BBC would be able to construct a station around its use of its archive, as it builds on a pre-existing advantage.

Virgin Radio makes radio documentaries similar to those likely to air on the proposed R2X, such as our recent documentary on Band Aid’s 40th anniversary.²¹ In our experience, while notionally we can apply for access to clips from the archive, it is very hard to get the BBC’s permission to use clips in commercial radio documentaries. [Redacted].

[Redacted]. We consider that this change - with more of the archive being used on R2X - would make that even harder.

An additional change to the R2X proposal is the ‘local radio partnership’, but details on this remain scant. It makes us concerned about the direction of travel for BBC Local Radio. It indicates potentially that the BBC’s Local Radio service may develop into a service with local or regional shows at breakfast, with networked R2X shows throughout the rest of the day which would serve an older demographic who tend to listen to BBC Local Radio.

Furthermore, we remain concerned about what the proposal for R2X would mean for the direction of travel for the core Radio 2 station. This still has not been addressed by the BBC. A change to Radio 2 as a result of the launch of R2X, such as a pivot in music policy to chase younger audiences, would have a very significant impact on the music radio market. That wider context ought to be considered as part of a BCA. We see it as very unlikely that

¹⁹ BBC, 21 November 2024, [New music radio stations: Public Interest Test](#), p. 40.

²⁰ MTM, 20 November 2024, [BBC Radio Public Interest Test](#), slide 51. “Some listeners felt that this concept is already covered by commercial stations like Gold and Absolute with decade-specific services”.

²¹ Virgin Radio UK, 6 August 2024, [Virgin Radio to celebrate 40 years of Band Aid with new documentary](#).

the core Radio 2 station would remain as it is now if the R2X service launches and starts to build an older audience of its own.

Question 6: Do these proposals lead to any significant market impact concerns which might affect your own services? If so, please explain how the BBC's proposals would affect your services if they go ahead.

Yes. Both the proposals for 5SE and R2X would pose a significant direct risk to the talkSPORT network and the Virgin Radio network if they went ahead. Because of the way our business operates, the changes also pose a wider risk to the sustainability of our wider radio network, including Times Radio and Talk.

5 Sports Extra

We agree with the BBC's assessment that the proposal to change 5SE is likely to have "a potential significant adverse impact on the single sports radio broadcaster in the market, News Broadcasting, leading to a likely reduction in listening, revenues and profitability for the commercial broadcaster".²² We also agree that "there is only one competitor in the sports radio market on whom the entire impact would fall"²³ and that the changed 5SE is likely to have "significant take-up".²⁴

While the BBC has provided an estimate of the likely revenue and profit impact on News Broadcasting, we are best placed to provide a more accurate estimate of the likely commercial impact. [Redacted]

We also agree with the BBC's assessment that talkSPORT has "limited potential dynamic responses available given the limited availability and costs of popular sports rights and scheduling challenges".²⁵ The inclusion of talkSPORT's coverage of the Paris Olympics as an example of a potential response is ill-considered, and demonstrates a poor understanding of the commercial reality of running a sports radio station.

[Redacted]

In an ideal world, our response would be to buy new sports rights or to fill more of our schedule with live rights to retain our audience. However, as the BBC states, "we do not think this is a viable response given the availability of popular sports rights and scheduling challenges. For example, rights to popular sports such as football, rugby and cricket are expensive or have already been acquired in the market".²⁶

[Redacted]

²² BBC, 21 November 2024, [Public Interest Test Submission, 5 Sports Extra](#), p. 38.

²³ BBC, 21 November 2024, [Public Interest Test Submission, 5 Sports Extra](#), p. 68

²⁴ BBC, 21 November 2024, [Public Interest Test Submission, 5 Sports Extra](#), p. 46

²⁵ BBC, 21 November 2024, [Public Interest Test Submission, 5 Sports Extra](#), p. 5-6

²⁶ BBC, 21 November 2024, [Public Interest Test Submission, 5 Sports Extra](#), p. 65.

There is, frankly, no room for us to manoeuvre to respond to the proposed change to 5SE. We agree with the BBC that the change to 5SE is likely to lead to cost cutting across talkSPORT and to us considering the future sustainability of talkSPORT 2 in its current form.

The Radio 2 extension

We agree with the BBC's assessment that the proposal is likely to have an impact on fair and effective competition.

As with 5SE, while the BBC has provided an estimate of the likely revenue and profit impact on News Broadcasting, we are best placed to provide a more accurate estimate of the likely commercial impact - particularly because the estimate provided uses group-level accounts, rather than considering the impact specifically on the Virgin Radio network. [Redacted]

There would be very little room for the Virgin Radio network to manoeuvre if this change went ahead. This is already a very competitive market. [Redacted].

5 December 2024