

[contact details redacted]

The BBC Public Interest Test

BBC

London

30th April 2024

RESPONSE TO PUBLIC INTEREST TEST ON NEW DIGITAL MUSIC STATIONS

Dear BBC Public Interest Test team,

The company I co-founded, Boom Radio has submitted its own representations. This letter is written in a personal capacity, as someone with a lengthy radio career and a commentator on media matters.

My interest is in older-focused and local radio and thus much of the below pertains to the proposal for a Radio 2 Extension (R2X). Much of it is applicable for both the materiality issues of online and the PIT itself.

BBC local radio absent from the PIT analysis

BBC local radio is not mentioned once in the PIT – even though one of the new services (R2X) service is being proposed for those aged 55+.

The BBC fails to acknowledge it already has a 55+ service. BBC local radio has always performed most strongly 55+ - indeed that was its required focus under the Trust - although it lost its focus and thus audience in recent years.

There is not even a BBC local blob on the market analysis chart on page 12 in the PIT itself.

Now - BBC local radio has just been re-targeted 55-64. This is a recent and sensible shift back to its heartland after much confusion and vacillation.

The BBC's existing penetration amongst those aged 55+ is therefore materially understated in the case for a Radio 2 extension.

It is staggering that **BBC local radio generally – and its renewed demographic focus - is not acknowledged as the case is made for another 55+ BBC radio service.**

When supermarkets plan mergers, I suspect the competition regulators would give short shrift to a company which conveniently forgot just how many branches it had and materially under-stated its dominance.

The PIT does not dare to make a case for another 55+ BBC radio station. There is not one to be made.

If the BBC feels it needs to make more progress amongst 55+, it is fully able to focus and invest in its formerly very distinctive BBC local radio stations.

The BBC dominates 55+. **Almost three quarters of all radio listeners over 55 already tune to a BBC radio channel.**

No competition regulator would ever allow the BBC to deliver an additional 55+ service.

Another publicly funded entrant in that market must be deemed unfair competition. If the BBC enters this market, it will stifle not encourage innovation, contrary to what is required – and defeat anyone even thinking of operating in the older market. That is not allowed.

C2DE

The PIT does suggest there is a case for Radio 2 extension to serve C2DEs, principally DEs, although it demonstrably fails to make it. It also misinterprets the actual steers from the Ofcom report on the C2DE challenges.

There is no appreciable evidence that this service will appeal to C2DEs particularly– beyond attracting more listeners some of whom will be C2DE.

The PIT again ignores BBC local radio - which has historically delivered C2DEs so well.

It ignores the fact that what BBC local radio did was quite popular with C2DEs – indeed, it pledges something very different in a music-intensive service.

BBC local radio has lost around a million C2DEs in the last two years alone since the programming vacillation and the distraction of restructure.

Despite this loss of the BBC's own making (one which presumably its re-targeting aims to recapture) **BBC radio already reaches two-thirds of all C2DE radio listeners aged over 55.**

Market analysis

This is lamentably incomplete – ignoring Gold – the biggest commercial oldies station; and it makes false claims about music and era mixes absent from the market.

Unfair competition

If there is to be fair and effective competition, the **BBC cannot be allowed to launch a further huge service to gild the 55+ lead the BBC already has.**

R2X will be huge.

I know how the PR and spend on marketing media drives scale for our Boom Radio audience growth. We would kill for just a short ad campaign for Boom on Radio 2 – and could predict with ease the huge impact that would have on the scale of Boom audiences.

In the same way, a Radio 2 spin-off which benefits from such exposure routinely would be a significant new radio player and larger than other Public Services.

Mood States

The PIT labours over 'mood states' – indeed the Head of BBC Sounds made much of it on a panel we shared recently.

Appealing to listeners' moods is not rocket science – it is the basis on which commercial radio has been programmed since it started to really research and think about what it does in the late '80s.

But feasting the listeners' 'mood states' should not drive the BBC. It is not a Public Purpose. Distinctiveness and quality are part of what drives the BBC. Scale, per se, is not the BBC's objective – and the word 'universality' appears neither in the Charter nor the Operating Licence.

BBC local radio is self-evidently much more distinctive and of much more value than the 'mood listen' of best-loved personalities playing the artists cited by R2X (all of whom

are already played in swathes on many stations). It also meets the Public Values with ease.

Local radio is also one of the things that the commercial radio market simply cannot sustain. Whilst smug references to commercial radio converting local brands to national are made by the BBC – that is because local commercial radio is a huge challenge to fund. It does not benefit from public subsidy. Local revenues have declined owing to digital advertising competition, a high street decline - which itself has become less about independents - alongside much more competition for audiences. I suspect such glib comments would not be made by someone who has ever run a radio company fearing they will not be able to afford the salary bill at the end of the month.

Archive

Whilst “our rich archive” is the answer trotted out by earnest BBC representatives to address the distinctiveness point, there are serious questions about that archive material.

Firstly, **little archive material will be programmed.** Just how little has now been made absolutely clear in response to enquiries from Radiocentre. That paltry amount was not stated nor suggested in the PIT. When most people are listening, there will be no archive, no distinctiveness.

Secondly, **little relevant archive material exists.** Whilst reference is made to re-running old Radio 2 shows, I’m aware from several people with much BBC insight that the cupboard is bare. Little was kept – not least because tape was expensive. Indeed, when the BBC needs some old audio, it often comes to me to ask if I have a copy! Whilst there are old music sessions etc, such content does not readily lend itself to being part of a linear cohesive radio station and **the BBC is being disingenuous when it suggests archive content will define the service.**

Budget

I was assured by Jonathan Wall (BBC Sounds) recently that the BBC is confident that it can deliver this service on the £0.4m stated in the PIT.

Let me suggest some questions the PIT team might ask of the relevant BBC executives.

Who will programme this station. A rich and varied schedule is promised. Who will devise the strategy, take the editorial decisions about this major new BBC service and manage the talent? **At what salary?**

Who will run this station operationally. I know much of the model because of what we do at Boom. Making sure everything is in the right place for every moment of every day is at least a full time job plus backup. **Who will do that - and at what salary?**

There's to be a library of 5,000 records. **Who will load and code the records for this new service? Who will schedule them every day? Who will manage the clash with archive sessions etc?** I can tell you that programming that number of tracks of various styles across many decades is a complex and skilled job. **Who will do that, if this is to be a service of quality? At what salary?**

It is suggested that the service will derive much value from archive content which already exists. **Who will identify, edit and deliver that archive material?** Who will check it for compliance? Who will schedule it into the appropriate timed windows? **How many such people will you require? At what cost?**

The talent. It is suggested that use will be made of the BBC's 'much-loved talent'. I know what they are earning from my conversations with agents. Have you budgeted a fee to keep the agents happy for 'new shows' and 'presenter-led shows' from the 'network's heritage talent' and the overnight sequence "accompanied by a presenter"? One presumes that this distinctive, quality service will not comprise just a few programmes repeated endlessly. **What is the incremental cost of the talent for the fresh content – and the cost of production resource for those programmes?**

What is the cost of the imaging resource, promotional trailers, idents, continuity or whatever?

If there really is the latent resource in the BBC to contain R2X within a £0.4m without other departments running up incremental costs, then it suggests a frightening degree of currently wasted resource within the BBC. It also suggests that other BBC services should be run a lot more cheaply – and it suggests a serious question about why £100m+ is not enough to sustain decent BBC local radio stations.

By way of illustration, if there were, for example, just 8 x three hour shows a day (2920 programmes per annum) on R2X, the £0.4m would allow just would allow £136 per programme – and nothing for all the other necessary roles and functions above.

By comparison, the other archive channel BBC 4 Extra costs £3m for content – to schedule already established and defined archive series – and 4 Extra bears little additional cost for the level of fresh original programming cited by R2X. **Why can the more complex R2X service be delivered at 13% of the cost of BBC 4 Extra?**

It can't. The content cost is materially misleading.

Public Interest Test

£0.4m is the content cost cited – but this is a PUBLIC interest test.

The public will wish to know how much this will cost **overall** - as that is the amount they are paying and must be forsaken by other elements of the BBC. In consumer advertising regulations, total costs are required for products and services – anything other is seen as misleading.

More clarity on the true overall cost would have been appropriate in this public interest test, just as there should have been more clarity on the actual programming to be scheduled.

Public Value

Whilst the Charter allows the BBC a place in the market, the BBC must balance any market disruption against the Public Value.

The case is simply not made in the PIT that this service will provide any appreciable public value.

Conclusion

I am heartened that BBC representatives are leaning on this process to identify the issues and judge matters sensibly.

If, however, this proposal is accepted - whether online only or on DAB+ and online - it suggests the test is simply not working and the BBC should no longer be able to arbitrate on its own planning permission applications.

Yours faithfully,

David Lloyd