



Market position of BBC Sounds: Call for evidence

BBC Response

March 2021

Executive summary

The BBC welcomes the opportunity to respond to Ofcom's call for evidence on the market position of BBC Sounds.

We agree with Ofcom that the radio and audio sector is undergoing a period of rapid change. The largest impact is the growth of music and podcast streaming services such as Spotify, Amazon Music, Apple Music, Apple Podcasts, TuneIn, etc. However, another important feature of the market in recent years is the success of commercial radio – both as a share of listening and revenues – supported by consolidation and deregulation. Most recently the impact of the Covid-19 pandemic has increased demand for streaming services, while depressing both radio listening and advertising markets. We do not repeat this analysis which is covered in Ofcom's call for evidence and its market research including its *Media Nations* report. However, we do in the first section of this document set out a timeline of the BBC's online audio services and how these have evolved. We also set out the inherent iterative nature of software development and how the BBC will continue to evolve BBC Sounds.

A personalised online and on-demand audio product is – as the BBC has made clear in every annual plan and annual report since 2017 – at the heart of the BBC's audio strategy. In the second section of this document we reiterate the BBC's strategy for BBC Sounds.

In the third section of this document we address, Ofcom's observations in its call for evidence that:

“Given the incremental changes that the BBC has made to BBC Sounds, we consider that now is the appropriate time to take stock of its market position and assess whether there are any issues that need to be addressed, via regulatory action or other means.”

“Stakeholders have had particular concerns about the transparency of the BBC's proposals for developing and expanding BBC Sounds and the lack of opportunities to engage the BBC.”¹

We consider that BBC Sounds has in fact been developed openly and transparently and fully in accordance with the requirements set out in the Charter, Agreement, the BBC's Policy on material changes, and Ofcom's procedures and guidance on proposed changes to the BBC's public services. We note that Ofcom's call for evidence omits any reference to the lengthy and detailed regulatory assessments Ofcom has carried out at each stage of the development of BBC Sounds since early 2018 and reported on in its annual reports on the BBC. It does not refer to the plans that the BBC has put into the public domain in its Annual Plans, Annual Reports, published Board minutes, various speeches, press releases, blogs, etc. It also refers neither to the regular reporting the BBC has made to Ofcom since the launch of BBC Sounds nor to the data-packs that the BBC publishes on BBC Sounds' performance.

¹ [Market position of BBC Sounds: Call for evidence](#), 14 October 2020, p.1

Therefore, in the third section of this document, we have set out the public and transparent process the BBC has followed in developing BBC Sounds.

1. The development of the BBC's online audio services

A brief history of the BBC's online audio services

Since its first radio broadcasts in 1922, the BBC has been at the forefront of technological innovation in broadcasting.

Indeed the third public purpose of the BBC set out in the BBC's Royal Charter states that "the BBC should provide high-quality output in many different genres and across a range of services and platforms which sets the standard in the United Kingdom and internationally".² The Charter also states that "the BBC must promote technological innovation, and maintain a leading role in research and development, that supports the effective fulfilment of its Mission and the promotion of the Public Purposes".³ The Agreement adds that: "The BBC must ensure that it conducts research and development activities geared to the fulfilment of the Mission and the promotion of the Public Purposes and which aim to maintain the BBC's leading role in research and development in broadcasting and other means for the distribution and consumption of audio, visual and audiovisual material and other content, and in related technologies".⁴

The BBC has played an important role in leading the development of online audio services including:

- In June 1996, the BBC launched its first online stream of a radio station – Radio 1.⁵
- In November 2004, the BBC was the first British broadcaster to release a podcast, when *In Our Time* was made available to download.⁶
- In 2007, the BBC launched a range of permanent podcasts on bbc.co.uk.⁷
- In December 2007, the BBC launched the streaming version of iPlayer, which included catch-up of radio programmes.⁸
- In March 2011, the BBC worked with commercial radio to launch the Radioplayer app.⁹
- In October 2012, iPlayer Radio was launched as a separate app.¹⁰
- In 2016 the BBC launched the BBC Music app.¹¹

² [BBC Charter](#), Article 6, Public Purpose 3

³ [BBC Charter](#), Article 15

⁴ [BBC Agreement](#), clause 65

⁵ [BBC Internet Services - History](#)

⁶ [BBC increases reach of iPlayer as streaming begins](#), 13 December 2007

⁷ [BBC Annual Report 2004/5](#), p.30

⁸ [BBC Annual Report 2007/8](#), p.30

⁹ [UK radio pushes online listening](#), 31 March 2012

¹⁰ [Audio enters another dimension](#), October 2012

¹¹ [BBC launches new app for music fans](#), 24 February 2016

BBC Sounds is the continuation of these developments. An initial version of the BBC Sounds app was released in June 2018 with a full launch in October 2018. At this time the BBC Sounds website replaced the existing iPlayer Radio website for UK users. We also introduced music mixes and expanded the range of BBC podcasts.

The iPlayer Radio app was decommissioned in the UK in September 2019. Until then, it was supported alongside the BBC Sounds app. In March 2020, a BBC Sounds app was released for connected TVs. In September 2020, the international version of iPlayer Radio was replaced by an international version of BBC Sounds. In October 2020, the Radio 1 Dance Stream was added to BBC Sounds.

Digital products such as BBC Sounds require iterative development

Since the launch of BBC Sounds, we have been listening to audiences and evolving our offer to respond to audience need. We continue to evolve BBC Sounds' user experience and curation to make it easier to discover and explore the available content.

The development of digital products is a process of ongoing iteration. Following the release of the first version of BBC Sounds as a mobile app in June 2018, we have been evolving it ever since in response to user feedback and data insights. We have introduced new functionality, evolved existing functionality, iterated the design and made Sounds accessible on more devices.

Iterative development allows us to check that our ideas really deliver the audience value that we had anticipated. There is always a risk that we might build something that the audience does not want, finds hard to use, or does not fulfil its anticipated purpose for the BBC. To minimise the risk of wasting resources in this way, we seek to build new ideas in the smallest iterations possible to validate whether they work.

It is standard practice to develop digital products by making small and regular changes. In the last six months, the BBC Sounds iPhone app has been updated seven times.¹² All similar digital products, such as Spotify¹³, Amazon¹⁴ and Global Player¹⁵ use this approach.

The process follows a number of steps. At each step the aim is to take the strengths and build on them and leave the weaker designs behind.

1. Each development starts with a hypothesis: 'We believe that, if we do this, then that will result in...'
2. Creative ideas are generated and tested
3. Successful ideas have prototypes or design work and are then tested
4. Prototype and design are refined and then tested
5. Release the best ideas and designs get user feedback
6. Adapt to user feedback

¹² [Apple Appstore BBC Sounds page](#).

¹³ The Spotify iPhone app has been [updated 20 times](#) in the last six months.

¹⁴ The Amazon Music iPhone app has been [updated 21 times](#) in the last six months.

¹⁵ The Global Player iPhone app has been [updated 10 times](#) in the last six months.

7. Explore the next hypothesis

All the relevant teams are involved in each stage so that the product designers get expertise from the software developers and the user experience (UX) team at every point. Iterative product development allows teams to be reactive to audience feedback, the rapidly changing market and audience expectations and to make use of opportunities as they arise.

The audio market is evolving rapidly especially around podcasts and streaming music. Using an iterative approach for BBC Sounds ensures that the product is developed in the most efficient and effective way. Teams focus on developments that will provide benefits for audiences, are deliverable and solve genuine problems.

This can mean delivering a solution that isn't perfect but that can be built upon in the future as we discover how the audience uses the feature and what benefit it brings. It also means that although there is a clear strategic direction for BBC Sounds, the order in which features are developed and delivered can and does change in line with process.

The creation and evolution of BBC Sounds has contributed and continues to contribute to the BBC's ability to deliver the Mission and Public Purposes by making its audio content available in ways expected by audiences. The ongoing, iterative development of BBC Sounds also meets the requirement for the BBC to ensure that its technology and services sit at the forefront of development in the distribution and consumption of audio content.

2. The BBC's strategy for online audio

The BBC's Charter requires us 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."¹⁶ As Ofcom has noted: "It is vital that the BBC produces distinctive, innovative content that reaches and appeals to younger audiences and makes it available where they want to find it."¹⁷

In our Annual Plan for 2017/18, the BBC stated that:

"Our long-term ambition is for iPlayer Radio to be the best audio experience in the world and over the next 12 months we will begin to reinvent it. We will move it from being a predominantly catch-up and broadcast-focused experience to a fully personalised experience with the user at its heart. It will connect users with a broader range of BBC content from programmes and services that were previously unfamiliar and use data to evolve our offer over time. We will offer greater flexibility of format – more short form and podcasts to sit alongside the long-form live and on-demand offer."¹⁸

This reinvented iPlayer Radio is BBC Sounds and is the BBC's long-term response to this challenge, drawing upon the BBC's unique heritage and expertise in this field to offer more relevant choices to audiences. Our current strategy is entirely consistent with this statement from 2017.

In this section we set out the strategy that the BBC has articulated for BBC Sounds in its most recent Annual Plan and how this has been and will be reported on in our Annual Report and other documents.

BBC Sounds is at the heart of our audio strategy

The ambition we set out in 2017 still stands: we want BBC Sounds to represent a personalised experience with the user at its heart. On-demand services – or chosen moments – allow listeners to take advantage of the extraordinary wealth of available music or speech and choose exactly what they want to listen to. Looking ahead in 2021, we will continue to evolve our audio portfolio, reflecting changing habits around music discovery and ensuring we have the right offers to serve all audiences more equally. We will take lessons from BBC online content popular with young audiences, and how we have operated through the Covid-19 pandemic, working even more closely as a portfolio to deliver the best value for audiences, and protecting the high-quality and distinct output that millions love.

Audio listening habits are changing, especially among younger audiences. We know that is essential that BBC offers audio services in the range of formats and destinations that listeners find intuitive.

¹⁶ [Royal Charter](#), Article 5

¹⁷ [Ofcom's Annual Report on the BBC](#), October 2019, p.10

¹⁸ [BBC Annual Plan 2017/18](#), October 2017, p.54

In the BBC's Annual Plan for 2020/21, we set out our latest description of this strategy:

“the need for the BBC to reinvent our audio offer for younger audiences (and increasingly for all audiences as new listening habits are perhaps accelerated by the current situation) is as pressing as ever.

“The BBC's role in audio is the same as it has always been: to showcase the best UK talent, bringing world-famous news and storytelling to the UK and the world; to create opportunities for new British artists; and to help fans discover new music and build relationships with those artists. And the shift in listening habits brings new ways for the BBC to deliver this role for audiences and the UK creative economy more effectively.

““BBC Sounds is at the heart of our audio strategy. Now available across mobile, web, smart speaker and smart TV, the BBC's online audience experience recently reached peaks of 3.6 million users and 11 million hours listening – higher than the iPlayer Radio it replaced. It saw a surge of live listening at the start of the crisis, with users going on to discover its world-class on-demand speech and evolving music mix offer.

“To compete in a global tech-dominated marketplace in 2020 and beyond, BBC Sounds must continue to evolve to find a distinct space in the lives of our listeners. As we outlined in the Annual Plan 2020, we believe it can do that by combining the best on-demand audio content with world-class live listening. Over the next two years we intend to evolve the user experience in BBC Sounds to make it easier to use and more personally relevant to each user, innovate around new listening formats, develop new exciting content, and in a significant new step incorporate discovery of the best third-party content.”¹⁹

We also set out three ways in which we intended to make BBC Sounds outstanding.

First, through “a feast of on-demand speech”. We described our intention to focus our commissioning spend to deliver bigger world-leading podcasts to serve regular podcast listeners and to attract UK listeners who have never listened or do not regularly listen to podcasts. We noted the three main groups of podcasts. Those commissioned through our broadcast services like Radio 2, Radio 3, Radio 4 and 5live. Those commissioned by Sounds, like the *That Peter Crouch Podcast* and *Tunnel 29*. And suite of podcasts meeting lockdown needs, like *Grounded with Louis Theroux* and the *Coronavirus Newscast*.

Second, to “make BBC Sounds a place that loves music and helps listeners love music”. We said that this would focus on curation by music lovers and focused on artists – to differentiate from the all-catalogue offers of music streaming services. We said we would offer themed compilations which will allow audiences to find the very best curated BBC content in topics such as artist, event or mood, and enhanced music mixes, with a focus on British and emerging talent.

¹⁹ [BBC Annual Plan 2020/21](#)

Third, for “Sounds to have the best radio listening experience online.” In particular, we said we would use live radio at the heart of BBC Sounds, amplifying live moments and supporting with on-demand content. We also set out our intention to bring together existing content on Sounds in scheduled online streams that make it easy to find and listen to throughout the day.

These three pillars will guide the BBC in delivering the audio services that all audiences can turn to now and in the future, and in an increasingly global audio market, will allow BBC Sounds to be a stage for the very best the UK creative sector has to offer the world.

As online streaming has grown, and with increasing investment in podcasting from the likes of Spotify and Apple, audience behaviours and expectations are changing – especially those of young audiences. Adaptability is key to the ability of the BBC to deliver audio services for all generations.

The recent development of the Radio 1 Dance stream on BBC Sounds was designed with the delivery of public value in centre stage. Its offer of a focus on the specific genre enables listeners to enjoy and further explore what BBC Sounds has to offer on the topics and music they love. The stream is also aimed at younger audiences who are at most risk of exiting the radio market entirely, and offering them better value for the licence fee.

We believe that, ultimately, delivering strong BBC audio content and services strengthens the UK radio broadcasting sector in the face of global online streaming competition.

Reporting on the performance of BBC Sounds

The BBC has provided quarterly reports to Ofcom on the performance of BBC Sounds since Q4 2018 (October-December 2018). These reports set out:

- the volume (number and hours) of off-schedule podcasts by genre;
- hours of off-schedule music mixes; and
- the BBC’s share of on-demand speech and on-demand music (% and hours).²⁰

The BBC has also published quarterly data packs for BBC Sounds. We have provided these in particular to enable commercial stakeholders to have appropriate insight in the performance of BBC Sounds.²¹ We have published these since Q4 2019, and these set out the performance of Sounds across a range of metrics:

- total plays (total, on-demand radio and podcast content, and music mixes);
- average and peak weekly users;
- proportion of live to on-demand listening (hours and plays);

²⁰ Data on off-schedule podcasts and music mixes from internal BBC sources and share of on-demand speech and music from RAJAR MIDAS survey.

²¹ Sounds data packs: [October-December 2019](#), [January-March 2020](#), [April-June 2020](#), [July-September 2020](#), [October-December 2020](#).

- top 10 on-demand radio plays (all audiences, under 35s, and under 35 skewing);
- top 10 music mixes; and
- top 10 podcasts (all audiences, under 35s, and under 35 skewing).

In our Annual Plan for 2020/21, we have set a target for BBC Sounds to have weekly reach of 3.5-4 million weekly sign in accounts.²² We will report against this in our Annual Report and Accounts for 2020/21.

²² [BBC Annual Plan 2020/21](#), p.58

3. The BBC has developed BBC Sounds openly and transparently

There is a clear process set out in the Charter, Agreement, etc. and BBC has followed this scrupulously. All changes to Sounds have been thoroughly reviewed and approved by Ofcom.

The regulatory framework

The BBC Charter

One of the BBC Board's principal functions is to:

“consider proposals for material changes to the UK Public Services, non-service activities or trading activities, and must assess both the public value and impact on competition of such proposals.”²³

The BBC is required to:

“prepare and publish an annual plan for each financial year in accordance with this article [which] must include ... the work plan for that year”²⁴, with work plan defined as “the BBC's strategy, objectives and outline budget and any significant developments planned for the year including any material changes to the UK Public Services and commercial activities.”²⁵

The BBC's annual report is required to include:

“significant changes to the BBC's activities including any material changes to the UK Public Services and commercial activities.”²⁶

Ofcom is required to:

“set requirements, in the Operating Framework, to protect fair and effective competition in the United Kingdom in relation to— (a) material changes proposed by the BBC to the carrying on of UK Public Services and non-service activities;”²⁷

The BBC Agreement

The BBC Agreement provides more detail on material changes. First it requires the BBC to

“prepare and publish a policy setting out how it will consider material changes to the UK Public Services, including whether or not a change is

²³ [BBC Charter](#), Article 20(4)

²⁴ [BBC Charter](#), Article 36

²⁵ [BBC Charter](#), Article 63

²⁶ [BBC Charter](#), Article 37(2)(b)

²⁷ [BBC Charter](#), Article 46(5)

potentially material, and how it will consult with interested persons where appropriate.²⁸

The Agreement is also clear that the BBC:

“may only make a material change to the UK Public Services where- (a) the BBC has carried out a public interest test on the proposed change; (b) the BBC has determined that the public interest test is satisfied; and (c) Ofcom determine that the BBC may carry out the proposed change.”²⁹

It defines a material change as:

(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.³⁰

The Agreement requires Ofcom to set out in the Operating Framework:

“how Ofcom will assess whether a proposed change to a UK Public Service is a material change”³¹

The Agreement also sets out Ofcom’s powers in the circumstance that it considers the BBC has not correctly assessed the materiality of a change.

Where Ofcom consider that a change to the UK Public Services is a material change and the BBC has failed to publish the proposed change, Ofcom may direct the BBC- (a) to carry out a public interest test and, if the test is satisfied, publish the proposed change; or (b) to stop carrying out the change in accordance with such directions as Ofcom consider appropriate.³²

The Agreement also sets out the initial list of UK Public Services including:

“As online services designed for users across the UK, BBC Online: a comprehensive online content service, with content serving the whole range of the BBC’s Public Purposes and including the BBC’s news and sports websites, BBC iPlayer and BBC Three for younger adult audiences.”³³

Ofcom regulation

In March 2017, Ofcom set its Operating Framework requirements in relation to assessing the impact of proposed changes to the BBC’s public services.³⁴ This Ofcom document provides a significant amount of guidance and detail; however, it also sets

²⁸ [BBC Agreement](#), Clause 7(5)

²⁹ [BBC Agreement](#), Clause 7(6)

³⁰ [BBC Agreement](#), Clause 7(7)

³¹ [BBC Agreement](#), Clause 15(1)(a)

³² [BBC Agreement](#), Clause 9(6)

³³ [BBC Agreement](#), Schedule 1, Part 1, paragraph 4

³⁴ [Assessing the impact of proposed changes to the BBC’s public service activities: Ofcom’s procedures and guidance](#), March 2017

the formal regulatory obligations that apply to the BBC. In this context of the development of Sounds, the most pertinent requirement is that:

“The BBC must not implement a proposed change to a UK Public Service or non-service activity while Ofcom is considering whether or not it is material or carrying out an assessment of a material change under the Operating Framework, and must comply with any directions made by Ofcom in that regard.”³⁵

Ofcom’s guidance also sets out its expectations on the BBC with regard to transparency of materiality assessments which do not progress to Public Interest Tests:

“Firstly, the BBC is required to publish an annual plan including a work plan. One purpose of this is to give third parties a good understanding of the areas where important strategic thinking is taking place, in sufficient detail to enable comment and debate. This should allow the BBC to engage with interested parties to identify which proposals might be material. Secondly, we expect the BBC to engage appropriately with us to keep us apprised of its developments.”³⁶

BBC Policy on material changes

In August 2017, the BBC published its *Policy on material changes to the BBC’s public service activities and commercial activities*.³⁷ This policy sets out how the BBC will assess whether changes to public service activities or commercial activities are material (in the meaning of the Charter and Agreement) and in the event that the BBC decides a change is material how it will operate the resulting Public Interest Test or Commercial Test. This policy also sets out certain “business-as-usual” changes that would not normally be regarded as material.³⁸

The policy sets out how the BBC will consider whether a service is a new UK Public Service:

“The BBC is required to maintain a list of its UK Public Services; any proposed new UK Public Service that is not covered by that list would be regarded as a material change.”³⁹

³⁵ [Assessing the impact of proposed changes to the BBC’s public service activities: Ofcom’s procedures and guidance](#), March 2017, p.25

³⁶ [Assessing the impact of proposed changes to the BBC’s public service activities: Ofcom’s procedures and guidance](#), March 2017, p.14

³⁷ [Policy on material changes to the BBC’s public service activities and commercial activities](#), August 2017

³⁸ [Policy on material changes to the BBC’s public service activities and commercial activities](#), paragraph 2.3

³⁹ [Policy on material changes to the BBC’s public service activities and commercial activities](#), paragraph 2.15

It then addresses the second category of material changes (i.e. a change to a UK public service that “may have a significant adverse impact on fair and effective competition”).

The BBC policy also sets out how it will engage with stakeholders when considering material changes:

“The BBC will normally seek feedback from interested parties at one or two stages:

(a) Materiality assessment. The BBC will aim to include high level details of potential material changes to UK Public Services scheduled for the coming year in its Annual Plan. The BBC may also use other mechanisms to engage stakeholders on the proposals where appropriate – for example, by meeting with stakeholders and/or publishing material to inform stakeholders about proposals; and

(b) Public Interest Test. The BBC will seek the views of interested parties when it is undertaking a PIT, particularly on the question of how any adverse impact on fair and effective competition could be minimised.”⁴⁰

Development of Sounds

The BBC has followed the regulatory approval process set out in the Charter, the Agreement and Ofcom’s regulations in relation to the establishment of BBC Sounds and subsequent developments. Below we set out a summary of the development of BBC Sounds.⁴¹

The BBC has carried out three such materiality assessments related to Sounds:

- The development BBC Sounds as a replacement for iPlayer Radio, off-schedule music mixes⁴² and off-schedule podcasts⁴³;
- The further development of BBC Sounds regarding commercial radio aggregation, podcast aggregation and a limited music streaming service; and
- The launch of the Radio 1 Dance stream.

(1) The BBC’s first materiality assessment related to BBC Sounds

⁴⁰ [Policy on material changes to the BBC’s public service activities and commercial activities](#), annex 1

⁴¹ This summary is not intended to be a comprehensive statement of this development or of the BBC’s engagement with Ofcom or other stakeholders.

⁴² Single audio files in which individual music tracks are spliced together, made up of songs played on BBC radio within the previous 30 days. Unlike playlists, it is not possible to search for or skip to individual tracks.

⁴³ Spoken word audio programmes created for on-demand consumption and not broadcast on BBC radio.

In the BBC's first Annual Plan under the new Charter and Agreement, we set out our plans for developments to iPlayer Radio:

“Online, we will progress with our plans to offer greater personalisation within iPlayer Radio as part of wider plans to offer an audio product that can meet changing audience expectations. Over time this could include a richer digital music offer, which would be subject to a materiality assessment.”⁴⁴

“Like TV iPlayer, iPlayer Radio offers the full range of uniquely distinctive BBC Radio content in one place. The next generation of the product will aim to surface more of that content in a personalised way to young audiences.”⁴⁵

“Our long-term ambition is for iPlayer Radio to be the best audio experience in the world and over the next 12 months we will begin to reinvent it. We will move it from being a predominantly catch-up and broadcast focused experience to a fully personalised experience with the user at its heart. It will connect users with a broader range of BBC content from programmes and services that were previously unfamiliar and use data to evolve our offer over time. We will offer greater flexibility of format – more short form and podcasts to sit alongside the long-form live and on-demand offer. Subject to rights, over time iPlayer Radio could include a richer digital music offer.”⁴⁶

Following this, the BBC carried out a materiality assessment. As BBC Sounds was clearly part of the BBC Online UK Public Service and therefore not a new service, this assessment considered whether the proposals may have an adverse impact on fair and effective competition.

The proposals covered by this materiality assessment included:

- Creating a new app that would replace iPlayer Radio and BBC Music apps;
- All the functionality and content then provided by iPlayer Radio (i.e. live radio listening, catch-up radio listening and archive);
- Improved recommendations and personalised discovery;
- Continuous playback;
- Off-schedule podcasts (approximately 1,500 episodes per year); and
- Off-schedule music mixes (approximately 1,000 music mixes per month).

The BBC Board considered this assessment in February 2018, and decided that the proposed changes were not a material change.⁴⁷ After which the assessment was submitted to Ofcom. As required this was referenced in our Annual report for 2017/18:

⁴⁴ [BBC Annual Plan 2017/18](#), p.23

⁴⁵ [BBC Annual Plan 2017/18](#), p.50

⁴⁶ [BBC Annual Plan 2017/18](#), p.54

⁴⁷ [BBC Board minutes](#), February 2018, pp.5-6 (The Board reconsidered the assessment at its [July 2018 meeting](#) following revision as a result of a minor data error and agreed that the changes were still not material, p.6.)

“During 2017/18, we have conducted seven detailed materiality assessments. Of these, we decided six were not material:

[...]

— changes to the BBC iPlayer Radio and BBC Music products.”⁴⁸

When the BBC’s 2018/19 Annual Plan was published in March 2018, we again referenced these proposed changes, and signalled further developments:

“Later this year we will begin to transform what we know as BBC iPlayer Radio to provide a bolder and more intuitive mobile platform for our astonishing array of radio and audio content, including our growing range of podcasts. We will assess these developments, too, for materiality.”⁴⁹

“We will launch a refreshed version of our digital audio product – giving audiences a highly personalised content offer across all our audio output and an improved browsing and content discovery experience.”⁵⁰

In October 2018, Ofcom – having collected various additional information from the BBC since it was first referred to them in February 2018 – confirmed that the BBC’s plans for phase 1 of BBC Sounds did not require the BBC to carry out a Public Interest Test.

In its 2017/18 annual report on the BBC, Ofcom stated:

“In its Annual Plan for 2018-19, the BBC indicated areas where it is considering proposed changes to its public services: BBC iPlayer, BBC Sounds and BBC Bitesize. We are continuing to engage with the BBC on the materiality of its proposed changes.”⁵¹

Ofcom made this decision public in its annual report on the BBC for 2018/19, in which it stated:

“The BBC has engaged constructively with Ofcom on some of its plans to change services. For example, the BBC and ITV engaged positively with us in relation to the proposed SVoD service BritBox (see page 43), and on its materiality assessment for phase 1 of BBC Sounds.”⁵²

“In 2018, we engaged with the BBC on its materiality assessment for phase 1 of BBC Sounds, which was a proposal to combine the BBC iPlayer Radio service with BBC Music to create BBC Sounds, improve user functionality and increase off-schedule content availability. We did not have concerns with the phase 1 proposals and the BBC officially launched the app in October 2018.”⁵³

⁴⁸ [BBC Annual Report & Accounts 2017/18](#), p.123

⁴⁹ [BBC Annual Plan 2018/19](#), p.6

⁵⁰ [BBC Annual Plan 2018/19](#), p.47

⁵¹ [Ofcom’s annual report on the BBC 2017/18](#), p.39

⁵² [Ofcom’s annual report on the BBC 2018/19](#), p.23

⁵³ [Ofcom’s annual report on the BBC 2018/19](#), p.45

(2) The BBC's second materiality assessment for Sounds, including supplementary materiality assessment

As noted above the BBC referenced further developments to BBC Sounds in our Annual Plan for 2017/18.

We then carried out a materiality assessment for phase 2 of BBC Sounds developments, which included proposals for third-party radio and podcast aggregation on BBC Sounds, as well as a limited streaming offer. The development of these proposals involved extensive discussions with commercial radio stakeholders.

The BBC Board considered this assessment in July 2018, and decided that the proposed changes were not a material change.⁵⁴ After which the assessment was submitted to Ofcom. As required this was referenced in our Annual Report for 2018/19:

“During 2018/19, we have conducted three detailed materiality assessments of changes to UK Public Services. Of these, the BBC decided none were material:

[...]

— further developments to BBC Sounds, including aggregating commercial radio and podcasts and offering a limited music streaming service”⁵⁵

In October 2018, Ofcom referred this assessment back to the BBC for further work around commercial radio aggregation in particular. Throughout this period, the BBC remained in discussion with commercial radio stakeholders. However, following discussions with Ofcom and commercial radio operators, we decided not to pursue commercial radio aggregation.

In November 2019, the BBC Board considered a supplementary materiality assessment on podcast aggregation addressing further issues raised by Ofcom (noting that Ofcom had not raised any concerns with the limited music streaming element of the July 2018 materiality assessment). The BBC Board decided that the plans were not material.⁵⁶

Again this was referenced in our annual report for 2019/20:

“During 2019/20, we have conducted three detailed materiality assessments of changes to UK Public Services. Of these, the BBC decided none was material:

[...]

— Further development of BBC Sounds, including aggregating third-party podcasts and a limited music streaming service.”⁵⁷

⁵⁴ [BBC Board minutes](#), July 2018, p.5

⁵⁵ [BBC Annual Report & Accounts 2018/19](#), p.148

⁵⁶ [BBC Board minutes](#), November 2019, p.5

⁵⁷ [BBC Annual Report & Accounts 2019/20](#), p.120

In January 2020, Ofcom provided confirmation of its agreement with the BBC's supplementary assessment.

In its third annual report on the BBC Ofcom stated:

“During 2019/20 we reviewed the BBC's materiality assessments of the following proposed changes to its public service activities:

- [...]
- aggregation of third-party podcasts on BBC Sounds.

In each case, we did not have concerns with the proposals and therefore did not require the BBC to carry out a public interest test.”⁵⁸

(3) Radio 1 Dance stream

In February 2020, Jonathan Wall, Controller of BBC Sounds, announced the intention to launch a Radio 1 Dance stream in the Spring:

“One area of curation we're already working on is bringing some of our existing specialist music content to listeners in new streams on Sounds. The recent RAJAR data reminded us once again that whilst live listening is still strong and BBC stations remain really popular, audio habits are changing especially amongst younger people who have grown up with streaming services. So it's important that when they come to Sounds, they can easily find both their favourite stations - like Radio 1 or 1Xtra - but also can easily listen to their favourite BBC content outside of the traditional, and often multi-genre, linear schedules.

“The first of these will be a Radio 1 Dance stream. We have the best dance shows on Radio 1, and we know so many of our younger listeners love them. They'll remain an important part of the Radio 1 schedule of course, but the team will now also pull them into a dedicated stream. This isn't about us creating new dance content for Sounds as we aren't. What we are doing is bringing together the brilliant existing dance programmes we have and making it really easy for current and new listeners to find them by putting the stream in the Sounds dial.

“The Radio 1 dance stream will come to Sounds this spring.”⁵⁹

Given the impact of the Covid-19 pandemic, we postponed these plans and confirmed this position in our annual plan for 2020/21, we stated:

“Prior to lockdown, the BBC had announced the launch of a Radio 1 Dance stream on BBC Sounds to help audiences more easily discover the live and on-demand content already available on Sounds. We had begun to examine the options to evolve our audio portfolio so that it continues to serve existing

⁵⁸ [Ofcom's annual report on the BBC 2019/20](#), p.87

⁵⁹ [BBC Sounds – an audio treasure trove](#), 26 February 2020

audiences but also maximises the value of the content we create by delivering it to younger audiences in the way they are choosing to listen.

“Circumstances mean these plans are on hold, to be reviewed as the future situation becomes clearer. However, the need for the BBC to reinvent our audio offer for younger audiences (and increasingly for all audiences as new listening habits are perhaps accelerated by the current situation) is as pressing as ever.”⁶⁰

However, we also stated that:

“And we will explore the opportunity to bring together existing content on Sounds in scheduled online streams that make it easy to find and listen to throughout the day, through curated streams of wellbeing, companionship, comedy and music.”⁶¹

On 30 July 2020, during a webinar interview hosted by the Royal Television Society James Purnell confirmed publicly that the BBC is not planning to launch further DAB stations. Instead, he noted that the BBC is focusing on innovating its audio offering within BBC Sounds including bringing together on-demand and linear material.⁶² As reported in Broadcast, “Purnell said the BBC had opted for “innovating Sounds” over launching more DAB radio stations, a choice made by some commercial rivals, including News UK’s Times Radio.”⁶³

At this time, the BBC also briefed commercial radio that we were not planning to launch DAB extensions, but would proceed with the creation of streams within Sounds, including Radio 1 Dance.

In July 2020, the BBC carried out a materiality assessment of the proposed introduction of the Radio 1 Dance stream on BBC Sounds. This was clearly not a new UK Public Service (i.e. it was a feature of BBC Sounds, which itself is part of the larger BBC Online UK Public Service) and it merely involved the curation of existing types of content, i.e. previously or simultaneously broadcast radio programmes and off-schedule music mixes and podcasts, within the limits set out in the first Sounds materiality assessment. As such it was a business as usual change to BBC Sounds and clearly not a material change.

When a materiality assessment concludes that the change is either business as usual or clearly not material it does not require BBC Board approval and can instead be approved by the BBC’s Director of Policy. This materiality assessment was approved by the BBC’s Director of Policy on 31 July 2020 and passed to Ofcom on the same day.

Ofcom requested further information on 14 August 2020. On 23 September 2020, Ofcom wrote to the BBC (copying Radiocentre) stating “having reviewed the

⁶⁰ [BBC Annual Plan 2020/21](#), p.25

⁶¹ [BBC Annual Plan 2020/21](#), p.26

⁶² [In Conversation with James Purnell](#), RTS, 30 July 2020, around 43 minutes.

⁶³ [BBC breaks down radio and podcast barrier](#), Broadcast, 30 July 2020

materiality assessment and the additional information you have provided, we do not require the BBC to conduct a Public Interest Test ('PIT') in relation to the proposal.”

On 24 September 2020, Ofcom published this letter and a statement that:

“the proposed Radio 1 Dance stream does not constitute a material change. The impact on competitors’ services is likely to be low, particularly given Radio 1 Dance will be online only and contain no new or exclusive content. We will not, therefore, require the BBC to conduct a public interest test and it is now able to launch the service on BBC Sounds as planned in early October.”⁶⁴

In its third annual report on the BBC, in discussing how the BBC had responded to Ofcom’s challenge that it needed to set out its strategy to engage with and provide for younger audiences, Ofcom stated:

“In October 2020, the BBC launched its 24-hour Radio 1 Dance stream on BBC Sounds, designed to give young audiences more flexibility to listen to dance genre content.”⁶⁵

⁶⁴ [BBC Regulation and Operating Framework, Competition, Assessments, Materiality assessment of BBC Radio 1’s Dance stream](#), 24 September 2020

⁶⁵ [Ofcom’s annual report on the BBC 2019/20](#), p.21