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BBC Policy

26 July 2021

Ian Moss  
Chief Executive  
Radiocentre Ltd

CC: Matt Payton, Chief Operating Officer, Radiocentre Ltd

**Sent by email**

Dear Chris and Ian,

**Radio 1 Relax stream – materiality assessment**

I am writing to explain why Ofcom is not requiring the BBC to carry out a Public Interest Test (PIT) in relation to the Radio 1 Relax stream on BBC Sounds.

**Background**

On 16 March 2021, we received from the BBC a materiality assessment in respect of the then-proposed Radio 1 Relax stream, in which the BBC concluded that it would not be a material change to a UK Public Service or non-service activity.

The BBC launched Radio 1 Relax on 22 April, at which time the BBC's engagement with Radiocentre on the proposal was still ongoing.

Following correspondence between the BBC, Radiocentre (including through its solicitors, Mishcon de Reya) and Ofcom, we communicated to the BBC and Radiocentre that we were in a position to start to consider the materiality of Radio 1 Relax.

We later received additional information from the BBC regarding actual take-up of Radio 1 Relax and, by way of comparison, the Radio 1 Dance stream on BBC Sounds, as well as a response from Radiocentre to questions we had raised on its submission of 7 May to the BBC.

**Our assessment**

Having reviewed the materiality assessment and all the additional information provided by the BBC and Radiocentre, we have concluded that Radio 1 Relax is not material and that we will not therefore direct the BBC to conduct a PIT in relation to the stream.

In summary, this is because the stream is not a new UK Public Service, but rather a change to the BBC Online UK Public Service, and we do not consider the change is one that may have a significant adverse impact on fair and effective competition. On the latter, we set out below a high level summary of the principal reasons for our conclusion.

As the BBC estimated in its materiality assessment, take-up of Radio 1 Relax has been modest. In its materiality assessment, the BBC predicted take-up of the service to be [X] weekly accounts and between [X] average listening hours per week within 9 months of launch. We have since received actual listening data from the BBC, which shows that whilst [X], the number of Radio 1 Relax accounts is higher than forecast, usage is significantly lower than predicted with average weekly listening hours at between [X].

We also do not consider that take-up of the service is likely to grow substantially in the future. The pattern of actual listening hours we received for Radio 1 Relax shows that listening grew in the first couple of weeks since launch and has since been fairly stable. These figures, when considered alongside those for Radio 1 Dance, do not suggest a trajectory of growth that is likely to build steadily or take off significantly.

This indicates that Radio 1 Relax is highly unlikely to have a significant adverse impact on commercial radio listening; the stream's average weekly listening hours are currently much smaller than the average weekly listening hours for the three largest commercial 'chill' stations for which we have listening data (Magic Chilled, Smooth Chill and Virgin Chilled), making up only around 1-2% of their total combined weekly listening hours.

Furthermore, we do not consider that it would be realistic to assume that all Radio 1 Relax listening time would replace that of commercial chill radio stations. Assuming a similar scale of impact to that estimated by a survey in connection with Radio 1 Dance, the total reduction would be up to about 0.3% of the listening hours for the three largest commercial chill stations combined. Even this is a conservative estimate, as the loss of commercial radio listening is unlikely to come from chill radio stations only, but may come from other commercial radio services.

We understand that radio advertising tends to be commissioned at a brand or group level, rather than for individual stations. Given this, as well as the small potential reduction in listening hours due to Radio 1 Relax, and the fact that chill stations represent a minor part of the respective brands or groups, we expect that any financial impact on commercial radio in terms of lost advertising revenue would be very limited indeed.

In addition to the above, we consider that the majority of the proposed content on Radio 1 Relax appears to fall within the categories of content that were set out in the BBC's phase 1 materiality assessment for BBC Sounds in 2018 (off-schedule podcasts and off-schedule music mixes), in respect of which we did not require the BBC to carry out a PIT.

### **The BBC's materiality assessment**

While we have reached a view that Radio 1 Relax is not a material change, we have concerns about how the BBC assessed materiality of the stream. In particular, we do not think

it engaged sufficiently with stakeholders or properly considered the impact of the proposed change on competitors, specifically commercial radio. Furthermore, the method for estimating the take-up of Radio 1 Relax could have been improved.

You will see from the document we published on 21 July, that the issue of transparency and engagement is an issue that we will address further in our Periodic Review of the BBC.<sup>1</sup>

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ali-Abbas Ali', written in a cursive style.

Ali-Abbas Ali

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<sup>1</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0024/222198/consultation-how-ofcom-regulates-bbc.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0024/222198/consultation-how-ofcom-regulates-bbc.pdf)