

## Response to the DCMS Public Service Broadcasting Contestable Fund Consultation - 11.2.17

### Background

The Children's Media Foundation (CMF) [www.thechildrensmediafoundation.org](http://www.thechildrensmediafoundation.org) is a not-for-profit organisation supported by public donation, which campaigns for greater range and variety in the content provided for children and young people in the UK, advocates a research-based approach to policy and regulatory decision-making, and supports the production of UK-based programming that offers British children the opportunity to hear their own voices, experience their own stories and explore their own culture and society.

CMF believes that the Contestable Fund pilot provides a real opportunity to correct the clear market failure in the provision of public service media content for children in the UK. The pilot should allow for radical and forward-looking solutions. It should be a template for the future not the status quo. The future of the Fund itself should be under consideration from the outset, and its evaluation robust and independent.

### Summary

- The CMF believes the Fund should focus solely on the children's audience. The pilot needs to be discrete for ease of assessment, while the children's genre suffers most from market failure - in particular loss of advertising revenue through regulation.
- The other genres listed in the proposal could be reflected in the children's content supported by the Fund.
- Audio and interactive content should feature.
- Given the complexities of the children's media landscape, adherence to broadcasting and "free to air" is no longer applicable
- The extent to which traditional PSB's or their children's digital offshoots (CITV) will engage with the fund is uncertain.
- The funded content should therefore be platform neutral, but must be free to access on at least one platform.
- Content could be produced for the Fund with no broadcaster in place, and distribution guaranteed on a VoD platform such as YouTube.
- However YouTube cannot be considered the only answer for VoD delivery.

- New market conditions require a completely new framework for the public service nature of the Fund - including exploration of the interest of other operators, inside and outside the free to air spectrum.
- A range of platforms could be sought for each project and windowing arrangements built into the negotiations.
- The planned BBC's Children's iPlay platform could be the guarantor of carriage free at the point of access. If the editorial issues are too great for the BBC to open its platform to third party use, the Radio Player offers a model for a new children's public service platform.
- Ensuring "discoverability" will require stipulations on the prominence and promotion of the Fund's content.
- Projects could be co-financed by a range of partners, with the producer putting together deals similar to those in the international market – though aimed at domestic product.
- The Fund would therefore have to take a Commissioning role, with the back-up that implies in editorial, compliance and business affairs.
- The BFI has no track-record in supporting children's content. However, to keep costs down, a new BFI children's team and advisory group should be created, supported by BFI back office infrastructure - a small, efficient, agile, specialist, and with clear responsibilities.
- There should be a minimum of 50% match-funding from broadcasters or VoD providers and the Fund should recoup reasonable amounts from sales or licensing.
- Quality, innovation, diversity, new and regional voices should all feature in the remit, with content essentially British in nature.
- The Fund should not support major international projects.
- The three-year timescale requires early consideration of the evaluation process, which should canvass the views of children.
- Future finance should not be taken from the BBC, but from a mix of sources, including general taxation, platform profits (e.g. retransmission fees), levies on non-participating commercial PSB's, levies on platform providers such as YouTube and Netflix and the Lottery Cultural Fund.
- A dedicated Children's Fund will provide the audience with greater range, variety and competitive plurality, contributing to the well-being of British children and young people,
- It will stimulate the UK's creative economy.

**In response to the questions within the consultative document:**

[www.thechildrensmediafoundation.org](http://www.thechildrensmediafoundation.org)

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Question (1)

- (i) Should the fund be broadly or narrowly focused?
- (ii) On which genres and audiences should the fund be focused?
  - a) Arts & Classical music
  - b) Children's
  - c) Religion and ethics
  - d) Education
  - e) Factual
  - f) Nations and Regions
  - g) Diversity (i.e. content for/about protected groups)
  - h) Other, please specify

1 (i)

CMF believes that the fund should be narrowly focused in order to be a thorough test of efficacy, and to minimise the complexity and cost of administration. It is essential that a majority of the fund is dedicated to content and that administrative costs are minimised. Concentrating on one of the listed genres will make this easier to achieve.

1(ii)

With this efficiency in mind, the fund should be focused solely on children's content - the genre which Ofcom has been most concerned about as an under-served audience in terms of PSB provision since the 2003 Communications Act, and about which there has been considerable public and Parliamentary discussion. The children's audience is the only demographic protected by specific prohibitions of certain types of advertising, which has impacted heavily on broadcasters' capacity to spend in the genre. The other genres mentioned in the consultative document are almost totally unaffected by the ban on HSSF advertising.

If the pilot proves successful it could be used as a template for the other PSB genres listed, as appropriate over time.

The genres listed in the question would in any case be reflected in the children's content supported by the Fund, as it is the role of a children's service to be a microcosm of that provided for adults. Inclusion of relevant content for all of the listed interest areas could be written into the Fund's remit.

Question (2)

- (i) Should the fund extend to radio as well as TV?

- (ii) If so, how should the proportion of the fund available for radio content be capped?
- |                          |     |
|--------------------------|-----|
| a)                       | 5%  |
| b)                       | 10% |
| c)                       | 15% |
| d) Other, please specify |     |

2(i)

The fund should include children's radio/audio content, as this is an integral part of PSB provision for children.

Equally the fund should be available for the development, production and dissemination of interactive content and social media applications, as part of a holistic approach to the content it supports.

The fund should take a 360 approach to content for children, as they are users on all platforms. Viewing, listening, play and social interaction are part of the same media continuum for most children and young people.

2(ii)

It should not be necessary to allocate a specific proportion of the fund to either of these additional areas as their support should be part of the general prioritising of content.

Question (3)

With regards to ensuring that content is free-to-access and made widely available, what platforms should be available to content funded by the contestable pot?

- a) Linear broadcast only
- b) Linear and associated broadcaster on-demand platforms
- c) Linear, on-demand platforms and other online platforms (such as YouTube)

3

The distribution and "discoverability" of content supported by the Fund is a complex question that cannot be addressed simply by a response to the question put here.

Children are accessing content on a variety of platforms and using multiple devices. Equally, the children's content market is becoming increasingly sophisticated in its use of a range of platforms to deliver content, associated non-linear material and social experiences to children around the content they love.

Of course, publicly funded content needs to be made available as widely as possible where the audience can find it. But given the complexities of the children's media landscape a simple adherence to broadcasting and “free to air” is not the sole answer.

The extent to which traditional PSB channels Channel 4 and Channel Five, or their children’s digital offshoots (CITV) will engage with the fund is uncertain.

At a recent CMF public event, ITV expressed little enthusiasm for “taking public money” as it does not wish to accept the responsibilities and limitations that might accompany the Fund’s support. Channel 4 now shows no interest in specific content aimed at the 10-14 demographic it is mandated to provide under the terms of its current licence. Channel Five has cautiously welcomed the Fund and its possibilities for extending the range of their commissioning and enhancing their public service offering for kids in their pre-school Milkshake block.

The funded content should therefore be platform neutral (option c), but must be free to access on at least one platform.

Online VoD distribution is increasingly effective amongst the younger audience. While YouTube is an option, it cannot be considered as the sole answer in terms of VoD delivery. Children are using YouTube in huge numbers but there are concerns about increasing commercialisation (and a lack of transparency as to what is editorial and what is content), on an essentially unregulated platform, and as yet there are unresolved issues around younger children accessing or being guided to content which is unsuitable and sometimes disturbing. The gradual Americanisation of the platform is also an issue.

If the Fund’s commitment to content requires a broadcaster to take the commissioning decisions, then the inclusion of these “aggregator” services will always be a secondary consideration. Whereas in the modern media landscape it is possible to envisage content produced for the Fund with no broadcaster in place, and distribution guaranteed through a VoD platform such as YouTube.

This might be particularly appropriate for short-form content for older audiences, and for low-cost content produced by new entrants which would allow the Fund to support innovation, experiment and risk-taking. This form of content would provide opportunities and training for new generations of content creators – something the children's media sector had a long tradition of supporting. It would also serve to enhance media literacy amongst the young audience by stimulating them to create

and contribute themselves. All of this will contribute over time to the continued success of the children's media industries in the UK as world leaders in the field.

These new market conditions require a completely new framework for the public service nature of the Fund.

We believe the time has come to explore the interest of other operators, who are both inside and outside the free to air spectrum – such as Nickelodeon, Turner, Disney, the Sony children's channels, Sky Kids, Amazon, Netflix, Hopster and Azoomee.

We would suggest that a range of platforms could be sought for each of the projects proposed to the Fund, and that windowing arrangements **could** be built into the finance negotiations.

So for example Netflix or Sky Kids could part-fund projects in return for the first VoD window on their platform, and the Fund's contribution would guarantee subsequent windows on free-to-access platforms.

UK services Azoomee and Hopster are also possibilities in VoD. While they are subscription services, Azoomee, for example, delivers its own content free to air on its open platform.

The ultimate free to access platform might be the planned BBC's Children's iPlay platform, which could act as the automatic carrier for content supported by the Fund. But this would necessitate distancing the BBC from editorial control of content carried on its platform. CMF would therefore urge consideration of a new, dedicated public service platform for children, along the lines of the Radio Player which is a partnership between the BBC and other providers.

Consideration of online delivery leads to the larger and vital question of "discoverability". Content supported by the Fund could easily disappear in the vast landscape of media choice presented by the multiplicity of channels and more importantly in the online service such as YouTube. Guarantees of marketing spend, positioning in menus, prominence and promotion will need to be built into the deals made around the Fund's supported content, and this should be a pre-requisite of benefiting from the Fund's financial contribution.

#### Question (4)

Which of the following broadcasting/distribution criteria should be placed upon qualifying bids?

- a) Broadcaster/platform guarantee not required in bid
- b) Broadcaster/platform guarantee required in bid
- c) Award permitted “in principle” subject to broadcaster/platform guarantee within a particular timescale

4.

Given the comments in the previous section about the Fund taking a flexible approach to distribution, and reflecting the common practice in the international children’s media market of multiple funders collaborating to support projects to completion, we would propose a new approach through which the broadcaster or platform providers become financial partners in the domestic-oriented projects proposed to the Fund.

Thus option c is the closest to our position.

However, this option implies the Fund having a role as a “commissioner” of content – i.e. decisions as to the priorities for financing would need to be taken on strategic, demographic, editorial and creative grounds, not simply because a broadcaster is signed up (as is the case with Funds in other territories).

Question (5)

- (i) To what extent do you agree with the pilot administration model (figure 5)?
- (ii) If not what other options should be considered?

5.

The draft objectives suit a service designed for children and we would add: “reflection of UK sensibility and children’s culture” as a key criterion. Consideration could also be given to enshrining the under-served genres such as arts, regional content, diversity etc, as priorities for the service.

We agree that there should be fixed funding rounds, but not necessarily tied to those of broadcasters, as the scope of the Fund as we envisage it goes beyond dependence on Broadcasters to co-commission and broadcasting as the only outlet for content.

We agree that it is the role of the administrator/commissioner to decide on the application process, although deeper consultation with the industry about the least complex and most user-friendly method would be useful. The Fund is an

opportunity to improve significantly on the experience in other territories and every opportunity should be taken to assess how to achieve that.

Given the specialised nature of children's content, the administrator/commissioner should be someone with wide general knowledge of the field.

He/She should be supported, as is suggested, by a group of specialists in specific areas to advise, as and when required, either as individual consultants or as a form of advisory board.

Compliance monitoring could be built into this unit, once again with special skills in the delivery of children's content.

It would also require business affairs back-up to negotiate rights positions on the projects and ensure viable returns.

#### Question (6)

To what extent do you agree that the BFI is a lead candidate to administer the fund?

6.

We agree that the BFI appears a suitable candidate to administer the fund. We do not support the BBC taking on this responsibility.

However, the BFI does not have a significant track record in supporting children's content and has no dedicated team available to take this on with the specialist skills and experience required. There are certainly skills in the certification of projects as appropriate for tax incentives, but this is not commissioning expertise. There is decision-making around content priorities in the funding function of the organisation, but not in the area of children's content. The closest the BFI comes is their support for family film. This is most certainly not content for a multi-media service dedicated to the children's audience.

As suggested above, we would propose the appointment of a children's specialist administrator/commissioner plus an advisory group to be supported by a small team within the BFI with access to the BFI "back-office" infrastructure. The cost of commissioning and administration should be carried by the pilot fund

The intention is not to create a complex structure, but rather a small, efficient, agile, specialist team with clear responsibilities, and not dependent on large-scale background infrastructure.

It is clear that if the content is to be audience-focused, match stipulated priorities, meet ambitions to serve a range of audiences with a variety of content, and stimulate only the very best in quality, innovation, entertainment and relevance – there will need to be a commissioning function. Given the current PSB broadcaster reluctance to engage in commissioning, the Fund needs to develop relationships with a wide range of broadcasting and distribution partners – either ensuring they have the expertise required to match the criteria listed above or maintaining “in house” those skills and the enthusiasm to serve the children's and youth audience of the UK. This carries a cost. As a pilot scheme it is vital that the methodology is properly tested and costed, then assessed during the evaluation.

#### Question (7)

Which of the following conditions do you think should be placed on successful funding awards:

- a) The fund should require matched funding from broadcaster/platform or other commercial partners
- b) The fund should be able to recoup up to the amount granted to a successful programme
- c) The fund should grant money by way of an equity investment
- d) Other, please specify

7.

The fund should require a minimum of 50% match-funding from broadcasters or VoD providers, except in the case of development funding.

If the Fund makes a significant investment (over 25% of the budget) it should aim to recoup from sales or licensing by the broadcaster, platform or any distributor involved. A minimum figure of 15% of the back-end should be a standard contractual position. Arrangements should be in line with current Pact terms of trade.

#### Question (8)

Which of the following criteria should the fund consider in respect of judging bids for funding?

- a) Quality
- b) Innovation
- c) Additionality
- d) Nations and Regions
- e) Diversity

- f) New Voices
- g) Other, please specify

8.

All the above criteria a) to f) should be part of the Fund's remit.

Content should be essentially British in nature – with all the diversity and range which that suggests. The Fund should not be concerned with major international projects which have the ability to raise their own finances and have only minor UK relevance – e.g. large scale international animation series which already benefit from the animation tax incentives. Priority should be given to redressing the market failure in other areas of children's content, and encouraging innovation and risk taking in all of them. The Fund's criteria should be shaped to redress market failure in the most creative and innovative ways. Content which will not find its way into the international market should be prioritised.

Additionally, for a Children's Fund the audience demographic target should be taken into account, as some audiences (e.g. 10-14's) are significantly under-served. The projects' capacity to reach their audiences and the likely audience engagement and appreciation should also feature. Projects need to be entertaining and popular while carrying public service purposes at their heart.

#### Question (9)

How can "additionality" (i.e. ensuring the funding is not replicating funding that would otherwise have been available) best be assessed?

9.

Everything should be done to ensure that the Fund can maximise the effectiveness of its activities while not diminishing the commitment of others in the market.

In time the Fund could become the focus for different sources of finance beyond its public money. Foundations that wish to simulate media content for children such as Wellcome, could leverage the value of their contribution by adding to the pot. Cultural and educational organisations could put themselves into the mix as commissioners and part funders.

#### **Additionally...**

Although not included in the questions we would raise two other points.

We are concerned about both the evaluation of the Pilot and its long term sustainability.

### **Evaluation**

Thorough evaluation of all aspects of the fund is crucial. Value for money, efficacy of operation, market impact and impact on the audience in terms of numbers, appreciation and educational and developmental value should all be taken into account.

It is important that children's views are researched and properly considered. (Ofcom might be helpful in this regard).

CMF has some concern about the feasibility of achieving results within the parameters of a three-year pilot, particularly given the timescales for commissioning, structuring finance, and production, followed by likely multi-platform transmissions. CMF hopes that this, and assessing the long-term impact of children's content on the lives of young people, will be taken into account

### **Sustainability**

If the project is considered a success, we are concerned about its long-term viability.

We do not believe that any future finance for the Fund should be taken from the BBC, which is already subject to a programme of cuts, and is the principle if not sole supporter of children's content in the UK public service space at the moment. The children's audience will suffer the inevitable consequences of any reduction in BBC finances. The problem of market failure will not have been redressed.

We believe that other sources of funding will have to be found as described in part in section 8 above. These should be from general taxation, from the profits of platform providers (e.g. the Sky retransmission fees rebate), levies on commercial PSB's who choose not to participate in the scheme, levies on platform providers such as YouTube and Netflix to stimulate local content, Lottery Cultural funding (this content is an inherent and central part of children's cultural identity in the UK) and additional sources of funding from public service-oriented bodies such as the Wellcome Trust, as discussed above. All of these are possible.

### **Conclusion**

By the end of the pilot phase, the Fund should have proved its potential to attract a mix of partners and revenue sources to deliver a wide range of content for children and young people on a multiplicity of platforms into the diverse and rapidly changing kids' media market place.

It will be a vital asset for the UK – not only in providing greater range, variety, plurality and competition, to benefit the audience, but also to stimulate and support the UK kids' media industry at all levels.

It will contribute to the well-being of British children and young people, and it will help the development of the UK's creative economy.

**Anna Home**

Chair

The Children's Media Foundation

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