Response to the House of Lords Communications Committee Consultation on Public Service Broadcasting in the Age of Video on Demand

April 25th 2019
Background

The Children’s Media Foundation [http://www.thechildrensmediafoundation.org](http://www.thechildrensmediafoundation.org) acts on behalf of the children’s audience to:

- Promote and protect the quality, variety, and range of media of all types for children and young people in all social groups.
- Support the production of media for children and young people in the UK while embracing stimulating content from all parts of the world.
- Increase public awareness and improve understanding of the value of media made for children and the issues arising from it.

The Foundation is building links between the children’s media industry, the academic and commercial research communities, policy makers, and parents.

It campaigns for improved support for children’s media. Its perspective is that well-funded, well-researched, well-produced media for children and young people is of cultural importance and helps build coherent and engaged communities.

The Children’s Media Foundation acts as the secretariat for the All-Party Parliamentary Group on Children’s Media and the Arts.
Consultation Response

The responses in this consultation are given in the context of provision of PSB services for children and young people up to the age of 18.

CMF would be happy to be called to give further oral evidence to the Communications Committee on this and other aspects of Public Service Broadcasting and Video on Demand which impact on the younger audience.

Questions 1 & 2

1) What is the value of public service broadcasting? Is the concept becoming outdated? Does public service broadcasting do enough to reflect and serve the demographics of the UK? In answering respondents may wish to consider characteristics such as:
   a) age,
   b) gender,
   c) ethnic background,
   d) the nations and regions of the UK,
   e) mental and physical ability,
   f) ability to pay for services.

2) What are the consequences of the rise of on-demand providers and the decline of linear television viewing for the production of original UK content for UK audiences?

Public Service Broadcasting is of enormous value to the UK in terms of responsible news provision, and a wide range of content which fulfils the requirement to ‘inform, educate and entertain’. This content is across all genres, aimed at all age groups and reflects the wide diversity of modern British society. The BBC in particular is an important national reference point, and is still widely respected and trusted both at home and overseas. The licence fee remains remarkable value for money at under £13 a month.

PSB content is particularly important to the young who are the citizens of tomorrow.

However, there is now, apart from pre-school programmes on Channel 5, a minimal amount of children’s content on the terrestrial channels. The dedicated children’s channels CBeebies, CBBC and CITV, provide regular services, but the level of spend on original content across the board including the BBC, has declined steadily since 2003, as identified in the recent Ofcom Children’s Content Review:

*There has been a continuing decline in PSB investment in original children’s programming.*

*The collective annual spend on new, UK-made children’s programming on PSB channels has fallen from £116m in 2006 to £70m in 2017.*

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1 Ofcom, 2018: Media Nation UK: 2018
2 Ofcom 2018, Children’s Content Review. Source: broadcasters
The BBC remains the most significant player in terms of investment and hours across all children’s genres.

The commercial PSBs’ provision of UK children’s programming varies:

a) **ITV** has reduced the amount of new UK-made children’s programmes on its main channel from 158 hours in 2006 to 47 hours in 2017. ITV also has a commercial children’s channel, CITV, aimed at 6-12-year olds. Only a small proportion of the programmes on CITV shown in 2017 was new and UK-made. In 2017 there were 58 hours of first-run UK-originated programming on CITV out of a total of 5257 hours.³

b) **Channel 4** does not show any new UK-made programmes made specifically for children. Channel 4 Corporation (C4C) has a duty to provide content that appeals to older children (which Channel 4 defines as aged 10-14) and showed 21 total hours of this in 2017.⁴

c) **Channel 5** has reduced the number of hours of new UK-made programmes primarily aimed at pre-school children from 150 in 2006 to 32 in 2017.⁵

Increasing numbers of children, including younger children, source their viewing from YouTube and other commercial VoD providers, watching on tablets and phones rather than on traditional TV sets. They are still watching a lot of content but less of it comes from PSB broadcasters, and much of it comes from outside the UK. This audience recognises VoD provider brands - especially Netflix and YouTube, programme brands, regardless of where and how they are delivered, and channels on YouTube, rather than broadcasters. With increasing numbers of co-productions or the use of social media outlets to promote PSB content, children’s content originally created for PSB migrate to other platforms, thus decreasing recognition of the source as part of a broad PSB offering.⁶ (This has relevance to consultation Question 9. What should the relationship be between public service broadcasters and on-demand platforms? What are the risks and opportunities of collaboration, for example in co-production?)

Children themselves have indicated to Ofcom that they miss seeing themselves, the places where they live, and hearing voices like their own...

> **A third of children aged 8-11 believe there aren’t enough programmes that show children who live in the same part of the country as them and 35% feel there aren’t enough programmes that show children who look like them.⁷**

This is the kind of content which can and should be provided by the public service broadcasters.

Children and Teenagers are increasingly watching the output from SVoD services such as Netflix. Netflix, for example, has invested in a small number of co-productions of UK drama of interest to children and young people. The budgets are high, as is the quality, but they tend to have a US sensibility, and they do not compensate for the lack of more local, relevant, innovative and thought-provoking programmes.

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³ Source: Ofcom/ITV.
⁴ Ofcom, 2018. Channel 4 Corporation’s 2017/18 Statement of Media Content Policy, p18
⁵ Source: Ofcom/Channel 5
⁶ Ofcom, 2019: Life on the Small Screen. What Children are Watching and Why p22
⁷ Ofcom, 2017: Children and Parents: Media Use and Attitudes Report, p97
Questions 4 & 6

4) Are the obligations on public service broadcasters appropriate? Does the regulatory regime allow them to do so?

6) How can commercial public service broadcasters fund original productions for UK audiences at a time of declining advertising revenues? How might public service funding regimes—including the BBC licence fee—be adjusted?

In terms of obligations the regulations on children’s PSB services vary.

The BBC, now regulated by Ofcom, has quotas in terms of hours, and spend

The BBC must ensure in each year that:

a) At least 1,000 hours are allocated to drama (including repeats and acquisitions)
b) At least 675 hours are allocated to factual programmes. (including repeats and acquisitions).
c) 85 Hours are dedicated to news
d) 500 hours are first-run originated programming (400 on CBBC and 100 on CBeebies)

These are reasonable quotas, if a little unambitious.

However, the regulation of the commercial PSB broadcasters has, until recently been woefully inadequate. The communications Act of 2003 relieved these companies of mandatory quotas on children’s hours and originations, a situation exacerbated by the later ban on advertising High Salt, Sugar and Fat products at times when significant numbers of children are in the viewing audience, which particularly affected dedicated children’s programmes. This led to a steady decline in original production, and the erosion of the services for children and young people at the commercial PSBs.

Channel 4 has a Broadcast Licence commitment to cater for older children (10-14 years old) and young people up to 18. In recent years it has not fulfilled this requirement, currently arguing that by producing popular ‘family entertainment’ at 8.00pm it is attracting this audience. It may well be, but that is not what is meant by provision specifically aimed at them.

Ofcom has regularly cited this issue in its annual reports. As have CMF and other organisations. But until recently no action was taken. This has had an extremely negative impact on both the audience and the children’s production community, leaving the BBC the only viable commissioner, which has been both unhealthy and unfair.

However, changes were made in the 2017 Digital Economy Act which gave Ofcom a power to publish criteria for the provision of children’s programming and, if appropriate, to set related conditions (e.g. quotas) on the public service channels.

So far Ofcom have chosen to do this in a co-operative rather than a confrontational way. In late 2018 they requested the commercial PSBs come up with plans to voluntarily remedy the situation rather than face the imposition of formal quotas. The companies’ proposed

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8 Ofcom: Operating Licence for the BBC’s UK Public Services
strategies are currently under consideration at Ofcom. It is crucial that the commercial PSBs come up with realistic plans, with budget and scheduled hours committed, not tokenistic adjustments.

Clearly one of the issues they are facing is the need to find more funding for original production, in a time when advertising revenue is reduced due to fragmentation of the advertising across online and multiple TV platforms, the low base-level of the returns on advertising to the niche audience of children, and restrictions on advertising due to the HSFF regulations (restrictions soon, potentially, to be expanded).

The Animation Series and Children’s Television Tax Incentives currently in operation have helped finance some additional content. But providing in the region of 18% of budget relief, they cannot alone revive interest in investing in children’s or young people’s content at the PSBs.

A potential part-solution to this problem has just appeared in the form of The Young Audiences Content Fund, the pilot of which opened on April 1st 2019.

This three-year, £57 million fund will support both production and development of new original, innovative, specifically PSB content for audiences up to 18. It is administered by the BFI, and could, if successful, be the beginning of a revival of UK kids’ production. The commercial PSBs are showing interesting in taking producers’ proposals when they can now come with 50% financing from the Fund. The PSBs will be required to provide the platform for broadcast or VoD delivery of the Fund-financed projects. The Head of the YAC Fund has stated clearly that they expect broadcaster funding to also come with these commitments to carry to the content.

The Children’s Media Foundation has, since 2011, advocated the creation of a Fund from public money to enhance the provision of targeted, age-appropriate, innovative, challenging but relevant content for children and young people. The source of finance for such a Fund has always been an issue of concern.

The current Fund pilot is financed by money retained at the DCMS from a past licence fee underspend at the BBC. While this was no longer money allocated to the BBC for its purposes, there is a danger this will be seen as a precedent and future financing of the Fund, and any expansion of its remit, will be taken from the Licence Fee.

If the fund is to grow and have continuing impact, it is crucial that further finance is not raised by raiding the Television Licence fee, already threatened by the obligations to the over-75s which will lead to further drastic cuts at the BBC to all genres, including Children’s. This would be counter-productive and stupid. As the assessment of the effectiveness and on-going life of the YAC Fund gets under way, alternative funding will have to be found.

The CMF advocates that the government seek innovative ways of raising public funding for what is essentially an exercise in cultural support for a significantly under-served audience, as well as an industrial stimulus for the creative industries that are such a growing force in the UK economy. Part funding through the Lottery, direct government grants for elements of the funding which relate to language, nations or regional provision, social or educational purposes, and the potential for a levy should all be considered.
The Children’s Media Foundation grew out of the Children’s Film Foundation, the aim of which was to produce films made specifically for the children’s audience, reflecting their worlds, voices, and lives. It was first proposed by Lord Rank in 1951, as part of his support package for UK cinema, at the time under threat from the power of Hollywood. The funding for this initiative came from the Eady Levy - a tax on sales of cinema tickets. The modern equivalent would be levies on the revenues of the large internationally focused but US based platforms such as Amazon, Netflix, Apple TV, Facebook and YouTube. We would urge that the DCMS give urgent consideration to this, as one element in a mix of finance sources for the future funding of PSB content – particularly so that the Young Audiences Content Fund can continue its work of stimulation of the children’s media production sector and provision of what the UK children’s and youth audience needs – plurality of public service supply, healthy competition, a range of relevant content, which reflects the diversity of UK society and culture back to them, respects their identity, deals with their concerns, reveals their voices and tells their stories.

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