

## **RESPONSE TO OFCOM'S "CONSULTATION: ORIGINAL PRODUCTIONS ON CBBC – REQUEST TO CHANGE THE OPERATING LICENCE"**

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### ***Submission by:***

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### **Ofcom's Question**

Do you agree with Ofcom's provisional assessment and the proposal to reduce the CBBC original productions quota (condition 2.32) in the BBC Operating Licence from 72% of all hours to 66% for each of the calendar years 2022 and 2023, and 68% for calendar year 2024 and for each subsequent calendar year? If not, please explain why, providing appropriate supporting evidence where possible.

### **Introduction**

We are submitting evidence as academics with an interest in the future of public service children's content. We also submitted evidence to Ofcom's last consultation on the BBC's operating licence relating to CBBC *Newsround* in December 2019 which approved a) a reduction in annual first-run originations for news from 85 hours to 35 hours plus a reduction in the number of news bulletins b) a reduction of first run CBBC originations from 400 to 350 hours a year and c) an amendment to the definition of first-run UK originations to apply to the BBC i-Player.

Based on the evidence in the consultation, we have reservations about Ofcom's assessment as follows.

### **Proposals**

We note that Ofcom is already 'minded' (2.10), to accept the BBC's request to reduce the CBBC channel's UK original productions quota from 72% of broadcast hours (including repeats, but excluding acquisitions), to 66% in 2022 and 2023 and 68% in 2024, allowing the BBC to acquire more animation including from overseas. We note that this is the second request since 2019 by the BBC to alter the Operating Licence in respect of CBBC (see above).

The purpose seems to free up space and resources in the CBBC schedule to acquire animation (possibly non-UK), while the BBC develops more animation series (see below).

### **Timing**

The change (reducing transmissions of original productions on the CBBC channel), is deemed 'modest' by Ofcom, but may be premature in the light of Ofcom's imminent review of the whole BBC Operating licence this year; which will feed into the 2023 mid-Charter review on BBC regulatory arrangements; and an impending Government White Paper on broadcasting, announced in June 2021. If the change is deemed 'modest' and if the change 'may not lead to substantial changes' in engaging with younger audiences (2.13), why is the change now urgent?

The change also needs to be considered alongside other significant developments in the creative economy for UK children's content with the imminent closure of the YACF, which had £57m over 3 years to support UK public service productions (including animation) with up to 50% of budgets. This has intensified funding pressures. Any changes the BBC is allowed to make now need to be considered in the light of its renewed dominance as a commissioner of UK children's content. What also needs to be considered are the implications for the nations and regions (Scotland, Wales, and Northern Ireland) if the increase in animation over time results in fewer regional voices.

### **Broadcast and Online distribution**

The Consultation overview states the BBC must adapt its services and content to stay relevant to child audiences. This is a sound assumption, but could become problematic if more investment in

animation originations and animation acquisitions, undermines CBBC's distinctiveness from commercial competitors over time (particularly as the BBC banks growing amounts of originated animation). Public funding, albeit under pressure from the licence fee freeze, is supposed to protect the BBC, to some extent, from market pressures allowing it to meet its public purposes, without emulating its commercial rivals.

As with the 2019 consultation, the BBC is using the argument of audiences migrating online from the CBBC channel to justify change, although other children's channels are witnessing similar migrations (Disney is closing its children's channel operations). However, here the argument seems to be made that more animation is required to shore up audiences on the CBBC channel. The submission underplays how many children access BBC programming on other platforms, using BARB data to claim that the CBBC channel reaches only 14% of its target audience on TV per week.

Nevertheless, according to Ofcom's own Annual report on the BBC for 2020-21 (published in November 2021), half of CBBC's total viewing is now via the iPlayer (p.38), higher than for individuals as a whole at 12%; with 9 million weekly iPlayer requests for CBBC content in Q2 2020; and with 39% of children aged 0-12 using the iPlayer at the start of 2021. This suggests the focus of BBC services and content for children should also be about evolving its online offerings and alternative platforms as much as increasing the reach of the CBBC channel with more animation acquisitions, however 'modest'.

There is no guarantee that the BBC's proposals to 'strengthen the appeal' of CBBC (1.3) outlined here as a 'modest' increase in acquired animation ahead of new animation commissions would halt the decline in viewers and reach for the CBBC channel (as a channel or a brand is unclear).

### **Transparency on total hours**

The evidence presented here is based largely on percentages rather than actual numbers of hours broadcast – including how the CBBC's daily channel transmission hours (7.00-19.00) have already been cut by 2 hours a day with the relaunch of BBC3 as a channel in January 2022. Evidence of how resources would be reallocated to animation is also unclear.

Between April 2016 and December 2021, we estimate CBBC was required to transmit 3,679 hours of original productions a year (72% including repeats but excluding acquisitions) out of 5,110 hours of transmissions (with 1,430 hours left for acquisitions). Currently it is required to transmit 3,153 hours of original productions a year (72%) out of 4380 hours of transmissions (with 1,227 hours for acquisitions)

Broadcasting from 7am-7pm under the new rules, and with a reduced quota of 66% in 2022 and 2023, we estimate CBBC would require only 2,890 hours of original productions (including repeats) out of 4,380 hours of original productions a year- a reduction of 789 hours on last year - leaving 1,489 hours for acquisitions (including animation).

It would be useful to set out the changes clearly in hours, including taking account of the reduction in CBBC channel transmission hours after the BBC3 launch this year.

### **Focus on Animation**

Ofcom accepts the argument that the BBC's strategy of increasing animation acquisitions and investing in UK animations for the 6-12s longer term has "the potential to contribute to CBBC's appeal and support its distinctiveness" (p.2) without providing strong evidence for either conclusion (appeal and distinctiveness) other than what the CBBC claims, particularly in terms of what appeals to C2DE audiences. A claim is also made that animations (2.6) could deliver a range of genres, without explaining what genres these are and how this would occur.

BBC Children's claims it aims to increase original animation commissions "rooted in British culture" (2.4) from 1 series/8 hours a year to 4 series/32 hours per annum. However, there are no criteria provided to identify what 'rooted in British culture' (2.3) means.

Further investigation shows that BBC Children’s launched the “Ignite” animation development scheme in July 2020, which attracted over 1000 submissions from UK creators as a positive intervention in the sector. Across three stages the BBC is providing development funding: 20 shorted listed ideas in Stage 1 with up to £8500 in development funding; 6 ideas in Stage 2 with up to £40k in development funding from June 2022; and up to 3 ideas in a final development stage for a 2-minute pilot, investing up to £100k. Although the award criteria for the initial scheme and for production partners in stage 2 do not specifically address public service priorities and British culture, investment by BBC Children’s might be considerable – up to £710k assuming all projects were funded up to the maximum. It would be helpful to know how Ignite fits the overall strategy and how much is being invested.

There is little detail on how new animation commissions would appeal to British audiences apart from being “rooted in British culture”. Nor is it clear how they would be promoted on iPlayer “as the BBC’s primary TV destination for children” (BBC Annual Plan p. 20).

If the BBC is to invest in UK animation, this would come out of its quota of 350 hours of UK originations (reduced in 2019 from 400 hours), up to 32 hours in total per year for 4 series. Once these are made, they may be repeated up to twice a day and four times a year (256 hours each year increasing every year by 256 hours) to then form part of the 66-68% original productions quota (4,030 hours not including 350 hours of originations). Over time, with the potential of 256 new hours of animation originations (including repeats) every year, the balance with non-animation programming could change substantially – after 4 years animation could make up over 1,000 hours (or a quarter of the original productions quota including repeats) excluding other animation series.

We note that the current operating licence stipulates 1,000 hours of drama per year (including repeats and acquisitions) and 675 hours of factual programming per year (including repeats and acquisitions) as part of the original productions quota. The BBC promises to boost live action comedy, commissioning and maintaining a wide genre mix, but there are no specifics provided in the Consultation about how this would be done nor how an increase in animation series originations, given repeats, would eventually impact the original production quotas of 66%-68%.

There is nothing wrong with wanting to make more animations, particularly if these are distinctive, of the highest quality and reflect the UK’s diverse communities (Public Purpose 3 and 4). However, the case for animation at the expense of non-animation, such as drama (also mentioned in the Annual Plan, p.19) is not as clearly made (distinctiveness) as it should be.

Animation consumption on commercial linear channels is high because they predominantly show animation, up to 75% of their overall output, but is this a model the BBC as a distinctive public service broadcaster should be seeking to emulate? Assumptions about a majority of children between the ages of 5-7 (70%) watching animation on video-sharing platforms (2.13) seems overstated. It does not refer to 8-12 year olds, the older section of CBBC’s target audience, and does not reflect Ofcom’s more nuanced findings in its latest Media Use and Attitudes Report (March 2022) that suggests the most watched content on video sharing platforms are ‘funny videos’ (65% of children aged 3-17; and 60% of 5-7s), alongside a variety of other content including music videos (51%); gaming tutorials (43%), learning videos (41%), ‘how to’ videos (39%) and whole programmes (33%) (pp.27-28), which is reflected in the popularity of short-form videos and influencers (pp. 28-29).

An increase in animation on the CBBC channel may help to engage audiences, but this is not guaranteed, and underplays children’s wider interests (educational, factual, gaming, comedy) that clearly extend beyond animation on digital platforms.

### **Funding**

The argument about how a reduction in the percentage of UK transmissions on CBBC would release resources to invest in animation is not clear unless resources are diverted from non-animation budgets to concentrate resources on fewer, bigger animation series. Additionally, there are no

funding quotas provided to demonstrate how resources would be split between animation and non-animation. This represents a risk to the balance between animation and non-animation.

The BBC claims that a shift to more animation series would not affect funding for UK first-run originated programming. How is that so? The CBBC budget, it claims, would remain “broadly the same”, but there is no information included about this budget. The latest BBC Annual Report (2020/21) shows a reduction from £83m in 2020 to £74 million in 2021 for PSB expenditure on children’s television services (p.50 Annual report) , just 5.3% of all PSB expenditure on television services by genre. £58m is spent on content for the CBBC channel (p. 167). Acquisition expenditure would increase by 2%, but it’s not clear what this 2% relates to (it is likely to be much lower than resources dedicated to animation originations). If expenditure remains broadly the same, how does the BBC intend to fund increased numbers of animation series, and if it has to seek international funding via BBC Studios, how would this content remain “rooted in British culture”?

There is a risk that the content may not adequately reflect the requirement of a public service broadcaster to represent or reflect back the diversity of British identities, topics, and cultures, in spite of the assertion about commissioning content “rooted in British culture” rather than “North American contexts”

In summary, we ask how would budgets be balanced across animation, drama, entertainment and factual? If BBC money available for children’s media production remains ‘broadly the same’, would some genres lose out? Where would the money be spent (regional considerations/other under-represented communities in the UK)? Who would be commissioned (BBC Studios, Independents?) And, finally, what exactly are the criteria to ensure that animation is "rooted in British culture", a term that needs clearer definition?

### **BBC Studios**

There is no mention of BBC Children’s much closer alignment with BBC Studios, and how the move of BBC Children’s in-house production to BBC Studios in April 2022 might impact the broader production ecology of children’s content and UK public service principles underpinning new animation projects, particularly if these require partnerships with non-UK investors whose priorities might not be for animation projects “rooted in British culture”. If animation projects come under BBC Studios’ purview, how would this impact relationships with independent producers, content investment in this area and the allocation of rights and expenditure between independents and BBC Studios? If animation priorities are geared more towards profitable, internationally attractive animation shows, these may not meet the BBC’s public service obligations to provide high quality distinctive content for UK-based child audiences.

### **Impact on distinctiveness**

Ofcom accepts the BBC’s claims about maintaining the distinctiveness of CBBC’s genre mix, but there is little detail about how this would be accomplished and monitored.

Ofcom research with 8-15-year olds indicates a significant minority of children think there is not enough content that reflects where they live (over one third) or shows children that look like them (25%), failings which cannot be addressed by animation in the same way as non-animation content.

Ofcom, however, claims that animations “could cover multiple genres as animation is both a format and a genre”. This claim needs unpacking and defining to clarify how animation might reflect diverse communities and localities in the UK, particularly in Wales, Scotland and Northern Ireland. What would be the criteria to ensure animation content is distinctive? This is not apparent either in these proposals nor in Ignite and stands in contrast to how the Young Audiences Content Fund (YACF) worked with clear criteria for selection.

## **Careful Monitoring**

First, our recommendation is that Ofcom should take a more considered approach to these short-term changes, paying greater attention to how CBBC content is distributed on different platforms and also to consult children before making any final decisions. The lack of consultation with children is a disappointing and unfortunately a recurring omission.

Second, we recommend measures to safeguard the genre mix and the quality and distinctiveness of new animation (what are the qualitative criteria for animation “rooted in British culture”?)

Any changes which place animation at the forefront of the BBC’s strategy for children’s content on CBBC would need to be carefully monitored in relation to quality and distinctiveness compared to commercial rivals (similarity) as does the extent to which animation projects, and the genre mix in general, still ‘reflect, represent and serve the diverse communities’ of the UK’s nations and regions based on evidence. This requires more BBC transparency about its plans, including expenditure across genres and especially between animation and non-animation; how it would meet PSB purposes in concrete terms; the impact on the nations and regions; how it would maintain a genre mix; and what it hopes to achieve and when. These considerations could form part of the impending full BBC Operating Licence review.

Careful monitoring is particularly important with the Government announcement of the closure of the Young Audiences Content Fund this year, which over two years reduced the BBC’s dominance of PSB commissions (garnering prizes in the process), through its work with commercial PSBs, and providing up to 50 percent funding for projects meeting clear public service criteria. We note that the current BBC Annual plan “aims to deliver”(p. 53) “at least” 80 hours of factual originations, 90 hours of drama, 30 hours of new commissioned animation, and 60 hours of comedy and entertainment, as part of the BBC’s obligation for 350 hours of first run originations a year. We suggest that Ofcom ask the BBC to specify hours (rather than percentages) of genres and animation broadcast and commissioned in addition to the hours specified for drama and factual in the current licence.

Monitoring needs to ensure that there is a) a continued balance between animation and non-animation; b) that there is representation from across the nations and regions, even within animation; c) and that the place of and funding for non-animation content is secured as levels of repeatable animation originations rise.

The BBC claims that it wants to change its provision in order to better reach its child audience. However, there are concerns about its current strategy, as signalled in this consultation, suggesting a need for much greater transparency and monitoring around financial commitments and the balance around animation and non-animation genres so that there is accountability. Of course, the BBC has to adjust to changes in children’s consumption habits, including the shift online, but there also needs to be clarity on publicly funded budgets and how these are apportioned across different types of programming (animation, drama, information, entertainment, educational formats) and providers.

Finally, any changes to BBC’s children’s content cannot be seen without reference to the wider ecology of funding for UK children’s content - recognising that children are a key audience for PSB and the BBC, the possible impacts of the closure of the YACF for the production of PSB children’s content; the viability of the independent children’s production industry and the overall amount of budget available in an increasingly challenging economic market.

The future of public service children’s content and its funding needs to be openly debated and rigorously researched in terms of the developing media landscape, and the possible impacts on children and the trained professionals who cater for this market. The BBC is a vital actor in this sector, and therefore decisions about its funding and resourcing would have profound implications for both young audiences and children’s media creators. Any reduction in CBBC output of original productions and increases in animation content to possibly attract larger audiences should not be decided in haste without careful consultation, safeguards and robust evidence.