

## Ofcom: Original Productions on CBBC

Consultation on BBC's request to change the operating licence.



### 1. Introduction

- 1.1. The Children's Media Foundation (CMF) 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.
- 1.2. The CMF does not agree with Ofcom's provisional assessment in response to the BBC's proposal to reduce the original productions quota on CBBC.
- 1.3. Ofcom considers variations to the Operating Licence within the framework of the relevant legal and regulatory requirements. In the consultation document, Ofcom provides the following explanation for how it has reached a judgement on the BBC's proposal:

*"Our assessment of whether to vary the Operating Licence therefore considers, among other things, the likely implications of a reduction in the original productions quota on CBBC's quality, audience, its distinctiveness and the UK creative economy."*

### 2. Implications for CBBC's 'quality'

- 2.1. It is difficult to define 'quality' in public service media but clearly it is not simply a question of how many people watch the content. It is perfectly possible for the BBC's new animation strategy to attract a larger audience to CBBC and also have a negative impact on the quality of the service.
- 2.2. The CMF has a long-term concern about the reduction of UK-centric originations for children across all channels and consider this an important consideration with respect to the quality of public service media. The decline over the last 15 years in the provision of UK-originated content has been well-documented by Ofcom and is a situation PACT has described as '*a collapse in the provision of children's content on the commercial PSB channels*' in their [2015 analysis](#)<sup>1</sup> of the underlying reasons for the crisis in children's television production.

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<sup>1</sup> Children's television – a crisis of choice (2015)

2.3. The BBC is proposing a reduction in the original productions quota from 72% to 66% for 2022 and 2023 to allow it to immediately increase its animation offer to the audience. This will be acquired 'off the shelf' animations, so, necessarily, it will be content created for a global market. Even if the acquired content was to be UK-originated, given what we know about animation as a business, it is unlikely it would be UK-cultural content, as any 'off the shelf' animation series with that provenance - i.e. a series that had not been commissioned or pre-bought by a UK broadcaster - could only complete its financing and get made if it had a significant international co-production deal in place.

**2.4. If Ofcom allows this change to the BBC's operating licence to go ahead as currently conceived, there will be less content on CBBC in 2022 and 2023 that reflects the culture and lives of our children and, therefore, in the view of the CMF, the proposed reduction in originated hours to 66% will have an adverse impact on CBBC's quality.**

2.5. The BBC may argue the difference is small. But given that for 15 years we have been travelling in the wrong direction, any further decrease is totally unacceptable.

2.6. However, the CMF would suggest that it is possible for the BBC to balance out the negative impact of the proposed increase in acquired content by increasing the number of hours and the budget for first-run UK-originations in other genres.

### 3. Implications for the CBBC audience

3.1. The CMF understands the BBC has requested this change in originated hours to allow more animation to be shown on CBBC and that they believe this will create a more attractive service for the CBBC audience. We also appreciate that Ofcom's reasons for wanting to accept the proposal are grounded in a desire to see the 6 to 12 year-old audience return to BBC services.

3.2. In many important respects, the CMF supports those positions. The CMF is delighted to see CBBC commissioning new UK-cultural animation. But we believe the BBC must come up with a proposal for doing this that does not impact on the quality of CBBC and, crucially, does not adversely impact the audience.

3.3. Ofcom has told the CMF it cannot consider the BBC's budgeting decisions per se. In the consultation document, Ofcom states (our emphasis):

*"It is therefore our preliminary view that a modest increase in acquisitions would be reasonable provided the BBC continues to invest in new content and maintains the distinctiveness of CBBC, as suggested by the spend it has allocated to first-run UK originations."*

It appears Ofcom is prepared to consider the BBC's stated position on its investment spending when that supports the proposed changes.

- 3.4. In fact, the entire premise for this change in quota is associated with a financial imperative. The BBC needs to finance its ambition to create 4 UK-centric animation series by increasing the amount of acquired content in the long term. Hence the request to set the quota after 2023 at 68%, rather than revert to 72%. Acquisition costs less, and these savings will, in part, be used to finance the new animation spending. It is therefore impossible to disassociate the financial underpinning of this request from consideration of the hours of original programming.
- 3.5. We would argue that Ofcom *can* and is, in fact, obliged to consider the potential impact any strategic shift at the BBC might have on the children's audience. Ofcom cannot approve this proposal without interrogating the assurances the BBC has given on spending on other genres.
- 3.6. We are concerned this proposal is a Trojan horse and disguises a significant reduction in its commitment to live action programming on CBBC. The BBC has given vague assurances – such as stating they will '*seek to boost live-action-comedy commissioning*' and a commitment that spend on first-run, UK originations will remain '*broadly the same*'. But in our conversations with producers and children's executives it has become clear the BBC's figures simply do not add up
- 3.7. We believe the unavoidable consequence of this proposal, as currently conceived, is to shift resources away from other genres and towards animation, which will clearly have an impact on the BBC's public purposes with respect to the children's audience. Instead of committing additional resources to CBBC to support the new animation strategy, the BBC is proposing to redirect resources, reducing its commitment to live action drama, factual and entertainment on CBBC.
- 3.8. However, this redirection of funding is still unlikely to produce the strategic outcomes they claim. We estimate a total of 144 additional episodes of animated content (3 new series = 24 hours @ 6 x 10-minute eps = 144 eps) at an average cost of £100,00 per episode. To fully fund this the BBC would need to find an extra £14.4 million per year for animation. This would constitute a massive diversion of spend and is unlikely. It is more likely that they will invest up to 25% of the budget to ensure editorial control. That still requires £3.6 million additional spend - a significant shift in emphasis. However, participation at 25% of the budget guarantees the involvement of international partners to make up the shortfall. Partners who will be reluctant to fund UK-cultural content. So sharing the cost will necessarily dilute the primary goal of the strategy to create UK-cultural animation.
- 3.9. In the document Ofcom asserts that:

*"...the small reduction in the original productions quota and increase in animation is unlikely to negatively impact the quality of CBBC's offering for its audience, given the BBC's continued commitment to a wide genre mix..."*

We question how Ofcom can accept the BBC's assurances on maintaining its 'wide genre mix' when it is obvious CBBC must reduce its budgets for non-animation genres. Even if our figures are not what the BBC is assuming, how can Ofcom state that this change is unlikely to have a negative impact when the BBC has not made the true figure available?

- 3.10. The BBC has given Ofcom a commitment to ‘broadly’ maintain spending on first-run, UK-originated programming. But if even in the very best-case scenario, £3-4 million of that will be diverted to animation, the implications for CBBC’s ‘wide genre mix’ are significant. This may be a ‘*small reduction in the original productions quota*’ but the long-term implications on the CBBC service are huge and we respectfully urge Ofcom to consider the wider implications on the audience, particularly in terms of allowing children to see themselves on screen.
- 3.11. The best animation will fire a child’s imagination, taking them into worlds they have never imagined. Animated stories can be playful, absurd and constantly surprising, which is why the audience loves them. But they are not the obvious choice when your goal is to allow children to see themselves represented on screen and see stories set in their own communities. That goal is best achieved through live-action content that allows the audience to see, and respond to, real people.

**3.12. If Ofcom allows this change to the BBC’s operating licence we believe it will be giving the BBC the greenlight to increase the amount of animation on CBBC at the expense of live-action content, reducing opportunities for the children’s audience to see themselves on screen.**

#### 4. Implications for CBBC’s distinctiveness

- 4.1. The BBC is successful when it seeks to be different from commercial channels, not when it tries to emulate them by showing content that could sit easily in the schedules of its commercial rivals. This leads us to question why the BBC cites the proportion of live action and animation on commercial children’s channels as an argument for allowing CBBC to increase its level of acquisitions. The BBC is not there to provide a similar service to a commercial children’s channel.
- 4.2. The importance of maintaining distinctiveness is another reason why we believe this proposal to increase acquired content should be rejected. A strong argument for maintaining a particular level of originated programmes to support distinctiveness is expressed in the chart Ofcom has attached to the end of the consultation document. Original productions as a percentage of all programming are at 75% for BBC One, Two, Four and BBC Scotland because the Executives controlling those channels recognise this is a threshold below which their channels cease to be distinctive, and the audience drops.
- 4.3. As a result of the removal of 'Newsround' from the schedule and the return of BBC Three as a channel, CBBC’s percentage of original productions (72%) is already lower than BBC channels for adult audiences. Instead of allowing the BBC to reduce its original programming to 66% on CBBC, we would argue they should raise the quota to 75% in line with other BBC services. That is the challenge facing the BBC’s children’s services, which have seen a lack of investment for many years.

4.4. However, we recognise this may not be currently viable. So we propose Ofcom should, at the very least, hold the line and explain to the BBC why it cannot *further* lower the percentage of original programming.

**4.5. If Ofcom allows this change to the BBC's operating licence to go ahead, the BBC will increase the number of programmes on CBBC that could be seen on any other children's media platform, further reducing the distinctive offering audiences have come to expect from the BBC's children's services.**

4.6. Again, we can envisage a positive scenario where the BBC increases the hours for acquired animation and, at the same time, increases its commissioned hours for first-run live action on CBBC by providing funding to at least match the current levels of commitment. To achieve this strategy and maintain public service purposes, the BBC needs to find more money for its children's services.

## 5. Implications for the UK's creative economy

5.1. As an audience advocacy organisation, the CMF does not speak for the production sector. However, we recognise that the audience is best served by a vibrant, resilient UK production community.

5.2. From our discussions with a wide range of people currently working in the children's production, we have become aware of a number of issues of concern around working with the BBC. These problems are already impacting on original content provision and ultimately on the audience. From a business perspective, it is gradually becoming more attractive to make mid-Atlantic content for the large streaming services than to make UK-cultural content for the BBC. This is because the BBC is insisting on paying a smaller percentage of the overall budget, requiring producers to seek co-funding, which for most live-action genres is not a realistic option. In addition, the BBC is negotiating even harder on the terms of trade, particularly for animation.

5.3. Given what we are being told and looking at the situation overall, it is difficult to see how this proposal from the BBC will support the UK's creative economy. A small number of animation producers may benefit, but this will be more than offset by the negative impact on the rest of the productions sector resulting from the reduction in the budgets for live-action productions.

5.4. The recent announcement of the closure of the Young Audiences Content Fund will have a significant impact on the number and range of public service programmes for children and young people commissioned in the UK. Ofcom has a duty to assess the implications of this on the children's content market as a whole. This strategic overview must be taken into account when considering the BBC's request. This is not the time to further reduce original production of public service content for young people.

**5.5. If Ofcom allows this change to the BBC's operating licence to go ahead, the BBC will move forward with a strategy that will further undermine the business models of live-action producers committed to creating UK-cultural content for our children. In addition, animation producers are increasingly suspicious of this strategy and what it means in terms of the BBC's support for the sector, given the reduced levels of funding on offer and the recent proposals the BBC has made regarding the terms of trade.**

## 6. Conclusion

- 6.1. The CMF recognises that Ofcom is in a difficult position. Having asked the BBC to come up with a strategy for restoring the CBBC audience it might seem perverse if the regulator then rejects that strategy. This response does not ask Ofcom to reject the underlying strategy, simply the way it is currently conceived. Similarly, we are not asking Ofcom to reject the proposal solely because it implies a particular reallocation of genre budgets within CBBC, even though that is clearly what is happening.
- 6.2. We are asking Ofcom to explain to the BBC, based partly on submissions from stakeholders, that the regulator is not, as yet, convinced by the BBC's assurances on genre mix, distinctiveness and audience impact. Ofcom would then have the opportunity to review the BBC's proposals for this strategy when it conducts the consultation on how to evolve the whole of the BBC Operating Licence later in 2022.
- 6.3. If CBBC is important to the BBC and this new animation strategy is important to CBBC, then we would hope the BBC will be prepared to offer something extra to convince stakeholders this is a genuine attempt to boost the channel's overall appeal to the audience across all genres, including live-action.
- 6.4. Without additional funding to ensure continued support for effective public service content there are no benefits for the industry or for the children's audience in this plan.