



All Party Parliamentary Group Meeting Monday 27th February 2023, 3 - 4.30pm

'What's Happening in Kids - 2'

Venue: House of Lords, Committee Room G

Chair: Baroness Benjamin

Speaker: Patricia Hidalgo, Director of Children's and Education, BBC

Parliamentarians in attendance: Baroness Benjamin

For full attendee list see Appendix A

Baroness Benjamin welcomed the guests present to this second APPG event on the future of public service media for children.

She introduced the BBC team, including the principal speaker Patricia Hidalgo, the two heads of commissioning for CBBC and CBeebies, Sarah Muller and Kate Morton and from BBC policy, Paul Oldfield.

She also welcomed representatives of Animation UK, Action for Children's Arts, the DCMS, the Children's Media Foundation and children's television producers.

Patricia Hidalgo's speech is reproduced here in full:

Thank you for the invitation to speak to you this afternoon. I'm delighted to have the opportunity to update you on the many things we are proud of at BBC Children's and Education. But also to lay out my perspectives on why the UK children's media sector is at risk, and the urgent priorities we all face.

It's always useful for me to start by highlighting that our department is BBC Children's and Education. We combined these several years ago to join up how we serve our audience. It's a key point of difference for us, and I like to use this short video whenever I speak to illustrate the various things that we do.

(Patricia showed a 3-minute showreel of content delivered by BBC Children's and Education)

I hope that shows you the range of what we provide, and that our core mission remains: Universal provision of UK public service content, for all British kids and young people, so that they can see themselves and their culture reflected onscreen.

I'll talk a bit more about our content in a moment, and the challenges we face. First though, I want to highlight some of the things we're most proud of:

First is our scale. Last year over 1.1 billion hours of our children's content was consumed on BBC iPlayer, and around 50% of all the titles watched by under 35-year-olds on iPlayer are children's shows.

Bitesize also does a fantastic job of reaching UK children, in particular the 13-16s but across the whole school age range too.

It attracts 5 million views every month. Bitesize is being enhanced by joining up with some of our top entertainment TV brands like *Numberblocks*, *Operation Ouch* and *Horrible Histories*, and by making the content more interactive and adaptive to each child's needs.

We are very focused on creating high impact, and, crucially, culturally relevant content, across a range of genres including drama, family content and animation.

It's hard to choose individual examples from our slate, but next month CBeebies will show a performance of *As You Like It* that we filmed in front of a live audience of 6,000 excited kids at the Globe Theatre.

And I will end my talk today with a clip from our *Newsround* special on Ukraine which continues to excel every day in reporting the news to 3 million viewers each week in homes and classrooms across the UK.

Finally, our increased global presence. The high impact content we are making is more likely to resonate internationally, enabling our producers to find new audiences abroad, and creating increased returns to licence payers.

The Challenge

But...although our content still reaches over 70% of all UK children every week, we face enormous challenges of increasing competition for attention, and pressures on funding. The jeopardy for UK kids' media has been very well outlined at sessions like today's, by Baroness Benjamin, and by PACT, by Ofcom, by the Children's Media Foundation and others.

And from the shelves of reports, one trend stands out for me: - within five years the amount of time spent viewing children's content supplied by UK broadcasters, is forecast to decline by over 75% - this is compared to 2014. That decline is driven by UK kids watching increasing quantities of content from SVOD and social video platforms, and spending increasing time on social media and games.

In general, more choice, and more competition, are good things. But they can come at a cost. UK kids are being enticed to watch a vast range of unregulated, un-curated and often inappropriate global content on the major platforms. The media diet of UK kids is being transformed - and it's happening on our watch.

One of the things that has struck me most is that the UK is facing a bigger challenge than many other countries. In part that's because of the historic strengths of UK kids' TV which makes it harder to appreciate the scale of the change that's underway. And perhaps too tempting to hope for a magic wand that can preserve the status quo. It also reflects the

disadvantage of speaking English, with other European countries better able to resist the tidal wave of new content from North America.

There's therefore a real risk we could "sleepwalk" into a media landscape where our children are culturally swamped, and where our ability to sustain our strengths and capacity in creating great kids' content is at risk.

The good news is we remain totally committed at the BBC to providing British public service kids' content. But there is no strategy we can adopt alone that will make the big issues go away. Indeed, they affect us too – the combination of a frozen licence fee and significant inflation is hitting our commissions very hard this year.

It is right that the kids' sector is fostering a debate on how this market failure is being addressed, and so in the rest of my short section today I want to talk about how we should address the two biggest challenges we face - Funding and Finding.

First - **funding**.

As we all know the historic sources of funds for public service content are under enormous pressure, and the costs of making great content are going up. We are acutely aware of the pressures facing the commercial PSB's in funding children's content, with audiences diminishing and advertising regulations getting tighter. At the BBC we are doing everything we can to maximise the amount of money we spend on screen, making difficult cuts elsewhere in order to invest in content. We are also working hard with our partners in BBC Studios to maximise commercial opportunities when they're available, while remaining true to our core purpose of culturally relevant content for everyone.

But none of these will be enough to sustain the investment that we've enjoyed in the past, which is why I passionately believe we need to do more, and the need for relief is urgent.

PACT's recent proposal of 40% tax credits is I believe, a compelling approach, and very well set out by them. And I say that with the learning I have from my previous roles with multi-national kids' broadcasters, where we could access different tax credit regimes across various European nations. They are a solution that is politically feasible, economically proven, and rapidly available. They have the benefit of being available for everyone. They're a proven model whose principles and application are familiar to all. And analysis suggests they would have a material impact on the content that would be made available to audiences.

Paul can say a little more about the BBC's position on the proposed changes to the tax credit system later but let me lay out my thinking first.

Tax credits can stimulate production and help ensure a strong base of skills. They can also reduce the risk of productions being made abroad and maximise the chances of the UK attracting projects from countries such as Spain and Ireland who are competing aggressively to grow their creative industries.

So, I am a strong supporter of enhancing the tax regime. However, tax credits can also be a blunt instrument that won't address all the challenges that we face.

I have spent much of my career outside the UK - and I've seen at first-hand how the market for children's content can be swamped by commercially focused content with generic appeal.

This comes at the expense of the culturally specific content that UK audiences have always benefited from.

If we want to ensure that culturally relevant content continues to be created for UK kids, we need to build that into the tax credit regime. Otherwise, we risk our creatives and producers focusing on generic international content for commercial export.

So, while I welcome the debate that has been started as part of the recent Treasury consultation, we must go further to meet the needs of younger audiences. In addition to the overall tax credit for children's content - I believe we should have an additional credit, that is made universally available to producers and commissioners alike, for culturally relevant children's content.

This would require careful assessment, but with Ofcom's work on 'distinctiveness' and the criteria applied to the Young Audiences Content Fund I believe it is possible.

This is so important to so many of us in this room, we MUST find a way of making it work and cut through the complexity. Our collective belief in serving UK kids means that we can't not do this.

Now on to the **Finding**

Sustaining investment in great children's content is not enough. Children also need to be able to find it and be encouraged to discover it. And we can no longer rely on a handful of universally available television channels to shape their consumption. Instead, children are leading the way in spreading their viewing over different platforms and services, many of which are unregulated and commercially focused, which leads to the second major challenge we need to address.

If you plant carrots in the corner of a field, then it shouldn't surprise you if that's where you find the rabbits. Likewise, if a distribution platform is focused on commercial returns, then it should be no surprise when they promote content that maximises profit rather than public value or cultural relevance. Which is why we need to focus on three outcomes around distribution.

The first, most important and most urgent is prominence. It is critically important that the current Media Bill is passed and it creates legal obligations on platforms to promote culturally relevant content that delivers public value.

At the BBC we are pressing hard for a range of outcomes that will sustain the impact of our publicly funded content. We can make valuable content available, but we need to ensure the gatekeepers are incentivised to help our children find it.

Second, we need to ensure that our content is available wherever children can benefit from it. We are actively exploring ways in which we can better align our commissioning and distribution to the changing habits of children whilst we also look to support parents and teachers. That may shape our commissioning decisions, and how we promote our content and where it is made available.

Finally, we need to ensure that the BBC's strength as a universal distributor is maintained. We are the only UK-based media organisation that has the scale required to invest in a

critical mass of content, channels and digital services focused on the specific needs of the UK's children. We need to ensure that our owned and operated services are compelling destinations and are at the heart of the BBC's overall offer and brand.

The BBC is the centre of the children's content ecosystem in the UK. And all of us would like to see that ecosystem grow and thrive and become self-sustaining, and we will do everything we can to continue to deliver for today's audiences while finding solutions for the longer term. Which brings me to my closing thoughts.

The policy objectives I've described are the urgent steps in the right direction that we should focus on now. But while they're necessary they're not sufficient, and we're going to need to be even more radical.

The recent Children's Media Foundation report on public service content, suggested many potential solutions including extending the current initiatives on prominence to include algorithms and social platforms.

But we can also learn from other countries who have been intervening with quotas and levies to ensure producers can continue to create great local content for their kids to benefit from.

There are many moving parts, and I don't claim to have the answers, but I'm certain that we need to think radically and holistically, and that we have a responsibility to sustain and adapt the best of what we've inherited.

Our current political debates are about levelling up, fake news, inclusion, diversity, mental health, cultural identity, and society fragmenting. Which is why it's never been more important to provide all children with the stories, perspectives and role models that can build their sense of identity and belonging and provide a positive foundation for their lives. But it's also never been harder to deliver this because our audience is leading the way and changing the rules. Our role at the BBC is to change with them while continuing to invest in content that matters, ensuring that the needs of children, parents and teachers remain at the heart of the BBC's proposition.

But we cannot create the future on our own, and nor should we leave it to the market alone. We need a new package of incentives and obligations, which is why "my call to arms" today is to focus on the urgent priorities of tax credits, cultural relevance and prominence that can make an immediate difference.

We will need to work together to find the right interventions for the future.

Floella often says that 'childhood lasts a lifetime' and millions of UK adults had their lives enriched by culturally relevant children's content that educated, entertained and informed. Today's children are tomorrow's adults, and they deserve nothing less. It's up to us to find the right path through the storm of change, and make sure it happens.

Thanks for listening to this brief introduction, and I look forward to questions and discussion. With the Ukraine anniversary so top-of-mind, I'll end with the *Newsround* clip I mentioned earlier.

[Newsround Clip]

Baroness Benjamin reminded the meeting that the writing was on the wall for indigenous children's television 20 years ago, with the 2003 Broadcasting Act. Now the feared changes are actually happening. She opened the meeting to questions and comment from the floor, inviting former Director of BBC Children's, and Director of Programmes at ITV, **Nigel Pickard** to comment.

Nigel revealed that the first-year budget for the BBC Children's Channels which had launched under his watch 20 years ago - was £125m. An impossible figure now. He felt we could all line up in support of Patricia's vision, but how can we get politicians to change the landscape under which children's content in the UK has to operate? He asked Patricia if she was optimistic about the likelihood of an increase in the tax incentive.

Patricia admitted she had no inside information. But credits have proved so successful at protecting markets. E.g. France - which has the same number of culturally relevant programmes for young people that the UK does, because France has put in place a system that obliges their producers to do this. By contrast Spain has only one culturally relevant programme at number 20 in the ratings. Spain, especially in the Canary Islands, has generous tax incentives that stimulate the animation industry, but these do not stipulate cultural relevance. The money available to broadcasters now in the UK is not enough to maintain the current level of culturally relevant content. Without support it will wither.

Baroness Benjamin told the meeting that a question she asked in the House 3 weeks before had stimulated a response from DCMS stating they were aware of the issues facing the children's sector.

Louise Treves (DCMS) revealed that discussions were taking place at the ministry about the assessment of the Fund and about tax credits.

Baroness Benjamin urged those present to lobby their MPs. She said that people in parliament still didn't understand the seriousness of the problem. The general response was: "There are lot of channels." Or "my little girl watches CBeebies - it's fine."

Kate O'Connor (CEO of Animation UK) reminded the meeting that Animation UK had been set up originally to lobby for tax incentives for animation, and has now put in proposals for a new rate of between 32% and 40%, with regional implications. She felt that there was too much fragmentation in the lobbying on this issue and the industry needs to speak with one voice. She pointed out that the current Treasury consultation on tax reliefs is certainly not about increases and that the Treasury has made clear it does not consider an increase likely. Investment in kids' content has decreased by 75% since 2014. Funding is the key to a solution, not tax incentives alone. She pointed out that as well as a generous tax relief, France also invests in content.

Baroness Benjamin responded that the Treasury needs to understand that they are losing money by not supporting the children's media industry. She called upon other members of the BBC team to comment.

Kate Morton (Head of Commissioning and Acquisitions for 0-6): We need a greater breadth of content and we need to bring that about by making alliances. Bringing together the expertise in the industry with the brilliance of the BBC at reaching audiences. UK content is generally undervalued in the world, and we need to shout about it more. There's too much reticence at the BBC. In Children's we now have people from commercial backgrounds in some of the top jobs and they want to talk about "world-leading" content.

Sarah Muller (Head of Commissioning and Acquisitions for 6+): For all sorts of reasons, media can be risk averse. But the BBC is very happy to stand behind change and innovation.

Patricia agreed that we are far behind in tax relief. The alliances being made today are between European countries who have better incentives. Ireland's animation growth is impressive. It's not only because they are uniquely positioned because they speak English but also very much because they have 35% tax credits. Funds are useful. But credits are proven at bringing in investment. But we also need to focus on incentives to make culturally relevant programmes. The French CNC is a good example of that.

Paul Oldfield (BBC Policy): the BBC doesn't disagree about the effectiveness of a multi-faceted approach. But supporting tax reliefs is pragmatic. It's a proven idea. Other ideas come and go. But reliefs are realistic.

Baroness Benjamin: something needs to be put in place that has some permanence. This will be difficult because there is no single voice in government for children any more. She urged people attending the meeting to write to their MPs to ask them if they realise that there is market failure in the children's sector and whether they understand what that means for our children going forward.

She called on Anna Home, former Head of Children's Television at the BBC and now chair of the Children's Media Foundation to comment.

Anna Home warned against complacency. There had been a period when children were almost totally disregarded by the BBC. So it isn't a given that the children's audience will always be well served. The industry needs to find a way to make the government aware of the impact of losing UK-produced, relevant and appropriate programming for children, because with the BBC as the sole player once again, the levels of commissioning across the sector have gone back to what they were three years ago, before the arrival of the Young Audiences Content Fund.

Greg Childs (APPG clerk) relayed some questions sent by **Prof. Maire Messenger-Davies** who was unable to attend. They focused on her concern that the BBC in general shows a lack of interest in children. Her questions related to the decision to move CBBC online which seemed an oddly unnecessary and inflammatory announcement when no date had been set. She also mentioned the cancellation of Autumn Watch which many children watch and benefit from. Had any children been consulted when this plan was hatched? In fact, were children ever consulted about the BBC's major plans, because if not then the BBC is ignoring its future audience and people who have a right as citizens to be involved.

Patricia replied that Charlotte Moore is a great champion of children at the heart of the BBC. The team in Children's tell her that it's a very different BBC from some years ago. And with BBC Studios setting up their kids' and families division there will be more cooperation and greater benefits across the board.

As to the proposed closure of the CBBC Channel it was about migrating children to the I-Player over time. It's simply a case of being where the audience wants to be - in the on-demand space. She said the BBC is not saying that all children's content will go on the I-Player.

Baroness Benjamin reminded Patricia about the children who can't access online services. She also said that she herself had to field many questions from journalists on the day the announcement was made about CBBC moving to digital only. Making that sort of statement displayed a lack of empathy at the BBC which was concerning. And does the BBC consult with young people?

Paul Oldfield: Conscious of that. We're going slowly and trying to go positively where children are watching. But that has to be done well.

Dr Cynthia Carter (Cardiff University) mentioned the research basis for the statements about audience migration. Just talking about the numbers isn't enough. To gain an understanding of why there is movement towards the new platforms we need to understand better what engages them there and how they are being pushed. That's a good reason to consult them.

Patricia: Only 27% of children are solely consuming linear channels, and the BBC captures 50% of these. BBC researchers talk regularly to children and use a monthly brand tracker to research the trends. Awareness of linear channels is decreasing year on year. BBC Children's and Education recently doubled spend on marketing but there is massive fragmentation in this media market. CBBC is holding on but when does the tipping point come? When only 10% are watching linear channels? And unfortunately, they are not going to the i-Player. They are going to Netflix and others. That's why we need a new form of prominence for the new way of watching. For example, why couldn't we have a BBC button on TV remote controls?

Baroness Benjamin brought up the question of rights when content is delivered on new platforms.

Billy Macqueen (producer) reminded the meeting that if you make programmes for the i-Player, then they are outside the current BBC terms of trade.

Patricia responded that without i-Player rights then a commission is no longer worth doing.

Paul Nahe-Biswas (media strategist) agreed 100% on the tax credit idea, especially the cultural relevance proposal. He also agreed that prominence and risk taken - both mentioned by Patricia were important. However, the problem is taking a risk with one's livelihood. The question is - will there be an industry at all in 5 to 10 years' time? It's time we came together as an industry to approach the Treasury to make it clear that market failure is about to become industry failure. There is goodwill now - we should capitalise on it.

Patricia agreed that the industry needs one voice. In truth, the UK industry has no idea what it already has. When you come from a country that never invested in children's culture, you realise the power of UK-produced children's media. However, the UK can sleepwalk into the same lack of investment. We've had it good for many years but it's not going to last very much longer.

Mikael Shields (producer) thanked the BBC for supporting his project *Bing*. However, he revealed he still had to raise £40+ million investment to achieve it. We have had to educate investors about the importance of relevant, appropriate and diverse life experiences. Programs like *Bing* provide child-development provision when so many families lack adequate childcare. We are trying to inoculate the population against the dangers of neglect in early years, and we need parliamentarians to understand this.

What would be useful would be the BBC publishing the metrics of the iPlayer. It's inappropriate that a public service operator should hide their statistics. We need to campaign for plurality in public service provision again. Competition is good.

Sarah Muller (BBC) reassured the meeting that the BBC did not expect producers to take all the risks. Distributors and others should also embrace risk. And the commercial broadcasters. They are not poor. Do they really need a YAK fund to stimulate them to invest?

Holly Aylett (UKCCD): asked why we are so averse to following the evidence from Europe, Canada and Australia that we need a levy on the streamers which can be used for public service content. E.g. a tax on Netflix alone could generate £12 million per year. There is clear evidence from many territories that levies are working.

Patricia couldn't agree more. The French have been doing it for years. They levied foreign -owned channels long before they levied the streamers. In her previous job, she used to commission content from France that she used across Europe - because of the levies.

Genevieve Dexter (distributor) There is no point in having a quota, if there is no funding. However funds should be organised to expect match-funding, not as a subsidy for public service broadcasters.

Alison Stewart (CMF) relayed a question from a producer unable to attend. It was clear from the BBC commissioning website that projects in receipt of development funding from the YAC fund could not be considered for commissioning. There are several examples of perfectly viable projects that have been rejected with that as the reason. Is this still the case as it seems a huge waste of public money?

Paul Oldfield (BBC Policy) responded that there were lots of good projects coming through, but the BBC has always been clear about its opposition to the use of funding from the YAC fund because it is money top sliced from the licence fee.

Greg Childs offered a clarification. In the early stages of the development of the contestable fund, the Children's Media Foundation contacted the BBC to check whether they believed the £60 million potential budget was money which could have been used by the BBC. At that point the BBC did not believe it to be rightfully theirs. Although the money was raised by the licence fee process, it had been predicated to broadband rollout and was returned to the DCMS when that programme of work underspent. The money was not included in the next licence fee settlement and the BBC never called for it to be. In which case it was not top-slicing of the licence fee. Rather it was the use of a specific pot of licence fee-generated revenue. The BBC has not been consistent in its approach to this.

Paul Oldfield said they would look into the possibility of relaxation.

Jon Gisby (media strategist) followed up on Baroness Benjamin's exhortation to those attending to write to their MPs. He said the best option for a single voice now with only 14 months of Parliamentary session left is to focus on things that can be done quickly: ensuring public service prominence in the Media Bill and increasing the tax relief.

Baroness Benjamin called on the BBC speakers to sum up. **Sarah Muller** said that a key factor for the future would be bringing in more investment. **Paul Oldfield** re-iterated the need to improve tax credits and prominence in the media bill. **Kate Morton** emphasised the potential in the proposal for cultural relevance and related it to her own role, running CBeebies, which she called the best job in the BBC – taking our culture to the youngest audience.

Baroness Benjamin reminded the meeting of the importance of the early years in child development.

Patricia Hidalgo concluded with thanks to Baroness Benjamin for the opportunity to outline her ideas. She reminded everyone not to underestimate the power of British culture to produce some of the best content in the world for children. The UK children's industry has creative passion and the knowledge of how to deliver. Everyone in it has grown up knowing what matters in kids' media. Now is the time to translate this to the international sphere.

Appendix A: Attendee List - external guests

Name	Organisation
Holly Aylett	UKCCD
Richard Bradley	Lion TV
Dr Cynthia Carter	Cardiff University
Greg Childs	CMF
Genevieve Dexter	Serious Kids
Rachel Drummond-Hay	Drummer TV
Jon Gisby	British Screen Forum
Sue Goffe	Studio AKA
Patricia Hidalgo	BBC Children's
Anna Home	CMF
Alistair Hughes	BBC Children's
Kate O'Connor	Animation UK
Paul Oldfield	BBC
Faraz Osman	BAFTA, Goldwala
Billy Macqueen	Darrall Macqueen
Romily Menzies	Maverick Television
Toby Mitchell	ACA
Kate Morton	BBC Children's
Sarah Muller	BBC Children's
Paul Nahe-Biswas	Mediaator / UK Children's Media Plan
Dominic Parry	Three Arrows Media
Nigel Pickard	Spindrift Media
Michael Rose	Magic Light Pictures
Jo Sargent	King Bert Productions
Emma Scott	Book Trust
Mikael Shields	Acamar
Alison Stewart	The Children's Media Foundation
Ellie Stone	ACA
Tamsin Summers	Drummer TV
Louise Treves	DCMS
Ben Whybrow	BBC Children's
David Wood	ACA