

OFCOM CHILDREN'S CONTENT REVIEW

RESPONSE FROM ITV PLC

1. INTRODUCTION: CHILDREN'S TV -- A GLOBALIZING MARKET

ITV welcomes this opportunity to respond to Ofcom's consultation on children's TV content. We also welcome the publication by Ofcom of a comprehensive review of the evidence base around children's video and online content consumption. There would clearly be little point in resubmitting that data back to Ofcom. However, it is important to begin by emphasizing some of the high level themes we observe in children's TV that form the backdrop to this submission.

Perhaps the key underlying theme is that of increasing competition – for the attention of children and ultimately therefore for the revenue that follows that attention. This is not new. A decade or so ago, as multichannel competition intensified in the UK, children were early adopters of dedicated children's TV channels. The result was that they rapidly reduced consumption of children's content on the largest multigenre general interest TV channels such as ITV and BBC One. Together with new restrictions on advertising HFSS food and drink, it became commercially unsustainable to maintain significant volumes of children's content on the main ITV channel. The BBC followed suit in order to maintain its share of viewing.

The introduction of more and more choice into UK broadcasting over time has been a conscious decision. The benefits of this have been significant but there have been costs. In particular, the old approach to funding PSB genres of content (such as children's content) based on the regulation of monopoly has not been sustainable. The inevitable result of the decline in the value of PSB licences has been a set of choices about which genres of programming to prioritise above others. This process has been analysed at length in successive Ofcom PSB reviews.

We are now entering a further phase of competition in UK television driven by technological change which is facilitating intense global competition for the attention of UK audiences. Once again, as with the multichannel TV revolution, children are at the forefront of the latest set of changes. A shift away from live linear TV as a whole is intensifying amongst children in the UK. Some of this consumption is shifting to the online services of linear TV players, some is shifting to new entrant online offerings and some away from TV content entirely.

In order to reach children in living rooms and bedrooms in the UK, it is no longer necessary even to have a broadcasting licence. Some of the most popular services amongst children are found online and are not licensed in any traditional sense as broadcasting services in the UK. The growth in consumption of these services, particularly YouTube, amongst children has been very substantial in recent years.

However, perhaps the critical statistics are that 39% of 8-11 year olds have a smartphone, rising to 83% among 12-15 year olds whilst more than half of 8-15s have their own tablet. The usage levels of tablets (whether belonging to their children or their parents) to watch TV content and do other things online are far higher.

Clearly these new screens are being used to consume audio visual content – from traditional TV players as well as newer players such as Netflix and, in particular, YouTube. But more than this, social media useage amongst young people is very significant, particularly amongst older children. This means that increasingly children have access to TV wherever there is wifi.

This is a big challenge for nationally focussed PSBs, such as ITV, which is facing increasingly intense competition for the children’s audience, particularly from YouTube. However, it is one we are rising to with the rapid growth of our online offerings for children. There is still work to do in establishing the best approach to the commercial exploitation of TV content online in a world where subscription is likely to be a critical component of the model alongside advertising. However, a successful business model cannot be regulated into existence.

Ultimately it is important to be realistic. The economics of making original UK focussed content for children, particularly those of school age, are much more challenging than they were. This is particularly the case where that content is really of most appeal in a single country, even one as large as the UK. Most of the biggest content investors in children’s TV now tend to be global US players (in TV and SVOD) who have the scale to invest in a large home market and the global direct to consumer distribution capability (both in TV channels and online) to amortise that investment across the world.

In order to compete as a commercial investor in high quality children’s content, it is critically important to mostly invest in content of broad global appeal, though the risk in such investments, given their scale and the uncertain prospects of viewing and commercial success, is very significant.

2. CHANGING NATURE OF CHILDREN’S CONSUMPTION OF AUDIOVISUAL CONTENT IN RECENT YEARS

There is little point in repeating the extensive evidence cited by Ofcom in its recent publications around children and their media consumption habits. The data shows starkly the changing nature of children’s consumption of audiovisual content in recent years. Nonetheless, it is very important not to lose sight of the Ofcom research finding that a significant majority of 8-11 year olds and of 12-15 year olds say that there are enough programmes for children of my age¹. Their parents’ generation seems much more dissatisfied by provision for children than they are.

There are perhaps three clear trends which are particularly worth picking out:

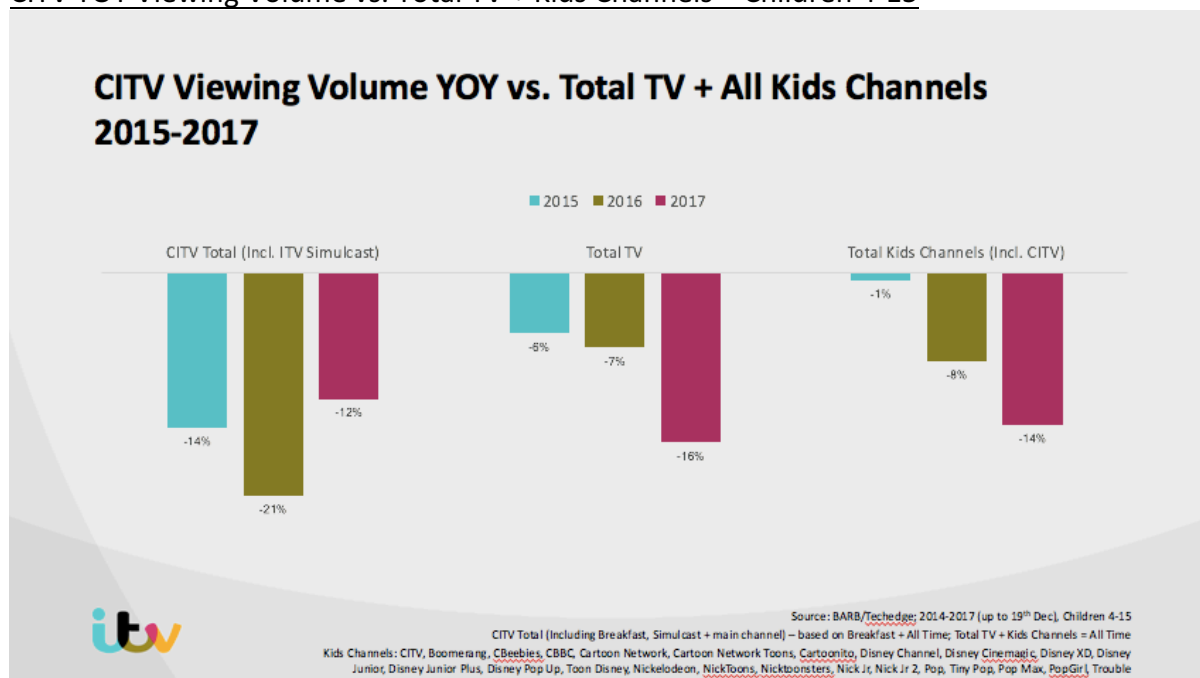
¹ Ofcom Children’s content review: Invitation to comment, page 10

(a) Declining consumption of TV content on live linear TV channels generally

Analysis of the year on year trend in children’s linear TV viewing behaviour shows a continual decline from 2015 to date. Total TV volume was down -6% in 2015, -7% in 2016 & -16% in 2017² for all children aged 4-15. Kids channels collectively³ were down -1% in 2015, -8% last year & -14% this year. Since 2012, traditional TV viewing has fallen by c 45% amongst 8-15 year olds.

As a direct result of the challenging market, CITV’s total channel performance (including weekend breakfast simulcast on ITV main channel⁴) has also seen declines across the last 3 years: down -14% in 2015, -21% in 2016 and -12% in 2017.

CITV YOY Viewing Volume vs. Total TV + Kids Channels – Children 4-15



Some of this decline in linear TV viewing can be attributed to the decline in children watching TV live. From 2013 to 2017 the proportion of live viewing on CITV has dropped from 93% to 85%, while the volume who are watching CITV via VOSDAL⁵ or 1-7 day timeshift has grown from 7% to 15% in that time. In other words, some live linear viewing has shifted to catch up viewing of content originally offered on linear channels. This is a trend that has affected the whole of the children’s TV market.

(b) Greater decline in viewing on the main ITV linear channel than on CITV

² 2017 data up to 19th Dec 2017, 2015-2016 full year

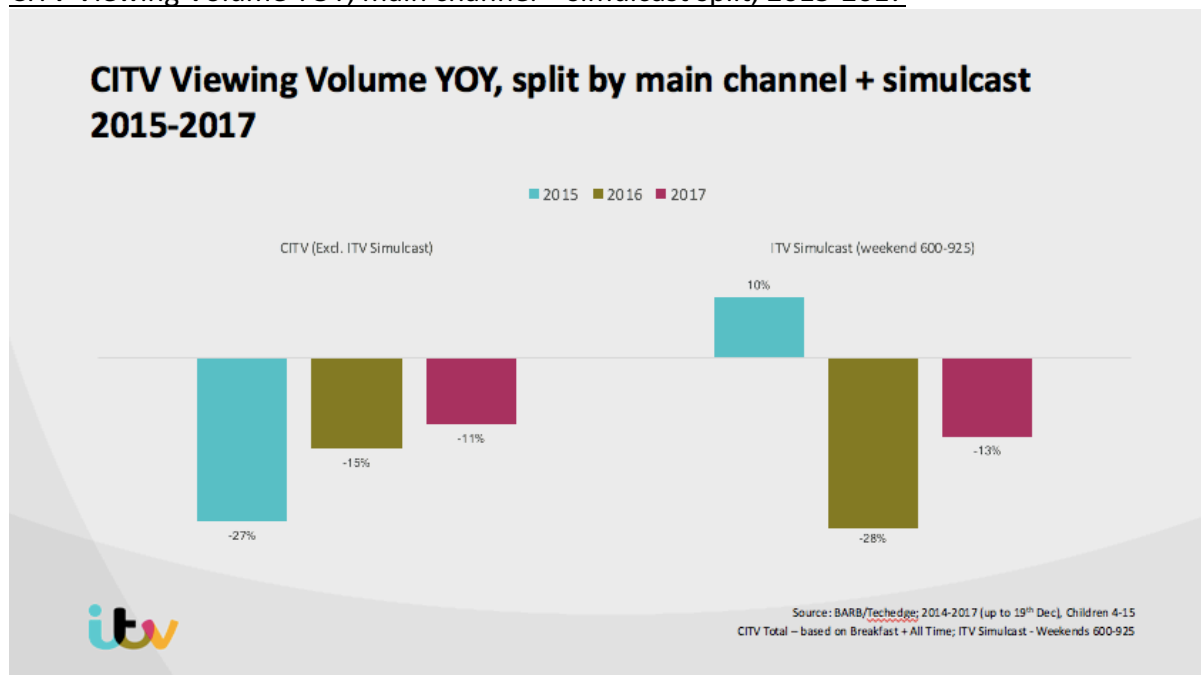
³ Kids channels included: CITV, Boomerang, CBeebies, CBBC, Cartoon Network, Cartoon Network Toons, Cartoonito, Disney Channel, Disney Cinemagic, Disney XD, Disney Junior, Disney Junior Plus, Disney Pop Up, Toon Disney, Nickelodeon, NickToons, Nicktoonsters, Nick Jr, Nick Jr 2, Pop, Tiny Pop, Pop Max, PopGirl, Trouble

⁴ Source: BARB/Techedge, CITV + ITV (weekend 600-925), CITV Breakfast (M-F 600-925) + CITV (M-S 925 – 2959)

⁵ Viewing on the same day as live

Isolating the ITV main channel weekend breakfast simulcast from CITV’s performance reveals that the last two years’ viewing figures have been pulled down by a larger viewing decline on the main channel (ITV) than CITV itself. The ITV simulcast was down -28% in 2016 and -13% in 2017 vs. CITV which was down only -15% in 2016 and -11% in 2017.

CITV Viewing Volume YOY, main channel + simulcast split, 2015-2017

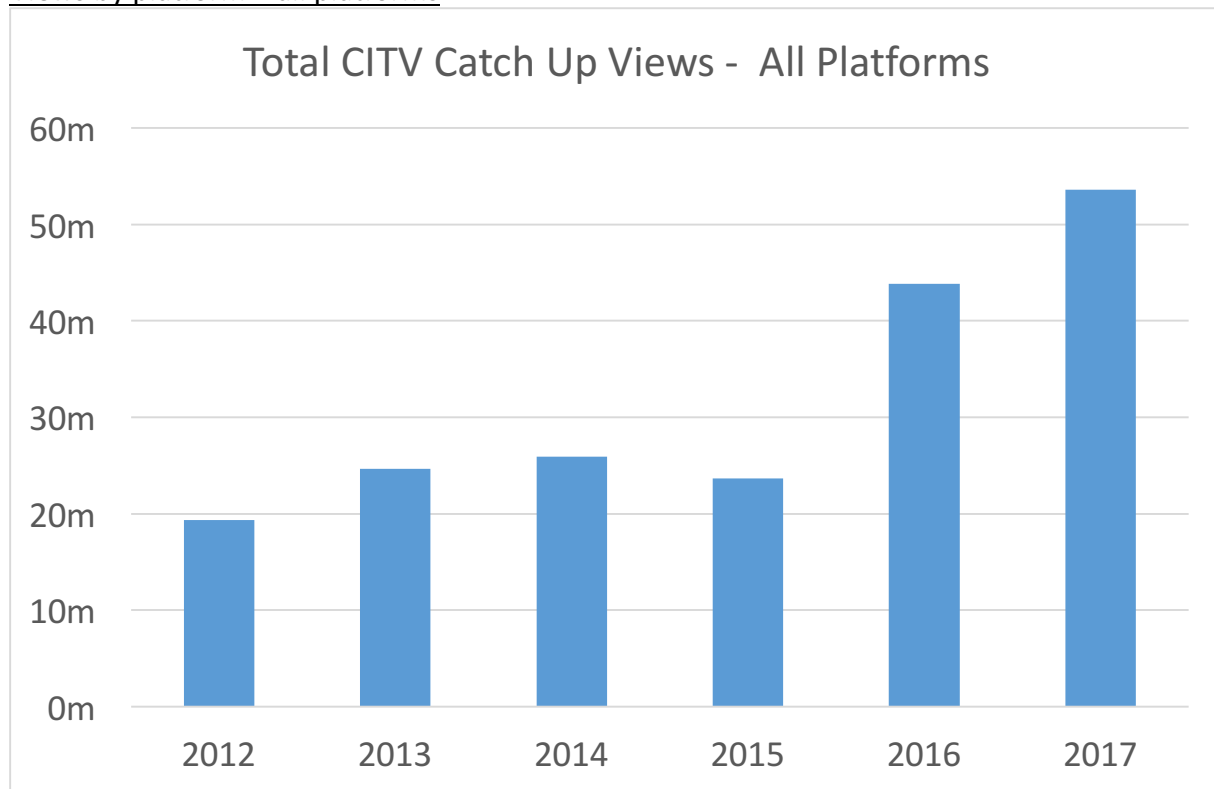


(c) Rapidly increasing online consumption but also rapid growth in so-called “unmatched” activity by children via TV sets

As the Ofcom research shows, children are now spending more time each week online than on TV.

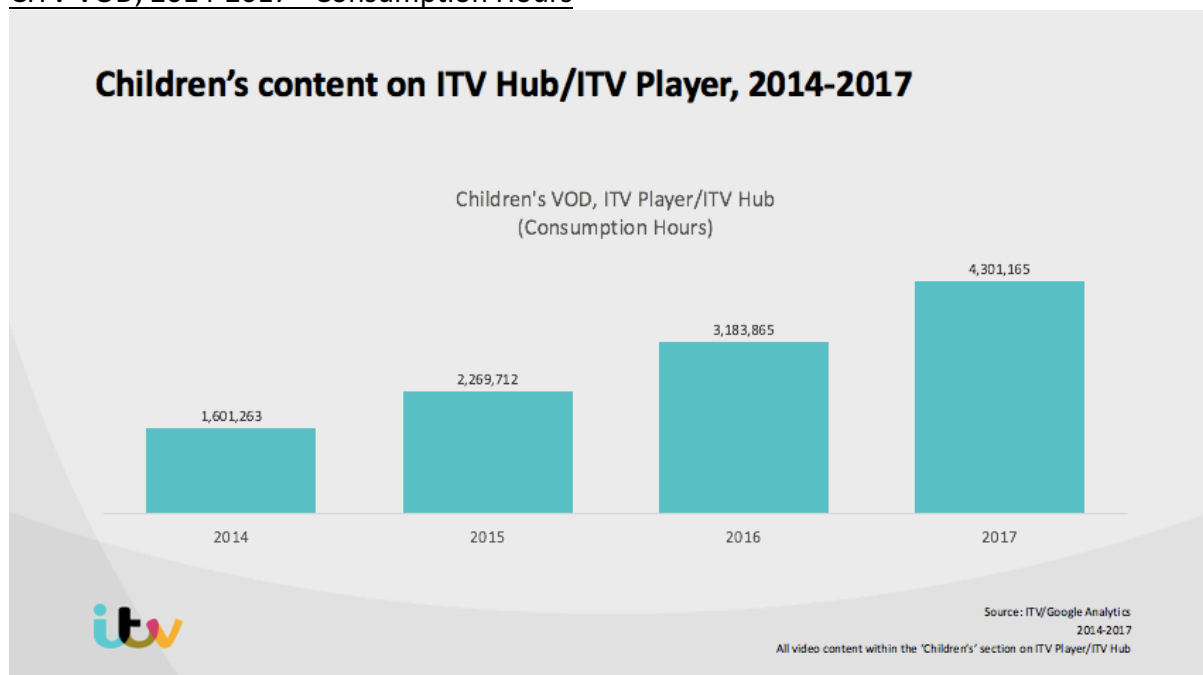
ITV has responded to this shift in consumption patterns and has a dedicated area for CITV on the ITV Hub, an important part of our children’s provision given changing patterns of consumption. This has been reflected in increasing consumption of ITV children’s content online – both via ITV Hub and via arrangements we have with platforms, particularly Sky.

Views by platform – all platforms



The volume of online consumption hours has been steadily increasing YOY from 2014 to 2017 at an average rate of +39% each year (+42% in 2015, +40% in 2016 and +35% in 2017). Over 4.3m hours of children’s VOD content was consumed on the ITV Hub in 2017⁶, +2.7m more than in 2014.

CITV VOD, 2014-2017 - Consumption Hours

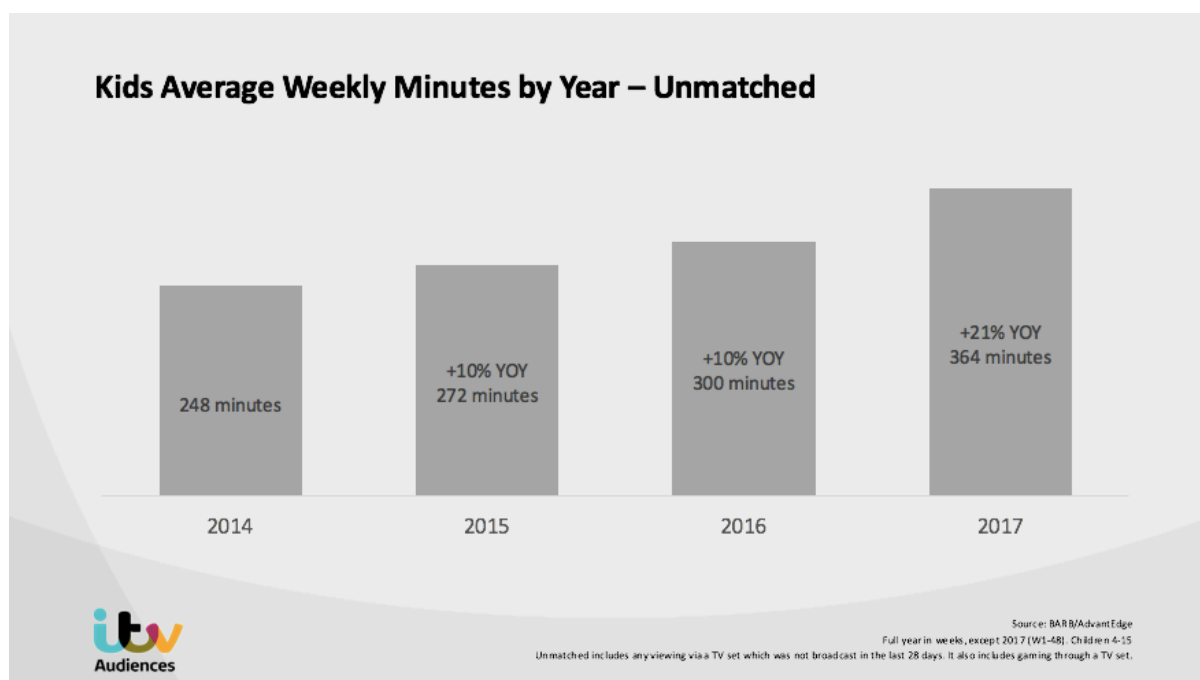


⁶ Source: ITV/Google Analytics, 2014 – 2017 ytd (up to 18th Dec)

However, perhaps the most critical point is that a material proportion of the consumption that is being lost from linear TV is moving to services online which do not comprise TV programmes provided by broadcasters such as ITV. In particular, a key area of growth in children’s TV consumption has been to SVOD services – Netflix, Amazon, Now TV and Disney Life and above all to YouTube, as Ofcom’s research showed. Indeed, Ofcom’s own research recently showed that when given the choice, there was a clear preference for watching YouTube content rather than TV programmes on a TV set for children aged 8-11 (40% vs 18%) and 12-15 (46% vs 15%)⁷. Echoing this, Enders Analysis recently reported that “YouTube is fast becoming the number one medium for children in terms of platform preferences”⁸.

This is illustrated in the significant increases in so-called “unmatched” content recorded by Barb – this is primarily SVOD and YouTube but the totals also include viewing of things such as DVDs, games, post 28 day on-demand viewing. Enders Analysis estimates that just half of children’s screen TV time is spent on live broadcast TV, whilst other (unmatched) use accounts for 37%, up from 23% in 2014⁹

Kids Average Weekly Minutes viewed, Unmatched – children 4-15



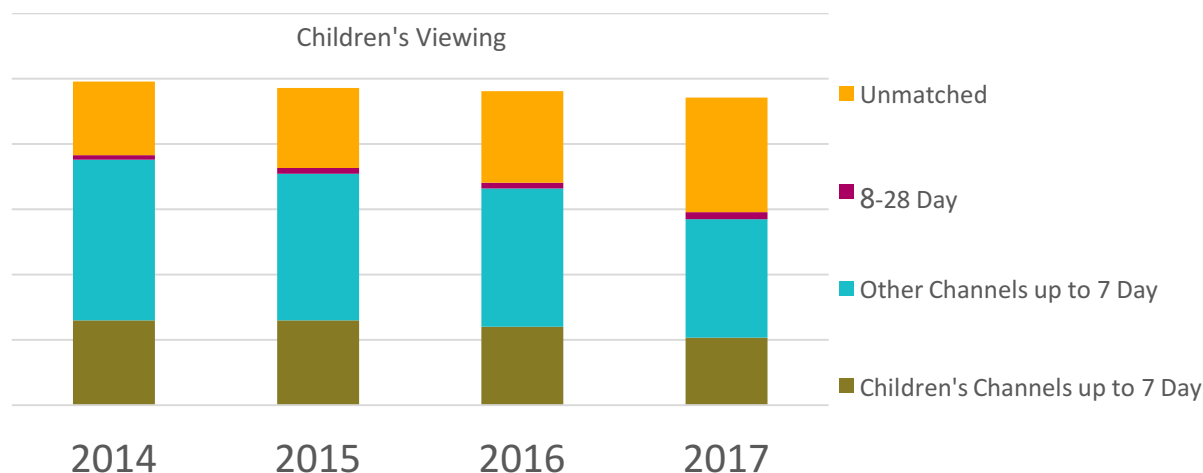
In this context it is instructive to plot the increasing unmatched viewing time against the changing nature of linear and catch up (up to 7 day) consumption by children which is down 20% for children’s channels over the same period. This decline is despite the rapidly increasing consumption of catch up content (whether VOD or PVR). Furthermore, as the chart below shows, children’s total viewing to the TV set is down 5% over 4 years.

⁷ Ofcom’s children’s content review – Invitation to Comment, page 20.

⁸ Children’s changing video habits and implications for the content market, Enders Analysis, 8 December 2017

⁹ Ibid, page 9

Children’s viewing via the TV set 2014-17



Source: BARB/AdvantEdge
 Children (4-15), 2017 consolidated to 27th December and then part-consolidated
 8-28 Day based on Dec in previous year to Nov in current year, e.g. Dec 2013-Nov 2014
 Children’s channels include ITV Weekend Breakfast (06:00-09:24), Milkshake on Channel 5 (06:00-09:15 weekdays and 06:00-10:00 weekends) and Milkshake on 5STAR (weekdays 09:15-11:00)

3. ITV MAKES A SUBSTANTIAL CONTRIBUTION TO CHILDREN’S TV IN THE UK

In its consultation document, Ofcom drew attention to the original UK produced TV programming broadcast by ITV that helps to bring families across the UK together. We believe that this continues to be a very important contribution to PSB in the UK and it is one that few other channels or media can achieve.

However, more than this, ITV still makes a significant contribution to children’s TV in the UK both via linear channels (including the main ITV channel, on CITV as well as online). We describe this contribution in more detail below and it is important to put it into the context of other online players such as YouTube or Facebook who do little to invest in original UK content aimed at a UK audience and yet are happy to make money monetizing their significant children’s audience.

ITV offers a dedicated linear children’s TV channel CITV, the programming from which we simulcast on the main ITV channel on weekend mornings, giving the programming additional reach and impact. We run this channel and broadcast this programming not because of any obligation in any licence but in order to make a commercial return (as every other commercial broadcaster does).

Apart from occasional children’s programmes broadcast on BBC One/Two, ITV is the only main linear channel on free to air TV that regularly broadcasts content for 6 to 12 year olds. (C5’s Milkshake is for pre-school children). This high-profile provision by ITV of programmes for older children on one of the UK’s most popular mainstream channels gives us a unique position in the children’s media environment. These programmes are broadcast during the

morning at weekends when children are likely to be available to watch, at a time which suits parents too.

The 6-12 year old target audience of CITV, is a challenging age group to cater for. In particular, in contrast to pre-school content, material for the 6-12 age group is much harder to repeat effectively¹⁰, often needs to be less generic (and hence less exportable), requires greater differentiation between girls and boys (splitting the audience) and also requires a broader range of programmes in terms of genre and tone to hold a more discerning audience. The high volume, one size fits all, approach of pre-school children's content is not viable with older children. Furthermore, pre-school content is often already subsidized by large toy manufacturing advances given the significant merchandising that flows from high volume content around pre-school characters, which is much harder to replicate consistently and at scale for a more discerning older audience. The result is that the market has tended to focus on (and arguably oversupply) pre-school children whilst undersupplying school age children.

As a result, CITV is one of the few places that older children can go to for compelling, high quality TV and it is the only place where this content is given broad exposure through broadcast on our main channel. In more detail:

- As we have described, ITV already broadcasts children's content on the main channel each Saturday and Sunday morning. For the majority of the year these broadcasts are from 6am to 9.25am (though they stop at 8.25am for around 20 weeks of the year).
- Our dedicated children's channel, CITV¹¹, is one of the most popular children's channels in the UK, and one of the few commercial children's channels that is commissioning original UK content for a school age audience. The content budget for ITV's children's channel (including the main channel simulcast) is forecast to be over £[]m in 2017 of which well over £[]m was spent on original commissions (around [] hours) in 2017. Acquisitions and repeats are also an important part of the mix of the channel. In 2016, we repeated around [] hours of content than we had originated in previous years.
- We are particularly proud of the fact that in 2017 we won two children's BAFTAS for *Bear Grylls Survival School* (entertainment show) and *Share a Story* (best short form). *Thunderbirds Are Go* was also a very significant investment in children's content and which premiered on CITV.
- In 2016, CITV commissioned *Mission Employable* from Signpost, a 10x5' signed presented programme where our two young deaf presenters tried their hands at jobs including Train Driver, Chef, Gardener, Zookeeper, & Circus performer. The

¹⁰ So, for instance [Redacted: Commercially confidential].

¹¹ The channel broadcasts from 6am to 6pm on all major TV platforms and to 9pm on cable ,satellite and online

programme is produced in such a way that our hearing audience and deaf audience can enjoy the programme and a second series is coming later this year.

- Our long running series *Scrambled* (now in its fifth series) is a rare link between a children's channel and its audience. Commissioned specially for the ITV Breakfast simulcast, much of the show's content is sent in by our viewers including showcasing their talents for "*So you think Scrambled's got the Eggs factor*" and jokes for "*Are you Funny.*" There are few if any examples of international channel groups allowing (or even being able) to involve the audience to this extent in their programming. Indeed, until Saturday Mash-up launched in September last year, CBBC didn't have this sort of programme on air either.
- Up coming commissions include a new kids game show called *Spy School* for this year produced by Zodiak Kids in which kids get to do physical and mental challenges in a bid to stop the evil Goldfist from taking over the world and graduate from *Spy School*. We have also announced a new UK animation – *The Rubbish World of Dave Spud* – produced by Illuminated Films which will air in 2019. It follows the adventures of Mancunian boy Dave Spud (voiced by Jonny Vegas) with Jane Horrocks and Philip Glenister also voicing characters in the series.
- Finally, we have also commissioned a further 26 episodes of *Thunderbirds are Go* for 2018 and will launch a major new UK originated animated series, *Robozuna*, made in partnership with Netflix this autumn.

As we set out above, ITV has also responded to this shift in consumption patterns and has a dedicated area for CITV on the ITV Hub which is recording very rapid growth in consumption of CITV content online, both via the open internet and via platforms such as Sky. The ITV Hub is a safe space for children online, where parents know their children will not be exposed to inappropriate or troubling content. CITV punches above its weight on the Hub, though it would be fair to say that we are still working to find the right business model for children's TV content online.

Nonetheless, the combination set out above of CITV, plus broadcast on main channel, plus ITV Hub makes ITV a powerful and unique contributor to children's television, all of which is available for free without any subscription. However, as we set out below, ITV's current children's TV provision is already at the outer edge of what is viable commercially.

4. THE COMMERCIAL CONTEXT FOR OLDER CHILDREN'S CONTENT PARTICULARLY IS VERY CHALLENGING

Broadcast TV continues to offer significant reach (87% of children weekly) and the TV set still accounts for the majority of children's video viewing in the UK. However, the economics of children's TV have been changing rapidly.

[Redacted: Commercially confidential]

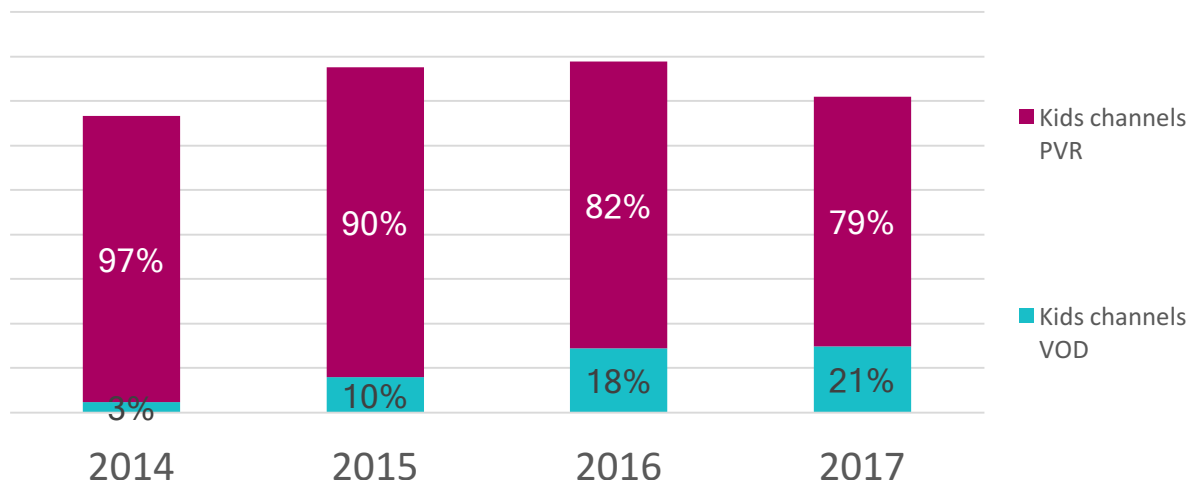
Over the past 5 years, the CITV channel has experienced a rapid decline in the delivery of commercial impacts (down 46% from 2013-17). Revenue has declined materially in the same period (even allowing for increasing VOD revenues), though not as steeply as commercial impacts. The result is that it is increasingly challenging to deliver advertiser deals economically given the challenge of attracting children to view programmes on the channel. Given this economic backdrop, our programme strategy has had to shift towards cheaper secondary acquisitions and repeated originations and away from first run origination.

The programme budget for CITV is set carefully bearing in mind the economics of the channel. The commercial case for children’s programmes on advertising-funded, free-to-air TV is challenging due to the limited number of advertisers that are both interested in, and able to place, ads within children’s programmes. Given regulatory restrictions and the nature of the audience, there is a natural ceiling to the amount of advertising revenue available to fund these types of programmes given the number of categories that are not advertising within children’s TV. Linear TV advertising still accounts for the overwhelming majority of the revenue for children’s content on ITV and CITV.

Although VOD advertising revenue is growing rapidly, it is still only about []% of linear advertising and sponsorship revenue. As we describe above, overall consumption of children’s TV content via linear channels **and** 1-7 day catch up has been declining in parallel with a rapid expansion in unmatched viewing (to SVOD, video games etc). Clearly this does not help the investment case for children’s TV.

The commercial case also isn’t helped by the fact that a substantial proportion of children’s content consumed in pay-TV households particularly is recorded on PVRs and then ad skipped. By way of example, the chart below breaks down the consumption of all children’s TV content on demand in Sky households between PVR and VOD. The scale of PVR use is striking but it is also notable that overall levels of timeshifted viewing of children’s channel content fell in 2017.

Sky Homes: Children's Viewing – VOSDAL & 1-7 Day Catch-Up (Children's Channels)



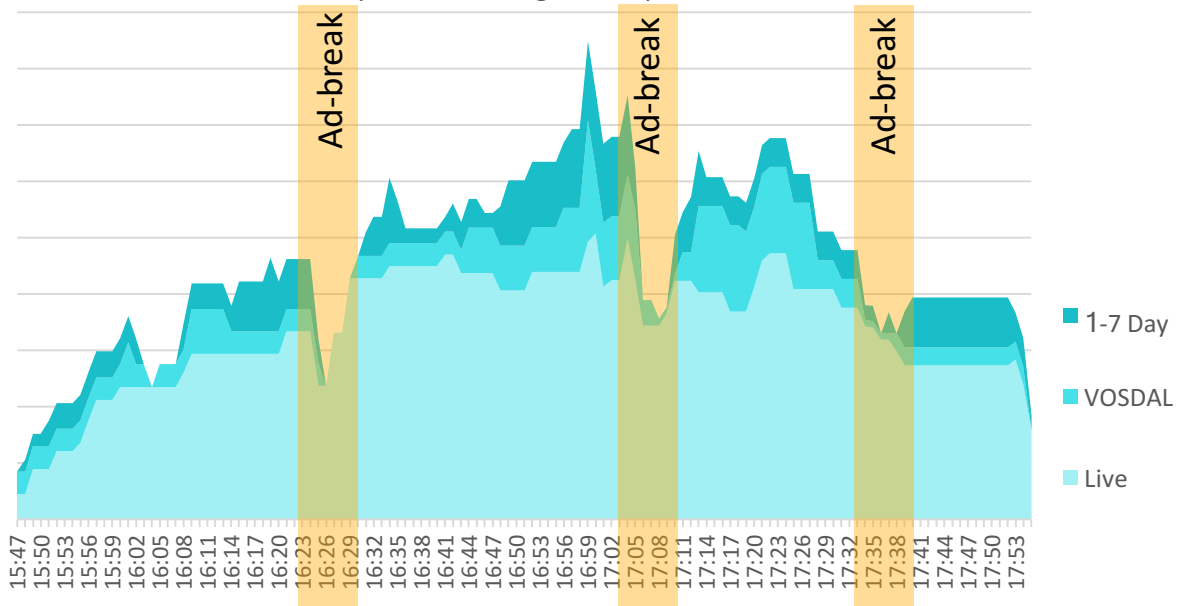
Source: BARB/AdvantEdge
¹Based on Children (4-15) in Sky Homes
 VOSDAL and 1-7 day catch-up across children's channels
 2017 consolidated to 28th December and then part-consolidated

NON-CONFIDENTIAL VERSION

Children's channels include ITV Weekend Breakfast (06:00-09:24), Milkshake on Channel 5 (06:00-09:15 weekdays and 06:00-10:00 weekends) and Milkshake on 5STAR (weekdays 09:15-11:00)

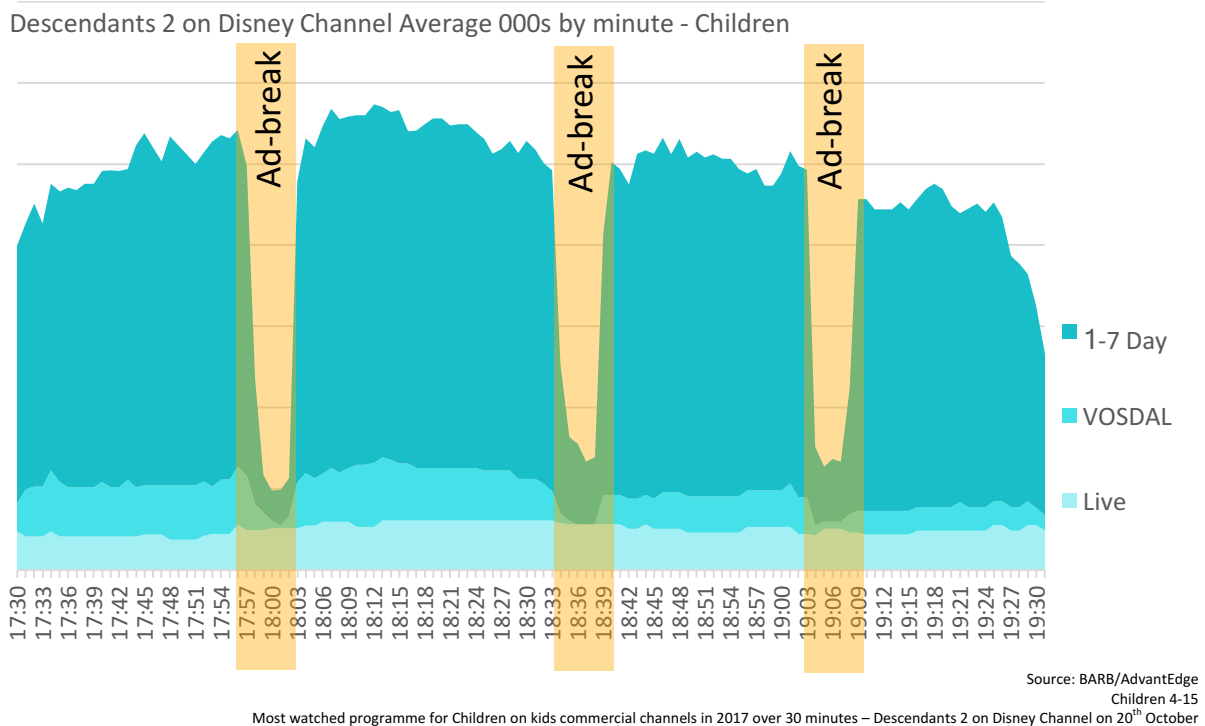
ITV is better positioned than some on-demand children's operators in Sky homes with a higher use of VOD vs PVR compared to the average across all children's channels above. Nonetheless, as with other content in Sky and Virgin households, the charts below illustrate the fact that we still see substantial ad skipping of content recorded on PVRs in pay-TV households, depriving us of the commercial impacts that we would otherwise have earned. Helpfully, because our children's content tends to be of shorter duration than other content, we tend to have relatively few centre breaks which are particularly susceptible to ad skipping. As the other chart below illustrates, those children's providers showing longer form content suffer very considerable ad skipping.

Charlie & The Chocolate Factory on CITV Average 000s by minute - Children



Source: BARB/AdvantEdge
Children 4-15

Most watched programme for Children on CITV in 2017 over 30 minutes – Charlie & The Chocolate Factory on 6th October



Clearly a key commercial objective for ITV lies in tapping into pay-TV revenues for children’s content and our strategy in this area continues to evolve.

Against this commercial backdrop, the really key challenge for ITV as a children’s channel provider is around making the commercial case for investment in original UK content, beyond that which we are currently doing. The world of fully funded programme commissions for school age children has long gone – there is no obvious commercial case for ITV in such commissions.

We look to achieve the greatest possible leverage with our primary commissioning spend to maximize what we can achieve on screen. However, we can only ever be a small part funder of such content based on the current economics of our children’s services. Ultimately, acquired and repeated content has to form a significant part of the mix of programming for commercial reasons given the cost of original commissions.

It is now rare to find very UK specific content for school age children that can perform well globally. We would hope to repeat the achievement of *Horrid Henry* with the *Rubbish World of Dave Spud*. [Redacted: Commercially Confidential]

Funding any significant originated UK content for children always involves a patchwork of funding sources often with relatively small amounts (relative to the total) put in by UK broadcasters. The key methods of funding children’s content increasingly now tend to depend on tax breaks as well as reflecting the globalizing nature of content production with multiple funders across multiple territories and business models.

Increasingly, the core investors in content are often SVOD players or global US TV players who have the ability to amortise investment across a number of different channels or outlets worldwide and hence can justify larger budgets than purely domestic players. Although we know that a key feature of online viewing is around access to multiple episodes available for a long period (so called box sets) it is very challenging for us to secure such long term box set rights. This is the case because producers rely on the ability to sell as many rights as possible, in each case to the highest bidder in order to fully fund productions.

Therefore, often the exploitation in the UK of ITV commissioned children's content is split into windows for linear (with limited catch up) and then archive/box set VOD, often acquired by global SVOD players who can afford to set down significant advances for content, which they can amortise across exploitation in multiple territories. The result is therefore that we tend to acquire linear and catch up rights only at present which ultimately puts some limits on the performance of CITV online (as well as on the business case for investing in content which we are only permitted to exploit within limited windows). Of course, it is also worth saying that this sort of globally funded content has to work everywhere – it is often not specific to the UK or the lives of young people in this country (though it is of course enjoyed by them).

For ITV as a producer (rather than as a broadcaster or distributor) the key investment criteria for funding and creating investment in original children's content is around the value of a global toy/brand merchandising deal and the rights sale to global SVOD platforms. A combination of these two potential revenue sources can help to underwrite a viable business case. However, children's television programming is even more of a high-risk business than other genres, as the production costs tend to be high (particularly when looking at animated programmes), the lead times very considerable, and as with any programme it is very difficult to predict a global hit.

ITV has been trying to develop its offering in this market, for instance via our lead producer role in the remake of *Thunderbirds* and more recently via our investment in *Robozuna* (alongside Netflix) which will come to CITV in autumn this year¹². We know from these experiences the scale of risk involved in developing these types of putative global franchises. Not only is there a limit to the capital we can risk in this area, but there is no limitless supply of suitable proposals.

Of course, once a programme has been established as a global success the rewards can obviously be high (for the producer much more than a broadcaster, since the producer will benefit from long term and ancillary product sales as the underlying owner of the programme).

5. THERE IS NO RESIDUAL VALUE IN ITV'S PSB LICENCES THAT COULD JUSTIFY OR FUND FURTHER COSTLY PSB OBLIGATIONS

¹² To illustrate the lead times involved in these animated productions, *Robozuna* will take two and a half years to make.

The market for children's TV in the UK is changing fast and we are having to adjust our commercial strategy in real time to accommodate those changes. The market is now far more challenging than it has ever been as the audience fragments and as consumption of a variety of different types of content on a variety of different devices accelerates.

It is impossible for ITV to create a viable commercial business model for investment in UK specific children's content (as opposed to content with global appeal) where none exists. Manifestly, it is no easier for us to do that than it is for Netflix or YouTube (or indeed our other more traditional TV competitors). As we have set out in this submission, ITV is already investing in original UK content for children as well as offering a popular children's TV service to a part of the children's market in the UK that is less well served. We are not required by any obligation to do any of this.

Ultimately it could be argued that there is a degree of market failure in the provision of UK TV content for children in the UK, particularly in the school age group. The solution to that problem does not sensibly lie in trying to force particular commercial players such as ITV to do things for which there is no commercial case, since it will inevitably have negative consequences in other areas of content investment, for instance regional news. This is especially so given that many of ITV's off and online competitors would not be subject to the same obligation. ITV is already making a contribution to children's TV in the UK despite having no obligation to do so.

It might be suggested that ITV has a particular additional responsibility to do more as a PSB. We recognise this argument, but as Ofcom and government have accepted for a number of years, there is only so much value in the PSB licences and it is unrealistic to expect ITV to deliver more, particularly at a time when the value of prominence and spectrum (the two key regulatory assets associated with the licences) are under pressure.

In this context, we enclose alongside this submission a comprehensive update of the modelling of the costs and benefits of ITV's PSB licences for the rest of the current licence period carried out on our behalf by Ernst and Young, based on the established Ofcom methodologies for licence valuation. What this work shows (and as the table below illustrates) over the remainder of the licence period, the costs associated with delivering the licences already exceed the benefits by around

[Redacted: Commercially confidential]

In Ernst and Young's view, the risk in the licences is on the downside. Accordingly, Ernst and Young conclude:

"In line with Ofcom's conclusions in the licence renewal process, our central case modelling suggests that it would not be commercially sustainable for ITV to incur PSB obligations in excess of the current obligations"¹³

¹³ Valuing ITV's Public Service Broadcasting Licences, Ernst and Young, 29 November 2017, page 10

Given this, if we were forced, as a PSB, to invest more in children's content contrary to our commercial interests, we would need to look to other areas of PSB provision (particularly regional news) for the relevant cost savings that would enable us to afford that investment. Such a zero sum approach is the necessary consequence of the limited remaining value in the PSB licences and the existing calls that are being made on that value (as agreed at the time when the licences were renewed).

Overall, therefore, we believe that if Ofcom concludes that there is a case for enhanced provision of children's TV content in the UK then the solutions will need to lie with public investment not in forcing ITV to itself invest or do more. Such an approach might be implemented via publicly funded and/or publicly owned broadcasters but also via the proposed contestable fund which the government has recently announced will concentrate on funding children's content. That is the most appropriate reaction to the problem.

It may be that ITV's role as part of the solution could lie in broadcasting/distributing suitable contestably funded content that is of sufficient quality via our children's TV channel and our online offering for children. We would treat approaches from producers in relation to such content in the same way as we would any other, for instance to ensure that the content is both suitable and of sufficient quality for our children's services as well as to ensure that we have the appropriate slots available to broadcast the content. This process should provide another quality control in addition to the BFI process around funding. We believe that giving suitable publicly funded content a high profile outlet could make a material contribution to helping to ensure that children's TV in the UK continues to flourish.