



BBC Children's News and First-run UK Originations

Ofcom consultation on the BBC's request to change its Operating Licence.

About us

1. Directors UK is the professional association of UK screen directors. It is a membership organisation representing the creative, economic and contractual interests of over 7,000 members — the majority of working TV and film directors in the UK.
2. Directors UK collects and distributes royalty payments and provides a range of services to members including campaigning, commercial negotiations, legal advice, events, training and career development. Directors UK works closely with fellow organisations around the world to represent directors' rights and concerns, promotes excellence in the craft of direction and champions change to the current landscape to create an equal opportunity industry for all.
3. We welcome the opportunity to comment on Ofcom's consultation on the BBC's request to change its Operating Licence for BBC Children's news and first-run UK originations.

Summary

4. We recognise the need for the BBC to be able to adapt in order to modernise and remain relevant and appealing in the ever-changing broadcasting sector. However, it is important to appreciate that changes made to the BBC inevitably have consequences for the wider industry and cannot be looked at in isolation.
5. Provision of children's content sits right at the heart of Public Service Broadcasting. Ensuring that all children have access to UK-originated content is of enormous cultural and social value and one of the core public purposes of the BBC.
6. Director UK is concerned to ensure that changes made to the operating licence for children's programming do not restrict access and discoverability of content to those who may not have ready access to non-linear devices; and do not negatively impact the production sector such that it cannot continue to re-invest in future quality children's content.

Question 1: Do you agree with Ofcom's provisional assessment and its proposed changes to the Operating Licence for Children's news on CBBC? If not, please explain why, providing appropriate supporting evidence where possible.

7. We are not qualified to comment on the provision of children's news output. However, we share Ofcom's concerns over the risk that if the BBC is showing less news content on children's television that viewers will struggle to find this news elsewhere on linear television which may disadvantage some audience groups. We also share Ofcom's reservations as to the extent to which children will engage more with Newsround online as a result of the changes, and the loss of opportunities for passive consumption of news on television.

- Therefore, should the changes be approved, we welcome Ofcom's introduction of safeguarding provisions and the requirement that the take up of online news content be monitored by both the BBC and Ofcom with Ofcom stepping in if take-up or delivery of content is found to be inadequate.

Question 2: Do you agree with Ofcom's provisional assessment and our proposed changes to the definition of a first-run UK origination in respect of children's content and additional condition to safeguard the provision of some first-run UK originated children's content on the linear services? If not, please explain why, providing appropriate supporting evidence where possible.

ACCESSIBILITY OF CONTENT FOR ALL

- As Ofcom states in its consultation document "First-run UK origination requirements secure the BBC's investment in brand new programmes and ensure they are available to the largest audiences". We recognise that in a rapidly changing PSB/VOD/SVOD market and with changing audience viewing habits the BBC does need to adapt and innovate in order to retain, attract and reach audiences. However, we do have concerns as to how the introduction of these changes will ensure children's content is accessible for all, given that the audience data shows there is still a high volume of linear TV viewers compared to online/iPlayer users. We are also mindful of the precedent such a move may set more broadly across PSB content in terms of linear vs digital ratios for content and what this means for both audiences and the production industry, particularly if the result is a narrowing of content available for free to air options.
- Although the proposed move is in response to a general trend of decline in linear viewing, Ofcom's data still shows that in 2018 79% of children aged 4-15 were watching broadcast TV each week¹. And Barb data shows that in 2018 children were still watching on average 77 minutes of linear television a day². Ofcom research also shows that two-fifths (40%) of children aged 5-15 only watch television via the television set, rather than through other devices.
- Coupled with the fact that the consultation document shows that the average weekly reach of CBBC on BBC iPlayer is currently around 12% among 6-12 year olds and that there is "currently limited evidence to demonstrate that children are increasingly consuming content on BBC iPlayer or that they will seek such content out"³, we share Ofcom's concerns that if less first-run originated content is shown on linear channels it may result in a greater decline in linear viewing, which is not offset by the iPlayer.
- We are also concerned that moving to iPlayer-only transmissions for new children's programmes may limit access to new content to some key younger audiences. The consultation document doesn't explore the demographic breakdown of the audience for first-run originations, but if we take the example of the children's news consumption demographic, it is most likely that it is young viewers from the lower socio-economic groups who may have less access to digital and streaming options, who will be most affected. As the First-run UK origination requirements are designed to ensure new programmes are available to the widest audiences we believe this potential audience impact should be fully assessed to identify those who would be most affected, and if the changes are approved this must be carefully monitored and action taken if it is found to be negatively impacting certain demographics. Of particular concern is the lack of a detailed equality impact assessment, for example, the need to access the internet with sufficient bandwidth and a data allowance that enables streaming and/or downloading of children's content online may increasingly preclude

¹ https://www.ofcom.org.uk/__data/assets/pdf_file/0017/155015/childrens-content-review-response-to-plans.pdf

² https://www.ofcom.org.uk/__data/assets/pdf_file/0037/178867/consultation-bbc-childrens-change-operating-licence.pdf - page 23

³ https://www.ofcom.org.uk/__data/assets/pdf_file/0037/178867/consultation-bbc-childrens-change-operating-licence.pdf -3.35 page25

many licence fee-paying families from watching the children's shows they can currently enjoy. Ofcom should assess, monitor and review any such impacts, particularly as this move could lead to a continued phased reduction from linear to online, begging the question is this the long term intention of the proposals.

13. In addition, access and visibility of content is key in securing an audience, and particularly engaging with younger audiences. Directors UK has heard concerns recently that children's shows are no longer featured on the iPlayer home page nor in the 'most popular' listing. An anecdotal example we have been given is that of children's dramas such as *The Worst Witch* and *Hetty Feather* which have previously appeared in the 'Most Popular' programmes section next to *Doctor Who*, and as a result had the opportunity to find a missing family audience. There currently aren't any children's programmes listed in this section. If children's content is to be moved to iPlayer-first, then it is important to ensure that visibility and signposting for children's content on the platform is given due consideration to enable discoverability and access.
14. We note that the BBC has indicated that it is "intending that the majority of first-run UK originated content will still be available over the year on linear", however as it has not provided any indication of what volume or proportion of first-run UK originated children's content will be made available on the iPlayer compared to the Broadcast linear channel, we welcome Ofcom putting safeguarding measures in place to ensure that (if approved) there is a minimum amount of content which must be shown on linear channels as a baseline and that this must be carefully monitored to assess the levels of access and engagement on both linear and iPlayer. Ofcom should be prepared to intervene if these safeguards are not delivering the audiences or if the increased number of repeats on linear channels is having a detrimental impact on engagement for both linear and iPlayer channels.

ASSESSMENT & MONITORING

15. In terms of assessment and monitoring, if the changes are approved, we agree with Ofcom that this will require enhanced monitoring and reporting by both BBC and Ofcom, particularly to see how viewer engagement compares on linear and online offerings. We agree that Ofcom should not solely rely on BBC monitoring and reporting, and support their intention to introduce their own metrics into the BBC performance measurement framework.
16. In terms of the new performance metrics, under 'availability' Ofcom should also look to include the type and duration of the content being counted towards the quotas, to ensure that short-form and news content isn't forming too great a volume of the 350 first-run hours. We also support the fact that spend on first-run originated content is being included as one of the metrics as this will help ensure that production spend is not being reduced because a production is no longer for linear broadcast. In terms of consumption and impact it is important that access, viewing and satisfaction by demographic groups is examined in order to ensure children's content is accessible by all.
17. Whilst we support innovation and modernisation by the BBC in order to remain relevant and competitive, we believe that to ensure new UK-originated content can reach the widest possible audiences that access should continue to be linear as well as on iPlayer until online trends are more solid and a robust assessment of the impacts on some demographics have been undertaken.

Impact on Children's production sector

18. In terms of assessing whether the proposals will have an impact on the children's production sector, Ofcom has assumed that BBC iPlayer-only commissions will be subject to additional rights negotiations between the BBC and producers, and notes that "most first-run originated children's

output for the BBC is produced in-house as opposed to externally commissioned” but that removing the in-house guarantee is changing this⁴.

19. In fact, the BBC’s own commissioning supply report 2018, shows that almost 40% of its funding for children’s programming is being spent outside of the BBC: “**Children’s: In 18/19 we committed development funding to more than 25 companies. The pot is fully contestable. This just over 60% was committed to in-house public service production teams and nearly 40% to independent production companies.**”⁵ This would suggest the impact of any changes on the independent production sector may be greater than Ofcom’s initial assessment that most children’s content is produced in-house.
20. We understand that Pact is very concerned about the impact of these proposed changes on the Terms of Trade arrangements which are the foundations on which independent production sector commissioning and secondary market agreements are based. Commissions for iPlayer-only will be impacted by missing out on the terms of trade associated with the broadcast market. The proposed operating licence changes coupled with the recently approved changes to the 5-year use of children’s content on the iPlayer, will inevitably have an impact on these terms of trade agreements and the secondary rights market which is a valuable source of income for production companies. If the secondary market is diminished this reduces the avenues for producers to raise funds for further investment in UK-originated productions. The Pact response to Ofcom’s iPlayer consultation in the summer sets out the evidence produced by Oliver & Ohlbaum regarding the potential impact on the secondary rights market for producers and the disruption of production investment models⁶.
21. These impacts should be explored further with Pact. Although Ofcom is assuming that BBC iPlayer-only commissions will be subject to additional rights negotiations, the potential economic impacts on production companies and underlying rights holders, such as writers, directors and performers, and the impact on the production process should be fully explored. Once a principle has been established for children’s television it may be that in future the argument will be extended beyond children’s and it is therefore important that industry concerns are given due consideration.
22. In addition, children’s content production often relies on multiple party investment funding in order to be made, this investment is often dependent on exposure for merchandise opportunities and onward sales revenues. If more programmes are made solely for iPlayer the lack of linear exposure may reduce the attractiveness to investors, and risks leading to a further reduction in investment which may impact longer-term on the variety of content that is able to be made. This is not just a producer/production company issue but is one which would also affect directors and the variety of programmes that are being made and the work available.
23. Many of our members tell us that children’s programmes are a crucial area in which to develop and advance their skills as directors and to have the opportunity to be creative and innovative with their programme making which they can’t get elsewhere. They are able to try new things in the children’s television space which they can’t do in non-children’s programmes due to the size of budgets and the more risk-averse nature of prime time non-children’s production. Many directors in children’s television also work or go on to work in prime-time drama and non-scripted mainstream television and it is essential that this wide and varied development ground for writers and directors to experiment in is preserved as it is contributing to the wider talent base in the absence of other opportunities of this nature.

⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0037/178867/consultation-bbc-childrens-change-operating-licence.pdf 380, page24

⁵ <http://downloads.bbc.co.uk/commissioning/site/bbc-commissioning-supply-report-2018.pdf>

⁶ https://www.ofcom.org.uk/_data/assets/pdf_file/0024/149280/pact-bbc-iplayer-changes-response.pdf

24. It is important to recognise that changes to the BBC will inevitably have consequences for the wider industry. Given the size of BBC and its role as the main PSB a change to how the BBC operates will inevitably have an effect on the rest of the market and the wider production sector. It is important for the well-being of audiences, the market-place and the production community that the BBC is supported, but that significant changes such as these are given the full assessment that they deserve. Given the short turn-around of this consultation and the expected implementation dates we are concerned that the industry has not been given the adequate time to ensure that all concerns have been addressed and a full impact assessment conducted.
25. We note that the BBC has stated that it can offer a range of metrics to measure the impacts on audiences. If these measures are currently available would it not be appropriate to carry out a trial-period based on an agreed proportion of hours being produced for the iPlayer-only/first in order to make a more informed judgement on the impact before more permanent changes are made to the future operating licence.

Question 3: Do you agree with Ofcom's provisional assessment and proposed changes to the first-run UK originations quota for Children's content on CBBC? If not, please explain why, providing appropriate supporting evidence where possible.

26. We agree that there should be no further reduction to the number of first-run originated hours, beyond news, as outlined in the proposal.
27. It is important for audiences that the number of new programmes does not decrease as the BBC is one of the few commissioners and providers of UK-originated children's content and this is an important area of programme output for young audiences. It is also important for the BBC to continue to serve younger audiences so that they become connected with the BBC as they grow up, particularly as serving younger audiences is one of Ofcom's key recommendations for the BBC Operating Licence.
28. We do have concerns that by changing the operating licence conditions to allow programmes to be made for the iPlayer only it may inadvertently reduce the number of programme hours as it is not clear from the proposal what form these content hours may take. In the proposal the BBC is arguing the case for changing the operating licence so that content which may not be suitable for linear television can be made within these hours directly for the iPlayer, and Ofcom itself has identified the risk that content hours should not be made up of a large volume of short form content. If the changes are approved, we would urge Ofcom to carefully monitor the content hours and take action if the types of content being made is, to all intents and purposes, resulting in a reduction in programme hours compared to current levels of production.
29. We agree with Ofcom that CBBC and CBeebies conditions remain separate as these are targeting two distinct audiences and age groups.

Question 4: Do you agree with Ofcom's provisional assessment on the cumulative impact of the variations as a whole? If not, please explain why, providing appropriate supporting evidence where possible.

30. If the changes are approved, we would ask Ofcom to carefully monitor what is being counted towards the 350 first-run originated hours. The BBC has indicated that it is expecting to count Newsround short films as part of the first run quota in the future (page 22). The BBC is seeking to reduce the overall number of first-run originated hours by 50 hours per year to reflect a reduction of broadcast news bulletins, but that this reduction is to be offset by an increase in other news-based

content on the iPlayer, including short films. If this content is then being counted towards the quota of 350 hours for first-run originated programmes, would this in effect be further decreasing the overall number of programme hours compared to current levels by including what was previously counted as news content? We would encourage Ofcom to monitor this overlap between Newsround led content and first-run originated content to ensure that first-run originated hours are not being reduced to compensate for the reduction in news hours.

Question 5: Do you agree with our proposal for the transitional arrangements? If not, please explain why, providing appropriate supporting evidence where possible.

31. The consultation was published on 15th November with a closing date of 13th December 2019. The BBC's proposal for, and Ofcom's stated support for, starting the transition from January 2020 leaves little time over the Christmas holiday period for full consideration and exploration of the responses to the consultation. This would suggest that the consultation responses will have limited impact on the outcome. We would expect more time to be made available before the transition period starts for exploration of any issues raised by respondents as required.

**Directors UK
13 December 2019**