

Submission to Ofcom's Consultation on
original productions on CBBC – request to
change the operating licence

pact.

April 2022

Introduction

1. Pact is the trade association which represents the commercial interests of the independent television, film, digital, children's and animation media production sector in the UK.
2. Pact works on behalf of its members to ensure the best legal, regulatory and economic environment for growth in the sector. Pact has over 800 member companies across the UK and the majority of these are SMEs (small and medium sized enterprises) with a turnover of less than £50m a year.
3. The UK independent television sector is one of the biggest in the world. UK independent television sector revenues have grown from £1.3 billion in 2005 to £2.9 billion in 2020 largely driven by a growth in international sales.¹ However, specific data on the current children's and animation production sector revenues, given its smaller size, is not widely available.
4. UK originated children's content is one of the most important areas of public service broadcasting, with the BBC being the largest commissioner of children's content in the UK. Pact has long been concerned about the dramatic reduction in commercial PSB (Public Service Broadcaster) investment over the last ten years or more.²
5. For further information, please contact Pact's Senior Policy Executive, Susie Heron-Halliday, at [✂] on [✂].

¹ Pact Census Independent Production Sector Financial Census and Survey 2017, by Oliver & Ohlbaum Associates Limited

² Children's television – a crisis of choice: the case for greater commercial PSB investment in Children's TV, Pact and the Ragdoll Foundation (2015)

Overview

- 1.1 The UK's Film and TV production sector is hugely successful with UK TV revenues reaching £2.9 billion in 2020, however only 3% of UK commissioning spend is on Children's content. Despite children's content being one of the most important areas of public service broadcasting, broadcaster investment in the genre has been in steady decline for over ten years. Pact has long been concerned about this decline and the impact it has had on the children's production sector. Changes in the regulation of children's programming has meant that children's producers are now heavily reliant on the BBC for commissions. Which means that any changes to the BBC's operating licence in relation to children's programming can have an impact on children's TV producers.
- 1.2 Pact understands the broadcasters need to adapt to changing viewing habits and technology in order to retain audiences, particularly younger audiences who now watch the majority of their content online. Which is why Pact and the BBC agreed new Terms of Trade for children's programming in 2020. Pact is pleased that the BBC's proposals will have no effect on first-run UK originated children's programming and that the budget will remain broadly the same. However, Pact would be concerned if the proposed reduction in the BBC's original productions quota were to mean a substantial increase in acquisitions and as a result a reduction in the BBC's investment in original content. Ofcom needs to be clear on what level of acquisitions they would also find unacceptable.

Question 1: Do you agree with Ofcom's provisional assessment and the proposal to reduce the original productions quota (condition 2.32) on CBBC from 72% of all hours to 66% for each of the calendar years 2022 and 2023, and 68% for calendar year 2024 and for each subsequent calendar year? If not, please explain why, providing appropriate supporting evidence where possible.

- 2.1 Pact understands the challenges broadcasters are facing in retaining younger viewers and is pleased that the BBC's proposals will have no effect on first-run UK originated children's content. We are broadly supportive of the BBC's plans to invest in more UK animation; however, we would not want this investment to be at the detriment of other children's genres, it's important that the BBC maintains a wide genre mix and continues to invest in high quality children's programming.
- 2.2 Ofcom's consultation document also states that the CBBC budget will broadly remain the same. However, the BBC's Annual Plan 2017/18 announced an additional £34m into children's content and services. The BBC said that this will see the BBC's budget for children's programming reach £124.4m by 2019 – 20.³ In 2020/21, the BBC spent £83 million on content for CBBC and CBeebies. While Pact understands the financial pressures the BBC is facing, it's difficult to see where this additional investment is going when content budgets for children's have been in decline. Investment in children's programming is vital for not only the UK production sector, but also for children across the UK.

³ BBC response to Ofcom's Children's Content Review, BBC, January 2018
https://www.ofcom.org.uk/_data/assets/pdf_file/0009/112212/BBC.pdf

2.3 Pact has long been concerned about the broadcaster's declining investment in UK originated children's content. Changes to the HFSS regulation and the removal of children's quotas has meant that UK children's producers are now heavily reliant on the BBC for new commissions. The introduction of the Young Audiences Content Fund did stimulate investment from the commercial PSBs, however given the Government's decision to close the fund its likely that the BBC will continue to be the largest investor in children's programming in the UK.