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# Children's Content Review

Invitation to contribute

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**Review:**

Publication Date: 29 November 2017

Closing Date for Responses: 31 January 2018

## About this document

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This document explains Ofcom's plans to carry out a review of children's content on TV and on-demand and streaming services. We are seeking input from audiences and industry to help us build a comprehensive view of the current quantity, range and quality of provision of children's content, the role of the public service broadcasters (PSBs) in the provision of children's content, as well as the impact of changing industry and audience dynamics.<sup>1</sup>

Ofcom's review of children's content will help us assess if and how we might use the new power provided in the Digital Economy Act 2017 (DEA).<sup>2</sup> The DEA enables Ofcom to publish criteria for the provision of children's programming and, if appropriate, to set conditions on the licensed public service channels (Channel 3 services, Channel 4 and Channel 5) to ensure that children's programming meets the criteria. This might mean setting out what quantity, type or range of children's content we think is appropriate to meet audience needs and be in line with Parliament's expectations of public service broadcasting, and then designing quotas to help ensure that this content is made available to younger audiences.

The review will be carried out in light of our general duties for PSB in the Communications Act 2003, in particular Ofcom's duty when reviewing the fulfilment of PSB purposes to have regard to the desirability that PSB services *'(taken together) include what appears to OFCOM to be a suitable quantity and range of high quality and original programmes for children and young people'* (s. 264(6)(h)).<sup>3</sup>

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<sup>1</sup> The public service broadcasters are those providing Channel 3 services, Channel 4, Channel 5, S4C and the BBC. While all BBC public service television channels are PSB channels, only the main channels of each of the other PSBs have this status.

<sup>2</sup> Digital Economy Act 2017, <http://www.legislation.gov.uk/ukpga/2017/30/part/6/crossheading/provision-of-childrens-programmes/enacted>, Section 90

<sup>3</sup> Communications Act 2003, <http://www.legislation.gov.uk/ukpga/2003/21/contents>, Section 264(6)(h)

# Contents

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## Section

1. Review of children's content	1
2. Introduction	4
3. Audience behaviours and attitudes	7
4. What children's programming is available?	17
5. Incentives and disincentives to produce children's content	25

## Annex

A1. Responding to this invitation to contribute	31
A2. Ofcom's consultation principles	34
A3. Consultation coversheet	35
A4. Consultation questions	36

# 1. Review of children's content

- 1.1 Over the last decade we have seen significant changes in the expectations and tastes of TV audiences, in the availability of many new free-to-air and pay TV channels, and in the take up of mobile technology. On-demand and streaming services, such as Netflix and YouTube, offer something new for audiences but also threaten to disrupt traditional TV markets. Ofcom's review of children's content will examine what these changes mean for younger audiences and identify any potential areas of concern.
- 1.2 Ofcom's 2017 research report *Children and Parents: Media Use and Attitudes* shows that the content children are consuming, and how they are consuming it, is rapidly changing.<sup>4</sup> It explores what children value about content and some of their, and their parents', concerns. This research, combined with Ofcom reports on the current provision of children's content by the public service broadcasters (PSBs)<sup>5</sup> and market developments in the TV and audio-visual market<sup>6</sup>, provides us with a foundation on which to explore what content younger audiences want, need and currently watch, as well as what content is currently available and what the key factors are that affect this. Our intention is to work with audiences and industry to enhance our evidence base in order to develop a comprehensive view of the quantity, range and quality of children's content currently available to UK audiences. This will include consideration of the unique role played by PSBs.
- 1.3 Our review will be structured around three themes:
- a) audience behaviour and preferences;
  - b) the availability of children's content;
  - c) incentives and disincentives to produce children's content.
- 1.4 This document provides a summary of our existing evidence base under the three review themes, with a number of questions alongside. We would welcome audience views and evidence from stakeholders in response to these questions and any other matters that are relevant to our review.

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<sup>4</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, <https://www.ofcom.org.uk/research-and-data/media-literacy-research/childrens/children-parents-2017>, Section 2

<sup>5</sup> Ofcom, 2017. *Public Service Broadcasting Annual Report*, <https://www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/public-service-broadcasting/psb-annual-report-2017>

<sup>6</sup> Ofcom, 2017. *Communications Market Report: United Kingdom – Television and Audio-Visual Content*, [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0016/105442/uk-television-audio-visual.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0016/105442/uk-television-audio-visual.pdf)

## Review themes

### Audience behaviour and preferences

- 1.5 Under this first theme, we will consider what children watch and what they think about the range and quality of content available to them. We will focus on how the behaviour and preferences of children change as they get older, in relation to the type of content watched and how they watch it.
- 1.6 We will use our existing media use and attitudes research as a starting point.<sup>7</sup> We know that watching TV on a TV set remains important for children, with children aged 4-15 watching almost 12 hours of broadcast television on a TV set in an average week in 2016.<sup>8</sup> Much of this time is spent watching children's programming, especially among younger children, who spend almost half their viewing time in children's airtime. But early evening family favourites like *Britain's Got Talent*, *Strictly Come Dancing* and *The Great British Bake Off* are also popular among all age groups and dominate the ten most-watched programmes for both 4-9s and 10-15s.<sup>9</sup> Despite this, a sizeable minority of 8-15s feel there are not enough programmes that reflect them and their lives.<sup>10</sup>
- 1.7 Content options for children, beyond TV on a TV set, continue to expand rapidly. Children are increasingly likely to be watching programmes on devices other than a TV set, with around four in five 5-15s now doing this.<sup>11</sup> Most children also have access to a wide range of on-demand and streaming services; for instance, there has been an increase of 8 percentage points (to 44%) in the number of households with children that have Netflix,<sup>12</sup> and double digit percentage point increases this year mean that half of 3-4s and more than eight in ten 5-15s now use YouTube.<sup>13</sup> Research this year among 12-15s found YouTube is the best known and most frequently used content platform among this group.<sup>14</sup> We intend to broaden our understanding of the relative value and impact of these different ways of watching content.

### The availability of children's content

- 1.8 This theme will focus on what content broadcasters and other content providers are making available to children. This will include the quantity and nature of content available on PSB channels and will also examine what is available on commercial children's channels.

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<sup>7</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*

<sup>8</sup> BARB consolidated viewing, 2016. Children aged 4-15. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes 2017*, Section 4

<sup>9</sup> BARB consolidated viewing, 2016. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes 2017*, Section 6

<sup>10</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

<sup>11</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 6

<sup>12</sup> Increase between H2 2016 to H2 2017. Ofcom, 2017. *Ofcom Technology Tracker H2 2016 and Ofcom Technology Tracker H2 2017*, <https://www.ofcom.org.uk/research-and-data/data/statistics/stats17>

<sup>13</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 1

<sup>14</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 7

We would also like to consider children's content available on other popular on-demand and streaming services such as YouTube and Netflix.

- 1.9 We will examine the availability of children's content for different age groups and in different genres within children's programming. We will take into account the role of programming not made specifically for but popular with children, such as family entertainment shows. We will also consider the role of first-run UK-originated programming, repeats and domestic and international acquisitions in meeting audience needs and expectations.

## **Incentives and disincentives to produce children's content**

- 1.10 There is a complex mix of commercial and regulatory drivers at play in the children's content market. The fragmentation of audiences across different media and screens, the growth of global players such as YouTube and Netflix, and the different models for how children's content is funded are all influencing the shape and future of the children's content market.
- 1.11 We are interested in understanding the drivers behind different content providers' strategies, the incentives (and disincentives) for investment in the children's content industry in the UK, and how these factors combine to influence the quality and range of content available to UK audiences. This will include consideration of the role of competition and the current regulatory framework.

### **Next steps**

We invite audiences and stakeholders to contribute their views and supporting evidence to the review by 31 January 2018. If we identify areas of concern, we will consider how they might be addressed, including the suitability of any regulatory measures. We anticipate publishing our findings, alongside any proposals for next steps by summer 2018.

## 2. Introduction

- 2.1 Since our review of children's programming in 2007, there have been significant changes in children's content and the wider environment of media consumption, production and regulation.<sup>15</sup> The digital switchover brought a much greater variety of free-to-air channels into households that had previously had access to just five channels, and improvements in mobile and broadband technology have helped fuel growth in new on-demand and streaming services, notably global players such as YouTube, Netflix and Amazon.
- 2.2 A number of policy changes have also had an impact on the children's content market, including the introduction of tax relief for animation and children's programmes. The Digital Economy Act 2010<sup>16</sup> introduced a new requirement for Channel 4 to deliver content that appeals to the tastes and interests of older children and young adults, while the most recent BBC Charter Review<sup>17</sup> changed the governance and regulatory model for the BBC. The BBC's new Operating Framework introduced new licence conditions for the delivery of children's programming.<sup>18</sup>
- 2.3 This review will consider how well children are served by the quantity, range and quality of content currently available. Given the importance of content other than children's TV programmes in younger audiences' lives, our review will seek to capture and consider the role of other popular forms of content, such as family entertainment programmes, video on demand and streamed content, including short-form videos.
- 2.4 We are mindful that children are not one single group, but are made up of several, often quite distinct, audience groups. Ofcom's research into children highlights the differences in their behaviour and attitudes so, where possible, our review will examine current provision in four age groups: under 5s (pre-school), 5 to 7s (younger children), 8 to 11s (older children) and 12 to 15s (teenagers).<sup>19</sup> Our review will also consider the incentives (and disincentives) for investment in children's content and how these factors influence the quality and range of programming available to children.
- 2.5 The review will inform our approach to the new power provided to Ofcom in the Digital Economy Act 2017 (the 'DEA 2017').<sup>20</sup> The DEA 2017 amended the Communications Act

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<sup>15</sup> Ofcom, 2007. *The Future of Children's Television Programming 2007*,

[https://www.ofcom.org.uk/data/assets/pdf\\_file/0020/37406/statement.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0020/37406/statement.pdf)

<sup>16</sup> Digital Economy Act 2010, <http://www.legislation.gov.uk/ukpga/2010/24/contents>, Section 22(1)(2)(b)

<sup>17</sup> Royal Charter for the Continuance of the British Broadcasting Corporation, 2016.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/577829/57964\\_CM\\_9365\\_Charter\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577829/57964_CM_9365_Charter_Accessible.pdf), Section 44(1)

<sup>18</sup> Ofcom, 2017. Operating Licence for the BBC's UK Public Services,

[https://www.ofcom.org.uk/data/assets/pdf\\_file/0017/107072/bbc-operating-licence.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0017/107072/bbc-operating-licence.pdf)

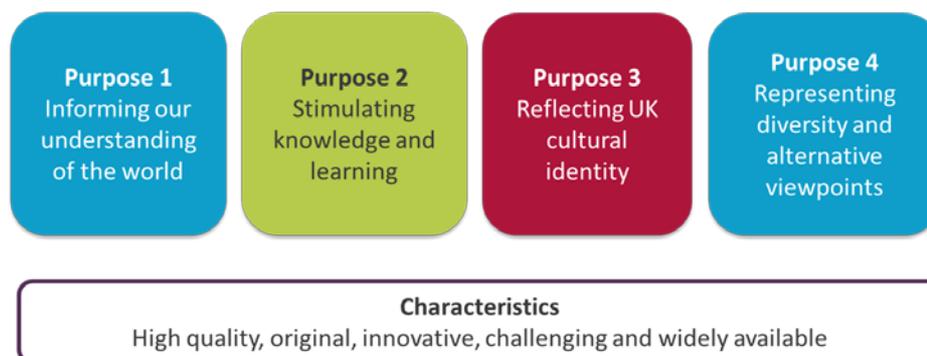
<sup>19</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 1

<sup>20</sup> Digital Economy Act 2017, <http://www.legislation.gov.uk/ukpga/2017/30/part/6/crossheading/provision-of-childrens-programmes/enacted>, Section 90

2003 (the '2003 Act')<sup>21 22</sup> to introduce a power that enables Ofcom to publish criteria for the provision of children's programmes and, if we identify areas for concern, set new conditions on the licensed public service channels of Channel 3 services, Channel 4 and Channel 5 ('commercial PSBs') to ensure that the provision of children's programmes meets those criteria. In this context, children's programmes are defined as programmes made for a television programme service, or an on-demand programme service, for viewing primarily by persons under the age of sixteen. Before imposing any condition on Channel 3 services, Channel 4 or Channel 5, Ofcom's assessment of children's programming must also take into account the provision of children's programmes on all related services.<sup>23</sup>

2.6 We have a number of duties in relation to public service broadcasting which are relevant in this context. This includes a duty, as set out in section 264 of the 2003 Act, to review periodically the extent to which the designated public service broadcasters (PSBs) have provided relevant television services which (taken together) fulfil the purposes of public service broadcasting. The statutory purposes and objectives of public service broadcasting are set out in the 2003 Act, including that PSBs *'(taken together) include what appears to OFCOM to be a suitable quantity and range of high quality and original programmes for children and young people'* (s.264(6)(h)).<sup>24 25</sup>

2.7 Children's is a key genre within public service broadcasting in the UK. The PSB purposes, as set by Parliament, and the PSB characteristics, developed by Ofcom as part of our PSB duties, provide a useful analytical framework to assess current provision.<sup>26</sup>



2.8 Ofcom publishes a range of data and research relevant to children's content that will inform our consideration of current provision. We publish annually evidence around the

<sup>21</sup> By inserting a new section 289A in the 2003 Act.

<sup>22</sup> Communications Act 2003

<sup>23</sup> Related services are defined as services available for reception in the UK and which are free to air and which appear to Ofcom to have a sufficient connection with the relevant commercial PSB channel.

<sup>24</sup> The public service broadcasters are those providing Channel 3 services, Channel 4, Channel 5, S4C and the BBC. While all BBC public service television channels are PSB channels, only the main channels of each of the other PSBs have this status.

<sup>25</sup> Communications Act 2003, Section 264(6)(h)

<sup>26</sup> These were first set out in Ofcom's first PSB review. Ofcom, 2005. Ofcom Review of Public Service Television Broadcasting: Phase 3 – Competition for Quality, [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0017/15911/psb3.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0017/15911/psb3.pdf), Section 1

delivery of public service programming in our PSB Annual Report<sup>27</sup> while our Communications Market Reports<sup>28</sup> provide an overview of wider TV and audio-visual market developments. In addition, Ofcom's annual Children and Parents: Media Use and Attitudes<sup>29</sup> and Children's Media Lives<sup>30</sup> reports provide quantitative and qualitative evidence on media use, attitudes and understanding among children and young people aged 5-15, as well as in-depth information about media access and use among children aged 3-4. It also includes information relating to parents' views about their children's media use, and the ways that parents seek – or not – to monitor or limit such use.

- 2.9 This document summarises our existing data and research under three themes: audience behaviour and attitudes; availability of children's content, and incentives and disincentives to produce children's content. Alongside our existing evidence base, we pose questions to stimulate debate and encourage input from audiences and other stakeholders so we can build a comprehensive view of the quantity, range and quality of content currently available for children, and to identify any areas of concern and options to address these.

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<sup>27</sup> Ofcom, 2017. *PSB Annual Research Report*, [https://www.ofcom.org.uk/data/assets/pdf\\_file/0019/103924/psb-annual-report-2017.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0019/103924/psb-annual-report-2017.pdf)

<sup>28</sup> Ofcom, 2017. *Communications Market Report: United Kingdom – Television and Audio-Visual Content*

<sup>29</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, <https://www.ofcom.org.uk/research-and-data/media-literacy-research/childrens/children-parents-2017>

<sup>30</sup> Ofcom, 2017. *Children's Media Lives 2017*, <https://www.ofcom.org.uk/research-and-data/media-literacy-research/childrens>

## 3. Audience behaviours and attitudes

- Children's media habits and preferences vary significantly by age, but watching TV on a TV set remains important for all children
- Content is key but the types of content, and the range of platforms and services on which children are accessing it, has increased substantially over the last decade
- TV programmes may play a particularly important role in family time and provide a more 'trusted space' for content consumption

- 3.1 Over the past decade we have seen exceptional growth in children's access to and use of new technologies and there are many new ways for children to consume content.<sup>31</sup> The TV set now competes for children's attention with other devices – such as smartphones and tablets. And traditional broadcast TV competes with a range of different content providers – such as on-demand and streaming services.
- 3.2 In this changing media landscape, viewing TV content still plays an important role in children's lives and is still valued by children and their parents and carers.<sup>32</sup> TV can provide a safe and trusted space, and our research shows that fewer parents of 5-15s are concerned about content on and time spent watching TV than content and time spent on the internet.<sup>33</sup> This is reflected in our qualitative research, which found that parents view the TV set as a safe space for children and a focus for family time.<sup>34</sup>
- 3.3 In this review we will consider what children watch and what they think about the range and quality of content available to them. We will focus on how the behaviour and preferences of children change as they get older, in relation to the type of content watched and how they watch it. We will use our existing media use and attitudes research as a starting point.<sup>35</sup>

### **Children value a wide range of content, including programmes featuring people their age and doing activities that they and their friends do**

- 3.4 As part of our media use and attitudes research, children aged 12-15 (who go online) were asked what is important to them when choosing what to watch.<sup>36</sup> Over seven in ten choose content that makes them laugh, followed by content that relaxes them or that gives them something to talk about with their friends. Almost half choose content that helps them

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<sup>31</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*

<sup>32</sup> Source: PSB Tracker, 2016. Published in Ofcom, 2017. *PSB Annual Research Report 2017*, Section 4 and Section 5

<sup>33</sup> Based on parents of 5-15s who do each of these activities. Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 14

<sup>34</sup> Ofcom, 2016. *Children's Media Lives: Year 3 Findings*.

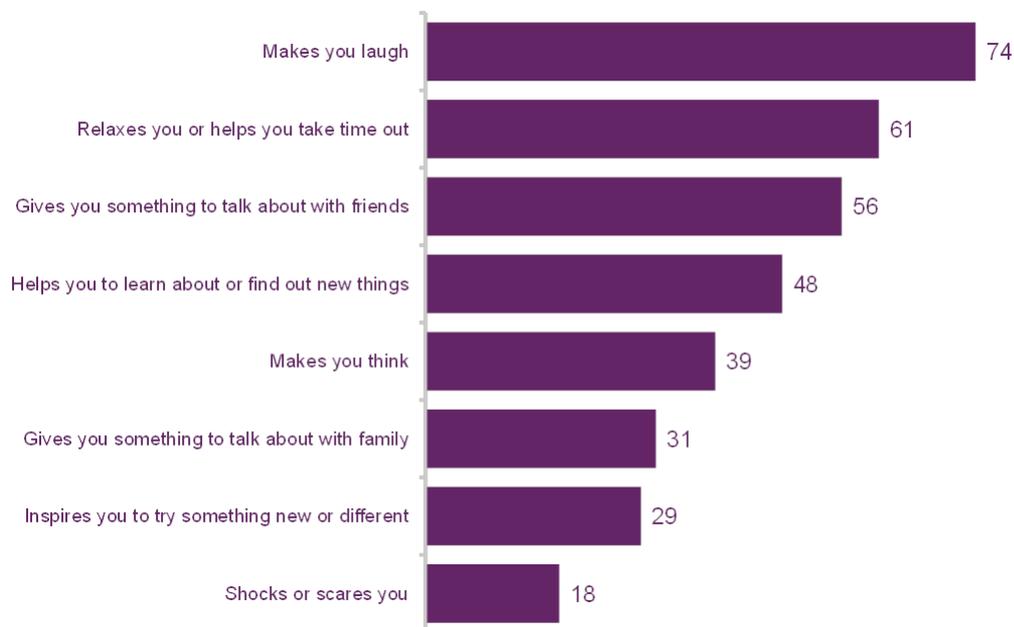
[https://www.ofcom.org.uk/data/assets/pdf\\_file/0015/94002/Childrens-Media-Lives-Year-3-report.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0015/94002/Childrens-Media-Lives-Year-3-report.pdf)

<sup>35</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*

<sup>36</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

learn about or find out about new things and four in ten opt for content that makes them think (see figure 1).

**Figure 1: Reasons for choosing content to watch among 12-15s who go online**



Source: Online survey with children aged 12-15

Q5 - Here are some reasons why you might choose to watch something. Click on each reason if you think it is important to you when choosing something to watch? (prompted responses, multi-coded)

Base: Children aged 12-15 who go online (500).

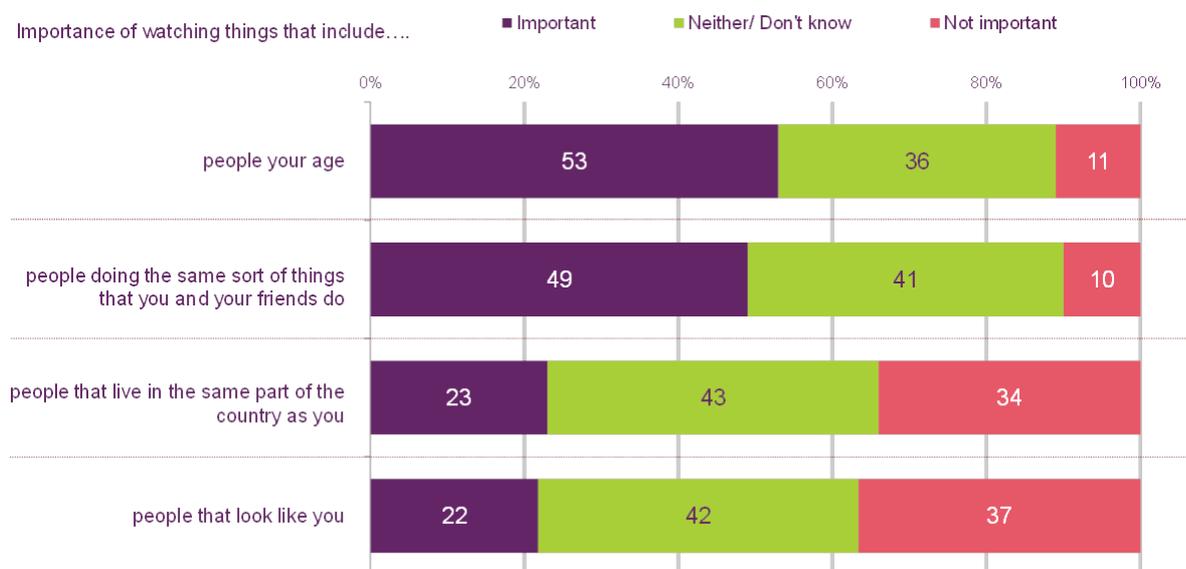
Ofcom, Children and parents: media use and attitudes report 2017<sup>37</sup>

3.5 When asked about the importance of content that reflects them and their lives, children aged 12-15 are most likely to say it is important that the content they watch includes people their age (53%) or people doing the same sort of things that they/their friends do (49%), followed by content that includes people living in the same part of the country as them (23%) and people who look like them (22%) (see figure 2).<sup>38</sup>

<sup>37</sup> Source: Ofcom, Online Survey with Children Aged 12-15. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

<sup>38</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

**Figure 2: Importance of watching different types of content among 12-15s who go online**



Source: Online survey with children aged 12-15.

Q6 - How important is it to watch things that include..... (prompted responses, single coded).

Base: Children aged 12-15 who go online (500).

Ofcom, Children and parents: media use and attitudes report 2017<sup>39</sup>

3.6 We also asked 8-15s about the TV programmes they watch. As shown in figure 3, a majority of 8-11s (76%) and 12-15s (65%) say there are enough programmes for children their age, and enough programmes showing children doing the sorts of things they and their friends do (63% and 54%). However, only half say there are enough programmes that show children who look like them (52% and 50%)<sup>40</sup> and less than half (48% and 45%) say there are enough programmes that show children who live in the same part of the country as them.

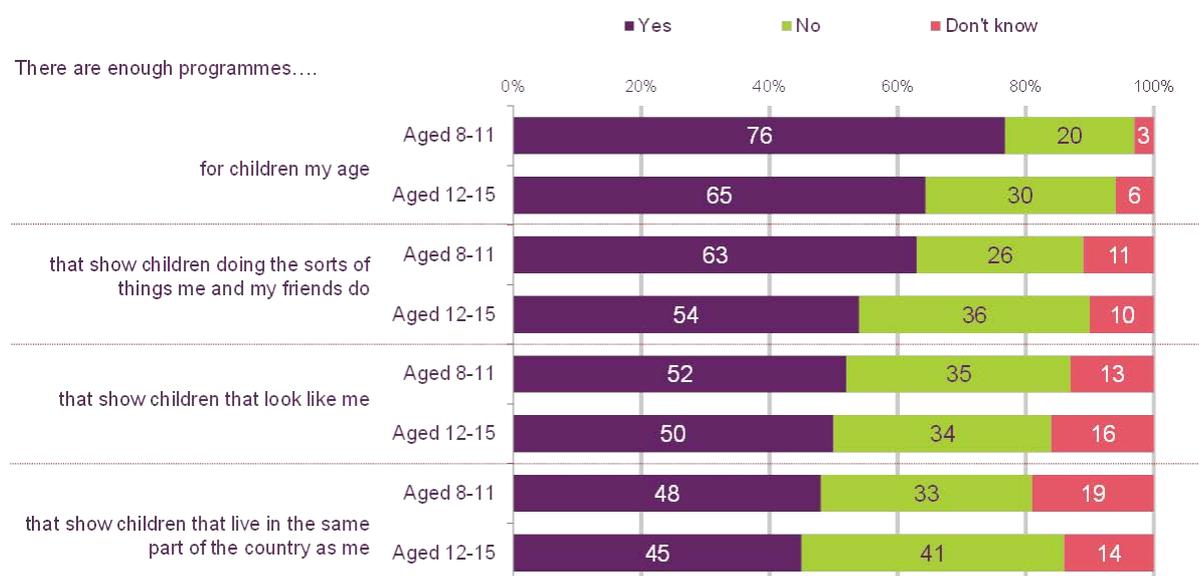
3.7 The research also found that a sizeable minority of 8-11s and 12-15s say that there are not enough programmes across each of these latter two areas.<sup>41</sup> Children aged 8-11 are most likely to say that there are not enough programmes that show children who look like them (35%) and 12-15s are most likely to say that there are not enough programmes that show children who live in the same part of the country as them (41%).

<sup>39</sup> Source: Ofcom, Online Survey with Children Aged 12-15. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

<sup>40</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

<sup>41</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

**Figure 3: Attitudes towards TV programmes among 8-15s**



QC4A/B/C/D –I’m going to read out some things about the TV programmes that you watch. Which answer would you choose for each (prompted responses, single coded).

Base: Children aged 8-15 who watch TV at home or elsewhere (488 aged 8-11, 467 aged 12-15).

Ofcom, Children and parents: media use and attitudes report 2017<sup>42</sup>

3.8 Children aged 12-15 were also asked about 14 content provider brands. Five providers are known to at least eight in ten 12-15s, with the highest level of awareness for YouTube (94%), followed by ITV (89%), Netflix (87%), BBC One/BBC Two (82%) and the Disney Channel (80%).<sup>43</sup> YouTube is the only provider that a majority of 12-15s say they use to ‘often’ watch things (67%). None of the providers were seen by a majority of 12-15s as aimed at ‘people my age’, although four providers are seen by a majority of 12-15s as aimed at ‘everyone’: YouTube, Netflix, Amazon Prime and ITV. When asked to say which one of the content providers they would miss the most if they couldn’t watch it any more, half of 12-15s (48%) say YouTube and one in five (19%) say Netflix. No other content provider is named by more than one in ten 12-15s.

3.9 Channel 4 Corporation (C4C) has a specific duty to provide content of appeal to older children and young adults.<sup>44</sup> In 2017, Ofcom commissioned research which included questions to explore the attitudes of 10-14s and adults (including parents) towards C4C’s

<sup>42</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 8

<sup>43</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 7

<sup>44</sup> Introduced by the Digital Economy Act 2010. For the purposes of this duty C4C has defined older children as 10-14s and young adults as 14-19s

provision of this duty.<sup>45</sup> The research among adults revealed that some participants, particularly parents, felt that this duty was important, but provision for older children was seen as an area of under-delivery and there was a lack of bespoke content for this age group.<sup>46</sup> This applied not only to C4C, but across the PSBs more broadly. However, the view among children was different: the quantitative research among 10-14s indicated that C4C's content does appeal to this age group. A high proportion of those surveyed stated that the Channel 4 family (which includes its television and online services) shows programmes that they like, and programmes for people their age.

### **TV content, whether watched live on a TV set, on demand, streamed or on other devices, is a significant activity for children of all ages**

- 3.10 Watching TV programmes on a TV set remains a significant activity for children of all ages. BARB data shows that, on average in 2016, 86% of 4-15s in households with a working TV set watched at least 15 consecutive minutes of broadcast TV in a week.<sup>47</sup> However, children's media use has increasingly diversified and the amount of time they are spending watching broadcast TV on a TV set is decreasing.
- 3.11 In 2016, children aged 4-15 watched an average of just under 12 hours of broadcast television per week in 2016, down by over an hour per week since 2015 and by over five hours since 2011.<sup>48</sup> This includes watching programmes live at the point of broadcast and viewing catch-up and recorded programmes on the TV set within seven days of broadcast (time-shifted). The decrease has come from live viewing (down by 69 minutes per week), whereas time-shifted viewing up to seven days after broadcast has increased, but only by two minutes a week.
- 3.12 As well as the 12 hours of the standard broadcast television watched a week, children watched an average of twenty-five minutes of programming between eight and 28 days after broadcast and also five hours of unmatched viewing a week. Unmatched viewing includes subscription video on demand like Netflix, apps on smart TVs, viewing broadcast programming after 28 days, DVDs and gaming. On average, per week, children's unmatched viewing increased by just over half an hour (31 minutes).
- 3.13 There has been in parallel a growth in younger audiences going online and owning mobile phones, making it easier for young audiences to access newer content providers, such as Netflix and YouTube. Fifty-two per cent of households with children now have access to subscription video on demand, and 44% of households with children have access to Netflix

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<sup>45</sup> Ofcom 2017. *Channel 4 Corporation Remit Research Report*.

[https://www.ofcom.org.uk/data/assets/pdf\\_file/0018/104094/Channel-4-Corporation-Remit-Research-Report-2017.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0018/104094/Channel-4-Corporation-Remit-Research-Report-2017.pdf)

<sup>46</sup> C4C's duty does not necessarily require it to make bespoke programming

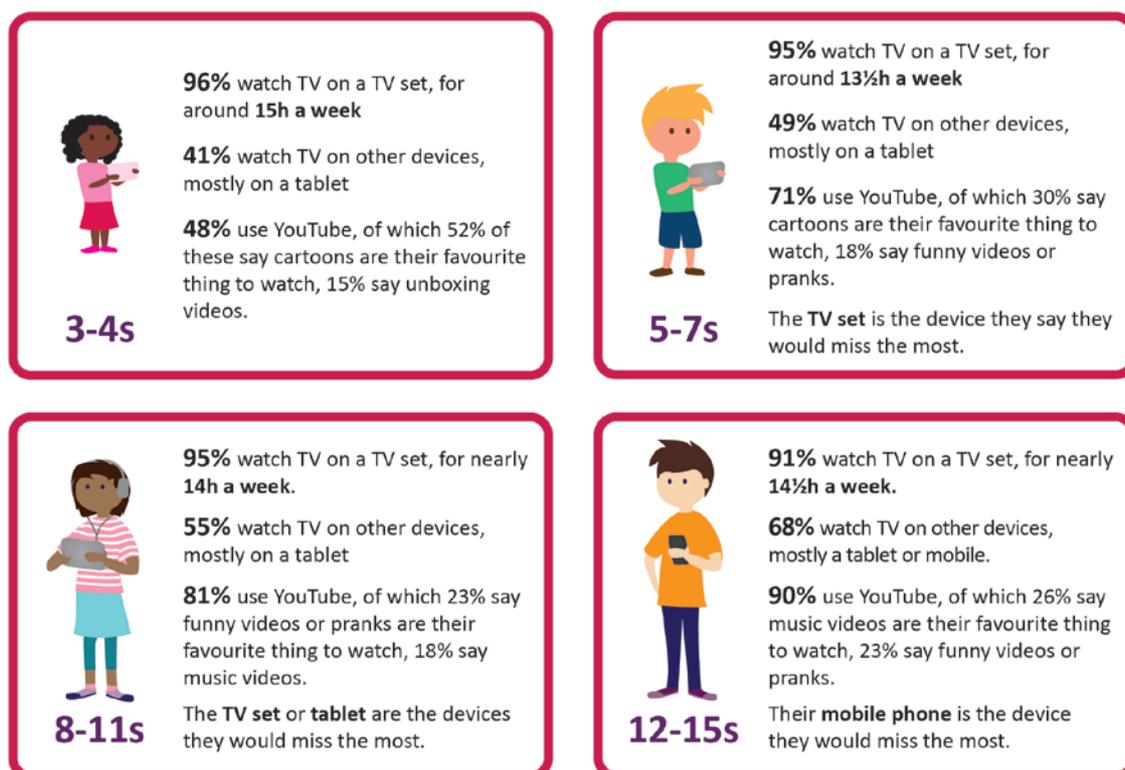
<sup>47</sup> Source: BARB consolidated viewing. Published in Ofcom, *PSB Annual Report 2017*.

<sup>48</sup> Source: BARB consolidated viewing. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 4

and 20% to Amazon Prime.<sup>49</sup> YouTube is now used by 48% of 3-4s, 71% of 5-7s, 81% of 8-11s and 90% of 12-15s.<sup>50</sup>

3.14 Research conducted for the 2017 Communications Market Report looked at the use of online and on-demand content providers among 12-15s.<sup>51</sup> This found that 66% of 12-15s said they used YouTube to watch TV programmes or films, 54% used BBC iPlayer, 46% Netflix, 32% ITV Hub, 18% Amazon Prime and 18% SkyGo. Other Ofcom research found that a significant proportion of children who watch YouTube use it to watch whole programmes (13% of 3-4s, 14% of 5-7s, 22% of 8-11s and 27% of 12-15s) and older children prefer watching YouTube content over TV programmes on a TV set (40% vs. 18% for 8-11s and 46% vs. 15% for 12-15s).<sup>52</sup>

Figure 4: Media lives by age: a snapshot



Source: Ofcom, *Children and parents: media use and attitudes report 2017*<sup>53</sup>

<sup>49</sup> Ofcom, 2017. *Ofcom Technology Tracker H2 2017 (Half 1 for Smart and Connected TV measures)* [https://www.ofcom.org.uk/data/assets/pdf\\_file/0017/107360/Ofcom-Technology-Tracker-H2-2017-data-tables.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0017/107360/Ofcom-Technology-Tracker-H2-2017-data-tables.pdf)

<sup>50</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 7

<sup>51</sup> Source: Populus, *Consumption of VoD Content CMR Research 2017*. Published in Ofcom, 2017. *Communications Market Report: United Kingdom – Television and Audio-Visual Content*, 39-40

<sup>52</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 7

<sup>53</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 1

- 3.15 Children's media use and attitudes vary by age, and older children in particular spend time on media activities other than TV viewing (see figure 4). This is reflected in the devices children say they would miss the most, with younger children most likely to say they would miss the TV set, and older children most likely to say they would miss their mobile phone.<sup>54</sup>
- 3.16 While an increasing number of children are accessing a wider range of content than in previous years, this increased choice is not yet universal.<sup>55</sup> Nineteen per cent of UK households with children only have access to Freeview and are therefore without access to some other video on-demand or pay TV services. This rises to 33%<sup>56</sup> of households with children in the DE socio-economic group. There is also a small proportion (3%) of households with children who do not have the internet (10% of DE households with children). Two per cent of UK households with children are both Freeview only and do not have the internet.
- 3.17 Changing media habits also present some analytical challenges. Existing industry data (BARB) provides detailed information about which TV channels and programmes children watch on a TV set, but it is currently unable to show viewing across all devices. There is no single source of data which allows us to look at TV consumption across devices. BARB's new initiative, Project Dovetail, promises to deliver this to an extent (launching in 2018), especially for the main broadcasters, but will not, at present, include subscription video on demand services (SVOD) such as Netflix and Amazon. Currently, we have to look at separate sources to measure total audio-visual consumption across all types of TV and devices. Cross-platform and cross-device reach is not possible apart from survey sources.
- 3.18 In addition to building a more comprehensive view of what TV programmes younger audiences watch on a range of services and devices, we would also like to understand more about why children and parents/carers choose to use these different content services, what sorts of programmes they watch and what they expect from these different services, as well as how they discover and make programme choices.

## TV viewing is a valued family activity

- 3.19 We know that TV on a TV set and family viewing can play an important role in family life. BARB data shows that family viewing time (6pm-9pm) is when the largest number of children watch TV, and that co-viewing, either with other children or with adults, was highest between 8pm and 10pm.<sup>57</sup> About half of children's viewing goes to family programmes or programmes made for older audiences and the most popular viewed programmes are predominantly entertainment programmes and films. Fifty-three per cent of 4-9s' weekly viewing is to programmes not specifically made for children. As you would expect, this increases with age, so that 79% of 10-15s' weekly viewing on a TV set is to

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<sup>54</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 6

<sup>55</sup> Ofcom, 2017. *Ofcom Technology Tracker H2 2017 (Half 1 for Smart and Connected TV measures)*

<sup>56</sup> This figure is based on a low base size of 76 so should be treated with caution.

<sup>57</sup> Source: BARB live viewing only. Children aged 4-15. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section A1

programmes not specifically made for children.<sup>58</sup> Figure 5 shows the top 20 programmes children aged 4-15 watched in 2016: there is only one programme is from the genre of children's programming.

**Figure 5: Top 20 programmes in 2016 among all children aged 4-15**

Title	Channel	Date	Genre	Share (%)
1 BRITAIN'S GOT TALENT	ITV	16/04/2016	Entertainment	68.3
2 WE'RE GOING ON A BEAR HUNT	CH4	24/12/2016	Children's	43.7
3 THE GREAT BRITISH BAKE OFF	BBC1	26/10/2016	Hobbies/Leisure	58.3
4 NEW YEAR'S EVE FIREWORKS	BBC1	31/12/2016	Entertainment	65.2
5 BILLIONAIRE BOY	BBC1	01/01/2016	Drama:Single Plays	40.5
6 I'M A CELEBRITY - GET ME OUT OF HERE!	ITV	13/11/2016	Entertainment	70.9
7 THE X FACTOR	ITV	03/09/2016	Entertainment	55.5
8 ANT & DEC'S SATURDAY NIGHT TAKEAWAY	ITV	20/02/2016	Entertainment	41.6
9 STRICTLY COME DANCING: THE FINAL	BBC1	17/12/2016	Entertainment	46.8
10 STRICTLY COME DANCING	BBC1	19/11/2016	Entertainment	39.4
11 THE GREAT CHRISTMAS BAKE OFF	BBC1	25/12/2016	Entertainment	35.3
12 DOCTOR WHO	BBC1	25/12/2016	Drama:Series/Serials	31.5
13 PLANET EARTH II	BBC1	13/11/2016	Documentaries	40.7
14 FILM: WRECK-IT RALPH (2012)	BBC1	01/01/2016	Films:Cinema	38.8
15 NINJA WARRIOR	ITV	16/01/2016	Entertainment	39.7
16 STRICTLY COME DANCING LAUNCH SHOW	BBC1	03/09/2016	Entertainment	42.9
17 STRICTLY COME DANCING CHRISTMAS SPECIAL	BBC1	25/12/2016	Entertainment	30.7
18 EASTENDERS	BBC1	01/01/2016	Drama:Soaps	39.1
19 EURO 2016: POR V FRA	BBC1	10/07/2016	Sport	51.7
20 FILM: FROZEN (2013)	BBC1	25/12/2016	Films:Cinema	35.5

Source: BARB consolidated, 2016. Children aged 4-15. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes 2017*

3.20 Our qualitative research shows that family viewing provides opportunities for different generations to share interests and spend time together doing a shared activity.<sup>59</sup> This

<sup>58</sup> Source: BARB consolidated viewing. Published in Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 6

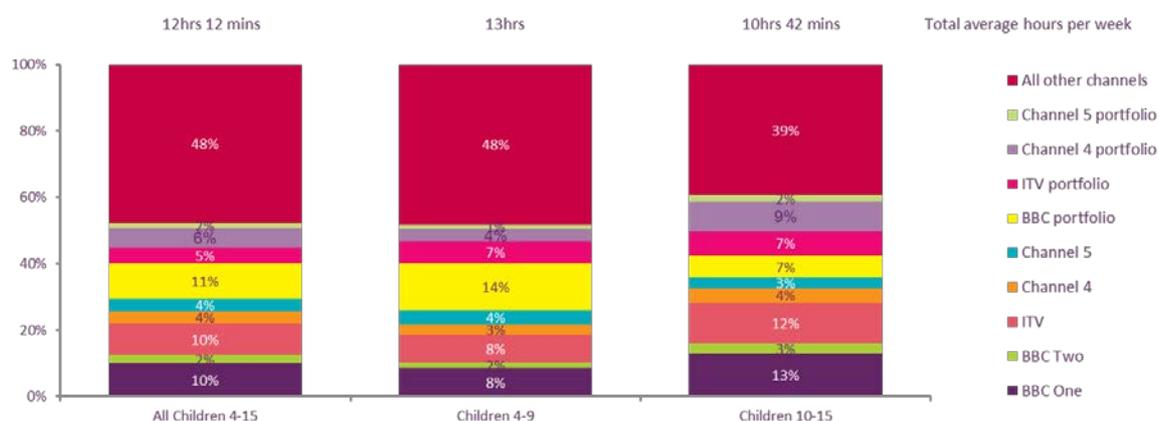
includes families who come together to watch live broadcast TV, as well as families who fit their viewing around family life by using on-demand and catch-up services. In our qualitative research, children and families also discussed how family viewing can provide children, parents and carers with the opportunity to explore sometimes challenging concepts and themes in a safe environment.

3.21 Our research shows that traditional broadcasters, TV and radio, continue to play an important role in news provision for children.<sup>60</sup> TV is the most popular source of news among 12-15s who say they are interested in news (64%), followed by social media (56%) and friends or family (48%). Those 12-15s who use TV as one of their top news sources are also more likely to say that it is always or mostly reported truthfully (59%), compared to those who use social media, where 32% say this.

### PSBs continue to play a significant role in children’s lives

3.22 Public service broadcasters account for 41% of children’s share of viewing to broadcast TV on the TV set.<sup>61,62</sup> This rises to around 56% when the PSBs’ portfolio channels are included. In regard to the genre of children’s programming, CBBC and CBeebies remain the most viewed services across all channels. When looking at all programming that children watch, BBC One and ITV have the largest share of children’s viewing (see figure 6). While total TV viewing by children has declined, the PSBs’ share of viewing has held relatively steady over recent years.

Figure 6: Average weekly share by channel, children aged 4-15



Source: BARB, network TV, 2016. Average weekly minutes.

<sup>59</sup> Ofcom, 2017. *Children’s Media Lives 2017*

<sup>60</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 10

<sup>61</sup> PSBs are defined as all BBC services, ITV, Channel 4, Channel 5 and S4C. Portfolio channels of the PSBs are not included, such as CiTV and E4.

<sup>62</sup> Source: BARB, network TV, 2016. Published in Ofcom, *PSB Annual Research Report 2017*, Annex B

- 3.23 Parents and carers also continue to value children's PSB programming, with 87% thinking that the UK's public service broadcasters are providing a range of high-quality UK-made programmes for children.<sup>63</sup>

### **We are keen to understand how the attitudes and behaviours above influence the amount and type of children's content commissioned and produced**

- 3.24 The importance and effect of the factors above will vary significantly by age. We would like to better understand how behaviours, preferences and needs change as children get older, in terms of the type of content watched, how they watch it, and how this affects the type and range of content that is made for children of all ages. We also are keen to understand the impact of changing behaviour among children, such as viewing on smartphones and viewing of on-demand and streaming services, and how these are playing out over time.

#### **Questions on children's content viewing**

- 1) What characteristics do (i) children and (ii) parents/carers most value about content aimed at children? How does this vary depending on the age of the child?
- 2) Are there certain genres within children's content (genres could include live action, animation, factual, news) that children or parents/carers particularly value and watch, and if so why?
- 3) Do children or parents/carers have different expectations in terms of quality or other characteristics depending on the format (e.g. long-form vs. short-form/broadcast vs. online), or the provider/brand (e.g. BBC/ITV vs. Netflix vs. YouTube etc) of content? Do they value content in these different formats or from these different providers differently? Do these different formats or providers meet different needs for children?
- 4) When and why do children and parents/carers choose online or streaming services (for instance iPlayer, Netflix, YouTube) instead of watching TV on a TV set? Is this for particular sorts of programmes?
- 5) How do children discover programmes and decide what to watch? What role do broadcasters, platforms, parents, and friends play, and does this change as children get older?

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<sup>63</sup> Source: PSB Tracker, 2016. Published in Ofcom, 2017. *PSB Annual Research Report 2017*, Section 4

## 4. What children's programming is available?

- Children's programmes, and content that appeals to children, are available more than ever through free-to-air TV, pay TV, and on-demand and streaming services
- However, children's TV channels' airtime is dominated by repeats
- PSBs play a unique role in providing a mix of genres for younger audiences and first-run UK-originated content<sup>64</sup>

- 4.1 This section examines what content broadcasters and other content providers are making available to children. This includes the quantity and nature of content available on PSB channels and also looks at what is available on commercial children's channels.
- 4.2 We examine the availability of children's content for different age groups and in different genres within children's programming, taking into account the role of programming not made specifically for but popular with children, such as family entertainment shows. We also consider the role of original programming, repeats and acquisitions in meeting audience needs and expectations.

### Children have more choice than ever

- 4.3 Children's programming is provided across a number of PSB, free-to-air and pay TV channels, as well as through a range of on-demand and streaming services. In addition to children's programming available on mixed-genre channels such as BBC Two, ITV, Channel 5, S4C and BBC Alba, there are 17 dedicated children's channels across free-to-air and pay services, with some channels broadcasting 24 hours a day and offering +1 channels.<sup>65</sup>
- 4.4 Ofcom data collected from broadcasters indicates that over 120,000 hours of children's content were made available across PSB and commercial children's channels in 2016.<sup>66</sup> Many of these channels and programme brands also have related websites, games and apps.
- 4.5 As can be seen in figure 7, there are many channels dedicated to children aged around 5-11, but fewer for 12-15s. However children's viewing is not limited to children's channels and services. As we have discussed in relation to the viewing behaviour of young audiences, there is a wide range of content that appeals to younger audiences available across a range of mainstream channels and services.

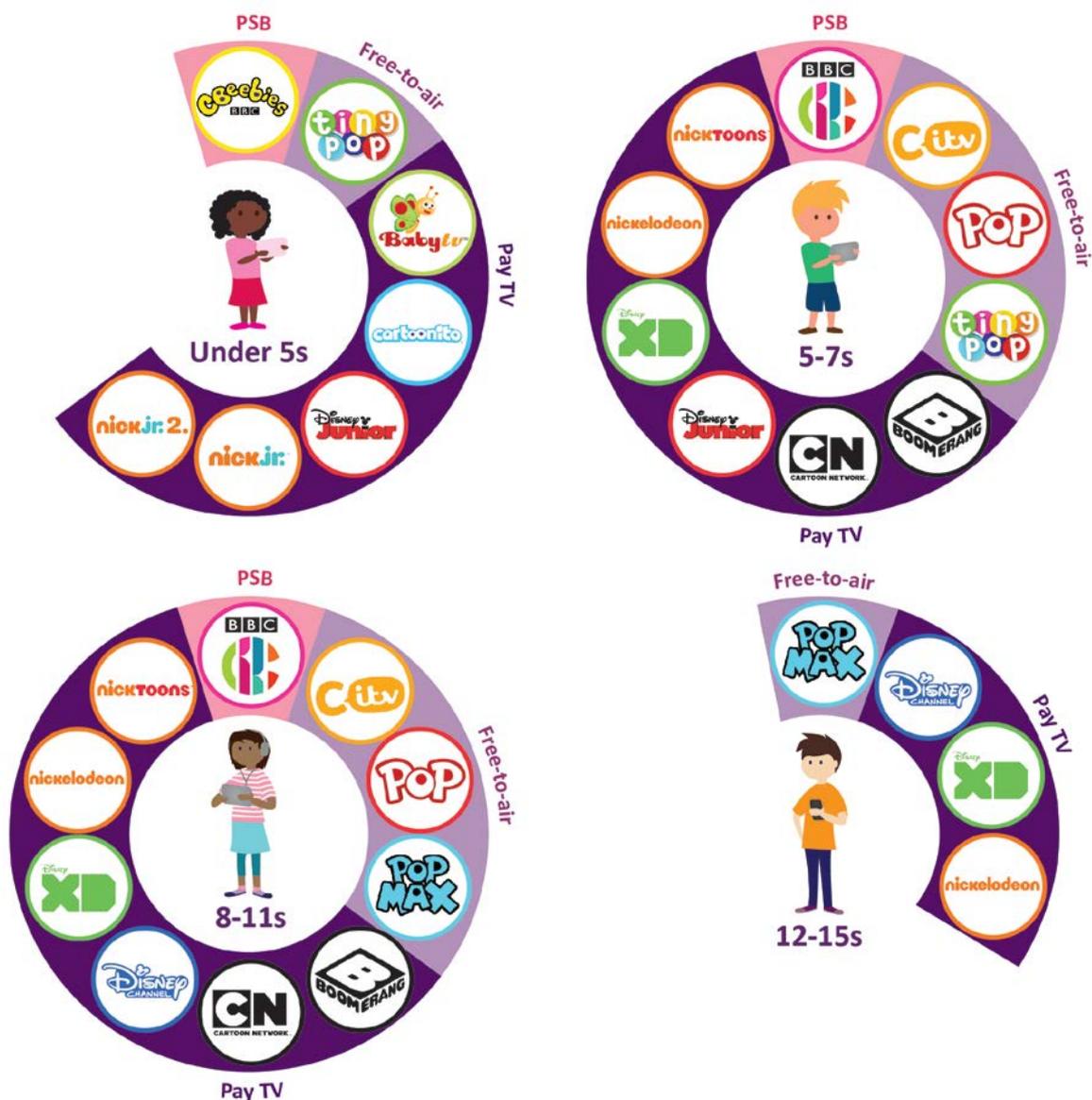
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<sup>64</sup> First-run UK-originated programmes are defined as programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year

<sup>65</sup> This excludes +1 or HD simulcast channels, and channels which have scheduled children's segments including ITV, Channel 5, S4C and BBC Alba

<sup>66</sup> Ofcom, 2017. *Communications Market Report: United Kingdom – Television and Audio-Visual Content*, [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0016/105442/uk-television-audio-visual.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0016/105442/uk-television-audio-visual.pdf), Figure 2.25

Figure 7: Dedicated children’s channels, by approximate target audiences



Source: Ofcom/BARB.

- 4.6 BARB data for 2016 reflects the popularity of entertainment programmes on the main PSB channels, with early evening family shows such as *Britain’s Got Talent*, *Strictly Come Dancing* and *The Great British Bake Off* all featuring in the top ten shows watched by 4 to 15s (see figure 5). While this content is undoubtedly popular with children, it is also popular with audiences of all ages, making it challenging to assess the quantity of mainstream programming which is actively designed to appeal to children.

### On-demand and streaming services play an increasingly important role in providing content for children

- 4.7 On-demand and streaming services play an increasingly important role in the provision of children’s content and content of appeal to younger audiences. When given the choice,

there is 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%).<sup>67</sup>

- 4.8 This popularity of YouTube may, in part, be driven by the breadth of content available. Research published in 2016 found that the top 50 kids' YouTube channels alone have nearly 28,000 programmes representing more than 3,994 hours of children's content between them and an average YouTube children's channel uploads more than 20 videos each month, up over 25% since 2015 and four times the rate of just two years previously.<sup>68</sup> Vloggers and other user-generated content, operating on platforms that are not subject to regulation, can also provide valuable opportunities for younger audiences to explore issues relevant to them, from and with peers, in a culturally relevant voice.
- 4.9 Traditional broadcasters are also using online platforms to extend their reach and give audiences new ways to consume, engage and interact with their content, for example by creating branded YouTube channels or making short-form content that can be shared easily on social media. This may be particularly effective for reaching older children who may no longer connect with children's channels.
- 4.10 In July 2017, the BBC announced its intention to increase funding of children's programming by an extra £34m over the next three years. The focus of this investment will be on its online services and content, as well as reaching out to older children.<sup>69</sup>
- 4.11 Children's content is also a key feature of global subscription video-on-demand (SVoD) services such as Netflix and Amazon. Content analysis by Ampere Analysis suggests that in 2016 children's content made up between 5 to 15% of the major SVoD service catalogues and recent commissions suggest they may be seeking to build or update their offer to appeal to subscribers, and to keep them subscribed.<sup>70</sup>
- 4.12 The market for digital content is still evolving, with new entrants and business models emerging in the UK and globally. This includes social media services who are starting to develop original series and acquire content rights, which may have a particular impact for older children who are on social media. For example, Facebook recently announced it is making an English language remake of *Skam*, the Norwegian hit teen series, while Snapchat will present Winter Olympics content from next year's Games to try to reach younger audiences.<sup>71</sup>

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<sup>67</sup> Ofcom, 2017. *Children and Parents: Media Use and Attitudes Report*, Section 7

<sup>68</sup> Ampere Analysis for MIPCOM, Kids' TV and the Future of Entertainment; Gen Z & Gen 'Alpha': Driving the New TV Dynamic, data analysis for year to June 2016

<sup>69</sup> BBC, *Annual Plan for 2017-2018*.

[http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc\\_annual\\_plan\\_2017\\_final.pdf](http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc_annual_plan_2017_final.pdf)

<sup>70</sup> Ampere Analysis for MIPCOM, Kids' TV and the Future of Entertainment; Gen Z & Gen 'Alpha': Driving the New TV Dynamic, data analysis for year to June 2016

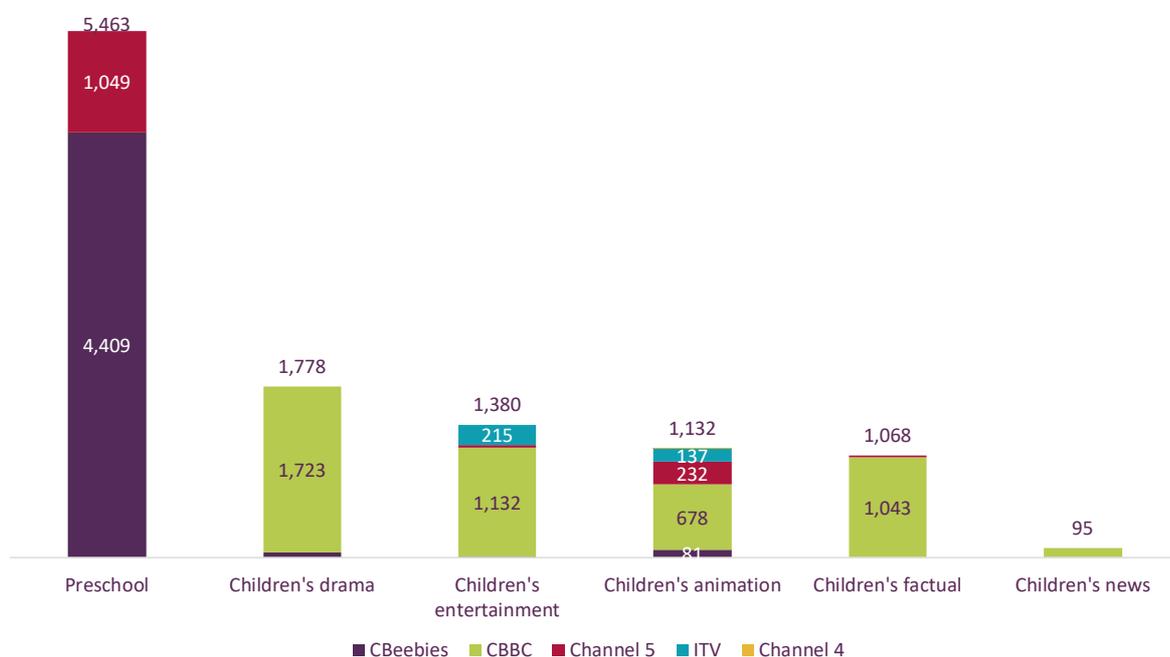
<sup>71</sup> Variety, 18 October 2017, *Facebook orders online teen drama 'Skam'*. <http://variety.com/2017/digital/global/facebook-orders-skam-1202593108/>

Snapchat Daily.com, 29 March 2017, *You can watch 2018 Winter Olympics on Snapchat*. <http://snapchatdaily.com/watch-2018-winter-olympics-snapchat/>

## The availability of content varies considerably by age and genre

- 4.13 Expectations and behaviours vary considerably between pre-school, younger and older children, and teenagers. The range of content available therefore varies by the target age of the audience and also varies in terms of the breadth of genres provided.
- 4.14 Ofcom monitors the mix of genres within children’s programming provided across the PSBs, as well as the extent to which the PSBs reach younger audiences. These measures are markers for the range of content currently available.<sup>72</sup> Figure 8 shows the balance of children’s provision across the PSB channels in 2016. It shows that in terms of genre, pre-school accounted for half of all PSB children’s programming in 2016, while the BBC was the only provider of news and drama for children.

**Figure 8: PSB channel hours of children’s programming by sub-genre; 2016**



Source: Ofcom/broadcasters Note: Output hours are based on slot times. Figures do not show 7 hours of children’s factual content on BBC Two, 2 hours of pre-school content on BBC One or 2 hours of children’s drama content on BBC Four that were broadcast in 2016. Figures exclude children’s content broadcast on S4C and BBC Alba.

- 4.15 We have less data on the genre mix and target age range of children’s programming available on commercial channels, and on on-demand and streaming services, such as YouTube and Netflix. While Netflix provides programming for children in a similar format to programming broadcast on TV, the nature and formats of content provided on YouTube vary significantly, from short-form to long-form, and from basic user-generated content through to professionally produced ‘TV-like’ content.

<sup>72</sup> The figures used throughout this report for PSB output and spend refer to networked PSB content available on TV channels across the UK and as such do not include children’s content on S4C. The portfolio channels of the PSBs, excluding the BBC, are not PSB channels.

4.16 Older children and teenagers can be a difficult audience to reach as their preferences change to more aspirational or older programming. The availability of other devices and less traditional platforms, including social media, give these audiences greater choice and autonomy over what they watch. As noted above, the use of mobile devices and on-demand and streaming services mean we do not have a clear overview of the content available on these platforms, and the content they are consuming on these devices and platforms.

### **PSBs continue to play a unique role, particularly in providing content that reflects children's lives in the UK**

4.17 The role of PSBs is secured in legislation. As noted in 2.7, one of the PSB purposes is that together the PSBs should deliver a 'suitable quantity and range of high quality and original programmes for children and young people'. The PSBs' approach to younger audiences varies, however, due to a range of specific regulatory and legislative requirements, as well as strategic and commercial choices, which we explore in greater detail in the following section.

4.18 The PSBs primarily deliver children's content through targeted channels or in scheduled time periods on mixed channels, as follows:

- i) The BBC has two children's broadcast channels: CBBC aimed at 6 to 12s and CBeebies for 0 to 6s. The BBC also provides children's programming on BBC Alba, and some on BBC One and Two.
- ii) ITV simulcasts children's programmes from CiTV (a fully commercial channel aimed at 6 to 11s) between 6.00am to 9.25am on Saturdays and Sundays during winter, and to 8.25am from April to September.
- iii) Channel 4's remit requires the broadcaster to provide content of appeal to older children, which it aims to deliver through programmes in peak-time, pre-watershed slots on their main channel. These programmes cover themes that resonate with 10 to 14s but also appeal to a broader audience, such as *Ackley Bridge*.
- iv) Channel 5 broadcasts children's programmes under the 'Milkshake' brand, aimed at pre-school audiences, from 6.00am to 9.15am every weekday, with a longer slot, generally 6.00am to 10.35am, on weekends.
- v) S4C typically provides children's programming on weekdays from 6.00am to 12.00am and 4.00pm to 6.00pm, 6.00am to 10.00am on Saturdays and 6.00am to 9.00am on Sundays, with programmes for children of all ages.

4.19 In 2016, almost 11,000 hours of children's content were broadcast on the PSB channels (see Figure 8), up 4% from 2015 and at the highest level since 2012.<sup>73</sup> However, this increase in hours can be largely explained by CBBC extending its broadcast schedules into

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<sup>73</sup> PSB Annual Report 2016, Annex C, Figure 34.

the evening (until 9pm) in 2016. Figure 9 shows hours of first-run UK-originated children's programmes shown on the PSB channels for the years 2006 to 2016. The 673 hours of first-run UK-originated children's content broadcast on the PSB channels in 2016 represents a 16% increase on that provided in 2015 and is at the highest level since 2012.

**Figure 9: Hours of first-run UK-originated children's content on the PSB channels**



Source: Ofcom/broadcasters Note: Output hours are based on slot times. Figures exclude children's content broadcast on S4C and BBC Alba.

- 4.20 Provision by commercial non-PSB broadcasters, SVoD, and on-demand and streaming services mean that there is now more content available for children beyond the PSBs. However, these channels and services are not universally available, and many are not free to access (and on-demand and streaming services require the household to pay for internet access).
- 4.21 Households with children are more likely to have pay TV and SVoD services, as well as other 'screens' in the form of tablets and other devices.<sup>74</sup> However, given the near universal ownership of TV sets, PSBs and free-to-air broadcasters remain the only near universal, free form of children's content.
- 4.22 PSBs play an important role in investing in and broadcasting children's content or content that appeals to children, but the overall picture is one where the BBC is virtually the only PSB providing first-run UK-originated children's programming in a mix of genres. As Figure

<sup>74</sup> Ofcom, 2017. *Ofcom Technology Tracker H2 2017*

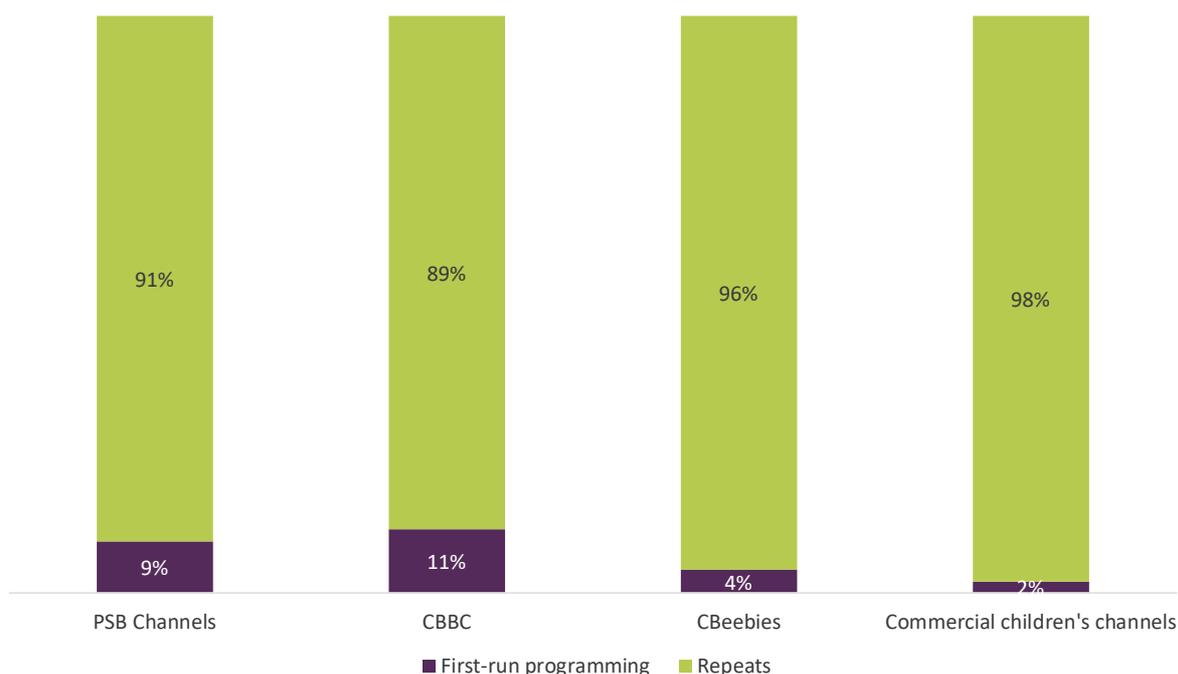
8 shows, CBBC and CBeebies accounted for 87% (587 of 673 hours) of all first-run UK-originated children’s programming by PSBs in 2016.

4.23 The importance of the BBC is also reflected in industry awards, where they have dominated most children’s categories at the BAFTAs over the last decade. Although this may be a subjective indicator of quality, this might suggest there is lack of competition among broadcasters in the provision of UK made children’s content. If so, the dependency of producers on the BBC as by far the largest commissioner of first-run UK-originated content may have a limiting effect creatively, for instance if programme ideas do not fit a specific channel brand.

### Repeats are a dominant feature of children’s TV

4.24 A significant amount of children’s programming on PSB and commercial children’s channels consist of repeats. On commercial children’s channels, repeats made up 98% of the schedules in 2016. The level of repeats is lower across the PSB channels as a whole, at 91% in 2016 and this stood at 89% for CBBC (see figure 10).

**Figure 10: Proportion of hours of first-run programming/repeats; 2016**



Source: Ofcom/broadcasters. PSB figures are based on children’s content. Commercial children’s channels include the dedicated children’s TV channels that broadcast to the UK from Baby Network, CSC, ITV (CITV), Nickelodeon, The Walt Disney Company and Turner. Figures exclude children’s content broadcast on S4C and BBC Alba.

4.25 In comparison to mainstream programming, we would expect to see a higher proportion of repeats in the children’s TV market, as the audience outgrows content and ‘refreshes’ itself every few years as new viewers (younger children) come along. Further, repetition and the re-watching of specific programmes can be popular with pre-school and younger children

and our research highlights high levels of satisfaction with PSB provision of children's content among parents and carers.

- 4.26 Innovation (new ideas and new approaches), originality (new UK content) and distinctiveness are among the PSB characteristics that Ofcom identified as being important in order for the PSBs to deliver the purposes set by Parliament. However, high volumes of repeated programmes may prevent these characteristics of PSB being delivered to audiences. This may also apply to schedules with high volumes of international acquisitions (depending on the content of the individual acquisitions) if programmes do not sufficiently reflect aspects of the lives and interests of UK audiences. While repeating programmes may have some value for preschool and young children, a high volume of repeats may be more problematic on channels targeting older children.
- 4.27 A further potential consequence of high levels of repeats and acquisitions, combined with the growing influence of global players in children's content, may be that we see further reductions in the provision of, and investment in, first-run UK-originated content. We will consider the drivers and barriers for broadcasters further under the next theme.

### **We are keen to understand how much children's content is available across platforms, and the type and nature of this content**

- 4.28 The availability of children's content paints a complex picture of hours available on a variety of different platforms, some free-to-air, others subscription based, and some on on-demand and streaming services. Investment in children's content varies significantly across broadcasters and providers (PSBs, commercial channels, and on-demand and streaming services) and we would like to better understand differences in the availability of children's content for different age groups and in different genres within children's programming. We would like to examine the role of first-run UK-originated programming, repeats and domestic and international acquisitions in meeting audience needs and expectations.

#### **Questions on availability of children's content**

- 6) Are there specific genres within children's content (on any platform) where demand or audience need is not currently matched by supply from PSBs, commercial channels, or on-demand and streaming services, or a combination of the former? What supports your view on this?
- 7) What is the role and importance of first-run UK-originated programming for audiences? For broadcasters? Does this vary by sub-genres or by age group?

## 5. Incentives and disincentives to produce children's content

- A complex mix of economic, technological and policy factors affect investment in children's content in the UK
- The increasing influence of global players, new distribution platforms and access to finance may be fundamentally changing the shape of UK children's content production

- 5.1 Audience behaviour, new and changing technologies, different business models, and legislative or regulatory interventions are all likely to influence the different creative and strategic decisions made by free-to-air, pay TV and subscription content services. However, attracting and retaining younger audiences and their families is likely to remain vital to content providers to build a brand association with younger audiences that may be maintained as they age.
- 5.2 We would like to develop a more comprehensive understanding of factors affecting the quantity, range and quality of children's content available, alongside the role of regulation in supporting a vibrant and diverse market for children's content.

### **Broadcasters have a range of commercial and non-commercial drivers that influence what children's content they invest in, and how much**

- 5.3 The BBC Operating licence requires the BBC to broadcast and invest in children's programming. CBBC must show at least 400 hours – and CBeebies at least 100 hours – of first-run UK-originated programmes each year. The BBC must ensure that it also provides a mix of genres for children by providing news, drama and factual content on CBBC, as well as providing a range of programming that supports pre-school children's learning.<sup>75</sup> Channel 4 Corporation must deliver media content that appeals to the tastes and interests of older children, however there are no requirements for it to make a set volume of bespoke programming for older children each year. Older children are defined by C4C as aged 10-14.
- 5.4 Other broadcasters (both PSB and otherwise) make decisions about what children's content they invest in based on a wide range of commercial factors beyond the regulatory requirements for children's provision.
- 5.5 Beyond the licence fee funded BBC, broadcasters' incentives to invest in children's programming depend significantly on the advertising revenue they can attract from children's programming compared to other programming in a similar timeslot. While

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<sup>75</sup> The BBC operating licence, conditions 2.22, 2.62, 2.23.1, 2.23.2, 2.35 and 2.36 apply to CBeebies and CBBC [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0015/107070/bbc-performance-statement-annexes.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0015/107070/bbc-performance-statement-annexes.pdf)

children represent an audience segment valued by some advertisers, in general children's programming may be less attractive to advertisers and thus broadcasters in comparison to other genres. This is because it is unlikely to reach a mass audience of adults (who have the income to buy products and so are attractive to many advertisers), and because advertising restrictions (including HFSS Restrictions of 2007<sup>76</sup> preventing the advertising of high fat, salt and sugar products, and restrictions around the advertising of gambling and alcohol) reduce the pool of potential advertisers.

- 5.6 While advertising revenues are an important commercial driver, having certain types of children's content may have wider brand or strategic value to a channel in terms of attracting an audience throughout the schedule. While not a regulatory requirement, Channel 5 voluntarily commits to broadcasting a minimum of 600 hours of UK-originated children's programming each year over the course of its current licence (2015-2024). ITV has no specific regulatory commitments for children's programming, however it has a dedicated children's channel (CiTV) which is simulcast on ITV on weekend mornings.
- 5.7 Children's content may also be beneficial in building or maintaining subscriber numbers for pay services and platforms. In the UK, Sky, Virgin and Netflix have all invested in offering dedicated children's content environments without additional cost to subscribers on certain packages, suggesting that children's content is considered important to maintaining their subscription base.

### **Broadcaster investment is in decline but additional funding is becoming increasingly available for new children's productions**

- 5.8 Ofcom data shows that in 2016, the PSB channels spent £95m on networked children's programming (first-run UK-originated, repeats and acquisitions) and commercial children's channels that broadcast to the UK spent £41m.<sup>77</sup> This represents a 25% reduction in real terms in spend by the PSB channels between 2009 and 2016, while there was a 39% real terms reduction in spend by commercial channels over the same period (see figure 11). As mentioned in 4.22, the BBC was responsible for 87% of hours of first-run UK-originated children's programming on PSBs in 2016, meaning it provides the vast majority of investment in such content across the PSB channels.

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<sup>76</sup> CAP Consultation: food and soft drink advertising to children, Regulatory statement. 8 December 2016, <https://www.asa.org.uk/asset/98337008-FA03-481B-92392CB3487720A8/>

<sup>77</sup> Network programming is shown by the PSB channels across the UK whereas non-network programming is made specifically for viewers in the nations and regions, and shown only in particular areas of the UK. S4C spent £7m on first-run Welsh language children's programming in financial year 2016/17. For further detail see their latest annual report available at <http://www.s4c.cymru/abouts4c/annualreport/acrobats/s4c-annual-report-2017.pdf>

**Figure 11: PSB channel/commercial children's channel spend on children's programming; 2009-2016**



Source: Ofcom/broadcasters. Note: figures are expressed in 2016 prices. Figures include PSB services: BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament, ITV, ITV Breakfast, Channel 4 and Channel 5. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations'/regions' programming. Commercial children's channels include broadcaster spend on content for dedicated children's TV channels that broadcast to the UK from Baby Network, CSC, ITV (CITV), Nickelodeon, The Walt Disney Company and Turner.

- 5.9 However direct investment by UK broadcasters represents only part of the total production budget for the children's content available to UK viewers. Such productions are often funded through a patchwork of sources: pre-sales, private investment, co-production, secondary or ancillary rights sales, tax incentives and grants. Furthermore, the international nature (such as parent companies) of the commercial children's channels available in the UK mean that there is likely to be additional investment in the content available to UK viewers that is not attributed to their UK channels.
- 5.10 Spend on programming that appeals to children, rather than children's programming *per se*, is not included above. In part this is due to this content being more difficult to define and disaggregate from other genres across different broadcasters and channels consistently. An exception to this is Channel 4 which has a specific requirement to deliver content of appeal to older children and young adults. To appeal to older children, C4C's strategy over the last few years has been to cater for this audience through programming in peak-time, pre-watershed slots on the main channel, which cover themes that resonate with 10-14s, but that also appeal to a broader audience. In 2016, Channel 4 delivered 18 hours and spent £6m on programming of appeal to older children<sup>78</sup> (exceeding their commitment of £5m annually from 2018<sup>79</sup>) which included *The Secret Life Of...* strand and *Gogglesprogs*.

<sup>78</sup> Channel 4 have defined older children as 10-14s

<sup>79</sup> Ofcom, 2017. *Response to Channel 4 Corporation's Statement of Media Content Policy 2016/17*, [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0019/104095/Ofcom-letter-to-Channel-4-Corporation-on-its-Statement-of-Media-Content-Policy-2016-2017.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0019/104095/Ofcom-letter-to-Channel-4-Corporation-on-its-Statement-of-Media-Content-Policy-2016-2017.pdf)

## Revenue from secondary rights and merchandising is important for both broadcasters and producers

- 5.11 Some children's programming may have opportunities for additional revenues post-broadcast, through the sale of secondary rights (e.g. for DVD sales or online streaming) or through overseas sales. UK producers (across all genres) have access to a wide range of opportunities for overseas sales and made £789m in international revenues in 2016, up from £265m in 2008.<sup>80</sup> Different types of content may be more or less likely to attract these revenues – e.g. content with less of a specific UK focus, or a narrow version of UK focus, may be more likely to do well internationally – and this may affect the types of programming invested in by producers and broadcasters.
- 5.12 Children's programming can also produce significant revenues from merchandising – e.g. clothing, toys, books and theme park licensing. For a small number of breakout programme brands with global appeal, this merchandising can be very significant - *Peppa Pig* generated over \$1.1.bn in retail sales in 2016.<sup>81</sup> It is important to note that opportunities for returns vary significantly, and the global hits such as *Peppa Pig* are few and rare. However, the need for global scale to achieve commercial returns may incentivise investment in certain types of content with high potential for merchandise and worldwide sales.
- 5.13 Successfully exploiting the secondary rights and merchandising opportunities requires the control of the intellectual property rights to a programme (IP). Different broadcasters will face different regulatory restrictions depending on how control of, and revenues from, secondary exploitation are divided between broadcasters and producers (e.g. PSB broadcasters are bound by Terms of Trade<sup>82</sup> when commissioning from qualifying independent producers), and so both they and the producers they commission from will face different incentives around secondary revenues.

## Evolving technologies and the growth of online consumption are producing new opportunities for children's producers

- 5.14 As children are spending more time online, broadcasters are investing in children's content designed for and delivered online. This allows broadcasters to serve children with content where they are already spending time while freeing up the linear schedule for potentially more profitable programming. Broadcasters in the UK and in other markets are already experimenting with ways to use different content forms online for younger audiences - for example, Channel 4 is using social media platforms, including Facebook, to reach younger audiences with news and current affairs, while Netflix is experimenting with interactive children's content.

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<sup>80</sup> Source: Pact Census 2017 <http://www.pact.co.uk/news-detail.html?id=international-revenues-continue-to-drive-growth-in-the-uk-tv-production-sector>, Section 4

<sup>81</sup> BBC News, 2017. Peppa Pig owner Entertainment One announces new series, <http://www.bbc.co.uk/news/business-39972237>

<sup>82</sup> Terms of Trade are agreed between PSB broadcasters and Pact, and are generally available on the broadcaster websites

- 5.15 Online consumption has also led to a rise in other commissioners and buyers of TV-like children's content – Netflix and Amazon are both commissioning original content, while dedicated children's apps such as Hopster have also emerged. These new platforms provide new opportunities for primary and secondary content sales (benefiting both producers and primary commissioning broadcasters), but will have preferences about the content they commission that will affect investment decisions – including about genre, length, tone and international appeal.
- 5.16 Online distribution, and in particular YouTube, has presented content producers with an opportunity to distribute their content directly to consumers, with monetisation through advertising provided by YouTube. These platforms are generally open to content from all producers, with platforms taking a limited role in auditing quality or tone. While this has enabled some producers to be successful outside of commissioning relationships with broadcasters (e.g. LittleBabyBum, a nursery rhyme channel with one of the most viewed videos on the platform), the fact that YouTube and other platforms promote and recommend content based on an opaque algorithm rather than human selection may make views and revenues less predictable and may in turn incentivise producers to create content aimed at global audiences and meeting certain characteristics preferred by the algorithms (such as length, number of videos or videos that are designed to be viewed multiple times).

### **The Government has provided some financial support for children's content producers through tax relief**

- 5.17 The Government operates tax relief schemes for animation and children's programming, which provide incentives for the production of British content for children.<sup>83</sup> These schemes were introduced by the Treasury respectively in 2013 and 2015 to encourage the production of culturally British children's television programmes in the UK. The BFI and the Department for Digital, Culture, Media and Sport (DCMS) are responsible for the assessment and certification of programmes, known as the 'cultural test'. The cultural test is wide ranging and includes criteria such as having British/EEA cast and crew, being filmed in the UK/EEA and demonstrating British creativity, heritage and/or diversity. In 2016-17, 35 claims for Children's Television (CTV) Tax relief were paid worth £5.3 million, and 50 claims worth £10.4 million paid under the Animation Tax Relief (ATR) scheme.<sup>84</sup>
- 5.18 The Government is currently considering the scope of a pilot PSB contestable fund, which may include funds for children's content. This contestable fund, once the details are announced, would be considered as part of the landscape, along with any responses from stakeholders published alongside.

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<sup>83</sup> Eligibility for the tax relief scheme is determined by Government while the BFI administers the cultural test <https://www.gov.uk/government/publications/childrens-television-tax-relief>

<sup>84</sup> HM Revenue & Customs, 2017. *Creative Industries Statistics*, <https://www.gov.uk/government/statistics/creative-industries-statistics-july-2017>

## **We are keen to understand how the factors above influence the amount and type of children's content commissioned and produced**

- 5.19 The importance and effect of the factors above will vary significantly across broadcasters and producers depending on their current strategy and their regulatory and competitive environment. It is clear that for all broadcasters and producers, the competitive landscape is evolving, with a growth of a number of online alternatives available to audiences and increased diversity in what children are watching and potentially increased variety in sources of revenues. While this competition may provide a commercial and creative imperative to adapt and innovate, we would like to understand the effects of current dynamics on business models and on UK audiences.
- 5.20 We would like to better understand the cost and revenue models for different genres of children's content on different platforms and how these are playing out over time, and how these are affected by secondary rights, merchandising, tax relief and other financial incentives. We would also like to investigate how access to new opportunities for distribution and consequent new or enhanced revenue streams, are affecting producers' and broadcasters' strategies for investment in children's content in the UK.

### **Questions on incentives and disincentives to produce children's content**

- 8) How are on-demand and streaming services changing the nature of competition in children's content? Is this impacting on the range or quality of content available to UK audiences?
- 9) How have funding models and investment in children's content changed over the last five to ten years? Do you have evidence you can share with this to support your view?
- 10) If certain genres within children's content (for instance news, factual, or drama) are becoming increasingly difficult to obtain funding for, what are the reasons for this? Are certain genres more difficult to generate financial returns from, and if so, why?
- 11) Are there other incentives and disincentives you think we should consider as part of the review?

# A1. Responding to this invitation to contribute

## How to respond

- A1.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 31 January 2018.
- A1.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-2/childrens-content-review>. You can return this by email or post to the address provided in the response form.
- A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to **childrensreview@ofcom.org.uk**, as an attachment in Microsoft Word format, together with the cover sheet (<https://www.ofcom.org.uk/consultations-and-statements/consultation-response-coversheet>). This email address is for this consultation only, and will not be valid after 31 January 2018.
- A1.4 Responses may alternatively be posted to the address below, marked with the title of the invitation to comment:
- Claire Local  
Ofcom  
Riverside House  
2A Southwark Bridge Road  
London SE1 9HA
- A1.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- Send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files. Or
  - Upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A1.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A1.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt if your response is submitted via the online web form, but not otherwise.
- A1.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.
- A1.9 It would be helpful if your response could include direct answers to the questions asked in the invitation to comment document. The questions are listed at Annex 4. It would also

help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.

- A1.10 If you want to discuss the issues and questions raised in this document, please contact Kate Biggs on 020 7783 4706, or by email to [kate.biggs@ofcom.org.uk](mailto:kate.biggs@ofcom.org.uk).

## Confidentiality

- A1.11 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish all responses on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk), as soon as we receive them.
- A1.12 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A1.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.14 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further at <https://www.ofcom.org.uk/about-ofcom/website/terms-of-use>.

## Next steps

- A1.15 We invite initial input to the review by 31 January 2018. If we identify areas of concern, we will consider how they might be addressed, including the suitability of any regulatory measures. We anticipate publishing our findings, alongside any proposals for next steps by summer 2018.
- A1.16 If you wish, you can register to receive mail updates alerting you to new Ofcom publications; for more details please see <https://www.ofcom.org.uk/about-ofcom/latest/email-updates>

## Ofcom's consultation processes

- A1.17 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 2.
- A1.18 If you have any comments or suggestions on how we manage our consultations, please email us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and

residential consumers, who are less likely to give their opinions through a formal consultation.

A1.19 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact Steve Gettings, Ofcom's consultation champion:

Steve Gettings

Ofcom

Riverside House

2a Southwark Bridge Road

London SE1 9HA

Email: [corporationsecretary@ofcom.org.uk](mailto:corporationsecretary@ofcom.org.uk)

## A2. Ofcom's consultation principles

### Ofcom has seven principles that it follows for every public written consultation:

#### Before the consultation

- A2.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

#### During the consultation

- A2.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A2.3 We will make the consultation document as short and simple as possible, with a summary of no more than two pages. We will try to make it as easy as possible for people to give us a written response. If the consultation is complicated, we may provide a short Plain English / Cymraeg Clir guide, to help smaller organisations or individuals who would not otherwise be able to spare the time to share their views.
- A2.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A2.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A2.6 If we are not able to follow any of these seven principles, we will explain why.

#### After the consultation

- A2.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish all the responses on our website as soon as we receive them. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

## A3. Consultation coversheet

### BASIC DETAILS

Consultation title: Children's Content Review

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

### CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? \_\_\_\_\_

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If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

### DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

## A4. Consultation questions

### Children's content review

A4.1 Our review will be structured around three themes:

- audience behaviour and preferences;
- the availability of children's content;
- incentives and disincentives.

A4.2 We welcome audiences and stakeholders to contribute their views and supporting evidence in response to these questions and any other matters that are relevant to our review.

#### **Audience behaviour and preferences**

- 1) What characteristics do (i) children and (ii) parents/carers most value about content aimed at children? How does this vary depending on the age of the child?
- 2) Are there certain genres within children's (e.g. live action, animation) that children or parents/carers particularly value and watch, and if so why?
- 3) Do children or parents/carers have different expectations in terms of quality or other characteristics depending on the format (e.g. long-form vs. short-form/broadcast vs. online), or the provider/brand (e.g. BBC/ITV vs. Netflix vs. YouTube etc). Do they value content in these different formats or from these different providers differently? Do these different formats or providers meet different needs for children?
- 4) When and why do children and parents/carers choose online or streaming services (for instance iPlayer, Netflix, YouTube) instead of watching TV on a TV set? Is this for particular sorts of programmes? Do you have any evidence in support of your view?
- 5) How do children discover programmes and decide what to watch? What role do broadcasters, platforms, parents, and friends play, and does this change as children get older?

#### **Availability of children's content**

- 6) Are there specific genres within children's content (on any platform) where demand or audience need is not currently matched by supply from PSBs, commercial channels, or on-demand and streaming services, or a combination of the former? What supports your view on this?
- 7) What is the role and importance of first-run UK-originated programming for audiences? For broadcasters? Does this vary by sub-genres or by age group?

### **Incentives and disincentives to produce children's content**

- 8) How are on-demand and streaming services changing the nature of competition in children's content? Is this impacting on the range or quality of content available to UK audiences?
- 9) How have funding models and investment in children's content changed over the last five to ten years? Do you have evidence you can share with this to support your view?
- 10) If certain genres within children's content (for instance news, factual, or drama) are becoming increasingly difficult to obtain funding for, what are the reasons for this? Are certain genres more difficult to generate financial returns from, and if so, why?
- 11) Are there other incentives and disincentives you think we should consider as part of the review?