The future of children's television programming

Discussion Paper

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Foreword

Children's television has been at the heart of the UK's public service broadcasting system for over fifty years, and during this time, the UK has built a reputation for producing some of the most distinctive and high quality children's programming in the world.

Ofcom's review of children's television programming was initiated in response to a number of profound consumer and market changes. With an increasing range of media available to many children and a growing number of dedicated children's channels, children are changing the ways in which they consume media. As a result, traditional commercial public service broadcasters are facing significant pressures on their ability to fund original programming for children.

These changes are occurring in the context of a new framework for the regulation of children's programming, set out in the Communications Act 2003. Since the Act, ITV1, which had historically played a role in delivering a strong alternative voice to the BBC, has significantly reduced its commitments to children's programming. This development, together with the other consumer and market changes under way, has led many to question how public service children's programming can continue to be delivered in the future. To date, the lack of objective evidence available to establish the nature of the problem has made it difficult for this debate to progress.

The Communications Act 2003 requires Ofcom to report on the fulfilment of the public service broadcasters' public service remit at least once every five years and to make recommendations with a view to maintaining and strengthening the quality of public service broadcasting in the future. In preparation for our second full public service broadcasting review we have concentrated on the children's programming aspects of public service broadcasting, focusing on the future prospects for delivery of *a wide range of high quality and original content for children*.

Our aim has been to create a much firmer foundation for debate by establishing for the first time a comprehensive body of evidence about the current delivery and future prospects for public service television broadcasting for children in the UK, focusing on children under 16.

This discussion paper provides a summary of our key findings and can be read as a stand-alone document. However, alongside this paper we are also publishing a full research report and several online research annexes which explain our findings in more detail.

In setting out our analysis, we recognise that many issues raised will fall within the remit of our wider public service broadcasting review, and will ultimately be for government to consider. Given the centrality of the BBC's role in the provision of children's programming, some issues are also likely to fall within the remit of the BBC Trust.

We hope that, with this research and the discussion which follows, we have laid the groundwork for maintaining and strengthening the future provision of a wide range of high quality and original programming for UK children.

Ed Richards
Chief Executive

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Further documents available

Research report - published in hard copy and online

Research annex - published online

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Executive summary

In this report we have assessed the current state of the children's television market and the prospects for future delivery of a wide range of high-quality and original content for children. Our work raises issues in five main areas.

First, while a clear majority of parents regard public service programming for children as very important, less than half think it is being delivered satisfactorily, especially in reflecting a range of cultures and opinions from around the UK. The gap between expectations and delivery of this characteristic is greater for children's programming than for adults programming. Parents are relatively content with provision for pre-school and younger children, but want more drama and factual programming for older children and young teenagers.

Second, the future provision of new UK-originated content for children, particularly drama and factual programming, looks uncertain other than from the BBC. Investment in first-run original programming by the commercial public service broadcasters – ITV1, GMTV, Channel 4 and Five - has halved in real terms since 1998. While the commercial children's channels (like Disney Channel, Nickelodeon and Cartoon Network) commission some UK programming, this represents only 10% of total investment in new programmes. This decline in investment reflects the increasingly unattractive economics of some types of children's programming for the commercial public service broadcasters, relative to other output.

Third, while BBC hours and spend on children's programming have actually increased over the period, its long term commitments to children's programming are by no means guaranteed; the BBC service licences do not reflect the BBC's current delivery of children's programming and the BBC could, at least in theory, reduce its output and spend significantly below current levels.

Fourth, the BBC's programming is highly valued by parents, but these trends lead inevitably to questions about whether it is in the audience's long-term interest for the BBC to be by far the largest commissioner of UK children's programming. Our research demonstrates that parents appreciate programming from a range of different voices.

Fifth, children's media consumption continues to change rapidly, with older children and especially young teenagers watching less television and using the internet and mobile phones more than ever before. At the same time, parents of young teenagers are particularly dissatisfied with current delivery of public service programming; and young teenagers themselves would like more of this type of content aimed specifically at them. Yet there is no evidence that commercial provision of children's public service content is a viable option, now or in the near future.

Given the rapidly changing nature of UK broadcasting – further demonstrated by the evidence set out in this research - Ofcom has brought forward its second statutory review of the whole of public service television broadcasting and published the terms of reference on 11 September 2007. That review will consider what policy responses are appropriate to address the issues raised about children's television, not least because many of the challenges across public service broadcasting are likely to be similar to those highlighted here.

We are keen to hear stakeholders' views on a number of questions raised by this research, both to inform our thinking about the best way to address the issues raised in this report and also to help shape our ideas about public service broadcasting as a whole, especially:

- What is the role and importance of UK-originated programming for children?
- What is the role and importance of plurality in the provision of children's programming?
- Should further consideration be given to provision of public service content for children over platforms other than linear television?
- Does the policy approach for children's programming need to be different from the policy approach taken to public service broadcasting overall?

Several interested parties have already suggested a range of possible approaches to children's television. Due to the limited nature of Ofcom's role as set out in the current Communications Act 2003, all of these approaches, other than the status quo, would require intervention by government rather than by Ofcom. These options are set out in more detail in Section 6, *Views of industry stakeholders,* and include:

- maintaining the status quo, leaving provision to the BBC, the commercial public service broadcasters and the market;
- broadcaster-based interventions, including a dedicated fund or output quotas;
- production incentives, such as tax credits;
- extending the remit of existing public service institutions, including Channel 4; and
- creating new public institutions, including a non-BBC public service children's channel.

In discussions, many have also raised international policy approaches as alternative approaches to regulation that could be taken in the UK. Section 7, *The international perspective,* sets out the results of our survey of international markets.

We are seeking stakeholders' views on the appropriateness of the approaches which have been suggested. In addition, we would like views on whether, if they are appropriate, any of the policy approaches should be tailored to different age groups (for example to pre-school, younger children, older children and young teenagers), or to different types of children's programming (such as drama, factual, entertainment and animation)?

Although not a formal consultation, we would welcome any views on these questions by 20 December 2007.

In Phase 1 of the public service broadcasting review, we will assess stakeholder responses to these questions and set out proposals outlining our planned approach to children's programming in the context of the public service broadcasting review as a whole. We expect to publish Phase 1 of the public service broadcasting review in spring 2008.

Section 1

Setting the scene

1.1 Introduction

1.1.1 Children's programming in the UK has seen many changes, from its beginnings in the late 1940s to the proliferation of dedicated children's channels and other technologies such as the internet that we see today. This section considers the history of children's programming in the UK and some of the key debates which have taken place in its development. It then sets out an overview of the regulatory framework under which children's broadcasting operates in the UK today.

1.1.2 This section draws from a range of sources including desk research, work relevant to the history of children's programming and an academic literature review undertaken by Máire Messenger Davies from the University of Ulster. A further analysis is contained in the Research Report.

1.2 Key findings

1.2.1 Children's programming has been at the heart of the UK's system of public service broadcasting (PSB) since its inception in 1922. From its early origins in radio in the 1920s and 30s, a dedicated children's television service began on the BBC in 1946, with the first regular slots appearing from 1948. However it was the arrival of ITV in 1955 which initiated competitive plural provision of PSB in children's programming.

1.2.2 In the 1980s and 90s, new competition arrived in the form of Channel 4, Five and the commercial children's channels available on cable and satellite platforms. By 2002, with the launch of the BBC's children's channels, CBBC and CBeebies, hours of children's programming broadcast in the UK were higher than ever, with children's programming broadcast by over 15 dedicated children's channels and spending on first-run original UK programming at record levels.

1.2.3 Over the last 60 years, various public reviews have emphasised the need for significant provision of children's programming in the UK. The importance of an alternative voice to the BBC in children's programming, in the form of ITV, has been central to this debate.

1.2.4 Today, the public service broadcasters under the Communications Act 2003 are: the BBC, ITV1, GMTV, Channel 4, Five, S4C and Teletext, of which the BBC, Five, ITV1, GMTV and S4C in Wales are currently the main providers of original children's programming. Channel 4 has in the past played a role in developing original children's programmes although this is not now a focus for the channel.

Figure 1: Children's television programming chronology

1940s	1946	BBC began broadcasting children's television
	1948	BBC children's television gained a regular Sunday slot 4-5pm
	1949	BBC children's programmes introduced by 14-year old, Jennifer Gay, who left after 4 years
1950s	1950	Regular weekday afternoon children's hour on BBC Television began
	1950	*Andy Pandy* began (BBC)
	1955	ITV began broadcasting – regional element key; *Crackerjack* began (BBC)
	1957	Toddlers Truce ended on BBC; ITV showed adventure films during this timeslot (6-7pm)
	1958	*Blue Peter* began (BBC)
1960s	1962	Publication of Pilkington Committee Report which set higher standards for ITV licensees
	1963	BBC's children's department disbanded; programmes produced from relevant adult departments, e.g. Drama
	1964	For the Young, radio's Children's Hour, stopped broadcasting; too few children listening
	1964	*Play School* began (BBC)
	1965	*Jackanory* (BBC) began
	1967	BBC children's department reinstated and given its own framework again.
	1968	*Magpie* began (ITV)
1970s	1972	*John Craven's Newsround* began – first regular news programme for children (BBC)
	1974	*TISWAS* began Saturday morning children's magazine TV (on ATV only; networked across ITV in 1979), followed by *MultiColoured Swap Shop* in 1976 (BBC)
	1977	Annan Committee report noted that the BBC and ITV performed well in children's.
	1978	*Grange Hill* drama series began (BBC)
1980s	1980	IBA forced ITV to do more for children, regionally branded "Watch it" strand
	1982	Channel 4 and S4C in Wales began transmission with some children's output
	1983	Introduction of network branded Children's ITV; TV-am (ITV's breakfast station) began broadcasting with children's programmes included, and later became GMTV
	1984	TCC (The Children's Channel) began broadcasting - first cab/sat children's channel to broadcast in UK. It broadcast until 1998. Teenage programming re-branded Trouble in 1998
	1985	Introduction of Children's BBC as a discrete brand for children's programmes
	1988	Channel 4 children's department abolished
1990s	1990	Broadcasting Act required ITV to broadcast a suitable proportion of children's programmes
	1993	Channel 4 children's department re-established
	1993	Nickelodeon and The Cartoon Network began broadcasting
	1995	Disney Channel began broadcasting
	1997	Five began; 13 hours children's programmes per week, mainly during breakfast-time slot
	1997	*Teletubbies* on BBC showed that early pre-school could be key focus for programming
2000s	2002	BBC's CBeebies and CBBC channels set up
	2003	Communications Act set up Ofcom, which was given powers to assess whether the PSB broadcasters taken together broadcast a suitable range and quantity of high-quality programmes for children and young people
	2004	Review of BBC's digital services concluded that both children's channels were legitimate arenas for the BBC
	2006	Ofcom publishes details of restrictions intended to limit children's exposure to television advertising of food and drink products high in fat, salt and sugar.

1.2.5 In recognition of increased competition from other broadcasters in the lead-up to digital switchover, the Communications Act 2003 changed the requirements for regulation of children's programming. Since then, there have been no specific requirements mandating levels of provision of children's programming, with children's treated in the same way as many other PSB genres such as religion, arts and drama.

1.2.6 Ofcom's role is to offer guidance to broadcasters, to which they must have regard when preparing their annual statements of programme policy. If they are proposing to make a significant change to the overall character of their service, they must consult Ofcom and take account of any opinions expressed by Ofcom about the proposed change. However, it is ultimately for PSBs themselves to decide what children's programming to deliver. The next table summarises the most recent annual statements of programme policy that the PSBs are required to publish under the Act.

Figure 2: The PSB annual statements relating to children's programming in 2007[1]

BBC One and BBC Two	Shared commitment to offer "at least 500 hours of children's programmes" across the year.
CBBC	Includes commitments to broadcast 650 hours of drama, 150 hours of live material, 85 hours of news and 1,000 hours of factual and schools programmes per year.
CBeebies	Includes commitments to broadcast over 4,500 programme hours, that at least 75% of investment is in new UK-originated programming and that a quarter of hours of UK programming are new material. In addition, CBBC's and CBeebies' annual statements make a number of wider commitments, for instance to providing a range of genres, alongside programming that offers learning opportunities and programming reflecting the different parts of the UK.
ITV1	In 2006, ITV1 consulted Ofcom over a proposal to reduce its children's programming output significantly from the eight hours per week delivered in 2005. Ofcom set out its opinion to ITV that such significant change proposals were not appropriate. ITV revised its proposals, taking into account Ofcom's opinion. ITV1's current statement makes a commitment to broadcast "a significantly higher volume of children's programmes than originally proposed", a range of children's programmes, including pre-school, drama and factual programmes, and states that a "substantial proportion of programmes" will be originations.
Five	Five has made a commitment to expand the range (in terms of age and genres) of the *Milkshake!* strand for younger children, "with an important new role for drama and documentary". Five also indicated that, increasingly, the emphasis of its children's programming would be on programmes for the *Milkshake!* audience, with the channel reducing its level of commitment to programmes for older children, leading in 2007 to the discontinuation of the *Shake!* strand.
Channel 4	Channel 4's 2007 annual statement notes that "Channel 4 does not commission programmes made specifically for children", although it does set out the channel's commitments with regards to schools programming, as this is an area in which Channel 4 has a special obligation under the Communications Act. Channel 4 broadcasts around one hour per day of repeated children's programming, mainly for the pre-school audience, at early breakfast time.
S4C	S4C's output of Welsh language children's programming has increased substantially in the last few years to almost 25 hours per week, with daily programmes for children during peak hours and holidays, concentrating on 10-15 year olds, and the extension of pre-school programming on weekday lunchtimes. S4C also committed to broadcast a minimum of 140 hours of original programming for children. In May 2007, S4C published proposals for a dedicated Welsh language children's channel, available on digital terrestrial television in Wales and via satellite and cable throughout the UK. This would serve pre-school audiences, older children and teenagers. The proposal

[1] BBC channel commitments are contained in their statements of programme policy and channel service licences, which are governed by the BBC Trust.

	does not anticipate a reduction in children's programming on the main S4C service.
GMTV	GMTV holds the PSB licence for the Channel 3 (ITV1) breakfast-time service, which includes some children's programming. GMTV is committed to a weekend breakfast-time children's schedule, predominantly made up of animation appealing to children aged 4 - 9, with some puppet-based and live action pre-school programming.

1.2.7 Ofcom is required to report at least every five years on the fulfilment of the public service remit, with a view to maintaining and strengthening the quality of public service broadcasting in the future. In relation to children's programming Ofcom is required to consider whether the PSB service, 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*".

1.2.8 In Ofcom's first PSB Review (2004-5), Ofcom re-defined PSB in terms of its purposes and characteristics, designed to apply to PSB programming as a whole. These are set out in Figure 3 and have been adapted to children's statements as a research tool to understand the extent to which parents believe the requirements in the Communications Act in relation to children's programming are being met.

Figure 3: Purposes and characteristics of PSB

Purposes
To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas
To stimulate our interest in and knowledge of arts, science, history and other topics through content that is accessible and can encourage informal learning
To reflect and strengthen our cultural identity through original programming at UK, national and regional level, on occasion bringing audiences together for shared experiences
To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere
Characteristics
High-quality – well-funded and well-produced
Original - new UK content, rather than repeats or acquisitions
Innovative – breaking new ideas or re-inventing exciting approaches, rather than copying old ones
Challenging – making viewers think
Engaging – remaining accessible and enjoyed by viewers
Widely available – if content is publicly funded, a large majority of citizens need to be given the chance to watch it

1.2.9 A review of academic literature undertaken by Máire Messenger Davies from the University of Ulster[2] found that there are a number of studies which demonstrate the benefits of having a range of programming genres for children. These benefits include learning; socialisation and citizenship; and personal fulfilment and identity. The review also shows that there is an increasing body of academic work indicating the importance of UK-originated programming.

1.2.10 In Ofcom's first review of public service television broadcasting (2004-5), Ofcom described plurality as a central tenet of public service broadcasting and outlined the

[2] Refer to research annex A published online.

importance of plurality at different points in the broadcasting process, including: plurality of outlets, plurality of commissioning and plurality of production.[3]

1.2.11 The term 'quality' – which features in Ofcom's characteristics of PSB and in the Communications Act - is difficult to define. We have used a range of proxy measures in this review to understand quality in children's programming from a number of perspectives.

[3] The second PSB Review (2007-9) will revisit this issue to explore the costs and benefits of plurality in different aspects of PSB and ask whether and in what sense plurality will continue to be important in the digital age. The terms of reference for this Review were published on 11 September and are available on the Ofcom website.

Section 2

Broadcaster output

2.1 Introduction

2.1.1 This section describes the current state of provision of children's television programming, examining the channels available on television in the UK and the programming available on these channels. It looks at the hours of overall broadcaster output, first-run original, repeat and acquired material and programming by country of origin. It then considers the range of programming available to children within the BARB sub-genres: pre-school, drama, factual, light entertainment and cartoons.

2.1.2 This section draws on two sources: data provided to Ofcom by broadcasters and the industry standard data produced by BARB. Wherever possible, data from 1998 onwards are used in this section to enable an analysis of output available before the launch of the BBC digital channels, CBBC and CBeebies. This also pre-dates the recent rapid increase in the number of commercial children's channels. Output analysis in this section is based on the PSB main channels: BBC One, BBC Two, ITV1, GMTV, Channel 4, Five.[4] Further analysis is contained in the Research Report, along with details about methodology.

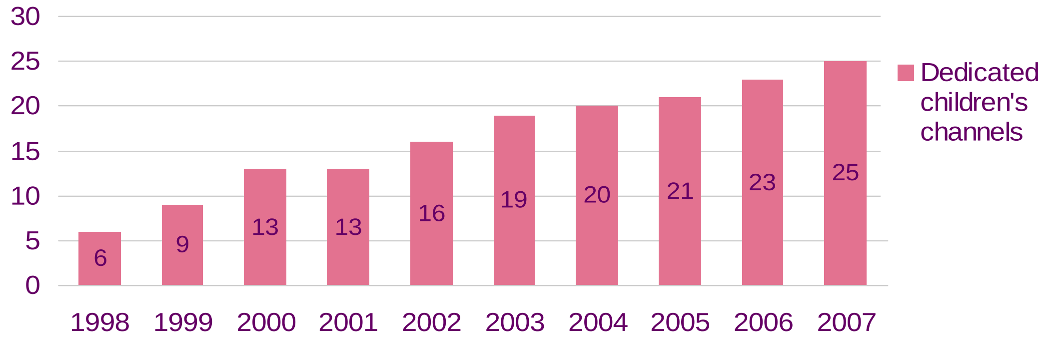
2.2 Key findings

2.2.1 Children have never had so much children's programming available to them. Between 1998 and 2007 the number of dedicated children's channels in the UK increased from six to 25. Ownership of those channels is concentrated, with 18 being owned by three key global media organisations; The Walt Disney Company[5]; Turner Broadcasting System and Viacom. These channels are mainly available as pay services. They are broadcast alongside the children's slots broadcast on the PSB main channels, and on some commercial channels.

2.2.2 The dedicated children's channels include three launched by the public service broadcasters (PSBs) in the UK. In 2002 the BBC launched CBeebies and CBBC, which are designated as public service broadcasting channels. ITV launched its dedicated channel, CITV, in 2006. While CITV is available free to air on the digital terrestrial television service (Freeview), it does not have a public service remit under the Communications Act 2003. S4C has also recently proposed a new Welsh language dedicated children's public service channel. Although not a dedicated service, Five also broadcasts children's programming on its Five Life channel.

[4] Refer to the Research Report for full details on S4C.
[5] The Walt Disney Company owns approximately 75% of Jetix Europe N.V.

Figure 4: Number of dedicated children's channels



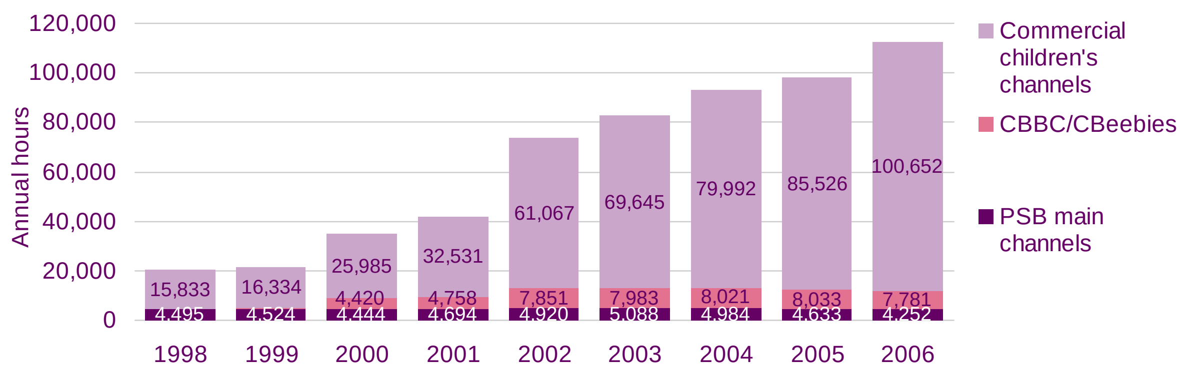
Source: Ofcom. Dedicated children's channels include CBBC and CBeebies. Figures include + 1 channels. Reflects channels on air at the end of year. For 2007, figures are correct to end August 2007.

2.2.3 As a result of this expansion of channels, the total volume of children's programming broadcast across the dedicated children's channels and the PSB main channels has increased from around 20,000 hours per annum in 1998 to over 112,000 hours per annum in 2006.

2.2.4 During this time the number of hours of programming on the PSB main channels has remained relatively constant at between 4,500 hours and 5,000 hours but has recently fallen to around 4,250 hours. As a proportion of total hours of children's programming, PSB main channel output has fallen dramatically from 22% in 1998 to 4% in 2006.

Figure 5: Total annual hours of children's programming

Total	20,328	21,560	34,849	41,983	73,838	82,716	92,997	98,192	112,685



Source: Ofcom/broadcasters for PSB and BARB for dedicated children's channels (includes +1 channels). Refer to Research Report for notes and qualifications.

2.2.5 Changes in ITV1's output have been evident since the introduction of the Communications Act 2003; its total annual hours fell from 724 in 2004 to 468 in 2006, a decline of over a third. There has also been a reduction on Channel 4 partly because data from earlier years included hours within its T4 strand which now focuses on older teenagers.[6] These declines have been offset by BBC Two and Five while at the same time the volume of programming on CBBC and CBeebies has grown to 7,700 hours in total in 2006, making up a significant part of total PSB hours.

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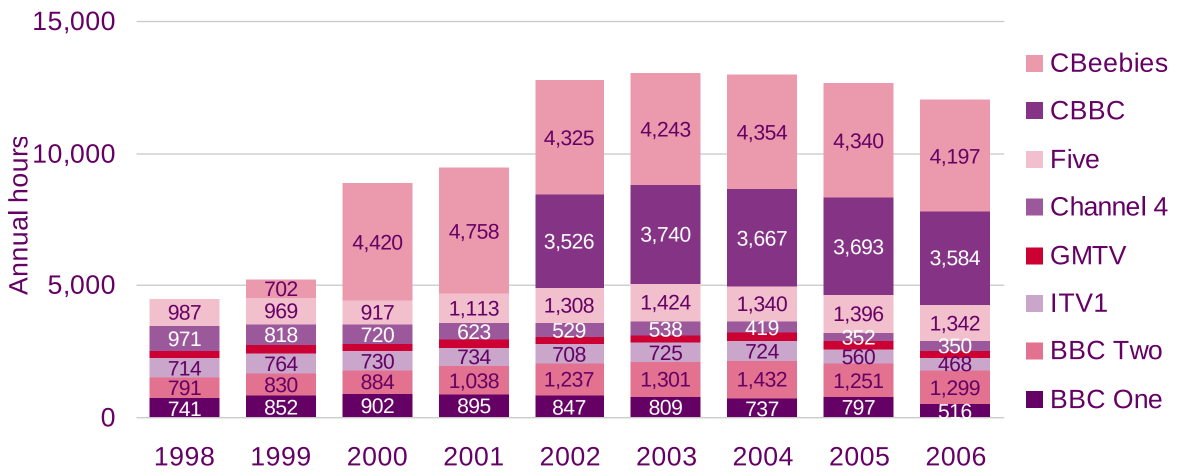
[6] As noted above, Channel 4's "special obligation" with regard to children and young people relates specifically to schools programming rather than to children's programming more widely.

Figure 6: PSB annual hours of children’s programming by channel

Total	4,495	5,226	8,864	9,452	12,771	13,071	13,005	12,666	12,033



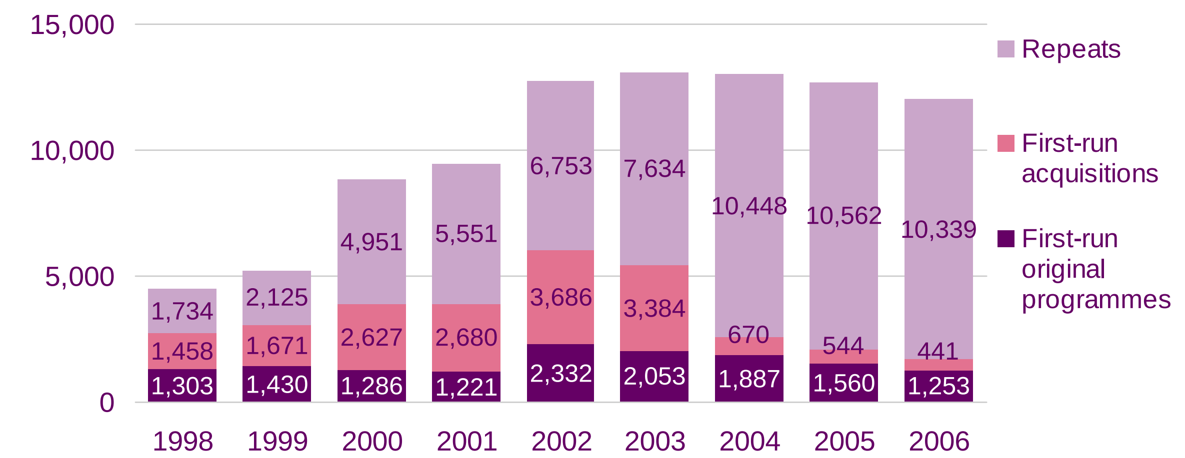
Source: Ofcom/broadcasters

2.2.6 Due to the increase in airtime available through CBBC and CBeebies, the balance of programming between repeats, first-run original and new acquired material has also changed. The volume of repeat programming has been increasing and repeats now comprise the majority (10,339 hours, or 86%) of output on the PSB channels. The proportion of all output accounted for by first-run originations fell from 29% in 1998 to 10% in 2006.

2.2.7 Total hours of first-run originated programmes commissioned by the PSBs have fallen slightly from 1,300 in 1998 to 1,253 in 2006 after a peak in 2002 of 2,330 hours. However, this programming is now spread across the two additional BBC digital channels as well as the PSB main channels.[7]

Figure 7: Composition of PSB annual hours of children's programming

Total	4,495	5,226	8,864	9,452	12,771	13,071	13,005	12,666	12,033



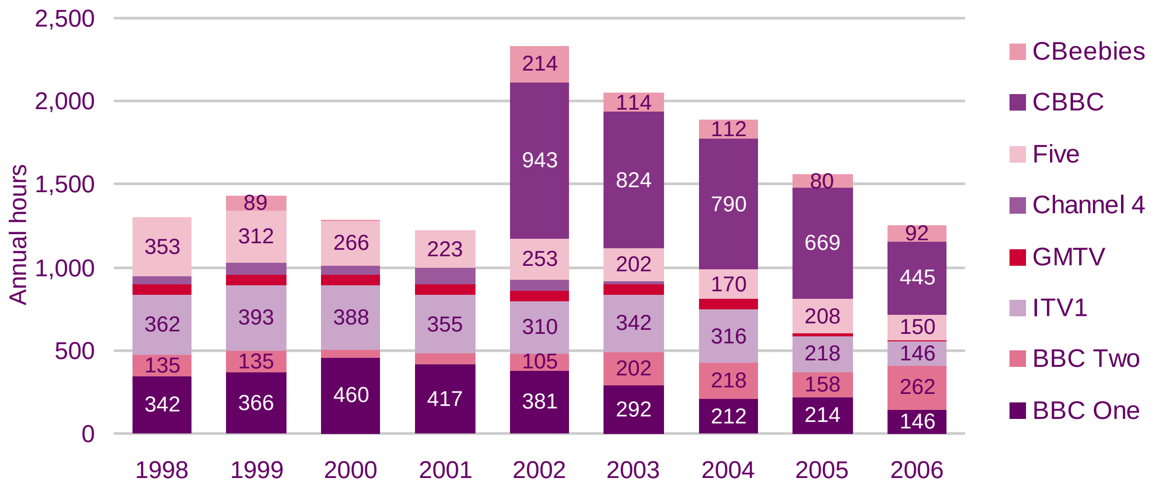
Source: Ofcom/broadcasters

[7] Figures showing the composition of programming on the commercial children’s channels are not available back to 1998.

2.2.8 The reduction in first-run original programmes has been most significant on ITV1, falling from 362 hours in 1998 to 146 hours in 2006 (-60%), and on Five, falling from 353 hours in 1998 to 150 hours in 2006 (-58%). However, in ITV's case some programming has moved to the CITV channel.

Figure 8: PSB annual hours of first-run original children's programmes by channel

Total	1,303	1,430	1,286	1,221	2,332	2,053	1,887	1,560	1,253

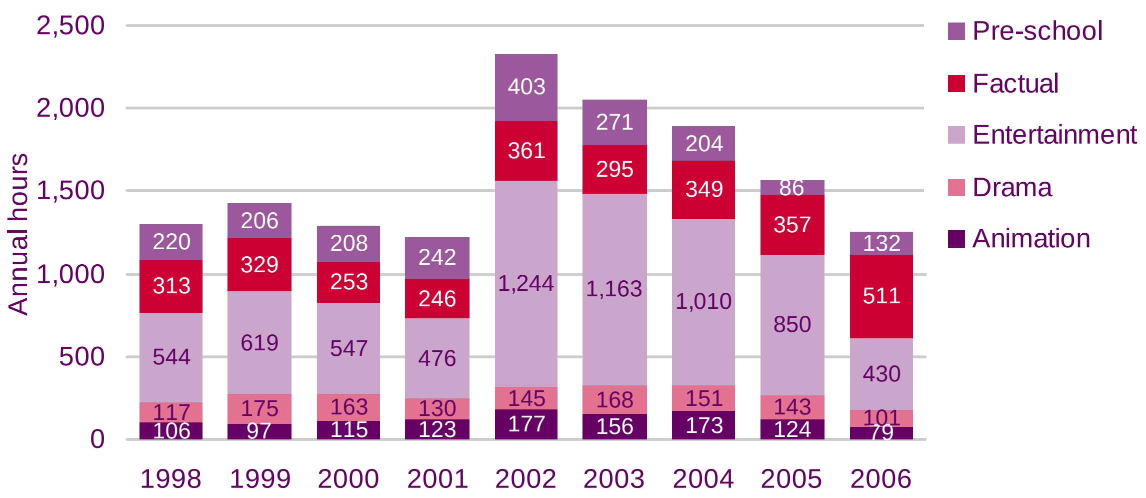


Source: Ofcom/broadcasters

2.2.9 Levels of first-run original programming have fallen since 1998 across all the children's sub-genres of programming, except factual. The amount of factual programming remained relatively over the period but increased in 2006 from 357 to 511 hours, reflecting increases by CBBC through programmes such as *Level Up*, *Roar*, *Sportsround* and *Xchange*.

Figure 9: PSB annual hours of first-run original children's programmes by sub-genre

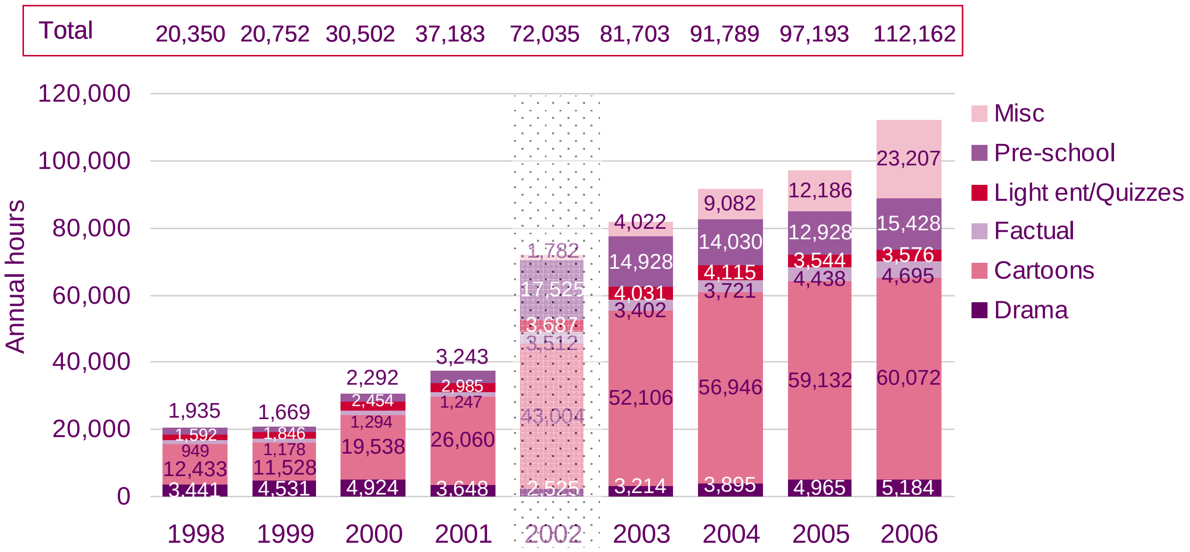
Total	1,300	1,426	1,286	1,217	2,330	2,053	1,887	1,560	1,253



Source: Ofcom/broadcasters

2.2.10 Since 1998 across the PSB main channels and the dedicated children’s channels combined, there has been a significant increase in overall output in each of the sub-genres of children’s programming (pre-school, drama, cartoons, factual, light entertainment/quizzes). The largest volume increases have been in cartoons and pre-school, mainly due to the increase in the number of commercial children’s channels which favour these types of programmes. Drama programming has also increased on the commercial children’s channels in recent years.

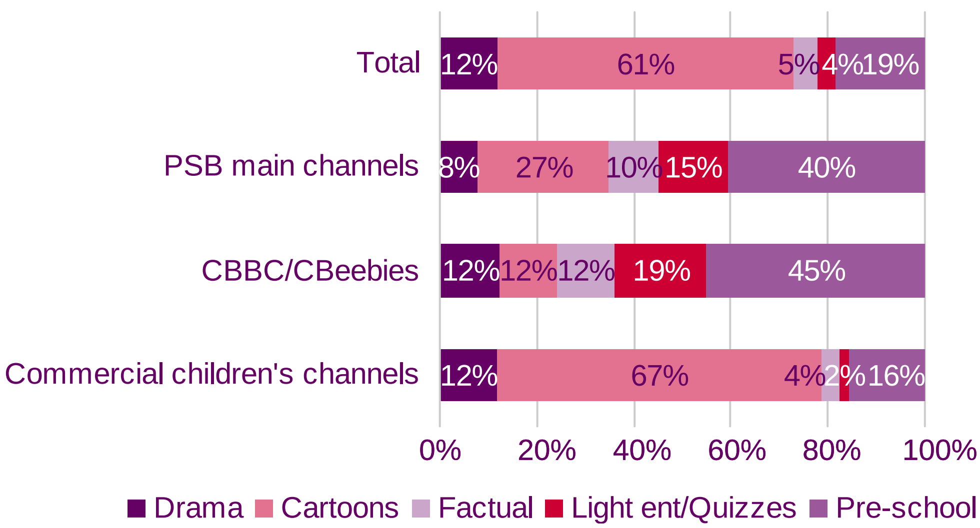
Figure 10: Total hours devoted to children’s programming: 1998-2006



Source: BARB, all days, sum of children’s output on PSB channels and commercial children’s channels. Treat 2002 data with caution as BARB was in process of setting up the new panel.

2.2.12 According to BARB data, the range and diversity of sub-genres of children’s programming on the PSB channels (including CBeebies and CBBC) is greater than that available on the commercial children’s channels. Programming on the commercial children’s channels is weighted towards cartoons (67% of children’s programming).

Figure 11: Range in children’s programming: 2006



Source: BARB, all days. Note: the miscellaneous genre has been re-coded into the remaining children’s sub-genres.

Section 3

The business of children's programming

3.1 Introduction

3.1.1 This section examines the business of children's programming in the UK. It looks first at the differences between the whole UK broadcast and the children's market. It explores the broadcaster business model for children's programming, by considering sources of revenue for broadcasters and the costs associated with the provision of children's programming. It then goes on to look at the model for commissioning first-run original children's programmes in the UK, considering sources of funding and how these vary by programme sub-genre. We also consider these issues from the perspective of the production sector.

3.1.2 This section draws on two main sources. First, data provided to Ofcom by broadcasters and secondly, a study by Oliver & Ohlbaum into the funding models in the sector, commissioned by Ofcom for this report.[8] Further analysis is contained in the accompanying Research Report.

3.2 Key findings

3.2.1 The UK children's television industry accounts for 3% of total industry turnover, but 4% of original programme spend. Many of the challenges being experienced by the children's market are similar to those being felt across the television industry. However, some features, for example those relating to the advertising market and the ability of broadcasters to transact with children are quite different.

3.2.2 The significant rise in volume of commercial children's programming has not been matched by an increase in commercial revenues. Subscription and advertising revenues to children's broadcasters have declined since 2001 (Figure 12). This is largely as a result of the high degree of viewer fragmentation and competition between channels, which tends to drive down the relative value of each channel for advertisers and platform operators.

3.2.3 On the other hand, the allocation of public funding (through the BBC licence fee and S4C funding) to children's broadcasting has increased from £70m in 2001 to £126m in 2006 (+80%).[9] At the same time, there has been an increase in the importance of the licence fee as a funding mechanism for children's programming in the UK, from 25% to 45% of total revenues to UK children's broadcasters.

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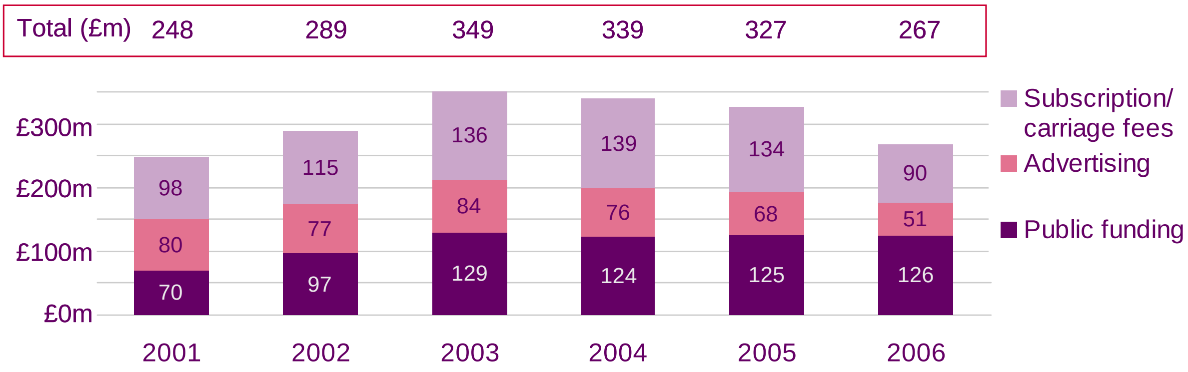
[8] Refer to online research annex B for the full study.

[9] Note that S4C is predominantly funded by the Welsh Authority, through a DCMS grant. S4C services also derive a relatively small proportion of revenue from commercial sources (including advertising and generate airtime sales income, rights sales, sponsorship income, merchandising, publishing and digital multiplex capacity leasing income), which is held in S4C's General Fund.

Figure 12: Revenues to children's broadcasters (nominal)

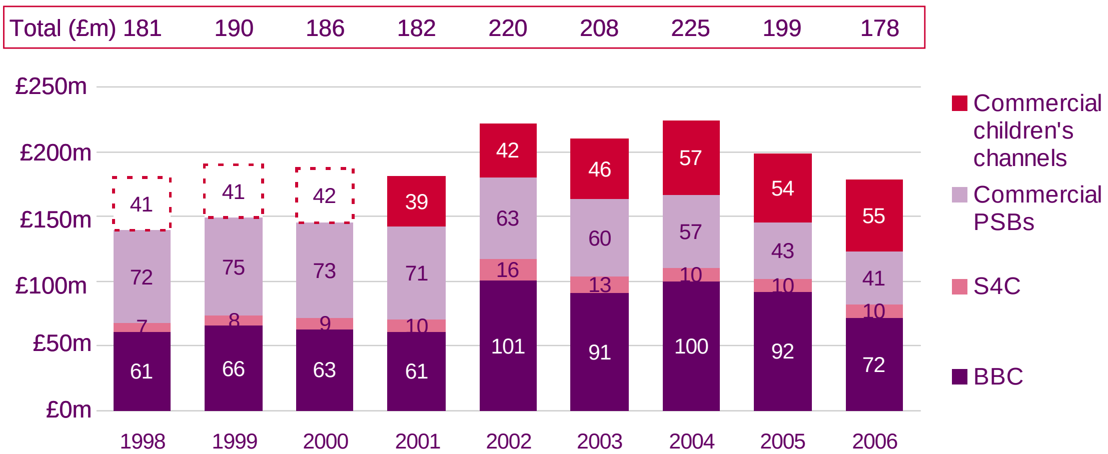


Source: Ofcom/broadcasters/Oliver & Ohlbaum. Note: Public funding includes BBC licence fee and S4C funding allocated to children's programming. Data not available before 2001.

3.2.4 Section 2, *Broadcaster output*, shows the decline in hours of first-run original programmes on the PSB channels since 1998. The commercial PSB channels have tended to reduce or remove programme hours in the traditional 'children's slots' (weekdays after school), and are pursuing a dedicated children's channels. Ofcom estimates that the opportunity cost to ITV1 of showing children's programmes in its traditional late afternoon slot up to 2007 was in the order of £18 - £28m per annum.

3.2.5 Comparing 1998 and 2006, overall broadcaster investment in children's programming has been relatively constant in real terms (although commercial PSB investment has been falling since 2001). There has been a gradual increase in the total level of spend by the commercial children's channels – up by about 40% since 2001. Over the same time period, the number of dedicated children's channels has increased from six to 25.

Figure 13: Broadcasters' total children's programme expenditure (real)



Source: Ofcom/broadcasters. Data are in real terms, indexed to 2006 prices. Commercial children's channels estimated from 1998 – 2000. Refer to Section 8 for estimated 2007 figures.

3.2.6 However, much of the industry debate has focused on the need to deliver more UK-originated programming, prompted by reducing spend on first-run original children's programming. Despite a significant increase in the number of dedicated children's channels available, overall spend on first-run original programming across all broadcasters fell from an estimated £127m in real terms in 1998 to £109m in 2006 (14%). It peaked in 2002 at £163m but declined by one-third since then.

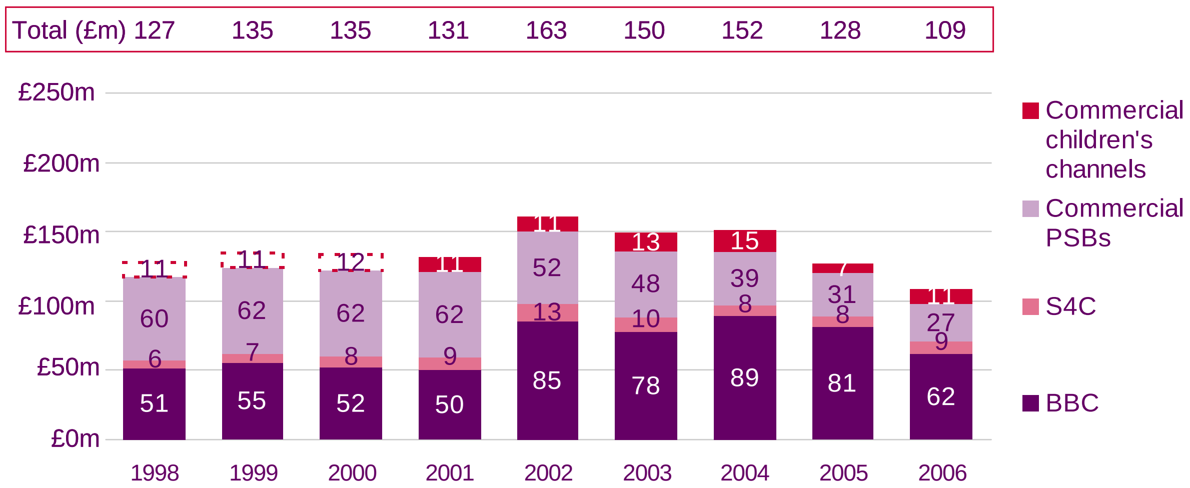
3.2.7 Spend on first-run original programming by the commercial PSBs – ITV1, GMTV, Channel 4 and Five - halved in real terms from 1998 to 2006. Spend by the BBC has increased between 1998 and 2006, reaching a peak in 2002, coinciding with the introduction of CBBC and CBeebies. Spend by the commercial children's channels – including Disney Channel, Nickelodeon, Cartoon Network and Jetix - remained relatively constant at approximately 10% of the total.10

3.2.8 S4C spend has increased over this time, although it also peaked in 2002. It is now a significant commissioner of children's content in the UK, with total spend on Welsh language programmes for children in 2006 at £9m, or 10% of total expenditure in the UK. Welsh speaking children represent approximately 2% of all children in the UK.

3.2.9 The commercial children's channels are generally active in producing UK-originated programming. However, global sales of UK programmes are often a key goal in their production strategies and some argue that this has an impact on the ability of such programmes commissioned, particularly drama, to reflect the UK's cultural values.

3.2.10 The decline in commercial spend on first-run original children's programming has also had an impact on the role of the BBC. In 1998 the BBC contributed 40% of overall spend on first-run original programming and the commercial PSBs contributed 52%. By 2006, the BBC's contribution had risen to 57% with the commercial PSBs down to 33%.

Figure 14: Broadcasters' total expenditure on first-run original programmes (real)



Source: Ofcom/broadcasters. Data are in real terms, indexed to 2006 prices. Commercial children's channels estimated from 1998 – 2000. Refer to Section 8 for estimated 2007 figures.

3.2.11 Among the public service broadcasters, spend on first-run original programmes in animation, drama and entertainment has reduced in real terms; spend on pre-school and factual has increased marginally. Spend on drama and entertainment has been cut back significantly over the last two years. In 2006 expenditure on drama programmes totalled £26m, compared with £41m in 2004 (-37%), while entertainment fell from £58m to £31m over the same period (-47%). Similar figures for expenditure by sub-genre were not available for the commercial children's channels.

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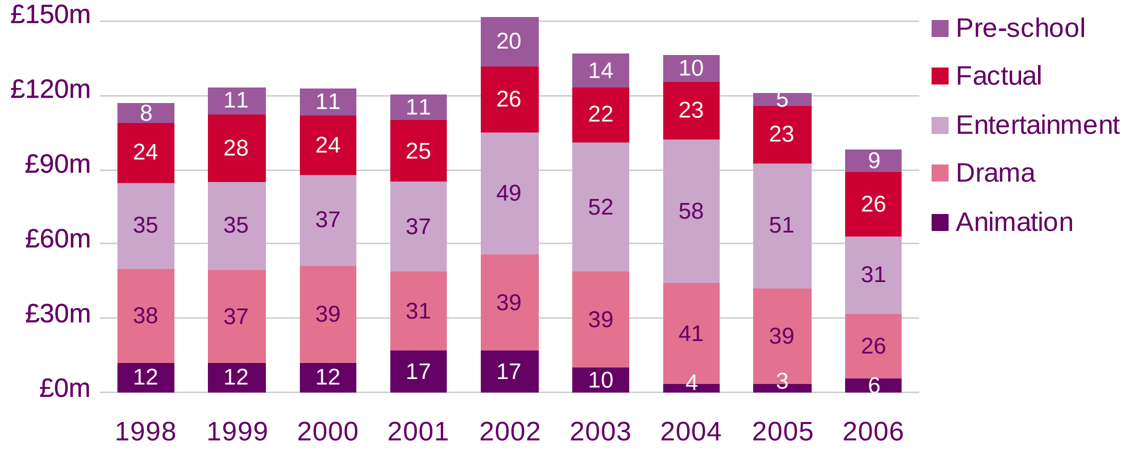
[10] These figures do not account for investment in co-productions with another UK broadcaster, where that programme is first broadcast the other channel. We estimate this would represent approximately 5% of expenditure by commercial children's channels.

Figure 15: PSB expenditure on first-run original programmes by sub-genre (real)

Total (£m)	117	124	123	120	152	137	136	121	99

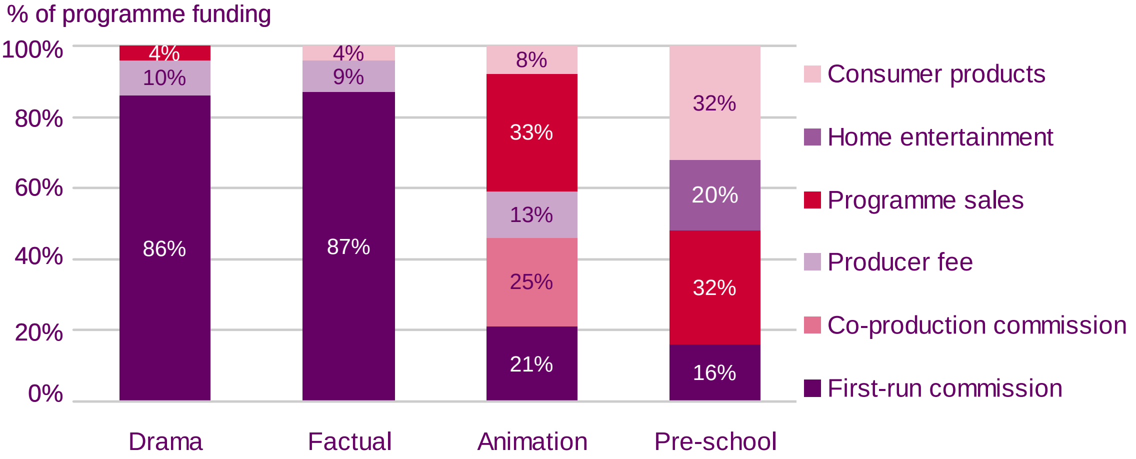


Source: Ofcom/broadcasters. No figures available for commercial children's channels.

3.2.11 Evidence from case studies shows that the business model for funding production of children's programmes varies depending on sub-genre. Broadcasters are generally expected to contribute less of the budget for pre-school and animation programmes, because a producer of these programmes is able to attract a more diverse range of income sources. Pre-school programming remains commercially attractive over a longer period: producers who are rights owners are able to secure an initial broadcast and funding of programmes up front, which then supports secondary revenues, while broadcasters can sell advertising aimed at parents. Original animation follows a similar model, with low levels of broadcaster investment reflecting the fact that programming is often available in volume through the international market.

3.2.12 Broadcasters are expected to contribute almost all the budget for production of drama and factual programming, often with a fee for production built in above costs. This reflects the fact that these types of programmes are less economically viable to produce. UK original drama tends to be high-cost and is unlikely to be supported by the budgets of the commercial children's channels without some potential for global distribution. Factual programmes tend to be less expensive to produce but do not have the exportability, repeatability or secondary revenues of other children's sub-genres. The BBC is the main commissioner of original factual programming.

Figure 16: Case studies on UK-original production by sub-genre

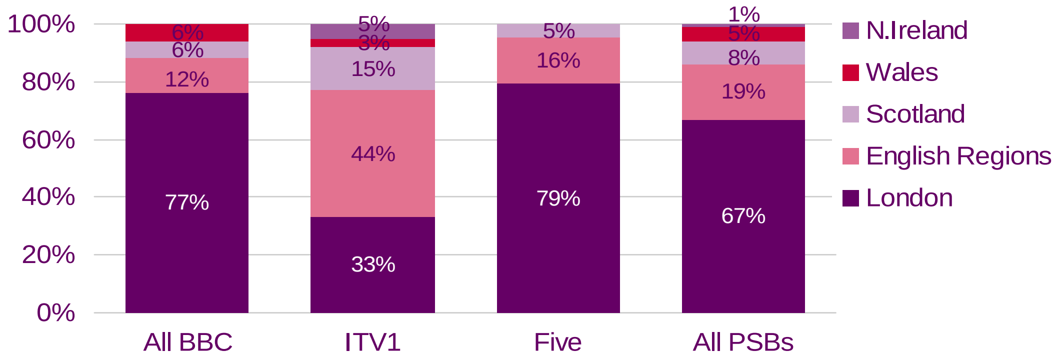


Source: Ofcom/broadcasters/Oliver & Ohlbaum. Note: based on case studies. Revenues exclude those generated after year 1 and therefore understate pre-school.

3.2.13 In 2006, 67% of all spend on first-run original programmes by the BBC, ITV1 and Five for children occurred in London. ITV1 spent the highest proportion on children's programming outside London (at 67%). The proportion of the BBC's spend outside London was 24%.

3.2.14 With ITV1 commissioning significantly reduced and the BBC's growing role as the main commissioner of new material, together with the likely trend towards fewer, larger independent producers in the sector, there are possible implications for the location of children's production centres. Production seems likely to be centred in London, the North West of England (with BBC children's productions in Salford), Scotland (BBC Scotland in-house production) and Wales (through S4C).

Figure 17: PSB spend on children's original production outside London (BBC, ITV1 Five)



Source: Ofcom/broadcasters. Note: Channel 4 did not commission any first-run original children's programmes in 2006. S4C figures not available.

3.2.15 The overall reduction in spend on new commissions is also likely to lead to further consolidation in the UK independent production sector, particularly among smaller children's specialist independents. Larger, more diversified independents (which tend to rely on merchandising and home entertainment revenues) may increase their presence in the UK children's programme production market.

Section 4

Children's media consumption habits

4.1 Introduction

4.1.1 This section focuses on children's media consumption habits, providing a basis for understanding the overall media context within which children's television sits. Children are at the forefront of changes in technology and the increase in their use of the internet and other media is having an impact on the way that television is used and viewed by children today.

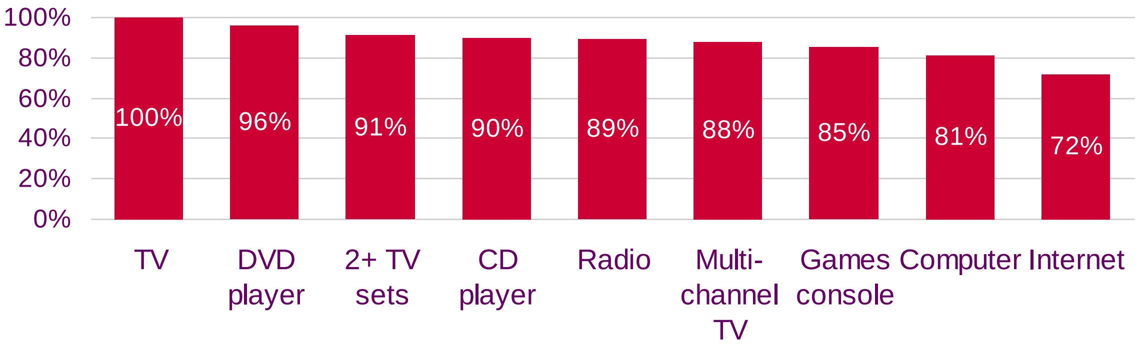
4.1.2 The section looks in detail at the in-home media landscape for children, the communications devices they have access to and how they use them, based on Ofcom's *Young People's Media Usage Survey* (2007) of parents and children aged 5-15. Ofcom's *Communications Tracking Survey* (2007) is used to understand television platform access among households with, and without, children. It also includes an analysis of children's viewing habits based on the BARB industry television panel. A further analysis is set out in the Research Report, along with details of methodologies.

4.2 Key findings

A changing media landscape

4.2.1 Children are at the forefront of changes to technology and as a result, the in-home media landscape for children has changed dramatically in recent years. The majority of households with children have a wide range of media equipment in the home, including more than one TV set (91%), a DVD player (96%), CD player (90%), radio (89%), games console (85%), computer (81%) and internet access (72%).

Figure 18: Household access to media equipment, children aged 5-15 years

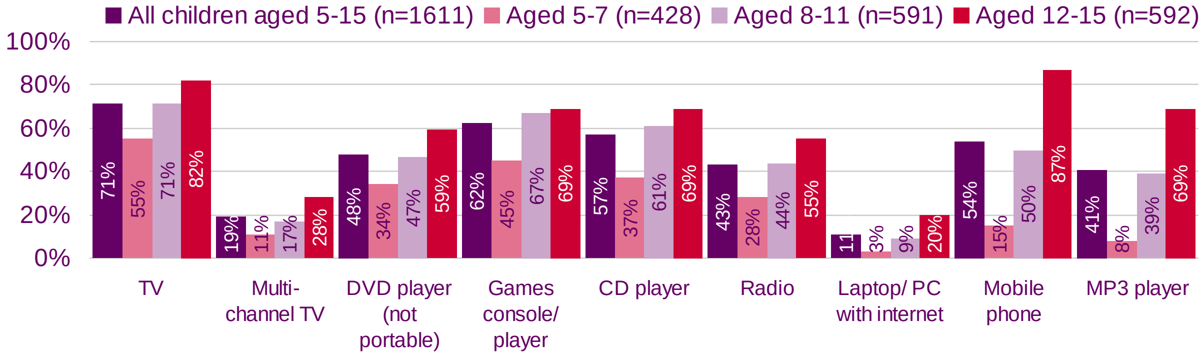


Multichannel TV – 88%[11]. Base: Parents of children aged 5-15. Source: Ofcom's *Young People's Media Usage Survey,* saville rossiter-base, April/ May 2007.

4.2.2 A television is the most owned piece of media equipment for a child to have in their bedroom, with 71% of children aged 5-15 claiming to have one. However, once children reach the age of 12, mobile phones become the most owned piece of media equipment.

[11] Ofcom's primary source for multichannel television access is Ofcom's *Communications Tracking Survey* (see Figure 18) which shows multichannel household access at 90% for households with children under 16 in Q1, 2007.

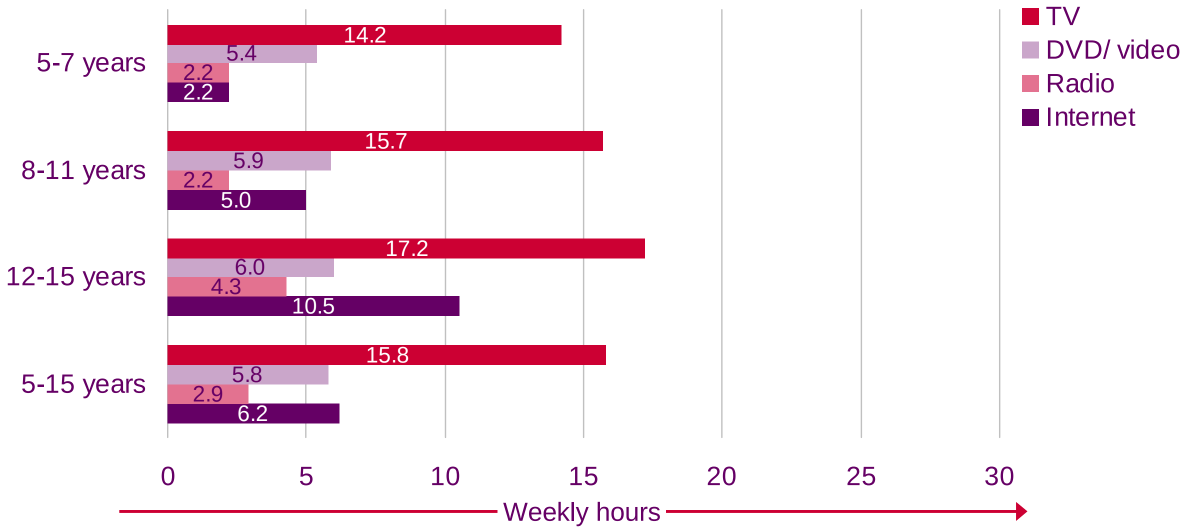
Figure 19: Equipment child owns and has in their bedroom



Base: Parents of children aged 5-15. Source: Ofcom's *Young People's Media Usage Survey*, saville rossiter-base, April/ May 2007.

4.2.3 For children of all ages, television viewing has the highest (self-reported) levels of consumption, at 15.8 hours per week, compared to the other media measured. Internet usage increases with age and young teenagers spend the most time on the internet (10.5 hours per week).

Figure 20: Hours of media consumption – among children 5-15 years



Base: Parents of children aged 5-11 and children aged 12-15. Source: Ofcom's *Young People's Media Usage Survey*, saville rossiter-base, April/ May 2007.

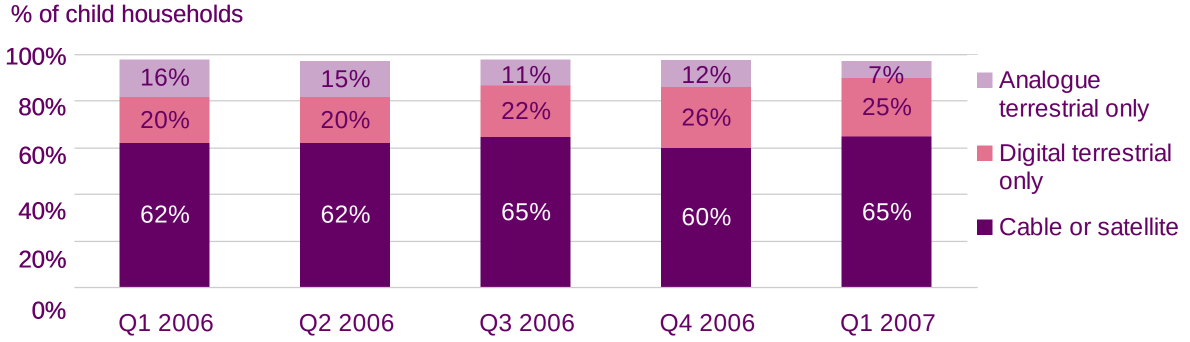
4.2.3 Each medium has a clear function for children, which remains relatively consistent as they get older. Children see television as being for fun, relaxing or passing the time and mobile phones are for contact with people. The internet has a dual purpose of fun and finding out or learning things.

4.2.4 When they use the internet, younger children use it most for playing games online. As children reach primary school age, they still use it primarily for games, followed closely by school work or homework and looking for information. Young teenagers use the internet for many things – most frequently for school/homework (80%), followed by instant messaging (70%).

Children's television viewing

4.2.5 Almost all households with children have a TV set and just over 90% have more than one, with an average of 3.3 TV sets per household. In Q1 2007, 90% of households with children were able to receive multichannel television (up from 82% in Q1 2006). Of these, 25% had digital terrestrial television and 65% had cable or satellite television (cab/sat). Households with children are more likely to have multichannel television compared to households without children (90% compared to 76% respectively in Q1 2007). Only a small percentage (7%) of households with children had analogue television.

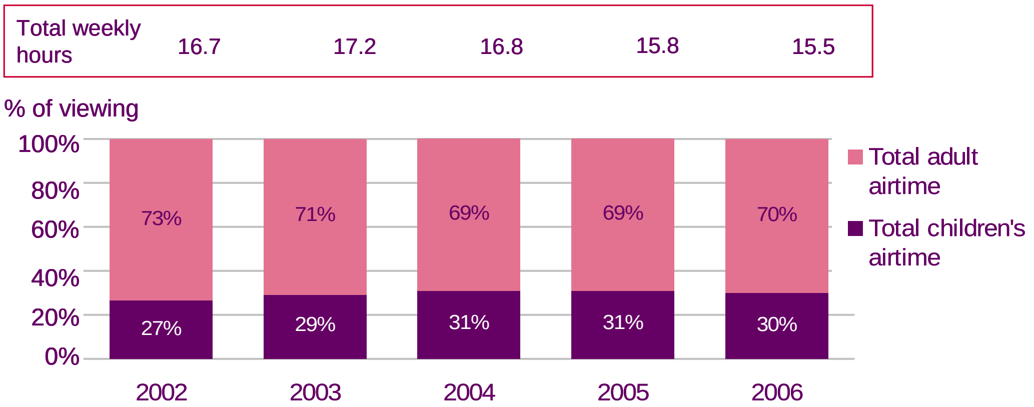
Figure 21: Proportion of child households by reception type



Source : Ofcom Residential Tracker, Q 1 2006 – Q1 2007

4.2.6 As more media compete for children's attention, BARB data show that children's total viewing has been in decline across all television platforms and across all age groups since 2002. Viewing among children aged 4-15 has declined from 16.7 hours per week in 2002 to 15.5 hours in 2006. However, viewing in children's airtime has grown over this time, as a proportion of total viewing, from 27% in 2002 to 30% in 2006.

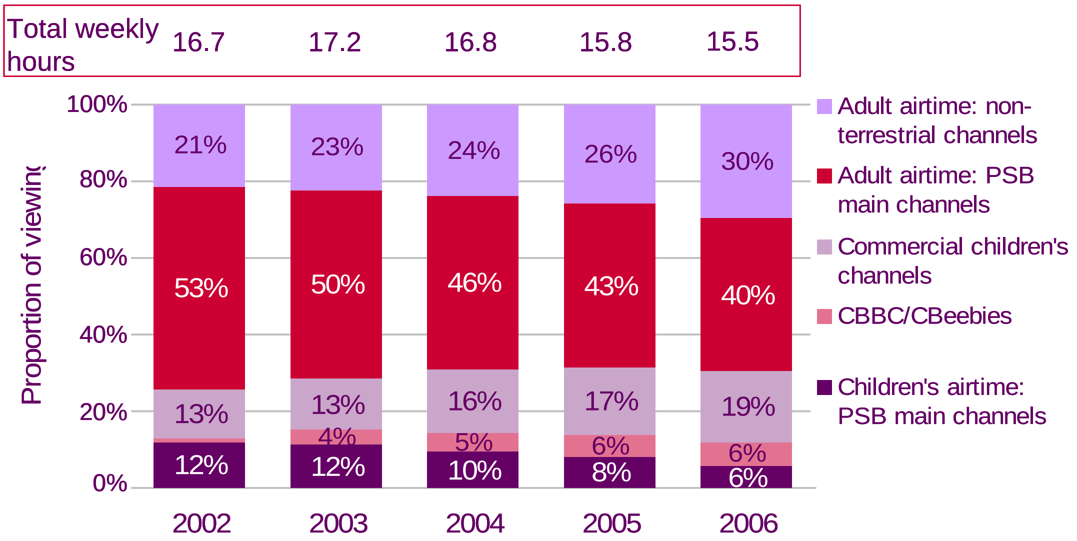
Figure 22: Viewing in children's and adult airtime, children 4-15 years, 2002-2006



Source: BARB, all days. Note: Total children's airtime includes the PSB main channels children's slots and dedicated children's channels.

4.2.7 This share growth for children's airtime is due to an increase in viewing to the dedicated children's channels (including CBeebies and CBBC) which has grown from 14% to 25% of children's total television viewing in 2006, whereas the children's slots on the PSB main channels have dropped from 12% in 2002 to 6% in 2006. However, viewing of the children's channels is fragmented due to the range of choice; no single dedicated children's channel accounted for more than 4% of the total viewing share in 2006.

Figure 23: Viewing in children's and adult airtime, children 4-15 years, 2002-2006

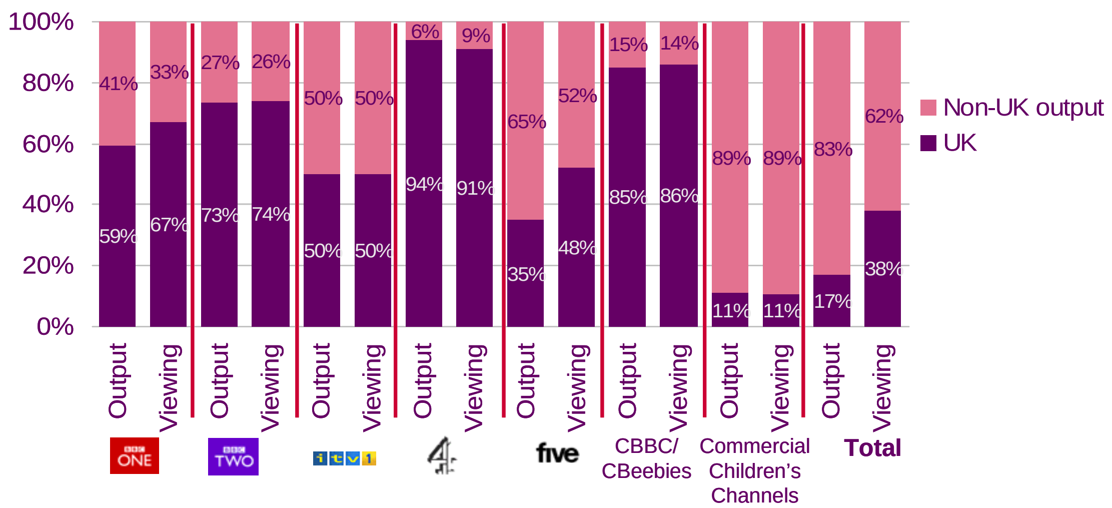


Source: BARB, all days

4.2.8 This shift in viewing of children's airtime on the PSB main channels to the dedicated children's channels is taking place within the wider context of a shift from the PSB main channels to non-terrestrial channels. There has also been a decrease in the reach and share of the main public service broadcasters. Their combined share among 4-15 year olds fell from 64.5% in 2002 to 45.8% in 2006. At the same time there has been an increase in the share of non-terrestrial channels from 35.5% to 54.2%.

4.2.9 Despite the growth in viewing of commercial children's channels, an analysis of viewing in children's airtime by country of origin shows the proportion of viewing of UK-originated programming is higher than the proportion of hours of output delivered, demonstrating the continuing importance of this type of programming to audiences.

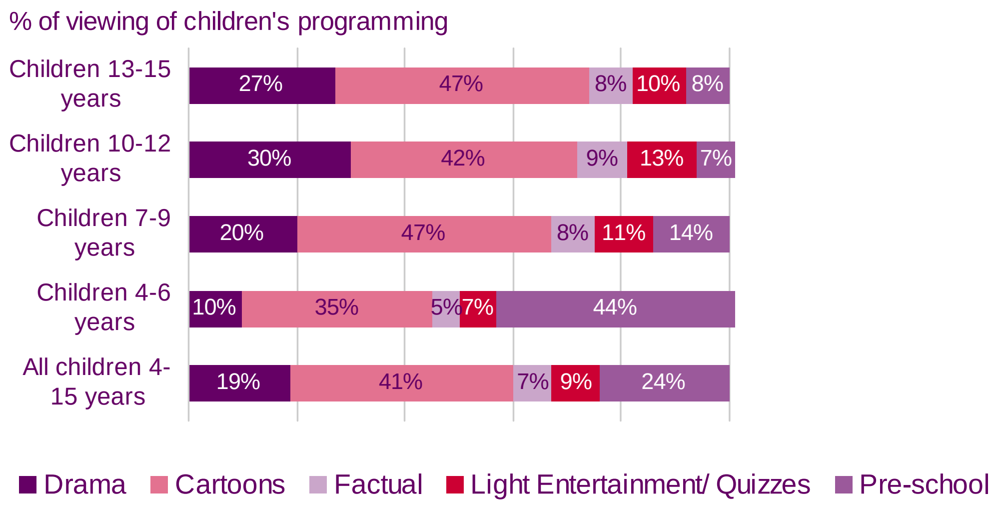
Figure 24: Proportion of output and viewer hours by UK and non-UK programme origin, 2006



Source: DGA/Infosys, based on children aged 4-15 years viewing in children's airtime. (See Annex 2 for details on methodology.)

4.2.10 Analysis of the range of viewing by children across different types of programmes shows that in 2006 cartoons accounted for 41% of viewing of children's programming, with drama at 19% and factual at 7% of viewing. After cartoons, pre-school is the largest sub-genre at 24% of viewing.

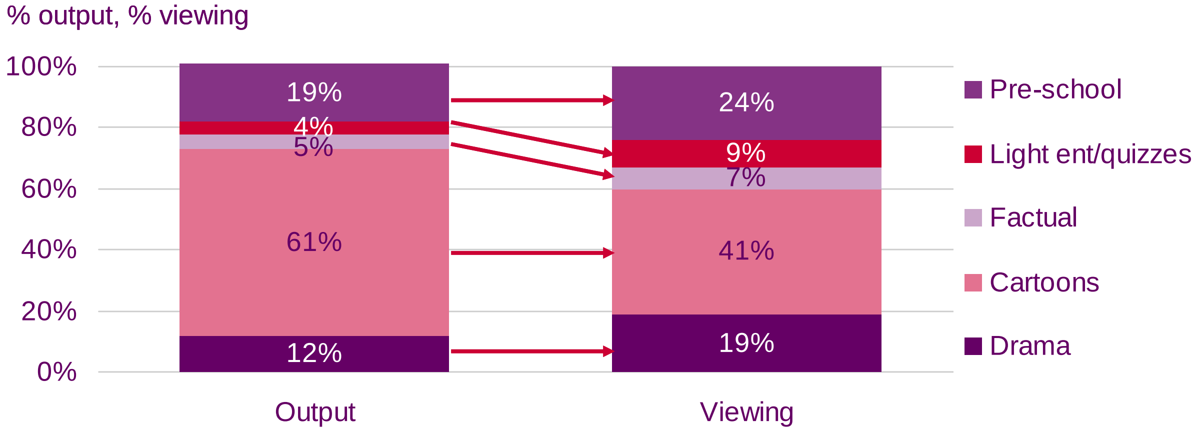
Figure 25: Range of children's viewing of children's genres, by age, 2006



Source: BARB, all days, 'miscellaneous' genre re-coded and programmes that could not be re-coded are excluded.

4.2.11 Figure 26 compares the proportion of total output broadcast by children's sub-genre to the proportion of total viewing by all children by sub-genre (on a 24 hour basis). It shows that cartoons are the only sub-genre for which output (61%) exceeds viewing levels (41%). Drama programming accounted for 12% of output but 19% of viewing. Factual programming accounted for 5% of output but 7% of viewing. Pre-school programming accounts for 19% of output compared to 24% of viewing. Naturally, platform access and time of day affect what children are watching.

Figure 26: Range of output and viewing of children's programming, 2006



Source: BARB, all days, children 5-15

Section 5

Views of parents and children

5.1 Introduction

5.1.1 This section sets out our findings from quantitative and qualitative deliberative research commissioned by Ofcom on children's programming in a PSB context.

5.1.2 As noted in Section 1, Setting the scene, Ofcom re-defined PSB in terms of purposes and characteristics which were designed to apply to PSB programming as a whole. In this section, the PSB purposes and characteristics have been adapted to children's statements as a research tool to understand the extent to which parents believe that there is a "suitable quantity and range of high-quality and original programmes for children and young people". We commissioned GfK NOP Media to conduct a quantitative survey among parents of children aged 2-15 years of opinions on children's PSB provision. This sought to understand views on how well children's programming on the PSB channels and a selection of commercial digital children's channels in the UK was fulfilling the PSB purposes and characteristics. The findings from this Children's PSB Survey are set out below.

5.1.3 Recognising that this issue is a complex one and that the views of parents, children and young teenagers are an integral part of the debate, we undertook a series of deliberative workshops and focus groups across the UK, managed by Opinion Leader Research. Parents, children and young teenagers were asked about the delivery of children's PSB programming and also explored a range of issues including quality, channel and programme choice, genre range, country of origin and the balance of new programming to repeats with regard to children's programme provision as a whole. These issues were explored in relation to the age of the child and the type of television platform they had at home. The findings from the Opinion Leader deliberative research are set out below. Further analysis and findings are set out in the Research Report, along with methodology.[12]

5.2 Key findings

Children's PSB Survey

5.2.1 The Children's PSB Survey found that the majority of parents placed high value on the role television plays in society – 81% of parents felt that children's television has an important social role to play. Almost all parents agreed (94%) that it was important that the PSB main channels provide programmes for children.

5.2.2 A clear majority of parents also felt it was important that the PSB channels provided children's programming that delivered each of the PSB purposes and characteristics (between 64% and 85% of parents gave each one of them a high importance rating).

5.2.3 A comparison of these high ratings for importance of each purpose and characteristic with the levels of satisfaction with delivery by the PSBs overall reveals large gaps (Figure 27). Levels of satisfaction with delivery overall range between 39% and 54% of parents; and satisfaction also varies greatly for individual channels.

[12] A full report on the Opinion Leader deliberative research is published online at research annex D.

5.2.4 While acknowledging that commercial children's channels do not have a PSB remit and have different strategic goals, parents' opinions on a selection of these channels were also explored. They were seen to deliver the PSB purposes and characteristics less well overall than the PSB channels. However, they were rated highly on providing programmes that children 'want to watch'.

Figure 27: Importance and delivery of the PSB purposes and characteristics

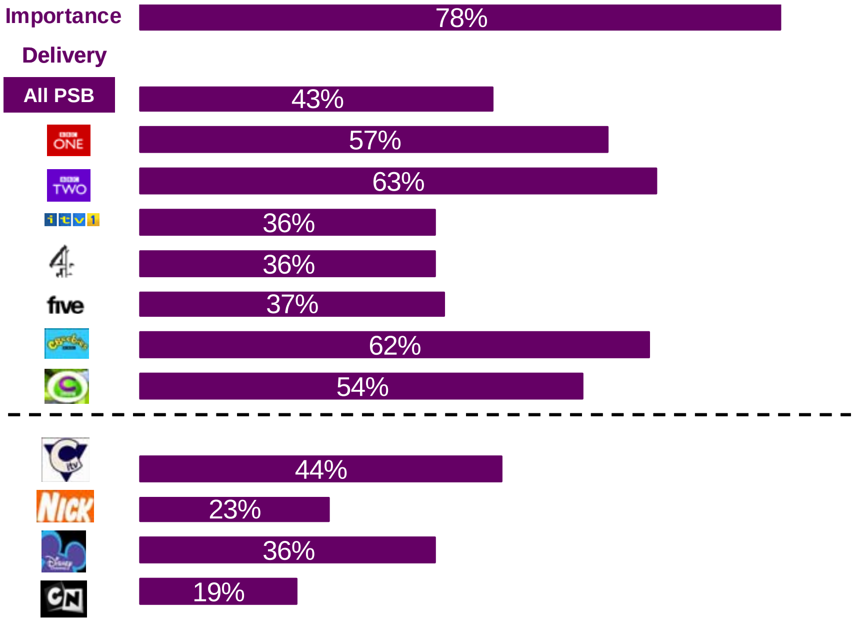
		Importance	Parental views of delivery											
			All PSBs	BBC ONE	BBC TWO	ITV1	4	five	CBeebies	CBBC	CITV	Nick	Disney	CN
Purposes	Understanding news, current issues & the world	**77%**	41%	73%	60%	48%	34%	24%	37%	41%	35%	14%	23%	12%
Purposes	Helps child learn and develop	**85%**	49%	64%	58%	44%	33%	49%	71%	60%	46%	30%	37%	38%
Purposes	Cultures/ opinions from around UK	**78%**	43%	57%	63%	36%	36%	37%	62%	54%	44%	23%	36%	19%
Purposes	Awareness of types of people and viewpoints	**80%**	47%	67%	58%	46%	47%	48%	61%	53%	48%	33%	46%	16%
Characteristics	Well-made, high-quality	**80%**	54%	75%	72%	51%	41%	63%	79%	65%	51%	48%	66%	31%
Characteristics	Programmes made in the UK	**65%**	43%	60%	58%	43%	28%	41%	67%	59%	45%	11%	20%	12%
Characteristics	*New* programmes made in the UK	**64%**	39%	53%	53%	37%	23%	33%	61%	49%	39%	15%	20%	14%
Characteristics	New ideas and different approaches	**78%**	47%	60%	60%	44%	38%	52%	66%	57%	41%	34%	46%	23%
Characteristics	Think for themselves	**78%**	42%	60%	60%	32%	32%	47%	66%	59%	44%	31%	48%	23%
	Child wants to watch	**77%**	54%	68%	67%	51%	49%	75%	85%	72%	60%	77%	84%	77%

Key: 0 – 25% 26 – 50% 51 – 75% 76 – 100%

Source: Children's PSB Survey, April 2007. Note: % rating 10/9/8/7 for agreement with each statement. Parents of children aged 2-15.

5.2.5 The findings presented in this report reveal a decline in the total hours of first-run original programmes commissioned by the PSBs (Figure 8); and also demonstrate that PSB expenditure on first-run original content has almost halved from 1998 to 2006 (Figure 15). With this in mind, it is important to note that there is a large gap between parents' perception of the level of importance of, and their satisfaction with delivery of 'children's programming that shows a range of different cultures and opinions from around the UK'. Seventy-eight per cent of parents gave this aspect a high importance rating, whilst only 43% were satisfied with delivery by the PSBs taken as a whole. However, when all adults were asked these questions about PSB programming overall (Ofcom PSB Tracker, Q3 2007), this difference was significantly smaller (72% and 49%).

Figure 28: Parental views on: 'Its programmes show different kinds of cultures and opinions from around the UK'



Note: % rating 10/9/8/7.Base for importance and all PSB: 'All respondents' = 821; Parental reported child regular viewers of BBC One = 225, BBC Two = 57*, ITV1 = 167, Channel 4 = 88*, Five = 79*, CBeebies = 227, CBBC = 199, CITV = 82*, Nick = 109, Disney = 142, Cartoon Network = 124.

Source: Children's PSB Survey, April 2007

5.2.6 When evaluating overall satisfaction with PSB delivery of children's programming as a whole, 73% of parents said they were satisfied, of whom 13% were very satisfied and the remainder (60%) quite satisfied. This figure of 73% is most in line with the individual satisfaction scores for the BBC channels.

5.2.7 Satisfaction with PSB delivery varied greatly by individual channel and was highest for CBeebies (80%), followed by CBBC (76%), and BBC One (75%). These channels also scored consistently high in delivery of most of the purposes and characteristics individually. Around two-thirds of parents were satisfied with BBC Two (65%), and smaller proportions of parents were satisfied with ITV1 (58%), Five (54%) and Channel 4 (48%).

5.2.8 Satisfaction with PSB delivery as a whole varied by age group of child. Parents of pre-schoolers were most likely to think that the PSB channels taken together delivered the PSB purposes and characteristics as a whole (with 18% of parents very satisfied and 62% quite satisfied). Parents of young teenagers, on the other hand, were less satisfied with overall PSB delivery (14% of parents very satisfied and 54% quite satisfied).

Opinion Leader deliberative research

5.2.9 The deliberative workshops and focus groups managed by Opinion Leader found that parents and children saw television as fulfilling an important role, providing education, entertainment and relaxation. Of the issues explored in relation to children's programming, high-quality was key for parents and children alike, and over-rode factors such as channel and programme choice and UK-originated programmes.

5.2.10 Overall satisfaction with current provision differed by age group and by television platform (analogue terrestrial, digital terrestrial and cable/satellite). It was generally higher for pre-school than for older children's programming, and higher for those with cable and satellite television.

5.2.11 When asked specifically about PSB programming for children, parents felt it was very important. Parents of pre-school and younger children across all platforms felt well served by BBC One and Two, CBeebies, CBBC, and *Milkshake!* on Five. However, parents of older children and older children themselves felt there were a limited number of PSB programmes for this age group.

5.2.12 Wide availability of a range of high-quality channels and programmes was important to parents and children. Parents of pre-school children were generally happy with availability of channels and range of programmes, as were parents of younger children and younger children themselves. However, parents of older children and older children themselves in analogue and digital terrestrial households felt there was limited range and availability of programmes appealing to this age group. Some expressed the need for older children's programming in the early evening. Most parents and older children were also concerned about the number of repeats.

5.2.13 Parents and children also thought it was important to have a range of genres which appeal to children of different ages and genders; they were generally happy with current provision, but did raise some specific concerns. Parents wanted more factual programmes, which would help their children learn and develop. They also thought there was a lack of variety in drama programmes and said they would like to see more UK drama, especially for older children.

5.2.14 Country of origin was seen to be particularly important for drama and factual programmes, but less so for animation. Parents of older children and some older children themselves thought it was important to have UK programming, especially drama and factual, to reflect the lives of children in the UK, and said they would like to see more. Just over two-thirds of parents thought there was too little UK programming for children. However this was less of an issue for younger children.

5.2.15 Country of origin was the main area where there were differences in opinion between parents living in different parts of the UK. Parents in England, Scotland and Wales thought it was important to have a good range of programmes made in the UK, whereas parents in Northern Ireland thought it less important. Parents in Scotland, Northern Ireland and Wales (non-Welsh speakers who didn't watch S4C) recognised there were few children's programmes made or set in their nation and would ideally like to see more. In Wales, parents and children who watched S4C thought the children's programmes were of high quality, with a good range of genres for different ages.

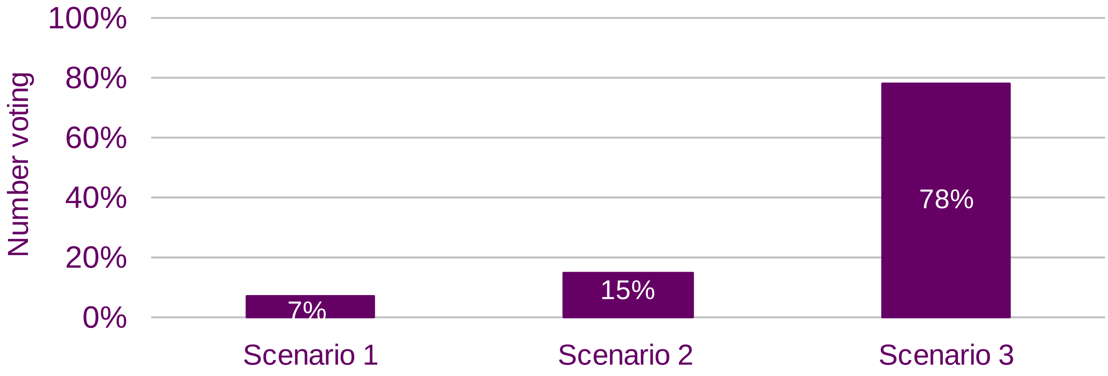
5.2.16 Although television was still important for young teenagers (13-15s), they now had access to a far wider range of media and non-media activities. Parents of young teenagers and young teenagers themselves, across all platforms, perceived there to be very few channels or programmes aimed at them. As a result, they watched programmes aimed either at adults or younger children. They thought there should be more provision for them, including sport, soaps, reality programmes, drama and music programmes.

5.2.17 When asked about future provision, parents wanted a more even balance of programmes from the UK and overseas. Some parents thought that there should be more programmes made in the UK for older children and some wanted fewer US dramas. These views were not always matched by children, who enjoy US drama.

5.2.18 In order to explore the issue of plurality of provision in the future, parents were asked to choose between three post digital switch-over scenarios, each delivering the same amount of children's PSB programming. Scenario 1 assumed that the BBC would be the sole provider of PSB programming. Scenario 2 assumed that alongside the BBC, a proportion of output of all commercial children's channels (and ITV1 and Five) would be dedicated to PSB programming. Scenario 3 assumed a new channel, alongside the BBC, dedicated to PSB programming for children.

5.2.19 The majority (78%) of parents preferred scenario 3 which was seen to be the option most likely to fill the perceived existing gaps in provision (PSB programming for older children and young teenagers), as well as offering the potential for tonally different PSB programming and reducing the perceived risk of complacency if the BBC were to be the sole provider of PSB children's programming. Parents clearly valued a range of different voices in delivering PSB programming.

Figure 29: Deliberative research scenarios straw poll results



Base = 137 parents of children aged 2-12, in scenario 3 the new channel would be provided free to air by an existing PSB broadcaster, or a new institution. Source: straw poll, deliberative workshops, Opinion Leader Research, 2007.

Section 6

Views of industry stakeholders

6.1 Introduction

6.1.1 To understand the various stakeholders' perspectives, we held a series of meetings seeking views on the current and future issues facing children's programming in the UK. We also held two 'round-table' meetings: with smaller production industry members; and with members of the academic community with an interest in children's media. These meetings were held between April and September 2007. We are seeking further views from stakeholders during the discussion period following publication of this report.

6.1.2 The findings from these sessions are set out in this section. A further analysis is contained in the Research Report.

6.2 Key findings

6.2.1 Stakeholders mainly concurred that children's programming is facing a difficult period of change at present, but opinions vary on whether this is a long-term structural change or a transitional 'crisis'.

6.2.2 Many members of the children's production industry think that there is a serious crisis in funding for children's production, following the reduction of ITV1's commitments. ITV1's spend reduction has had the most impact on funding for production, on co-production spend and on providing a major UK broadcast outlet for international programme sales. Some in the production industry do not believe that the commercial children's channels will commission a sufficient amount of UK-originated programming to fill the 'gap' left by ITV1. Others see this as an inevitable market adjustment.

6.2.3 Some in the production industry are also concerned that the BBC will be, by a long distance, the primary investor in children's programming, with subsequent implications for consolidation in the sector and plurality of commissioning and supply.

6.2.4 Broadcasters are facing an increasingly competitive market, with competition from alternative media activities for children's viewing overall, audience fragmentation and for share of viewing by adults against children's programme slots.

6.2.5 Most commercial children's channels in the UK are US-owned and most recognise that there is brand value associated with broadcasting UK-originated programming, provided it is economically viable. Often when producing UK-originated programming, the commercial children's channels will aim to distribute it back through their parent company on a global basis. Most commercial children's channels believe that the BBC should be the primary provider of PSB programming for children, but the reduction in commissioning by ITV1 means the market now has fewer opportunities for co-production with a UK terrestrial broadcaster.

6.2.6 Many stakeholders we met argued that high quality, UK-originated content is vital for British society and should reflect our language and culture, both at UK and a national and regional level. Some felt that the current range and quality of programming is not meeting these needs.

6.2.7 There is little consensus on what, if anything, needs to be done to address the challenges facing the industry. Opinions differ mainly between broadcasters and producers. However, many do advocate some form of intervention. A summary of the possible policy approaches suggested by stakeholders is set out below.

Figure 30: Stakeholder policy approaches to children's television

Maintain status quo	• This would involve leaving provision to the BBC, the commercial PSBs and the market under the current terms of the Communications Act. In practice this would essentially mean that the BBC is the major provider of new PSB programming for children in the UK. • One model might be for the BBC Trust to tighten the BBC's remit for children's programming in order to hold it to at least current levels of UK-originated children's programming. The central argument about this option is whether there should be plurality of broadcast providers, other than the BBC, in the provision of children's PSB content.
Broadcaster-based interventions	• This covers a number of possible models. One core idea is a dedicated fund, for the commissioning of children's programming available to broadcasters, with funding coming from a number of potential sources including the Government, lottery funding, the licence fee or a levy on broadcasters. • One feature of this model would be that the funding is tied to a broadcast distribution outlet. Another option suggested would be a fixed output quota for provision across all broadcasters with an interest in children's programming.
Production incentives	• Tax incentives for the production sector, similar to those used in other markets internationally, have also been suggested. • Pact, the trade association which represents the commercial interests of the independent production sector, has proposed a short-term producer tax credit to make up a minimum of 30% of production costs for programmes targeted at 5-12s and factual programming meeting a public service requirement. It is suggested that this would expire in 2012, or should any larger-scale PSB-wide intervention come into effect. • A production-based fund such as those models used in Canada and Australia has been suggested as another possibility.
Extending the remit of existing PSB institutions	• This option could include extending the remit of existing PSB institutions other than the BBC – including ITV1, Channel 4 and Five - to provide PSB programming for children. • As a main PSB competitor to the BBC, Channel 4's role was particularly mentioned by stakeholders in this context. Channel 4's current remit under the Communications Act relates to the provision of schools programming. This range of suggestions included extending the remit of Channel 4 to include the provision of original children's programming.
New institutions	• This suggested option would involve developing a new institution for the provision of children's programming such as a further dedicated PSB children's channel, funded from a number of sources (noted above). • The group Save Kids TV (a coalition of parents, producers, artists, educators and others concerned about screen-based media for children in the UK) has also recently proposed a new media service producing UK content, available online, on TV, via mobile and on demand, and are researching this model. • Ofcom proposed in its first PSB Review (2004-5), a new institution for PSB in the digital age called the public service publisher (PSP). Some stakeholders have suggested that if the PSP comes to fruition it could be used to deliver content to a new generation of children brought up with the internet and interactive media.

Section 7

The international perspective

7.1 Introduction

7.1.1 As part of the research evidence for our review of children's programming in the UK we looked at developments in this area internationally, surveying market trends and policy approaches around the world. Six countries were analysed in depth (France, Germany, Sweden, Canada, Australia and the US).

7.1.2 In Europe, we looked at France and Germany as these are the largest television markets elsewhere in the EU, comparable to the UK in size and composition, with PSB systems existing alongside the commercial television markets. We also looked at Sweden for a Scandinavian perspective and because, as in the UK, publicly-funded channels do not take advertising. Canada and Australia were selected as the major English-speaking markets; and we have also considered developments in the US, home of many global children's media brands. In addition we looked at policy approaches to children's television in another seven markets: Italy, Ireland, Spain, the Netherlands, Denmark, Norway and Japan.

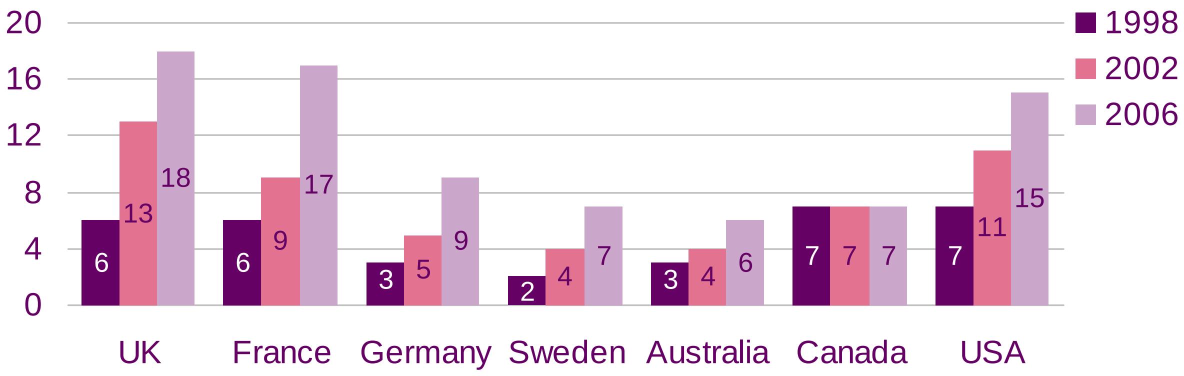
7.1.3 The Research Report contains a further comparative analysis of the approaches in these countries, and research annex E published online, *Children's programming, the international perspective*, contains the detail of our country-by-country analysis.

7.2 Key findings

7.2.1 Children's television markets internationally have been shaped by two underlying trends: the increase in multichannel penetration and the growing number and popularity of dedicated children's channels. In 2006, the vast majority of households in Germany (98%), Sweden (87%), Canada (81%) and the USA (86%) had multichannel television with over 80% take-up. The UK is now approaching these markets, with a 79% take-up rate, while multichannel penetration in France (46%) and Australia (41%) is lower.

7.2.2 In 2006, the UK had the highest number of dedicated children's channels among the countries surveyed, with 18 channels (excluding time-shifted channels). France had the second highest level of dedicated provision, with 17 channels, followed by the USA with 15.

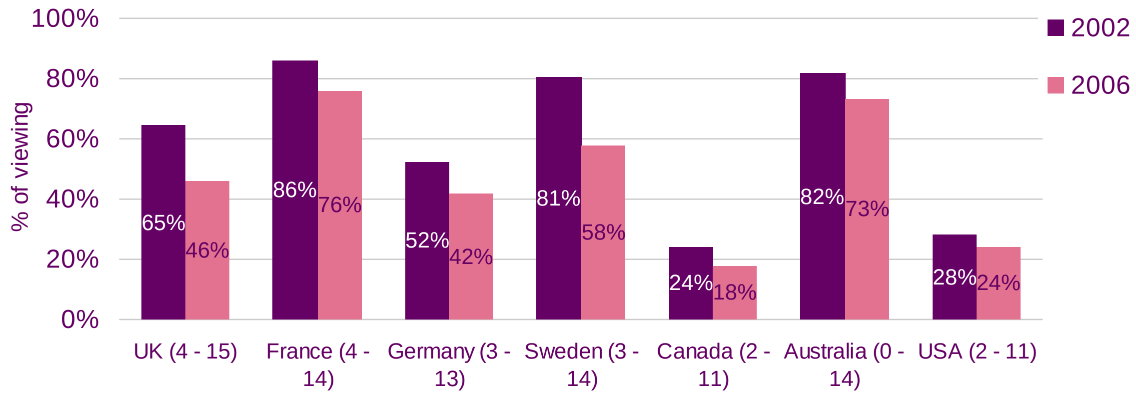
Figure 31: Growth in the number of dedicated children's channels



Source: Ofcom for UK data, other country data from Screen Digest – The Business of Children's Television (3rd edition). Note: data excludes +1 channels.

7.2.3 As the number of children's channels grows, viewing is migrating away from the main channels to dedicated outlets. The relative decline was highest in the UK, where children's viewing of the main five terrestrials fell by nearly a third between 2002 and 2006. The highest absolute decline, of 23 percentage points, was in Sweden. The declines were slowest in Canada and the USA – the two markets where dedicated channels have long dominated children's viewing.

Figure 32: Main channels' share of children's viewing



Source: BARB, Eurodata TV/ Médiamétrie – Médiamat/ AFG – GfK, / MMS Mediamätning I Skandinavien AB, CRTC/ BBM-Nielsen Media Research, ACMA/OZTAM, Eurodata TV / NMR USA

7.2.4 In countries with historically high multichannel penetration, dedicated channels dominate children's viewing, suggesting that this is the likely direction for the UK market. The top three dedicated children's channels accounted for 42% of all children's viewing in Germany and the USA in 2006, while in Canada 38% of children's viewing went to the top three children's outlets. In comparison, in the UK the top three dedicated children's channels (CBeebies, CBBC and Disney Channel) jointly attracted 8.5% of children's viewing in 2006).

7.2.5 The overall provision of children's programmes on the main channels in the UK (4,252 hours in 2006) is similar to that of France (4,191 hours) and above that of Germany (2,843 hours), Sweden (2,267 hours), Australia (3,968 hours) and the USA (3,723 hours).

7.2.6 The UK trend of declining children's output on the main commercial mixed-genre channels is echoed in other markets. In Germany, the main mixed-genre commercial outlets showed 46% fewer children's hours in 2006 (1,603 hours) than in 2001. In

France, commercial free-to-air channels reduced output by 22% since 2001, to 1,441 hours in 2005. Similar trends can be seen in Sweden and the USA. Despite a 12% fall since 2002, the UK had the highest level of provision to children on its main national commercial channels at 2,437 hours in 2006.

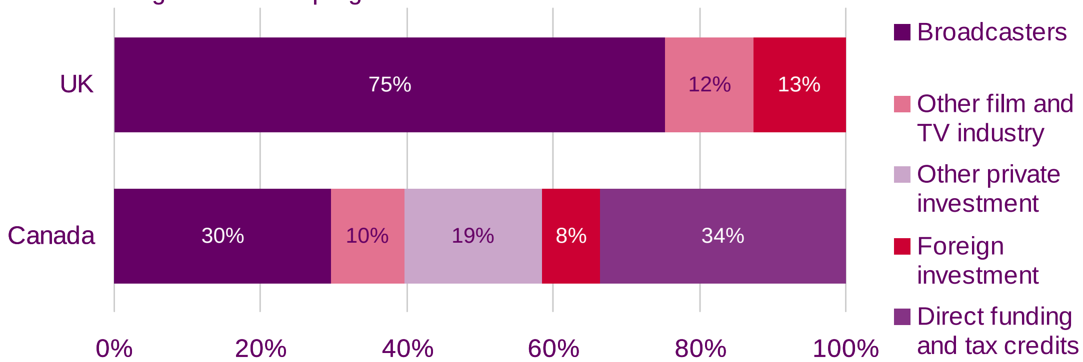
7.2.7 Broadcaster spend on children's television in the UK (£149m in 2006, excluding spend on repeats) was below estimated spend in the USA (£183m), but significantly above all other markets surveyed. Broadcasters in France (£74m) and Germany (£73m) are estimated to have spent half as much as UK broadcasters. Estimated broadcaster funding levels are lower in Canada (£43m), Australia (£38m) and Sweden (£16m).

7.2.8 UK broadcasters had a relatively high share of originations, accounting for 73% of the total broadcaster spend on children's television. This was below that of their US (80%) and Canadian (77%) counterparts but above that of German (71%), French (54%) and Swedish (52%) broadcasters.

7.2.9 Our data suggest that the children's production sector in the UK is more dependent on broadcaster funding (75% of funding in 2006 although this varies by sub-genre) compared to some other markets. For example, in Canada, only 30% of funding for children's programmes comes from broadcasters, with the rest accounted for by a combination of government funding, foreign and co-production spend, private investment and other industry funds.

Figure 33: Sources of funding for children's programming

% of total funding of children's programmes



Source: Ofcom, CTFPA

7.2.10 Our estimates show that the total amount of public funding (across all types of intervention including provision by public broadcasters) of children's television varies substantially between countries and is not directly linked to the range of interventions used. Spending on children's programmes (first-run, acquired and repeat) in the UK by the BBC and S4C (a total of £5.70 per child in 2006) was below the level of estimated public spend in Canada (£14.20 per child) and Sweden (£7.10) The UK spent more on children's programming per child than Australia (£4.80), France (£3.70) and Germany (£2.80).

Figure 34: Summary of children's television markets in key countries surveyed

	UK	France	Germany	Sweden	Australia	Canada	US
Children (m)	11.6m	12m	12.6m	1.4m	4m	5.7m	60.7
Multichannel penetration (% households)	79%	46%	98%	87%	41%	81%	86%

Main channels' share of children's viewing	46%	76%	42%	68%	73%	18%	24%
Children's output on main channels (hours)	4,252	4,191	2,274	2,267	3,968	n/a	3,723
Number of dedicated children's channels (includes publicly funded in brackets)	18 (2)	17 (1)	9 (1)	7 (1)	6	7	15 (1)
Broadcaster spend on children's content	£149m	£74m	£73m	£16m	£38m	£43m	£183m
Public spend on children's TV – total	£70m	£35m	£45m	£10m	£19m	£81m	<£0.5m
Public spend on children's TV – per child	£5.70	£3.70	£2.80	£7.10	£4.80	£14.20	£0.00

Note: Data are for latest year available (in most cases 2005 or 2006); reference points and sources are included in the section and more detail by country is provided in online research annex E

7.2.11 Three main types of public intervention are employed in the countries surveyed to support children's television: provision by publicly-funded broadcasters (i.e. those deriving the majority of funding from public sources); measures to support provision by commercial players via output and productions quotas; and government support via grants distributed by public agencies and/or tax benefits for production.

7.2.12 France, Australia and Canada employ a broad range of interventions to support domestic programme production –all three have output and production quotas in place alongside substantial direct funding and tax breaks supporting local production in addition to provision by publicly-funded broadcasters.

7.2.13 The USA, Ireland, Sweden and Spain use a combination of interventions, each underlined by specific policy goals. Guidelines for the amount of educational and informational programming for children are in place in the USA while in Sweden the largest commercial channel has an hours quota for children's output. In Ireland, direct funding and tax breaks are available to producers, while regional funding is available to producers in Spain.

7.2.14 Publicly-funded broadcasters are the main intervention mechanism supporting provision of children's programming in Germany, the Netherlands, Denmark and Norway. In these markets some regional funding is available to children's television producers, but overall amounts are small. Italy can also be included in this category although the mixed public-private model of funding for its public broadcaster RAI means that output and investment obligations for RAI in Italy fall in between public provision requirements and the typical requirements for commercial channels.

7.2.15 The motivations behind policy approaches in the countries examined vary substantially depending on regulatory goals and historical policy traditions. While most interventions support provision of locally-produced children's programming, the underlying rationale may be that of industrial support (e.g. animation funding in France), supporting cultural goals as part of broader cultural broadcasting policy (e.g. funding for Canadian content in Canada) or serving children's educational needs (e.g. educational content guidelines in the USA).

Figure 35: Summary of children's television policy approaches in countries surveyed

	UK	FRA	GER	SWE	USA	AUS	CAN	IRE	JAP	ITA	SPA	NED	DEN	NOR
Provision by public broadcasters	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Publicly-funded children's channels	✓	✓	✓	✓	✓					✓	✓			
Output quota		✓		✓	✓	✓	✓	✓	✓	✓				
Production quotas		✓				✓	✓			✓				
Substantial direct funding for children's		✓				✓	✓	✓			✓			
Tax breaks		✓				✓	✓							

Note: The USA guideline for three hours per week of educational and/or informational programming for children is not a formal requirement.

Section 8

Future prospects for children's programming

8.1 Introduction

8.1.1 Our research has highlighted some of the changes in broadcaster output and funding of children's television over the last decade and in children's media consumption habits. This section brings together these trends and looks at the future prospects for children's programming in the UK. We first set out the prospects for future business models in children's programming, looking at trends in broadcaster output and investment and changes in the production sector. We then examine relevant future demographic trends, likely trends in access to and use of media and viewing of children's programming.

8.1.2 This section draws from a range of sources. Historical trends presented earlier in this report are used as a foundation to understand their probable development. Discussions with stakeholders and information from industry events have also helped to inform us about the outlook for the sector and broadcasters' and producers' future plans. In addition, we commissioned a study of possible future scenarios for children's viewing up to 2012.

8.2 Key findings

8.2.1 The BBC has indicated its intention to maintain its commitment to children's provision on the main terrestrial channels, and via its digital channels and multimedia platforms. At the same time, the BBC has announced plans for further provision to young teenagers and enhanced provision for older children. However, the BBC children's department is reported to be receiving budget cuts of around 5% each year for the next five years, following across-the-board budget reductions at the BBC resulting from a lower licence fee settlement.

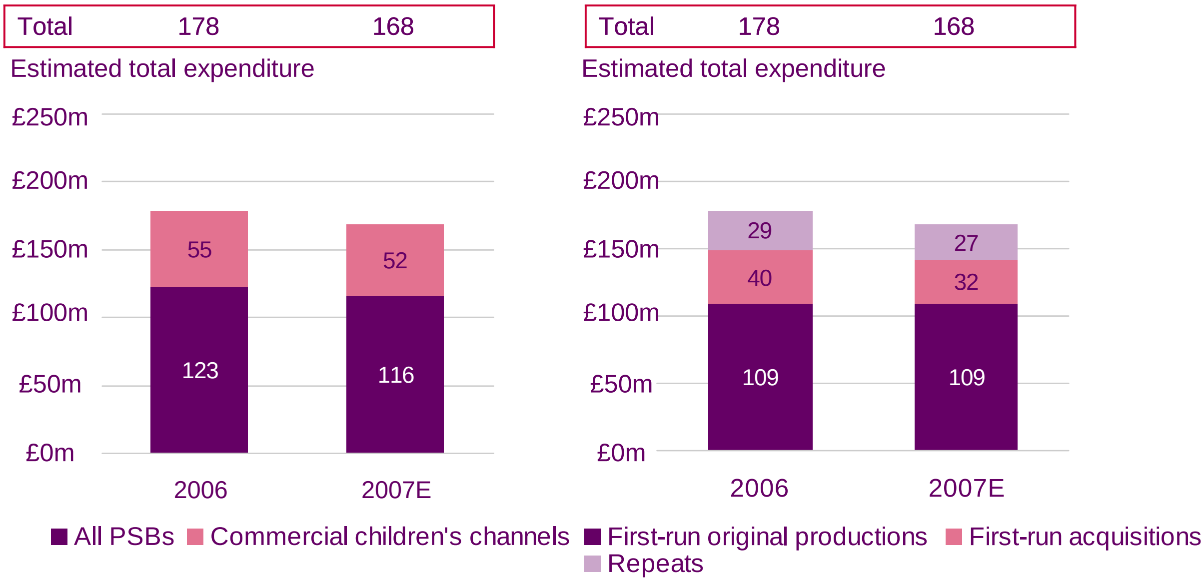
8.2.2 While data contained in this report show that total BBC hours and expenditure have increased between 1998 and 2006, its long term commitments to children's programming are by no means guaranteed; the BBC service licences do not reflect the BBC's current delivery of children's programming and the BBC could, at least in theory, reduce its output and spend significantly below current levels.

8.2.3 The commercial children's channels, despite being under commercial pressure, anticipate a moderate increase in investment in UK content. However, the ability to use programmes across a global network of channels is often a key goal of commercial children's channel production: some argue that this will affect the ability of these programmes, particularly drama, to reflect the UK's cultural values.

8.2.4 S4C is developing a digital-only service to extend the offer of its core children's slots. ITV1 is reducing provision in favour its dedicated children's channel, CITV, and has indicated it will continue broadcasting CITV as long as it remains commercially viable. Five is increasingly focusing on provision for younger children through its *Milkshake!* strand and is also broadcasting children's programming through Five Life.

8.2.5 Overall, in the short term, investment in original children's programming is likely to continue to decline but by a lesser margin than in previous years, with continued decline by commercial PSBs offset by an increase by the BBC. The BBC's expenditure in 2007 is likely to increase to 2005 levels, following a fall in 2006 due to phasing of spend and staff changes in the children's department.

Figure 36: Estimated total and first-run original programme expenditure 2007 (£m)



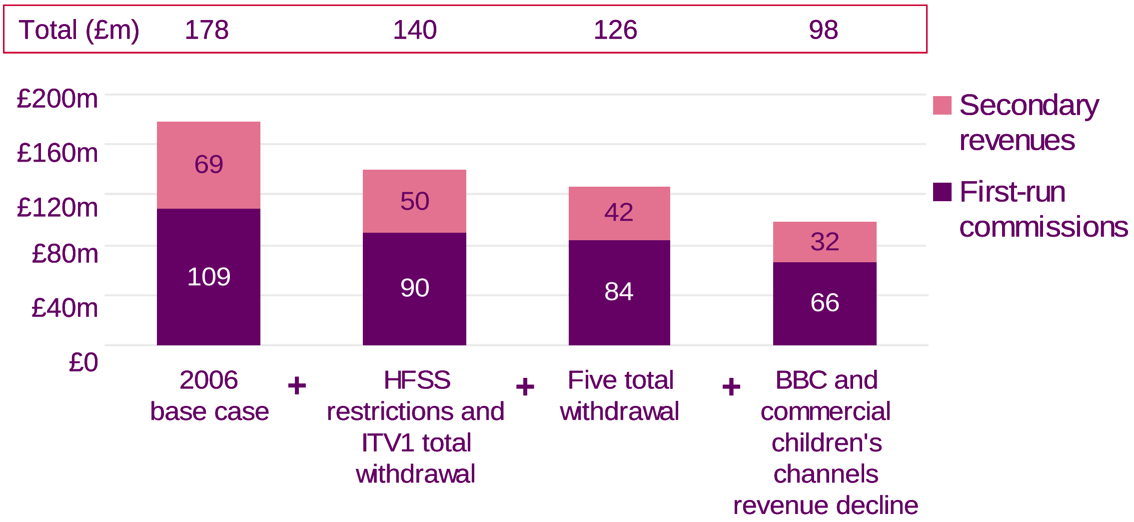
Source: Ofcom/broadcaster estimates

8.2.6 Oliver & Ohlbaum modelled a number of possible hypothetical scenarios to understand the impact on primary commissions and secondary exploitation revenues available for programme funding. The first scenario assumed the possible impact of ITV1's total withdrawal from commissioning and the HFSS restrictions.[13] The second assumed that Five ceases commissioning original children's programming. The final scenario assumed a decline in commissioning by the commercial children's channels, combined with a reduction in BBC commissioning of original productions by 20%.

8.2.7 Were all these scenarios to occur, a worst-case analysis indicates that funding for original children's programmes could fall by £40m from the 2006 base case (with commissioning spend for first-run original programmes falling from £109m to £66m). Funding for original factual and drama programmes is likely to be most affected by any decline in overall funding, as these programme sub-genres rely almost exclusively on commissions from broadcasters.

[13] After detailed analysis and consultation, Ofcom introduced measures to restrict the television advertising to children of food and drink products that are high in fat, salt and sugar (HFSS): these are being phased in from April 2007 to 2008. While the extent of the impact of these restrictions is not yet clear, the average revenue loss, after mitigation, for the PSBs in total has been estimated at 0.3% of total revenues (£7.3- 12.4m, of which £3.8 - £6.5 would be from children's airtime). Commercial children's channels' revenue loss was estimated at 4.7% (£4.6 - £6.0m). Further detail on these estimates, and definitions of children's airtime, can be found in http://www.ofcom.org.uk/consult/condocs/foodads_new/statement/ia.pdf

Figure 37: Cumulative impact of negative scenarios on programme funding



Source: Ofcom/broadcasters/Oliver & Ohlbaum

8.2.8 Under a best case scenario in which it was assumed that the BBC and commercial children's channels increase annual investment, this could increase annual spend in original children's programming by about £10m, with the majority of this coming from the BBC.

8.2.9 Interactive platforms including websites, IPTV-streamed or VoD services, present alternative models for the distribution of television-style content to children. In the future, audio-visual content aimed at children is likely to be available on more platforms, in more places and to more children.

8.2.10 However, funding models for production of content for these platforms are still being developed by industry and there are a number of challenges associated with them, including the difficulty of entering into direct contracts with children and the ability to monitor and target child audiences.

8.2.11 As a result, at least in the short term, new media distribution and production of video content is likely to continue to be to be associated with, and funded by, television broadcasters. Broadcasters are likely to use new media platforms to support TV brands and associated products (films, merchandise, games) rather than as a specific revenue centre. In the medium to long term, as interactive media availability and audiences increase, on-demand programming and new content may develop.

8.2.12 For pre-school, younger and older children, television is likely to remain the pre-eminent medium in the lead-up to digital switchover and beyond. While the internet and mobile phones are growing in use and importance for older children, television is also likely to remain the most important medium for that age group.

8.2.13 However, as access to multichannel television and other forms of media grows, not all children will have access to that content and those services. If children's content is publicly funded, it remains an important public service broadcasting characteristic that a large majority of citizens have the chance to watch it.

8.2.14 Linear television viewing among children 4-15 years is likely to continue to decline slowly, potentially due to children's continued increased usage of other media. Within this, the proportion of viewing to dedicated children's channels is likely to continue to increase slightly as more households convert to digital television.

8.2.15 Based on these trends, modelling of future viewing patterns up to 2012 indicates that the BBC is likely to retain its share of viewing in children's airtime overall, based on growth in share to CBBC and CBeebies, which counters decline in viewing of its children's programming on BBC One and Two. Children's viewing of children's programming on ITV1, Channel 4 and Five is likely to account for less than 1.5% of total share among children aged 4-15 years.

Section 9

Summary and conclusions

9.1 Introduction

9.1.1 In this section we draw together the findings from the research and consider: the implications for UK-originated programming; and the implications for provision of children's programming for different age groups – looking at pre-school children (2-5 year olds), younger children (6-8 year olds), older children (9-12 year olds) and young teenagers (13-15 year olds).

9.2 UK-originated programming

9.2.1 There are few commercial incentives on broadcasters to commission UK-originated children's programming, with business models for most of the children's sub-genres – pre-school, drama, factual, entertainment and animation – tending towards the acquisition of programming through global markets. As a result, future commercial provision of UK-originated content for children, particularly drama and factual programming reflecting the UK's social and cultural values, is in question.

9.2.2 This is demonstrated by a reduction in spend over time on first-run original children's programming. Despite a significant increase in the number of dedicated children's channels available, overall spend on first-run original programming across all broadcasters fell from an estimated £127m in real terms in 1998 to £109m in 2006 (14%). It peaked in 2002 at £163m but declined by one-third since then.

9.2.3 Spend on first-run original programming by the commercial PSBs – ITV1, GMTV, Channel 4 and Five - halved in real terms from 1998 to 2006. Spend by the BBC has increased between 1998 and 2006, reaching a peak in 2002, coinciding with the introduction of CBBC and CBeebies. Spend by the commercial children's channels – including Disney Channel, Nickelodeon, Cartoon Network and Jetix - remained relatively constant at approximately 10% of the total.

9.2.4 S4C spend has increased over this time, although it also peaked in 2002. It is now a significant commissioner of children's content in the UK, with total spend on Welsh language programmes for children in 2006 at £9m, or 10% of total expenditure in the UK. Welsh speaking children represent approximately 2% of all children in the UK.

9.2.5 Commercial children's channels are generally active in producing UK-originated programming. However, global sales of UK programmes are often a key goal in their production strategies and some argue that this has an impact on the ability of such programmes commissioned, particularly drama, to reflect the UK's cultural values.

9.2.6 According to stakeholders in the production sector, ITV1's spend reduction has had the most impact on funding for production, on co-production spend and on providing a major UK broadcast outlet for international programme sales.

9.2.7 The decline in commercial spend on first-run original children's programming has also had an impact on the role of the BBC. In 1998 the BBC contributed 40% of overall spend on first-run original programming and the commercial PSBs contributed 52%. By 2006, the BBC's contribution had risen to 57% with the commercial PSBs down to 33%.

9.2.8 While the BBC has always been the cornerstone provider of PSB programming for children in the UK, the importance of its role is increasing as spend on UK original children's programming by commercial PSBs declines. This raises the broader issue of plurality of providers of PSB programming for children. Parents value provision from a range of different voices.

9.2.9 However, the BBC's commitment to children's programming, expressed in the BBC service licences, do not reflect the BBC's current delivery of children's programming and the BBC could, at least in theory, reduce its output significantly below current levels.

9.2.10 With ITV1 commissioning significantly reduced and the BBC's growing role as the main commissioner of new material, together with the likely trend towards fewer, larger independent producers in the sector, there are possible implications for the location of children's production centres. Production seems likely to be centred in London, the North West of England (with BBC children's moving to Salford), Scotland (BBC Scotland in-house production) and Wales (through S4C).

9.3 Views of parents

9.3.1 Our Children's PSB Survey found that there is a large gap between parents' perception of the level of importance of, and their satisfaction with delivery of 'children's programming that shows a range of different cultures and opinions from around the UK'. Seventy-eight per cent of parents gave this aspect a high importance rating, whilst only 43% were satisfied with delivery by the PSBs taken as a whole. However, when all adults were asked these questions about PSB programming overall, this difference was significantly smaller (72% and 49%).

9.3.2 Opinion Leader deliberative research undertaken for this review also found that delivery of PSB children's programmes was important to parents. In all cases, but particularly in households with access to digital terrestrial television, the satisfaction of parents and children is associated with satisfaction with the BBC digital channels, and provision of UK original content currently relies heavily on provision by the BBC. Parents saw value in having PSB programming with a different tone of voice to the BBC.

9.3.3 Parents in Scotland, Northern Ireland and Wales (non-Welsh speakers) recognised that there are few programmes for children that are set in their nation and would ideally like to see more. In Wales, parents and children who watched S4C thought that the children's programmes were of high quality with a good range of genres for different ages.

9.4 Findings by age group

9.4.1 PSB for children has sometimes been described as a 'microcosm' of PSB as a whole. Children's programming comprises a range of sub-genres: drama, factual, animation, entertainment and pre-school. It meets the needs of a range of age groups within its audience, with children's needs, tastes and behaviour changing significantly as they grow older. Without disaggregating the children's market by age group and by sub-genre, it is difficult to understand the full nature of the current trends.

9.4.2 Recognising this, we have looked at the impact of these changes from the perspective of four different age groups to try to understand the issues in more detail. Our findings are as follows.

Provision of children's programming for pre-school children (2-5 year olds)

Pre-school children are currently well served by current programming. This view is supported by parents of pre-school children; however, there are some concerns about the future range and volume of UK original programming for pre-school children

- The overall volume of provision of pre-school programming across all channels has grown since 1998. The BBC slots (on BBC One and BBC Two), CBeebies and Five's *Milkshake!* slot represent core provision for pre-school children by the PSBs. There are also some dedicated children's channels catering specifically for pre-school children including Nick Jr. and Playhouse Disney.
- However, first-run UK original pre-school programming has declined since 1998. In 1998, the PSBs broadcast 220 hours of first-run original pre-school programming. This increased in 2002 as a result of the launch of CBeebies, but has fallen again to 132 hours in 2006.
- For broadcasters, pre-school programming is appealing to commission because they are able to contribute less of the budget (typically 25%) to producers compared with other sub-genres of programming. Pre-school programming is more resilient in terms of advertising revenues, as parents are target viewers. Notably, many recent multi-channel launches have been targeted at pre-school (Tiny Pop, Baby First TV and Cartoonito).
- For producers, pre-school programmes taken as a whole also have more potential make a better commercial return than other children's sub-genres. Producers are able to secure initial funding and broadcast of pre-school programmes are more likely to benefit from secondary revenues than with other sub-genres. However, it is generally accepted in the industry that these revenues are highly dependent on securing a broadcast window for content on a widely viewed channel.
- Levels of satisfaction with current PSB pre-school programming are relatively high. Ofcom's Children's PSB Survey shows that parents of pre-school children (80%) were the most likely to be satisfied with PSB delivery of children's programming as a whole (with 18% very satisfied and 62% quite satisfied). Parents of pre-school children were more likely to think that Five, CBeebies, CBBC and BBC Two delivered the PSB purposes and characteristics well, compared to parents of older children.
- The Opinion Leader deliberative research also supports this. Parents of pre-school children across all platforms feel well served by BBC One and Two, CBeebies, CBBC and *Milkshake!* on Five. These are seen by parents to offer a variety of high quality programmes providing a range of sub-genres, a balance of UK vs. imported programmes, and to deliver the PSB purposes and characteristics. Parents also think that Nick Jr. and Playhouse Disney provide high quality, engaging programming for pre-school children.
- In the future, range within pre-school programming (which itself is difficult to measure but includes sub-genres like drama, factual, animation and entertainment programming) may become a concern if more funding is required from outside the broadcaster and may lead to reliance on sub-genres with greater potential for commercial exploitation or global sales such as animation. There may be less live action, presenter-led programming commissioned as a result.

Provision of children's programming for younger children (6-8 year olds)

Younger children are broadly well served by current programming, but levels of satisfaction of parents and children are dependent on the type of television they have access to, whether it be analogue, digital terrestrial or cable or satellite pay television.

- Television remains an important medium for children in this age group. For 5-7 year olds, watching TV is the media activity they do most regularly, with 95% watching it almost every day. Their next most regularly-used medium is playing computer or video games (42% report they do this almost every day).
- When they watch TV, children of this age group tend to prefer cartoons. Forty-seven per cent of children's viewing of children's programming by 7-9 years olds is of the cartoon sub-genre. This also reflects the wide availability of this content. In 2006, 61% of all children's programming.
- The Children's PSB Survey demonstrated that levels of satisfaction with delivery of the PSB purposes and characteristics by the PSB channels as a whole among parents of 6-9 year olds are slightly lower than levels of satisfaction among pre-school parents (71% - 11% very satisfied and 60% quite satisfied - compared to 80% among pre-school parents).
- The Opinion Leader deliberative research shows that both parents and children perceive TV as playing an important role in their lives, providing a combination of education, entertainment and relaxation. However, levels of satisfaction with current provision vary by platform.
- In analogue households, there is concern among parents and children that there is a limited range of programming available overall.
- In digital terrestrial households parents and children are currently satisfied with the range of programming provided by CBBC and CITV. However, there is some concern at the older end of this age group about availability of children's programming in the early evening when the children are most likely to watch TV.
- In cable and satellite households, parents, and children in this age group, are broadly satisfied with the current supply and range of programming available to them. However, some parents would like to see more factual programmes.
- Parents are less concerned about the country of origin of programming for children of this age group, primarily because animation has the highest appeal and the origin of this sub-genre is seen as less important.

Provision of children's programming for older children (9-12 year olds)

There are significant reasons for concern about provision of a wide range of high quality and original programming for **older children**, particularly provision of original UK drama and factual programming and availability of relevant programming at times children want to watch.

- Evidence suggests that there are a number of key areas for concern regarding provision for this age group, particularly provision of first-run original UK drama and factual programming.
- Changes in media consumption habits start to become evident among this age group. TV is still the most popular activity, with 93% of 8-11 year olds watching it almost every day. Computer games are the next most popular activity with 56% using these almost every day.
- For 10-12 year olds, cartoons remain the most popular children's sub-genre (with 42% of viewing). However, drama increases in importance and comprises 30% of viewing of children's programmes (compared to 20% of viewing among 7-9 year olds and 10% for 4-6 year olds).
- The Opinion Leader deliberative research demonstrates that while the quality of UK drama available overall is appreciated by parents and children, there is concern, especially among parents of children over the age of 8, that there is a lack of drama reflecting UK culture and values. Parents also feel there is limited range of factual programming across all platforms.
- This concern about factual programming is likely to be linked to the fact that the BBC is now the major broadcaster commissioning factual programmes and, following the closure of Discovery Kids in 2007, there is very little provision by the commercial children's channels.
- The Opinion Leader deliberative research shows that parents see country of origin as a more important issue for drama and factual programmes for children aged over 8 compared to younger children. They feel it is important to enable children to appreciate the range and richness of their culture across the UK. However, this is of less importance to children.
- Of all the children's sub-genres analysed, drama and factual programmes are the least economically viable programmes to produce, relying on a greater proportion of the production budget to be contributed by broadcasters.
- Broadcasters are expected to contribute almost all the budget for production of drama and factual programming, often with a fee for production built in above costs. UK original drama tends to be a high-cost genre and is unlikely to be supported by the budgets of the commercial children's channels without some potential for global distribution. Factual programmes tend to be less expensive to produce but do not have the exportability, repeatability or secondary revenues of other children's sub-genres. The BBC tends to be the main commissioner of factual programming.
- The Children's PSB Survey shows that 72% (9% very satisfied, 63% quite satisfied) of parents of children in this age group feel that the PSB channels, taken together, deliver the PSB purposes and characteristics (compared to 80% for parents of pre-school children and 71% among parents of younger children).
- The Opinion Leader deliberative research suggests that there is concern about the limited overall quantity and range of programming aimed at this age group on analogue and digital terrestrial platforms. There is also a particular concern among all

parents that there is a limited range of PSB programming specifically aimed at older children across all platforms.

- In analogue and digital terrestrial households, there is limited children's programming available for this age group at the times when these children most want to watch television (between 7 and 9pm).

Provision of programming for young teenagers (13-15 year olds)

There is least satisfaction with delivery of content to **young teenagers** who find that they rely either on programming aimed at younger children or on general adult output.

- It has long been the case that there has been less broadcast output specifically aimed at young teenagers, who largely watch 'aspirational' programming aimed at adults (or, less frequently, watch programmes aimed at younger children).
- This age group has seen the most dramatic change in its media consumption habits. While television is still popular, regular use of the internet is at its highest among young teenagers, compared to other age groups. Mobile phones have overtaken television as the media activity that 12-15 year olds would miss the most, and the internet is not far behind. Internet use leaps to 10.5 hours per week among 12-15 year olds.
- However, the results of our Children's PSB Survey and the Opinion Leader deliberative research indicate that there may be a role for further provision of content to this age group. The Children's PSB Survey shows that there is the least satisfaction with delivery of PSB programming to this age group, with 13% of parents of this age group very satisfied and 54% quite satisfied with overall delivery of the PSB purposes and characteristics.
- Through the Opinion Leader deliberative research, young teenagers themselves expressed a desire to have some programming aimed at them. Given the changing behaviours of this age group, there was a general acceptance that this could be provided via alternative platforms to television.

Section 10

Questions for discussion

10.1 Addressing these findings

10.1.1 The provision of a wide range of high quality and original programmes for children and young people is a matter of concern to Ofcom. The findings identified in this review are important and need to be addressed because they demonstrate that the public purpose relating to children's programming set out in the Communications Act 2003 is not being met in some areas.

10.1.2 As previously noted, through the course of undertaking this research, there has been public debate about what policy options might be the most appropriate to address the issues at stake. Some of these options have also been raised by stakeholders during our discussions with them. These options and the merits and drawbacks of some of them, as explained to us by stakeholders, are set out earlier in this paper. Stakeholders have also often referred to policy approaches used in international markets and so we undertook a survey of approaches in France, Germany, Sweden, Canada, Australia and the USA. The findings from this survey are set out in Section 7, The international perspective.

10.1.3 We are seeking stakeholder views on the appropriateness of any, or all, of these potential policy approaches. Ofcom is keen to hear these views for two reasons. First, because they will inform our thinking on the best way to address the issues identified in this report in relation to children's programming. Second, because the debate reflects in miniature the issues facing PSB across all genres and responses will therefore be used to inform our thinking about PSB as a whole.

10.1.4 There are some arguments to suggest that the policy approach to children's programming may need to be different to the policy approach taken to PSB overall. There are some features of the children's market that differentiate it from the wider UK television, including the small size of the children's audience, and limitations on advertising to this audience. And this audience, as future citizens of the UK, has special needs.

10.1.5 However, there are other issues that are consistent with the overall provision of PSB in the UK. These include the relatively high cost of provision of UK-originated programming, compared to programming acquired through global markets; the importance of plurality of broadcast providers of PSB programming, other than the BBC; and whether there are other institutions or mechanisms that might be more appropriate to deliver high quality original content in the future.

10.2 Questions for discussion

10.2.1 We therefore invite stakeholders to respond to the following questions. Although not a formal consultation, we welcome responses on the following questions by 20 December 2007. Details on how to respond are set out in Annex 1.

On the findings

1. Do you have any comments on the general analysis and conclusions of the report?

On the policy approaches suggested by stakeholders (Figure 30)

2. Of the policy approaches suggested by stakeholders, which, if any, do you consider the most appropriate to address the conclusions made in this report?

3. If they are appropriate, should any of the policy approaches be tailored to different age groups (for example to pre-school, younger children, older children and young teenagers), or to different types of children's programming (like drama, factual, entertainment and animation)?

On the questions for the second public service television broadcasting review

4. What is the role and importance of UK-originated programming for children?

5. What is the role and importance of plurality in the provision of children's programming?

6. Should further consideration be given to provision of public service content for children over platforms other than linear television?

7. Does the policy approach for children's programming need to be different to the policy approach taken to public service broadcasting overall?

10.3 Timing

10.3.1 The next steps in *The future of children's programming* and the links with the *PSB Review*, are as follows:

Stakeholder discussion period closes	20 December 2007
Phase 1 PSB Review published outlining proposals for planned approach to children's programming in the context of the PSB Review	spring 2008
Phase 2 PSB Review published (policy options)	early Autumn 2008
Final PSB Review statement	early 2009

Annex 1

Responding to this document

How to respond

A1.1 This document does not represent part of a formal consultation process as it does not include any proposals. However, Ofcom invites written views and comments on the issues raised in this document, to be made by **5pm on 20 December 2007**.

A1.2 Please send your responses by email to children.review@ofcom.org.uk

A1.3 Note that we do not need a hard copy in addition to an electronic version. Ofcom will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.

Further information

A1.4 If you want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact James Thickett, Project Director, at james.thickett@ofcom.org.uk or Louise Banyard, Project Manager, at louise.banyard@ofcom.org.uk.

Confidentiality

A1.5 We believe it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, www.ofcom.org.uk, ideally on receipt.

A1.6 All comments will be treated as non-confidential unless respondents specify that part or all of the response is confidential and should not be disclosed. Please place any confidential parts of a response in a separate annex so that non-confidential parts may be published along with the respondent's identity.

A1.7 Ofcom reserves its power to disclose any information it receives where this is required to facilitate the carrying out of its statutory function.

A1.8 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's approach on intellectual property rights is explained further on its website at http://www.ofcom.org.uk/about/accoun/disclaimer/

Next steps

A1.9 Following the end of the discussion period, Ofcom intends to publish a statement in spring 2008 through Phase 1 of the PSB Review (2007-9).

A1.10 Please note that you can register to receive free mail updates alerting you to the publication of relevant Ofcom documents. For more details please see: http://www.ofcom.org.uk/static/subscribe/select_list.htm

Annex 2

Glossary

Acquired programmes These are purchased or bought-in programmes which have not been produced or commissioned by the broadcaster.

Analogue terrestrial television (ATT) The television broadcast standard that all television industries launched with.

BARB The pan-industry body that measures television viewing (Broadcasters' Audience Research Board).

Children's PSB Survey quantitative survey conducted by GFK NOP Media on children's PSB provision among parents of children aged 2-15 years.

Commercial children's channels Commercial channels dedicated to the broadcast of children's content (does not included CBBC and CBeebies). Channels available in 2007 are listed in Section 2 of the Research Report, *Broadcaster output*.

Commercial PSBs for the purposes of this report are ITV1, GMTV, Channel 4 and Five.

Dedicated children's channels All channels dedicated to the broadcast of children's content (includes CBBC and CBeebies).

Deliberative research workshops and focus groups held across the UK for this research to explore in detail the views of parents and children on a range of issues on children's programming, managed by Opinion Leader Research.

Digital terrestrial television (DTT) Means digital television which is currently most commonly delivered through the Freeview service.

First-run original First-run original programmes are defined as transmissions first shown in the UK on that channel.

Original programmes These are programmes which are commissioned from the broadcasters in-house facilities or commissioned from independent production companies.

Pact The trade association which represents the commercial interests of the independent production sector.

PSB Public service broadcasting.

PSB channels BBC One, BBC Two, ITV1, GMTV, Channel 4, Five, S4C, CBBC, CBeebies.

PSB main channels BBC One, BBC Two, ITV1, GMTV, Channel 4, Five, S4C.

PSB purposes and characteristics are features of programming set out by Ofcom in its 2004 PSB Review which are used to measure how well public service programming is being delivered by the public service broadcasters. They are set out at in Section 1, *Setting the scene*.

PSB Review (2004-5) Ofcom's first statutory review into public service television broadcasting undertaken in 2004-5.

PSB Review (2007-9) Ofcom's second statutory review into public service television broadcasting, the terms of reference for which were published on 11 September 2007.

PSP Public service publisher, proposed by Ofcom in its first PSB Review (2004-5) as a possible new institution for PSB in the digital age.

Repeats Are second and subsequent broadcasts of the same programme on that channel are counted as repeats. Programmes that are simulcast on two channels at the same time are only counted once. Programmes which were first shown on one channel and then re-broadcast on another channel are counted as repeats for the first showing on the second channel. Within a channel group, for example the BBC, a programme shown first on CBBC and subsequently on BBC Two is considered a repeat on BBC Two. Repeat levels on BBC One and BBC Two are affected by premiering shows on the digital channels.

Sub-genres The types of children's programmes: pre-school, drama, factual, entertainment and animation.

WOCC The BBC's Window of Creative Competition under which 50% of BBC programming is guaranteed to be in-house programming, 25% is subject to an independent production quota and the remaining 25% is open to competition between in-house and external producers for commissions.