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# BBC Children's news and first-run UK originations

## Statement on the BBC's request to change its Operating Licence

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[BBC Children's news and first-run UK originations](#) – Welsh overview

**STATEMENT:**

Publication Date: 28 July 2020

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# 1. Overview

**This document explains Ofcom’s final decisions following a request by the BBC to change its Operating Licence to allow it to meet its news and new content commitments for children by increasing its online provision. This follows a consultation setting out our provisional views, which we published in November 2019.**

Our research shows that children are increasingly consuming content online, while the reach of linear television on the TV set among children is continuing to decline.<sup>1</sup> In April-May 2020, during lockdown, linear viewing saw a resurgence among children, but it is already falling again.<sup>2</sup> Given these changes, the BBC must innovate and adapt its approach in order to stay relevant to its youngest audiences.

In Ofcom’s most recent Annual Report on the BBC<sup>3</sup>, we said that the BBC needs to work harder to reach young people by making content that appeals to them and ensuring that it is readily available where they want it. If younger audiences don’t engage with the BBC, then public support for the licence fee could be eroded, which is a significant risk to the future sustainability of the BBC. We recognise that the BBC’s plans to enhance its online offering are designed to combat these challenges and better engage with younger audiences. We have previously been clear that the Operating Licence will need to evolve, as people’s viewing and listening habits change. This will ensure that it remains effective at holding the BBC to account whilst allowing it enough flexibility to innovate with its programming and services.

In reaching our final decisions on the BBC’s proposals, we have carefully considered all feedback in response to our consultation. We have also considered the impact of the Covid-19 crisis on the proposals.

Finally, we have taken into account the potential impact of the BBC’s proposed changes on audiences and on fair and effective competition, as well as how they will contribute to the delivery of its mission and public purposes and the provision of distinctive output.

We note that we had intended to take our decision earlier in the year to allow for the changes to come into effect for 1 April 2020, the start of our 2020/21 reporting period for the BBC. However, we decided to delay making this decision because Ofcom decided to put all non-essential decisions and consultations on hold at the beginning of lockdown. Separately, the BBC announced its intention to retain its current children’s news schedule throughout the beginning of lockdown.

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<sup>1</sup> [Ofcom’s Children and parents: Media use and attitudes report 2019](#) found that 80% of children aged 5-15 watch some form of video-on-demand content, doubling from 44% in 2015. By comparison, three quarters of 5-15 watch linear TV. Figures from BARB show that viewing among children aged 4-15 declined in 2018 by over an hour since 2017, and 2019 saw a continuation of this decline.

<sup>2</sup> Figures from BARB show that among all children 4-15 weekly reach has continued to decline since 2019, falling from 83.7% to 82.8% in January to May 2020.

<sup>3</sup> 2019, Ofcom. [Ofcom’s annual report on the BBC](#).

## **What we have decided – in brief**

**We maintain that it makes sense for the BBC to provide more of its children’s content online.** We consider that, given shifts in the way children are consuming media, this could help the BBC to engage better with its younger audiences, who will be critical to its future success. The evidence that we have is that the trends identified have continued during the Covid-19 crisis.<sup>4</sup>

**We have therefore decided to accept the BBC’s request for changes to its Operating Licence, but with important additional safeguards.** These will ensure that the BBC maintains the quality of its children’s output across its platforms and monitors properly the impact of its online plans.

**In summary, we have decided to make the following changes to the BBC’s Operating Licence to:**

- Accept the BBC’s requests to reduce the minimum amount of news it is required to broadcast on CBBC from 85 hours to 35 hours per year and to allow it to show news once each day rather than at intervals throughout the day.
- Introduce a new condition which will require the BBC to provide daily children’s news online through content which is: delivered in a range of different formats; covers a broad range of topics; and features in-depth news and analysis. This will ensure that the BBC enhances the breadth and depth of its online news offering for children.
- Accept the BBC’s request to reduce the first-run UK originations quota for children’s content on CBBC from 400 to 350 hours. This is to take account of the agreed 50-hour reduction in the number of hours of children’s linear news broadcast on CBBC.
- Accept the BBC’s request to amend the definition of first-run UK originations to enable it to count children’s content which is commissioned especially for, or made available only on, BBC iPlayer, towards its children’s first-run UK originations quotas.
- Introduce new licence requirements to ensure at least half of the first-run UK originated pre-teen and pre-school content the BBC is required to provide is shown on the CBBC and CBeebies linear channels. This could be before, or after, the content is initially shown on BBC iPlayer. These requirements are a safeguard to ensure that the BBC’s linear channels continue to show first run UK originated content.

**We have reflected on the implications of the Covid-19 crisis in our decisions.** Despite the unique circumstances brought on by the crisis, the fundamental reasons for making these changes remain.

**We will monitor the impact of these changes closely and add new metrics to our BBC performance measurement framework.** This will allow us to check that the benefits to younger audiences that we have identified are realised and ensure that the potential risks are guarded against.

**Should we have concerns about the BBC’s performance in delivering for children in future, we would take appropriate steps to ensure it meets its obligations under the Charter and the Agreement.** These steps may include imposing more prescriptive requirements in the BBC’s Operating Licence.

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<sup>4</sup> The BBC told us that the Newsround website had two of its highest weeks during lockdown, while viewing to the bulletins continued to fall. Viewing to the CBBC channel also fell, whilst consumption of children’s content on BBC iPlayer increased.

The overview section in this document is a simplified high-level summary only. The decisions we have taken and our reasoning are set out in the full document.

## 2. Background

### The BBC's request

- 2.1 The BBC submitted a request to Ofcom for changes to be made to its Operating Licence in relation to its services for children (the Request). A non-confidential version of the Request is available on our website.<sup>5</sup>
- 2.2 The BBC first submitted a version of this Request to Ofcom in July 2019. To inform our assessment of the Request, we asked the BBC to provide more detailed information than it initially had, through a series of exchanges. The BBC submitted an updated version of the Request in November 2019 to take account of the further information it had provided.
- 2.3 In summary, the BBC asked for the following changes to be made to its Operating Licence:
- a) a reduction in the amount of children's news that it is required to broadcast on CBBC, and how often it is required to do so each day, and a new requirement for the delivery of children's news online;
  - b) a change to the definition of first-run UK originations<sup>6</sup>, to allow pre-teen children's and pre-school children's content broadcast only on BBC iPlayer and content commissioned for BBC iPlayer to count towards the first-run UK originations quotas for children's programming; and
  - c) a reduction in the first-run UK originations quota for CBBC to take account of the proposed reduction in the number of hours of children's news broadcast on CBBC.
- 2.4 The existing Operating Licence requirements that the BBC would like to change, and the changes that we have decided to make in light of the Request, are set out in Annex 1.

### Our approach

- 2.5 As part of our regulation of the BBC, we are required under the Charter<sup>7</sup> and Agreement<sup>8</sup> to set an Operating Licence for the BBC. The Operating Licence contains a set of regulatory conditions which we consider appropriate to secure that the BBC fulfils its mission<sup>9</sup> and public purposes<sup>10</sup>, to secure the provision of distinctive output and services and to secure

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<sup>5</sup> [The BBC's request to Ofcom for changes to its Operating Licence.](#)

<sup>6</sup> First-run UK originations are programmes which are commissioned by or for a BBC television service and have not previously been shown on television in the UK.

<sup>7</sup> [The Charter.](#)

<sup>8</sup> [The Agreement.](#)

<sup>9</sup> The BBC's mission is to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain (article 5 of the Charter).

<sup>10</sup> The Public Purposes of the BBC are 1) to provide impartial news and information to help people understand and engage with the world around them; 2) to support learning for people of all ages; 3) to show the most creative, highest quality and distinctive output and services; 4) to reflect, represent and serve the diverse communities of all of the UK's nations and regions and, in doing so, support the creative economy across the UK; and 5) to reflect the UK, its culture and values to the world (article 6 of the Charter).

that audiences across the UK are well served.<sup>11</sup> We issued the first Operating Licence in October 2017<sup>12</sup> and it has been subsequently amended on several occasions.<sup>13</sup>

- 2.6 We have the power to amend the Operating Licence following consultation with the BBC and any person we consider appropriate. The operating framework for BBC regulation includes the ‘Procedures for setting and amending the Operating Licence’ (the Procedures)<sup>14</sup>, which explain how we set and administer the Operating Licence regime and the procedures to be followed.
- 2.7 We recognise that the BBC needs to be able to evolve and innovate to meet its requirements – in particular, to deliver the mission and public purposes – as audiences’ consumption habits and patterns change, and that this may involve needing to make changes to the Operating Licence. As set out in the Procedures, when we consider variations to the Operating Licence we do so within the framework of the relevant legal and regulatory requirements.<sup>15</sup>
- 2.8 Ofcom has a legal duty to carry out impact assessments where our policy decisions are likely to have a significant effect on businesses or the public, or when there is a major change in Ofcom’s activities.<sup>16</sup> The analysis set out in this document, along with the consultation document, includes such an impact assessment for the purposes of the relevant duties imposed on Ofcom.
- 2.9 In reaching our view on the Request we have considered the impact on children, the BBC’s delivery of its mission and public purposes, and other providers of children’s news and children’s content. This includes considering the likely impact of the proposed variations on the distinctiveness of the BBC’s services.<sup>17</sup> In compliance with our general duties under the Communications Act 2003 (the Act)<sup>18</sup> and our duty under the Charter<sup>19</sup> to have regard where relevant to the desirability of protecting fair and effective competition in the UK, we have also considered the potential impact of the BBC’s proposed changes on fair and effective competition. Proposals that negatively affect fair and effective competition can

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<sup>11</sup> Article 46(3) of the Charter.

<sup>12</sup> Ofcom, 2017 (updated 2020). [Operating licence for the BBC’s UK Public Services](#).

<sup>13</sup> For changes to the Operating Licence see [The Operating Framework webpage](#).

<sup>14</sup> Ofcom, 2017. [Holding the BBC to account for delivering for audiences: Procedures for setting and amending the operating licence](#).

<sup>15</sup> 2019, Ofcom. [BBC Children’s news and first-run UK originations: Consultation on the BBC’s request to change its Operating Licence](#). See Annex 2 Legal framework.

<sup>16</sup> Section 7 of the Communications Act 2003 (the Act).

<sup>17</sup> Paragraph 1(2) of Schedule 2 to the Agreement states that distinctive output and services means “output and services, taken as a whole, that are substantially different to other comparable providers across each and every UK Public Service both in peak time and overall, and on television, radio and online, in terms of- (a) the mix of different genres and output; (b) the quality of output; (c) the amount of original output produced in the UK; (d) the level of risk-taking, innovation, challenge and creative ambition; and (e) the range of audiences it serves.”

<sup>18</sup> Under section 3 of the Act, Ofcom’s principal duty, in carrying out our functions is to further the interests of citizens in relation to communications matters; and to further the interests of consumers in relevant markets, where appropriate by promoting competition.

<sup>19</sup> Article 45(2) of the Charter.

result in reduced investment and/or firms leaving or not entering the market. Such outcomes can disadvantage audiences by leading to reduced choice and quality.

- 2.10 We are also required by statute to assess the potential equality impact of our functions.<sup>20</sup> We published our assessment of the potential equality impact of our proposed amendments to the Operating Licence in our consultation document.<sup>21</sup> Our assessment of the potential equality impact of our final decisions is set out in Annex 3 and in section 3 of this Statement.

## This statement

- 2.11 We received 37 responses to the consultation, which ran from 15 November 2019 to 13 December 2019 (the Consultation).<sup>22</sup> Among these, we received 16 identical submissions from parents who protested against the proposed changes to Newsround. The non-confidential responses are published on our website.<sup>23</sup>
- 2.12 Following the Consultation, we took further steps to engage with certain stakeholders, including the BBC, to explore some of the issues raised by respondents.
- 2.13 This statement outlines our final decisions, following consideration of the Request, the Consultation responses we received and further engagement with the BBC and other stakeholders, which is set out in more detail below. We have also taken into account the Covid-19 crisis and how this has impacted children's viewing habits, the BBC's provision for children, and the children's media landscape more widely.
- 2.14 The changes that we have decided to make to the Operating Licence in light of the Request, and taking account of stakeholders' views, are set out in Annex 1.

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<sup>20</sup> Section 149 of the Equality Act 2010 and Section 75 of the Northern Ireland Act 1998.

<sup>21</sup> 2019, Ofcom. [BBC Children's news and first-run UK originations: Consultation on the BBC's request to change its Operating Licence](#). See Annex 3.

<sup>22</sup> 2019, Ofcom. [BBC Children's news and first-run UK originations: Consultation on the BBC's request to change its Operating Licence](#).

<sup>23</sup> <https://www.ofcom.org.uk/consultations-and-statements/category-3/bbc-childrens-change-operating-licence>

# 3. Our decisions on changes to the Operating Licence

## Introduction

- 3.1 As we outlined in the Consultation, there have been fundamental shifts in children’s viewing habits in recent years. An increasing proportion of children are using the internet<sup>24</sup>, and more children now watch video-on-demand than linear TV.<sup>25</sup> In line with these trends, viewing to the BBC’s children’s linear channels has declined.<sup>26</sup> Data shows that these shifts have continued throughout the Covid-19 crisis.
- 3.2 In light of changes in children’s consumption habits, and in order to stay relevant to its younger audiences, the BBC set out plans to Ofcom to develop the Newsround brand online and to provide more new children’s programming that is commissioned for, or only available on, BBC iPlayer.
- 3.3 However, due to budgetary and regulatory constraints, the BBC said in its Request that it is not able to increase its expenditure on new, online content while continuing to meet its current linear obligations. As such, it requested changes to its Operating Licence in relation to the CBBC news quota; the definition of first-run UK originations in respect of children’s services; and the first-run UK originations quotas for CBBC and CBeebies.
- 3.4 We have not taken a view as to whether the BBC could afford to provide new online content for children in addition to the linear content it already provides to meet its current licence obligations. We note that the BBC has separately announced plans to find significant savings from its operations – both prior to, and as a result of, the Covid-19 crisis.
- 3.5 Taking each in turn, below we set out the proposals on which we consulted, followed by a summary of the responses we received, and our final decisions.
- 3.6 In Annex 2, we set out our variations to the conditions in the Operating Licence as a result of the Request. We have also updated the Operating Licence, which can be found on our website.<sup>27</sup>

## Impact of the Covid-19 crisis

- 3.7 Given the significance of the current Covid-19 crisis, we have considered the impact that it might have had on the proposals. We have asked the BBC a series of questions to

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<sup>24</sup> Ofcom, 2019. [Children and Parents: Media Use and Attitudes research – data tables](#). The proportion of children aged 5-15 who claim to use the internet more generally increased from 84% in 2011 to 90% in 2019.

<sup>25</sup> Ofcom. 2019. [Children and parents: Media use and attitudes report 2019](#).

<sup>26</sup> We said in the Consultation that the average weekly reach of CBeebies to all 4-6 year olds watching on the TV set declined from 39% in 2017 to 34% in 2018. Meanwhile, for CBBC, the average weekly reach of its target audience (children aged 6-12) has been steadily decreasing and is now at 17%, just one in six of the target audience.

<sup>27</sup> Ofcom, 2017 (updated 2020). [Operating licence for the BBC’s UK Public Services](#).

understand the implications of the crisis on its operations (and reflect on the BBC's responses below and throughout).

- 3.8 In particular, we asked the BBC whether the Covid-19 crisis has had an impact on its strategy for Children's content, or had resulted in the plans it set out in the Request changing. In response, the BBC said that in the short term, responding to the challenges of the crisis had affected the BBC's work and priorities, but that the medium/ long term aims and strategy of BBC Children's remain unchanged.
- 3.9 We have also considered consumption data for the first part of this year, including during lockdown. Whilst we are mindful that children's media consumption during the strict lockdown phase of the crisis may not necessarily reflect their ordinary habits, initial data for 2020 suggests that children are continuing to move away from linear viewing - despite being at home more – and towards increased online activities. The BBC has told us that the Newsround website has had two of its highest weeks ever during the lockdown period<sup>28</sup>, while linear viewing to the bulletins has continued to decline.<sup>29</sup> Viewing generally to the CBBC linear channel has also fallen<sup>30</sup>, whilst the BBC has told us that consumption of CBBC and Cbeebies content on BBC iPlayer has increased significantly during lockdown.<sup>31</sup>
- 3.10 The Covid-19 crisis suggests the shift from linear TV to online content may be accelerating, which supports the BBC's desire to move more of its content online. We asked the BBC why it decided to retain its existing schedules throughout the strict lockdown period. The BBC told us that this was in part a reflection of its desire to avoid making any significant service changes during a critical and unprecedented national event. However, its medium-long term strategy for BBC Children's remains unchanged and it would like to proceed with its planned changes as soon as possible.

## CBBC news quota

### What we proposed

- 3.11 In its Request, the BBC told us that it would like to expand the range of content on offer on the Newsround website to serve audiences who have shifted away from linear TV better. However, given budgetary constraints, it said that it does not have the flexibility to do so while maintaining its current provision of television news. In order to be able to carry out its plans, the BBC requested the following changes to the Operating Licence:

- i) a reduction in the amount of linear news it is required to broadcast on CBBC from 85 to 35 hours per financial year;

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<sup>28</sup> Unique views per week to the Newsround website: 1.72m in week 19 and 1.59m in week 17.

<sup>29</sup> Despite lockdown, viewing to the Newsround bulletins on CBBC in 2020 was still down on 2019 for average audience and reach. BARB: average audience size among children 6-12 was 37,000 in 2019 compared to 24,000 in April and May 2020. Weekly reach declined from 4.1% in 2019 to 3.3% in April and May 2020.

<sup>30</sup> BARB. Weekly reach to CBBC among children 6-12 between 07:00-20:59 has continued to decline – from 14.9% in 2019 to 13.5% in January-March 2020. Average minutes also fell, from 3.9 minutes in 2019 to 3.5 minutes in January to May 2020.

<sup>31</sup> BBC Children's (CBBC and Cbeebies) saw record BBC iPlayer request figures in mid-May (40.2m in a week).

- ii) an amendment to the condition that requires it to show news “at intervals throughout the day” on CBBC to instead show “daily news”; and
- iii) the addition of a new licence condition requiring the BBC to provide daily news online through a range of content in different formats.

- 3.12 The BBC said that, in practice, these changes would likely result in the number of TV news bulletins dropping from the current three per day to one. In exchange, the BBC would increase its online news provision from an average of 10 new stories per day, currently, to 20 or more, and these would include more in-depth pieces across a broader range of subjects. The BBC argued that such changes would be in line with viewing trends, given that the television audience for Newsround among 6-12 year olds is in decline, whilst Newsround’s online audience is growing.
- 3.13 In our Consultation on the Request, we recognised the potential benefits to the BBC’s changes. In its Request, the BBC set out that it will be able to make a greater volume of children’s news content available, and cover stories in more detail and across a greater range of subject areas, as it will not face the same time restrictions it does with television bulletins. We considered that this could support children’s understanding of the world around them, and therefore enhance the delivery of the first and second public purposes.
- 3.14 However, we also identified some risks with the proposals, and we outlined some concerns about the quality of the evidence that the BBC provided to support the changes. Since the BBC is the main free provider of children’s news on TV, we were concerned that children might struggle to find the equivalent content elsewhere on television if the BBC broadcasts less news content on television. We also queried to what extent children would actively seek out news content on the Newsround website, particularly younger children and those from C2DE backgrounds. More broadly, we were concerned that certain audience groups could lose out as a result of the changes.
- 3.15 In assessing the impact on the market, we considered the impact of the proposals on the three providers identified by the BBC<sup>32</sup>, as well as *The Day* (a news website aimed at secondary schools) and ITV’s *The Rundown*, its new news offering for children, which is available on social media and aimed at older children aged 14-17. Our provisional view was that the risk to fair and effective competition is low given that other offerings in the market appear to be significantly differentiated from the Newsround website.
- 3.16 Finally, we considered that Newsround online and on TV would remain sufficiently different from other services, and therefore the distinctiveness of its output and services would be unlikely to be adversely affected by this proposed change.
- 3.17 In weighing up the balance between the benefits that the proposals will bring and the risks that we identified, we agreed with the BBC that it needs to look for new ways to engage with children who are moving away from linear viewing. Therefore, we proposed to accept the BBC’s proposed reduction in linear news, and its proposed amendment to show news

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<sup>32</sup> Sky’s *FYI: For Your Info*, a weekly 15-minute TV programme, that is also available online on the *First News* website, and *First News* and *The Week Junior*, which are both children’s subscription newspapers.

on a daily basis rather than at intervals throughout the day. However, we also proposed to introduce an amended version of the BBC's proposed online news condition, with added provisions to ensure that the BBC's proposals do enhance the breadth and depth of its current online news offering.

- 3.18 To conclude, we set out our expectation for the BBC to monitor the impact of the changes on audiences in its performance measurement framework. As a further safeguard, we said that Ofcom will also monitor the effect of the changes. We set out our performance measures in further detail below.

## Impact on audiences

### Summary of stakeholder responses

- 3.19 The majority of stakeholders who responded to the Consultation were opposed to the BBC's proposed changes to children's news.<sup>33</sup> Stakeholders were against the changes for various reasons, although most fell within the broad view that an enhanced online news offering is not a reasonable replacement for the loss of TV news bulletins.
- 3.20 Several respondents felt strongly that children's broadcast news is important and should be protected.<sup>34</sup> A group of academics referenced academic research which they argued shows that children prefer linear news.<sup>35</sup> Linked to this, many parents said that "Newsround is a safe haven for children [...] at a time when there is so much 'fake news' online".<sup>36</sup> They argued that while many parents do not let their children go online unsupervised, they do let them watch CBBC as they know the content will be suitable.<sup>37</sup>
- 3.21 Some stakeholders were concerned that online news content would not be easily discoverable, particularly for younger children.<sup>38</sup> It was suggested that the BBC should make children's news content more prominent on both its own services and on third party platforms.<sup>39</sup> The Voice of the Viewer & Listener (VLV) also recommended that the bulletin should be available on demand for more than 24 hours.<sup>40</sup>

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<sup>33</sup> Those who were opposed: [The Children's Media Foundation \(CMF\) response](#), p.1; [Commercial On-Demand and Broadcasting Association \(COBA\) response](#), p.3; [First News response](#), p.1; [Writers Guild of Great Britain \(WGGB\) response](#), p.1; [Name withheld 1 response](#), pp.1-2; [Name withheld 2 response](#), p.1; [Name withheld 3 response](#), p.1; [Name withheld 4 response](#), pp.1-2; [Name withheld 5 response](#), p.1; [Name withheld 6 response](#), p.1; ['Save Newsround' responses](#), p.1; [Professor Steemers, Dr Carter, and Professor Messenger Davies \(Steemers, Carter, Messenger Davies\) response](#), pp.1-5; [Thomas, H. response](#), p.1; [Voice of the Listener & Viewer \(VLV\) response](#), p.2. Stakeholders in support: [Beveridge, R. response](#), p.1; [BBC response](#), p.3.

<sup>34</sup> [VLV response](#), p.4 and pp.5-6; [Steemers, Carter, Messenger Davies response](#), pp.2-3; [British Film Institute \(BFI\) response](#), p.2.

<sup>35</sup> [Steemers, Carter, Messenger Davies response](#), pp.2-3.

<sup>36</sup> [Save Newsround responses](#), p.1; [Name withheld 5 response](#), p.1; [CMF response](#), p.3.

<sup>37</sup> [Save Newsround responses](#), p.1.

<sup>38</sup> [WGGB response](#), p.1; [Name withheld 3 response](#), p.1.

<sup>39</sup> [Name withheld 5 response](#), p.1; [VLV response](#), p.2 and p.6; [Steemers, Carter, Messenger Davies response](#), p.4.

<sup>40</sup> [VLV response](#), p.6.

- 3.22 The British Film Institute (BFI) questioned how effective these measures will be, given that children may not actively seek out news content.<sup>41</sup> Others were similarly unconvinced.<sup>42</sup> First News noted that the only way to drive large numbers of children to engage would be via schools.<sup>43</sup> The BBC clarified that although it had noted in its Request that some children’s news consumption is passive via linear news, passive news consumption is generally through standard TV news on BBC One or ITV via their parents, rather than news aimed at children.<sup>44</sup> It added that Newsround journalists are trained to produce content that engages children.
- 3.23 VLV argued that any reduction in the BBC’s provision would exacerbate the existing shortage of original UK Public Service Broadcasting (PSB) content for children.<sup>45</sup> On the other hand, other respondents implied that the BBC may be losing ground to other broadcasters who are expanding their linear offers for children, including news programming.<sup>46</sup>
- 3.24 Some respondents picked up on our concern that certain audiences could lose out, including those from C2DE backgrounds. It was noted that as children in this group may not have digital access at home<sup>47</sup>, the change could restrict access to an, albeit small minority, of audiences who are already under-served.<sup>48</sup> The BFI was concerned that the BBC’s choice to discontinue the afternoon bulletin (in favour of maintaining one in the morning) may have a disproportionate impact on C2DE audiences.<sup>49</sup>
- 3.25 Leading on from this, recommendations were put forward for the BBC to consider scheduling changes to the Newsround bulletin. Some respondents argued that the loss in viewing to the bulletin is due to poor scheduling – notably, the early time slot of the afternoon bulletin, which is shown before many children are home from school - and/ or previous changes to Newsround, such as its move from BBC One to a less noticeable slot on the CBBC channel.<sup>50</sup> One respondent questioned why the BBC does not cut the morning bulletin instead<sup>51</sup>, while others wanted the afternoon bulletin to be moved to a more desirable slot.<sup>52</sup>

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<sup>41</sup> [BFI response](#), p.3.

<sup>42</sup> [Name withheld 3 response](#), p.1; [Name withheld 4 response](#), p.1; [First News response](#), pp.1-2.

<sup>43</sup> [First News response](#), pp.1-2.

<sup>44</sup> [BBC response](#), p.5.

<sup>45</sup> [Voice of the Viewer & Listener \(VLV\) response](#), p. 2 and p. 5.

<sup>46</sup> [BFI response](#), p. 2; [Steemers, Carter, Messenger Davies response](#), p.5; [Name withheld 4 response](#), p. 1. The BFI and Steemers, Carter, Messenger Davies noted that in November 2019 the Young Audiences Content Fund announced a number of broadcast news programmes. This includes an *FYI Specials* documentary series, a set of *I Don’t Get It* explainers and seven *Kidversations* short films that will air on Sky News and be available in classrooms through First News. ITN also received development funding to work on a current affairs series.

<sup>47</sup> [WGGB response](#), p.1; [First News response](#), p.1.

<sup>48</sup> [CMF response](#), p.2.

<sup>49</sup> [BFI response](#), p.2.

<sup>50</sup> [Steemers, Carter, Messenger Davies response](#), p.3; [Name withheld 1 response](#), p.1; [Name withheld 3 response](#), p.1; [Name withheld 5 response](#), p.1.

<sup>51</sup> [Name withheld 1 response](#), p.1

<sup>52</sup> [Name withheld 1 response](#), p.1; [Name withheld 3 response](#), p.1; [Save Newsround responses](#), p.1; [CMF response](#), p.3.

- 3.26 The Royal National Institute of the Blind (RNIB) and the BFI expressed concern that online news content may not be as accessible as linear news content.<sup>53</sup> RNIB said that the BBC should take into account that moving content online may disadvantage children with sight loss and explore ways to simplify their interaction.<sup>54</sup>
- 3.27 Furthermore, concerns were raised that children would not be exposed to the same mixed diet of news that a curated news bulletin provides.<sup>55</sup> And that the changes represent a reduction in the total amount of children’s news content available.<sup>56</sup>
- 3.28 In line with this, some respondents disagreed with our proposed online news condition and wanted us to introduce a quantitative measure instead.<sup>57</sup> They argued that without a condition specifying the amount of news the BBC is required to produce online, there is a risk that the BBC will not increase the amount and that this could decline over time. The BFI, however, supported our intent to set requirements around the kind of content the BBC must produce.<sup>58</sup>
- 3.29 Several respondents also felt that there is lack of evidence to support the changes. For instance, some stakeholders argued that there is no clear evidence that children have migrated online, particularly for their news consumption.<sup>59</sup> A couple of respondents suggested that the data the BBC has provided was skewed to show an overly positive picture of how many children are using Newsround online.<sup>60</sup> Steemers, Carter, Messenger Davies recommended that the BBC and Ofcom consult children before making any final decisions, while the Children’s Media Foundation (CMF) said there should be a period of testing, analysis and reflection beforehand.<sup>61</sup>
- 3.30 Finally, many respondents felt that the BBC had not provided enough detail about what its enhanced online offer would look like.<sup>62</sup> They felt that it was difficult to consider the changes properly without more information, and some argued that the BBC needs to provide more information before any changes are made.<sup>63</sup> Examples of the types of information stakeholders wanted to see included figures on costs, more detail about the type and range of content the BBC plans to put online and more information about how the BBC will drive engagement with the website.
- 3.31 The BBC also submitted a response to the Consultation, which reiterated its rationale for making the Request, and provided some new information on the use of Newsround. It said that it has seen a large increase in the number of catch-up views to the latest TV bulletin

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<sup>53</sup> [Royal National Institute of the Blind \(RNIB\) response](#), pp.1-2; [BFI response](#), p.2.

<sup>54</sup> [RNIB response](#), pp.1-2.

<sup>55</sup> [BFI response](#), p.2; [Name withheld 3 response](#), pp.1-2.

<sup>56</sup> [Name withheld 6 response](#), p.1.

<sup>57</sup> [VLV response](#), pp.6-7; [CMF response](#), p.2; [Steemers, Carter, Messenger Davies response](#), pp.4-5.

<sup>58</sup> [BFI response](#), p.2.

<sup>59</sup> [Steemers, Carter, Messenger Davies response](#), p.2; [Name withheld 4 response](#), p.2.

<sup>60</sup> [CMF response](#), p.1; [Name withheld 2 response](#), p.1.

<sup>61</sup> [Steemers, Carter, Messenger Davies response](#), p.1, p.3 and pp.6-7; [CMF response](#), p.2.

<sup>62</sup> [Steemers, Carter, Messenger Davies response](#), pp.2-3 and p.5; [CMF response](#), pp.4-5; [BFI response](#), p.2; [Name withheld 4 response](#), pp.1-2.

<sup>63</sup> [CMF response](#), p.4; [BFI response](#), p.2.

on the Newsround website, on average up 50% in 2019 from 2018.<sup>64</sup> It also stated that this data understates the total on-demand consumption, given the use of the bulletins in schools (where one recorded view would reach multiple children).

- 3.32 The BBC provided further details about its plans within its response. The BBC said that it intends to provide greater coverage of topics that children have found interesting or requested, such as the environment. Alongside this, it will aim to produce at least four high quality in-depth features – similar to its 2019 feature about US/ Mexico border stories, *Living with the Wall*, and a more recent in-depth story about life in South Korea, which combines a text report with videos and links to other related content – each year.<sup>65</sup>
- 3.33 Following our analysis of responses to the Consultation, we wrote to the BBC to ask it to comment on a number of areas of concern that had been raised by stakeholders. We refer to its responses to this letter where relevant throughout this statement.

### **Our analysis and conclusions**

- 3.34 We recognise stakeholders' concerns with the proposals and acknowledged many of them ourselves in the Consultation. However, on balance, we continue to believe that it is important for the BBC to be able to have the flexibility to experiment with where it delivers content in order to remain relevant to younger audiences, who are increasingly consuming less BBC content, particularly via linear TV. We support the aspiration behind the BBC's proposals to shift its focus towards where its audience is moving.
- 3.35 We have challenged the BBC in both of our annual reports to be more innovative in how it produces distinctive, innovative content that reaches and appeals to younger audiences and makes it available where they want to find it.<sup>66</sup> The BBC has told us that its proposals for Newsround are part of its plan to combat these challenges, by establishing strong identification with the BBC's news provision for an on-demand audience from a young age. We welcome the BBC's response to our challenge and consider that the changes to Newsround could be a means for the BBC to rebuild its connection with younger audiences.
- 3.36 We note that the BBC announced its intention to retain three TV news bulletins at the start of the lockdown period (although the times of the bulletins were altered to account for school closures<sup>67</sup>). The BBC has told us that this was as part of a package designed to reassure audiences that it would continue to provide content, including impartial news, across a range of its services during the Covid-19 crisis. The BBC added that at the time there was a spike in viewing of all linear news bulletins in mid/ late March, and it could not predict how lockdown and school closures would affect children's consumption of news. Figures since then show that the audience for TV bulletins has in fact further declined

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<sup>64</sup> [BBC response](#), p.4.

<sup>65</sup> [BBC response](#), pp.4-5.

<sup>66</sup> 2018, Ofcom. [Ofcom's annual report on the BBC](#) (first). 2019, Ofcom. [Ofcom's annual report on the BBC](#) (second).

<sup>67</sup> The BBC told us that the times of the Newsround bulletins were 09:00, 12:00 and 16:00.

during this period.<sup>68</sup> Given this, the BBC has said that it is clear that it needs to move forward and implement the proposed changes.

## Our response to stakeholders' comments

- 3.37 We recognise that children's news content from broadcasters plays an important role for young audiences. It supports them to understand the world around them and can also help to counter fake news and disinformation, by providing access to accurate and impartial information which is regulated under the Broadcasting Code.<sup>69</sup>
- 3.38 We also recognise that for many parents (and other stakeholders) the Newsround TV bulletins provide a unique and safe space for children to consume news content compared to online services. Indeed, Ofcom's recent *Children and parents: Media use and attitudes* report found that fewer parents feel that the benefits of their child being online outweigh the risks compared to five years ago (although still over half of parents of 5-15s feel this).<sup>70</sup>
- 3.39 The BBC Newsround website is a trusted resource and should work to counteract the influence of fake news, by acting as a source of reliable and trustworthy news online.<sup>71</sup> Nevertheless, we recognise that some parents may not feel comfortable allowing their children to go online unsupervised and may prefer their children to watch Newsround on TV.
- 3.40 In response to these concerns, it is important to note that the BBC will continue to be required to broadcast some linear news on CBBC. The BBC has confirmed that it will retain a daily news bulletin in the morning, which will be available to view on the CBBC website and BBC iPlayer after linear transmission, as is the case now. This bulletin will be 8 minutes, which is slightly longer than the current bulletin length, and the BBC expects to broadcast it at around 7:45am on the CBBC channel. Moreover, the BBC could choose to provide more than this amount if it chooses to; the revised 35-hour requirement is a floor, not a ceiling.
- 3.41 In response to stakeholders' concerns that the BBC is losing ground to other broadcasters, we note that even with the reduction in the amount of linear news the BBC will be required to broadcast, the BBC will still be a key provider of children's broadcast news. We consider that it is positive that other broadcasters and news providers are expanding their offer in this area and note that this includes new offerings on both linear and online. We note for instance that in response to the findings of our Children's Content Review<sup>72</sup>, which we discuss in more detail later, ITV News has launched *The Rundown*, a new online service

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<sup>68</sup> See BARB figures above.

<sup>69</sup> 2019, Ofcom. [The Ofcom Broadcasting Code](#).

<sup>70</sup> 2019, Ofcom. [Children and parents: Media use and attitudes report](#). Just over half of parents of 5-15s feel that the benefits of their child being online outweigh the risks (55%), compared to two-thirds (65%) in 2015.

<sup>71</sup> As set out in the Operating Licence, in its delivery of Public Purpose 1 we expect the BBC to provide trusted and reliable information, news, current affairs and factual output to the highest editorial standard. Ofcom, Ofcom, 2017 (updated 2020). [Operating licence for the BBC's UK Public Services](#), p.5.

<sup>72</sup> 2017-2019, Ofcom. [Children's Content Review](#).

aimed at 14-17s year olds. In addition, the first slate of awards announced by the Young Audiences Content Fund (YACF) in November 2019 included several news related programmes to be made available on Sky News, on demand on Sky Kids and First News.<sup>73</sup> We welcome these initiatives. As we said in our Children’s Content Review, younger audiences would likely benefit from the increase in choice of news content, relevant to or made for children.

- 3.42 Given all of this, it is vital that the BBC maintains its presence in this area, and we believe that it is critical that the BBC retains a linear provision of children’s news for the foreseeable future. We are aware that while linear viewing is declining, it remains a key component of children’s media diets. Nevertheless, since our research shows that most children go online each week, we consider that it makes sense for the BBC to expand and enhance its online offering. Our view is that these changes should also enable the BBC to strengthen its overall delivery of children’s news, by providing reliable news for children on multiple platforms – including online, where fake news is more prevalent. In our Review of BBC news and current affairs, we said that the BBC’s online news content needs to do more to stand out, in order to engage younger audiences.<sup>74</sup>
- 3.43 We accept that there is a risk that children may not actively seek out news content online, whereas they may end up watching a bulletin in between watching other programmes on the CBBC channel. Therefore, we agree with stakeholders that the BBC needs to think about how it makes its online content easily discoverable. It is in the BBC’s interest to do so, which the BBC recognises. Indeed, the BBC has outlined in its response some of the ways in which it plans to promote Newsround online. It said that it will be able to regularly point viewers towards Newsround during live continuity links on CBBC and may produce more formal promotional material too, including some specifically for teachers.<sup>75</sup> We will be monitoring engagement with and the impact of Newsround online to determine whether those measures are working.
- 3.44 Some stakeholders echoed the concern we raised in the Consultation that certain audience groups could lose out from the changes. In addition to making its content easy to find, we expect the BBC to make its content accessible to all audience groups, in line with its mission and public purposes.
- 3.45 Following the Consultation, we asked the BBC whether it had any comments about the concerns raised by stakeholders. In response to comments around the accessibility of the BBC’s online content for children with visual impairments, the BBC stated that in line with the BBC’s overall website infrastructure, the Newsround site is accessible to those who use screen readers. It noted that the BBC’s User Experience team works on an ongoing basis to make improvements in order to support assistive technologies, and that it does not anticipate that any new content will require work beyond the original work by this team.

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<sup>73</sup> <https://www.bfi.org.uk/news-opinion/news-bfi/announcements/young-audiences-content-fund-slate>

<sup>74</sup> 2019, Ofcom. [Review of BBC news and current affairs](#).

<sup>75</sup> [BBC response](#), p.5.

- 3.46 In relation to C2DE children, the BBC referenced its Consultation response, where it said that it has set out its plan to engage with this audience, in particular by increasing its engagement with teachers, many of whom are already using Newsround in classrooms. The BBC had previously indicated that a lot of engagement with Newsround online is via schools, particularly around catch-up viewing to the Newsround bulletin. In its response to the Consultation, it said that it expects this to increase as a result of the changes, and that it believes that doing so will “help to grow reach and also assist with addressing areas of specific concern, [such as] ensuring 6-9 years olds and C2DE audiences do not lose out from the changes”.<sup>76</sup> As a final point, in response to our follow up questions, the BBC said that increasing its provision of Newsround online will also create further opportunities to reach a wide range of children by allowing it to feature more topics which they may be interested in.
- 3.47 We agree that making the Newsround website a more attractive proposition for children could help to broaden its audience and could therefore help to address issues around a potential socio-economic divide in access to news. We also recognise that catch-up viewing to the Newsround bulletins and use of the Newsround website in schools are possible routes through which the BBC could reach out to a wider range of children. However, we are conscious that given the current Covid-19 crisis, access via schools may be limited in the short-term due to school closures. The BBC will need to consider how it will serve all children with news coverage if schools do not fully re-open in September or if there is a subsequent lockdown.
- 3.48 We have also considered whether some audiences may face difficulties in terms of accessing Newsround’s online provision. We asked the BBC whether it had reflected further on this in light of the crisis. Although we noted in the Consultation that the vast majority of children aged 5-15, regardless of their socio-economic background, have internet access at home, we are aware that a proportion of these children may still struggle to access the BBC’s online resources from home. This may be because they do not have access to fixed broadband at home (7% of 5-15s, rising to 14% in children from DE households<sup>77</sup>) and therefore may be confined by mobile data allowances, and/or because they do not have access to a suitable device. Our research shows that this is also more likely to be the case for children from DE households.<sup>78</sup>
- 3.49 In response to our query, the BBC reiterated its plan to retain a daily TV bulletin in the most-viewed morning slot, which can then be published online and used in classrooms. The BBC said that this (schools) is where a significant proportion of the viewing to the online bulletin occurs, and where there is an opportunity to reach all demographics. As noted, there is some uncertainty as to whether children will be able to access the BBC’s online news content in schools in the short term. However, we consider that maintaining one TV

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<sup>76</sup> [BBC response](#), pp.6-7.

<sup>77</sup> Ofcom, 2019. [Children’s Media Literacy Tracker 2019](#).

<sup>78</sup> Ofcom, 2019. [Children’s Media Literacy Tracker 2019](#). 78% of 5-15 year olds in the UK have access to a desktop or laptop computer at home - access decreased to 61% among children of DE households. 89% of 5-15 year olds in the UK have access to a tablet at home – this decreases to 80% of children from DE households.

bulletin is sufficient for mitigating our concerns, as those children who have limited access to the BBC's online content will still be able to access daily children's news from the BBC. In order to ensure that the BBC continues to serve this group, we will pay close attention to the impact of the changes on C2DE groups in our monitoring.

- 3.50 In the Consultation, we also queried whether C2DE audiences would lose out if the BBC discontinued the afternoon bulletin, given this tended to have a higher proportion of viewers from C2DE households than the morning bulletins. We have since carried out further analysis looking at average audience size, rather than audience profiles. This analysis shows that in 2019 the afternoon bulletin was just as popular with children from C2DE households as one of the morning bulletins.<sup>79</sup> In addition, data over a longer time period (2014-2019) does not present a clear picture, with the morning bulletins in some years attracting a higher average audience from this background than the afternoon bulletins.<sup>80</sup> We also note that during lockdown the morning bulletin remained more popular than the afternoon bulletin, and that this was true for C2DE audiences as well.<sup>81</sup> Finally, we also consider that the changes to children's news could provide an opportunity for the BBC to harness the interest of this group. It is for the BBC to ensure that it is serving all audiences with its news provision for children. As part of our monitoring, we will be looking specifically at how well this audience group is served by the BBC's children's content.
- 3.51 Various scheduling suggestions were put forward by stakeholders, as detailed above. We consider that it is for the BBC, not Ofcom, to determine the precise times that Newsround should be broadcast.<sup>82</sup> We would expect that the BBC would seek to find the slot that was likely to deliver the greatest impact. We note that recent viewing data indicates that the two morning bulletins were more popular than the afternoon bulletin in 2019<sup>83</sup>, and that the current morning bulletin is also slightly more popular than the afternoon editions. This contrasts with data from previous years (which we referenced in the Consultation), which had shown that viewing to each of the bulletins was relatively similar. Recent viewing trends therefore appear to support the BBC's decision to maintain the morning bulletin.

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<sup>79</sup> BARB. Monday- Friday. Average number of ABC1 children aged 6-12 who watched the first, second and third Newsround bulletins in 2019: 27,000 (first); 28,000 (second); 17,000 (third). Average number of C2DE children aged 6-12 who watched the first, second and third Newsround bulletins in 2019: 11,000 (first); 13,000 (second); 13,000 (third).

<sup>80</sup> BARB. Monday - Friday. Average number of C2DE children aged 6-12 who watched the first, second and third Newsround bulletins in 2014: 50,000 (first); 59,000 (second); 36,000 (third). In 2015: 32,000 (first); 26,000 (second); 27,000 (third). In 2017: 22,000 (first); 18,000 (second); 19,000 (third).

<sup>81</sup> NB the BBC has altered the times of the Newsround bulletins, so there is currently only one morning bulletin (09:00). During April and May there was less of a difference in audience size between the bulletins, but the first bulletin still attracted a slightly larger audience. BARB. Average audience size among children 6-12 in April and May 2020 - 09:00 bulletin: 27,000; 12:00 bulletin: 23,000; 16:00 bulletin: 22,000. Average audience size for children 6-12 C2DE in April and May 2020 - 09:00 bulletin: 10,000; 12:00 bulletin: 9,000; 16:00 bulletin: 8,000.

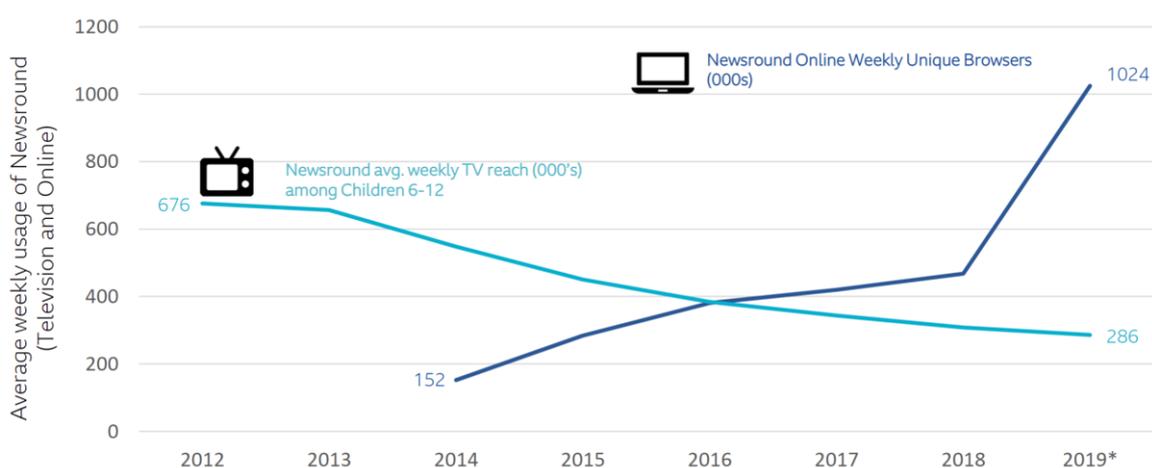
<sup>82</sup> The BBC have told us that they will retain the morning bulletin each day, which they expect to broadcast at around 7.45am on CBBC. This bulletin currently has the highest reach and largest daily audience on the linear channel. It will continue to publish the live daily bulletin to the Newsround website and make it available for an appropriate period of time on BBC iPlayer.

<sup>83</sup> BARB. Average number of children aged 6-12 who watched the first, second and third Newsround bulletins in 2019: 38,000 (first); 41,000 (second); 31,000 (third).

- 3.52 In response to concerns raised by some stakeholders, we have considered whether children, irrespective of their background, will engage with the BBC's online news content in the same way they would with a linear news bulletin (given that when they are online they will be able to choose the types of news content that they want to consume). We believe that the online news condition which we proposed in the Consultation will help children continue to engage with a mixed diet of news, by requiring the BBC to present news which covers a broad range of topics online. We also expect the BBC to take steps to encourage children to engage with a broad range of topics. These steps may include varying the topics which are in the most prominent positions on the Newsround website.
- 3.53 We have asked the BBC how it decides on the layout of stories on the webpage to gain a better understanding of the likely mix of topics and content. In response, the BBC told us that each morning the Newsround team commission content around a wide range of issues that will appeal to children of different ages and backgrounds. The team also decides on the order of prominence for each story on the website and the form that story will take (e.g. text, video, quiz, poll). Revisions may be made by the editorial team throughout the day, which the BBC said may be influenced by feedback observed on which stories are trending.
- 3.54 We continue to believe that it is important to have a safeguard in place to ensure that the BBC does enhance the breadth and depth of its online offering. We consider that the new online news condition we proposed in the Consultation will act as an appropriate safeguard, by ensuring that the BBC is required to provide children's news online through content which: is delivered in a range of different formats; covers a broad range of topics; and features in-depth news and analysis.
- 3.55 We note that some stakeholders were concerned that the overall amount of news could drop as result of the changes and favoured a quantitative measure for the number of new stories online. As we said in the Consultation, we consider that such a condition would be unnecessarily restrictive, would not necessarily guarantee quality, and could in fact be counter-productive by encouraging the BBC to chase numbers of stories rather than providing a breadth of high-quality output. We also think it is sensible for the BBC to have the flexibility to vary its news output depending on the news agenda. The Covid-19 crisis has highlighted how important this flexibility is for ensuring that the BBC is able to serve its audiences in the best way possible.
- 3.56 More generally, it is important to recognise that whilst it is difficult to compare linear bulletins to online content provided in a range of formats, these changes do not propose a reduction in the total amount of children's content available, but instead a change in how the BBC's content is distributed. We will monitor the availability, consumption and impact of the BBC's online news content through a variety of measures. Taken together, these will allow us to assess whether an enhanced Newsround offer online is a sufficient equivalent for the loss of the linear hours in its deliver for children. The BBC will also need to assess its performance across all of its platforms to ensure that it is delivering its mission and public purposes.

- 3.57 In response to those respondents who argued that there has been a lack of evidence to support these changes, the BBC has told us that it is difficult to generate meaningful data about Newsround’s online audience because children do not have to log into a BBC account to use the Newsround website.<sup>84</sup> We noted in the Consultation that the BBC had not provided compelling data, although we consider that it has provided some evidence to support its claim that use of Newsround online is increasing. This included data which showed that the average weekly number of unique browsers is growing, as well as survey data which showed that the claimed weekly reach of Newsround among 6-12s has also been increasing.
- 3.58 Some stakeholders also questioned the validity of the BBC’s data, and asked us to look further into a spike in online use in mid-2018. Following the Consultation, we therefore asked the BBC to provide updated data for the whole of 2019 for the average weekly usage of Newsround on both TV and online. In response, the BBC provided us with an updated version of the evidence provided in its proposal (Figure 1), which shows that on average there were 1,024,000 unique browsers across the whole of 2019 (up from the previous figure noted above). The BBC did note that it had introduced a new measurement system for the number of weekly unique browsers in week 10 of 2018 but that the rise in usage of Newsround online occurred during September 2018, with no particular spike at the time of the change in measurement systems. In addition, the BBC noted that throughout the latter part of 2018, in line with the website growth, the Newsround team began to increase focus on the website. It also noted the increased promotion of Newsround online on the BBC Homepage in 2019. In line with this, we acknowledge that at the same time, survey data shows that the number of 6-12 year olds who claim to use Newsround online each week<sup>85</sup> also increased, suggesting that there is an overall trend of increased usage of the Newsround website.

**Figure 1: Viewing of Newsround and use of the Newsround website**



<sup>84</sup> [BBC response](#), p.6.

<sup>85</sup> [The Consultation](#), paragraph 3.20.

Source: BBC (BARB, Adobe Digital Analytics)<sup>86</sup>

- 3.59 In addition to this, the BBC has provided us with evidence which shows that usage of the Newsround website has continued to increase during the first half of 2020.
- 3.60 We consider, on balance, that the information and data available to us is sufficient for us to proceed with our proposed changes. We therefore do not think it would be proportionate at this stage to require the BBC to generate more data, or to carry out further consultation or assessment. However, going forward the BBC will need to address gaps in its evidence to ensure that it is able to monitor the impact of the changes and its delivery of the mission and public purposes.
- 3.61 In response to stakeholders' comments, we consider that the BBC has in effect already carried out a trial period. The BBC has told us that since increasing the number of items on the website from four to 10 from January 2019, the usage of Newsround online has increased.
- 3.62 Since publishing our Consultation, the BBC has told us that it engages regularly with children to understand their views on Newsround, and that it uses this to inform its news agenda. The BBC noted in its Consultation response that it regularly hosts groups of children and schools so that it can understand their opinion on Newsround and which topics they want to see covered.<sup>87</sup> We have since asked the BBC for more information about these sessions. In response, the BBC told us that Newsround has carried out around 20 school visits in the past year. It noted that the age and background of the children involved vary, and that schools are chosen from different areas to ensure there is a diversity in terms of ethnic mix and socio-economic background.
- 3.63 Both our monitoring and the BBC's should provide more granular data on how audiences engage with Newsround and what they think about it. This will give us additional evidence to assess how well Newsround is performing among its target audience. As mentioned above, we expect the BBC to enhance its monitoring in this area so that it is able to provide us with the relevant data.

## Impact on markets and distinctiveness

### Summary of stakeholders' responses

- 3.64 First News felt that the proposed changes to Newsround would constitute unfair competition, particularly in the supply of news to schools.<sup>88</sup> It said the BBC would need to encourage schools to use the Newsround website as a resource in order to reach children, but that the BBC marketing its free offering to schools would put it in direct competition with First News's paid services aimed at schools, leading to a fall in subscriptions. First

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<sup>86</sup> A new measurement system (ATI) was introduced in week 10 of 2019.

<sup>87</sup> [BBC response](#), p.4.

<sup>88</sup> [First News response](#), pp.1-2.

News asked for reassurance that the BBC will not offer associated educational resources to schools alongside Newsround.

- 3.65 We did not receive any comments from stakeholders on the impact of the proposed changes to the distinctiveness of the BBC's output and services.

### Additional information from stakeholders

- 3.66 The BBC provides educational resources to children via its online study support resource, *Bitesize* and to teachers via its *Teach* online service. However, it does not currently provide educational resources directly linked to its children's news service.
- 3.67 During the Covid-19 crisis, the BBC has provided additional educational content, including daily lessons on BBC Bitesize, to support learning while children are not in school, and through Newsround it has provided news coverage and information on the crisis. However, the BBC has not provided any additional educational resources linked to its children's news service.
- 3.68 Given concerns raised by stakeholders that the BBC could market its free offering in schools, to the detriment of paid services, we asked the BBC whether it had any current or future plans to provide educational materials to schools, specifically linked to its children's news provision. In its response, the BBC said it had no plans to do this, but that Newsround would continue work alongside BBC Bitesize to cover topical issues that complement the curriculum or help children understand the wider world. We would expect that any changes to this approach would be subject to a materiality assessment by the BBC.
- 3.69 We also asked the BBC how it engaged with the commercial providers it identified and whether it planned to engage with First News to address their concerns. The BBC noted that the proposals to change its online children's offer were set out in its 2019/20 Annual Plan<sup>89</sup> and that it has increased its online Newsround provision in the last 18 months, with no concerns raised by stakeholders, including First News.<sup>90</sup>
- 3.70 We also asked First News for additional information about its business. [X]

### Our analysis and conclusions

- 3.71 In light of all the information that has been provided to us, we remain of the view that the other providers we have identified can be differentiated from the Newsround website to varying degrees. In summary:
- *The Week Junior* is a weekly printed newspaper, whereas the Newsround website is updated daily.

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<sup>89</sup> [BBC Annual Plan 2019/20](#).

<sup>90</sup> We consider that the BBC should have done more to identify all of the potentially affected parties and to engage directly with those most affected to understand the potential impact on their businesses. However, this does not affect our competition assessment. During our Consultation, we contacted other providers of children's news to allow them to comment on the BBC's plans and we put the concerns they raised to the BBC.

- Sky's *FYI* is a video offer and is updated weekly, unlike the Newsround website which is updated daily and provides written news, alongside video content.
- ITV's *The Rundown* is a social media product which is aimed at older children than Newsround.
- *The Day* and *First News* both provide online written news, but their focus is mainly on schools and they provide educational resources alongside their news output.<sup>91</sup>
- *First News* provides a weekly printed newspaper aimed at schools and individuals. It also has online services [3<].

3.72 [3<]

3.73 As the overlap between the Newsround website and potential competitors is limited, we consider the impact on competitors is limited. We note the potential for there to be a greater overlap with both *The Day* and *First News* if the BBC were to start providing additional educational materials to schools, specifically related to its children's news service. However, when we asked the BBC about its plans again in light of the Covid-19, the BBC provided us with further assurance that it has no current or future plans to do this. Any change to this approach would need to be subject to a materiality assessment by the BBC.

3.74 Further, we note that the BBC has already increased its online Newsround content over the last 18 months and that no concerns have been raised with us or with the BBC by stakeholders.

3.75 In light of the above, we consider that the risk to fair and effective competition is low. However, we will consider any concerns raised by stakeholders in future.

3.76 We continue to believe that the impact on the distinctiveness of CBBC and BBC Online is unlikely to be adversely affected by this proposed change for the reasons we set out in the Consultation. As noted, there are currently no other providers of children's daily news on TV and the Newsround website is differentiated from other online providers of children's news. Therefore, we consider that both services, taken as a whole, would remain substantially different to other comparable providers.

## Our overall conclusion

3.77 Based on the analysis outlined above, we have decided to allow the BBC to go ahead with its plans to reduce the amount of children's news that it provides on television to allow it to provide more, and better quality, children's news content online. Our primary interest is that, in meeting the requirements of Public Purpose 1, the BBC delivers a high-quality news service for children and that in doing so, it makes this content available where audiences want it, and are most likely to engage with it. We know from our own and the BBC's research that children are increasingly consuming BBC news content online rather than

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<sup>91</sup> Following school closures, *The Day* has provided a free, daily newsletter aimed at parents and guardians at home with children. This e-mail provides a brief guide to the important news of the day and suggests subjects for debate and related activities. *First News* has offered free time limited access to its online offer to schools to help support teachers during school closures.

watching it on TV, and that this has continued to be the case throughout the Covid-19 crisis and lockdown.

- 3.78 Our view is that these changes should help the BBC achieve these aims, and in doing so will support the delivery of the mission and public purposes, and benefit audiences. We also consider that the impact to fair and effective competition is likely to be low.
- 3.79 We are aware that there are some risks to these changes, but our monitoring (which is discussed in further detail below) and the BBC's monitoring will act as a safeguard. We will do a detailed review looking at the impact of the changes once we have collected sufficient data. If the potential benefits do not appear to be realised or the risks we have identified materialise, we will consider amending the Operating Licence.
- 3.80 We have decided to proceed with our proposed amendments to the Operating Licence for the reasons set out in the Consultation and above in response to stakeholders' comments. We have therefore decided to:
- accept the BBC's proposed reduction in the level of news the BBC is required to broadcast on CBBC from 85 hours per financial year to 35 hours;
  - accept the BBC's proposed amendment to the condition that requires it to show news at "intervals throughout the day" on CBBC to instead show "daily news"; and
  - introduce a new condition for BBC Online which requires the BBC to provide daily news and information for children through content in a range of different formats, including text-based articles, videos and interactive pieces, which cover a broad range of subjects and should include in-depth news and analysis. This will ensure that the BBC enhances the breadth and depth of its online news offering.
- 3.81 The wording of these conditions is presented in Annex 1.

## Definition of first-run UK originations in respect of children's services

- 3.82 Our research shows that original, UK content is important to audiences and that they expect it from the BBC.<sup>92</sup> The first-run UK originations requirements secure the BBC's investment in brand new programmes and ensure they are available to the largest audiences. We therefore consider that the first-run UK origination conditions on CBBC and CBeebies<sup>93</sup> contribute to the overall distinctiveness of the BBC, ensuring that children's content is constantly refreshed and that its position as a significant investor in the UK

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<sup>92</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0023/107069/bbc-performance-statement.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0023/107069/bbc-performance-statement.pdf)

<sup>93</sup> Our regulatory conditions under Public Purpose 3 particularly emphasise new and original content. The BBC is currently required, by conditions 2.35 and 2.36 of the Operating Licence, to ensure that: (i) in respect of CBBC, at least 400 hours are allocated to the broadcasting of first-run UK originations across daytime and peak viewing time in each calendar year; and (ii) in respect of CBeebies, at least 100 hours are allocated to the broadcasting of first-run UK originations across daytime and peak viewing time in each calendar year. Condition 2.37.1 of the Operating Licence states that first-run UK originations are programmes which are commissioned by or for a BBC television service and have not previously been shown on television in the UK.

broadcasting market is secured. In meeting these conditions, we expect the BBC to have particular regard to our high-level objective for it to “have a renewed focus on innovation and creative risk-taking through the commissioning and scheduling of new titles”<sup>94</sup>.

## What we proposed

- 3.83 In its Request, the BBC said that it would like to commission more bespoke content for children for BBC iPlayer so that it can increase the profile of the service as a destination in its own right. However, it said that it does not have the budget to do so alongside meeting its current quotas for first-run UK originations on the CBBC and CBeebies channels. The BBC therefore requested a change to the definition of first-run UK originations which would allow BBC iPlayer only commissions to count towards the BBC’s first-run UK originations quotas.
- 3.84 The BBC said that this would also allow it to innovate with different types of content, which may not be suitable for linear broadcast, contributing towards its delivery of its public purpose to show the most creative, highest quality and distinctive output and services (Public Purpose 3). It also suggested that the changes will allow it to target content at the 10-12 year old age group better, which would contribute towards its delivery of its public purpose to reflect, represent and serve all the UK’s diverse communities (Public Purpose 4). The BBC’s proposal suggested that the majority of first-run content will still be available on the linear channels and that where there are lost slots, these would be filled with repeats.
- 3.85 In our Consultation, we recognised that children are moving away from viewing to the CBBC and CBeebies linear channels. CBeebies now reaches only a third of its target audience, and CBBC only one in six. We noted that reach to BBC iPlayer is growing, although we said that the data we have available does not allow us to determine whether this increase is enough to offset the linear decline.
- 3.86 We also noted the potential complications of accepting the Request as it stood. Firstly, the BBC would have been able to meet the quota solely with BBC iPlayer only content with no first-run programming on the linear channels which we believed could result in certain audiences losing out. In order to guard against this concern, we proposed to introduce a safeguard for linear provision.
- 3.87 Secondly, we noted that the BBC would be able to count existing BBC iPlayer only content which does not currently count towards the quotas, which could result in an overall decline. We noted however, that since the volume of children’s programmes currently commissioned solely for BBC iPlayer is small, allowing the BBC to count such programmes in the future would only lead to a very small reduction in the amount of new content the BBC needs to commission, and we did not think that this was material to the decision.
- 3.88 Thirdly, we acknowledged that the BBC would be able to count short form children’s content it publishes on the BBC website - including special short-form films that

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<sup>94</sup> Ofcom, 2017 (updated 2020). [Operating licence for the BBC’s UK Public Services](#). Clause 1.33.4.

Newsround sometimes produces, such as those shown as part of its *Living with the Wall* series - towards its first-run UK originations quotas if that content is also published on BBC iPlayer. We clarified that we would be concerned if the amount of such short form content qualifying as first-run increased significantly, and if the BBC's offering of first-run UK originated content for children on BBC iPlayer became disproportionately focused on short form content, at the expense of long form content.

- 3.89 We took the provisional view that the risk to fair and effective competition appears low, as the change does not involve any increase in volume of or spend on content. In considering the effect on the children's UK production sector, we said that it was not clear what impact the BBC's changes would have and welcomed stakeholders' views. Regarding the impact on the distinctiveness of the BBC's services, our provisional assessment found that BBC iPlayer and the CBBC and CBeebies channels would remain distinctive.
- 3.90 We agreed with the BBC that it should be experimenting with new approaches to engage its audience. In line with this, we proposed to accept the BBC's suggested change to the definition of a first-run UK origination for children's programmes. Nevertheless, to mitigate against some of the risks we had identified, we felt that it was necessary to put in a linear safeguard to ensure that the existing channels are not run down. We therefore proposed to introduce two additional quantitative conditions to the Operating Licence, which would require that at least half of the first-run UK originated children's pre-teen and pre-school content that the BBC is required to produce is shown either first, or after its initial showing on BBC iPlayer, on the CBBC and CBeebies linear channels. Finally, we set out our expectations for both the BBC and Ofcom to monitor the impact of the changes.

## Impact on audiences

### Summary of stakeholder responses

- 3.91 Fewer stakeholders commented on our proposed amendment to the definition of first-run UK originations, but the majority of those who did were opposed to it.<sup>95</sup> Directors UK was concerned that the change may result in a greater decline in linear viewing which is not offset by BBC iPlayer viewing.<sup>96</sup> Several respondents felt that linear viewing continues to be relevant even as children move online and needs to be protected<sup>97</sup> and that the BBC was moving too quickly with its changes.<sup>98</sup>
- 3.92 Nonetheless, there was some support for the changes, including from the CMF, which accepted that the BBC needs to create some BBC iPlayer only content to help target pre-teens, who are an underserved audience.<sup>99</sup> In its own response, the BBC agreed with our

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<sup>95</sup> Stakeholders opposed to the proposals: [COBA response](#), p.3; [First News response](#), p.2; [Name withheld 2 response](#), pp.1-2; [Name withheld 3 response](#), p.3; [Name withheld 4 response](#), pp.2-3; [Pact response](#), p.5; [VLV response](#), p.8. Stakeholders in support of the proposals: [Beveridge, R. response](#), p.1; [BBC response](#), p.3; [CMF response](#), pp.4-5.

<sup>96</sup> [Directors UK response](#), p.2.

<sup>97</sup> [Name withheld 2 response](#), p.1; [VLV response](#), p.8; [BFI response](#), p.3

<sup>98</sup> [VLV response](#), pp.2-3.

<sup>99</sup> [CMF response](#), pp.4-5.

proposals and restated its rationale for the amendment and its plans for BBC iPlayer.<sup>100</sup> The BBC claimed that some forms of content are not suitable for linear broadcast, and that with more BBC iPlayer only content, it can provide a wider range of distinctive programming across its linear and digital services. It also noted that with increased flexibility, it will be able to experiment more with new types of programming.<sup>101</sup>

- 3.93 In addition, the BBC said that it expects that BBC iPlayer will increasingly become a destination service for children and adults alike, following Ofcom's decision to allow the BBC to make programmes available for longer.<sup>102</sup>
- 3.94 Many of those who disagreed with our proposals seemed to do so because they believed that showing content on BBC iPlayer is not a direct substitute for broadcasting on the linear channels. Respondents raised similar concerns to those cited in respect of the changes to Newsround.
- 3.95 Respondents queried the discoverability and accessibility of BBC iPlayer only programmes.<sup>103</sup> The BFI argued that the linear platform can help children discover new content in a way that BBC iPlayer does not, by acting as a 'shop window' for content.<sup>104</sup> Meanwhile, Directors UK stressed that it would be important to ensure that signposting of children's content on BBC iPlayer is given due consideration to ensure discoverability and access.<sup>105</sup>
- 3.96 Directors UK was also concerned that the move online would limit access to new content to some key audiences, including those from lower socio-economic groups.<sup>106</sup> It added that it was disappointed with the lack of detailed Equality Impact Assessment to identify those demographics who would be most affected.<sup>107</sup> VLV also argued that keeping material off the linear channels would disenfranchise viewers to the channels, and suggested other ways that the BBC could target content at 10-12 year olds without reducing linear original content.<sup>108</sup> For instance, by introducing a labelling or watershed system to alert parents to any potential issues. Finally, RNIB wanted assurance that the same proportion of content on BBC iPlayer would be audio described as on linear.<sup>109</sup>
- 3.97 Some of the respondents felt that there was a lack of evidence to support the change to the first-run definition. Several stakeholders said that we should wait until we have more evidence and a greater understanding of the impact of the changes before allowing them to go ahead.<sup>110</sup> Directors UK recommended that the BBC carry out a trial period based on

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<sup>100</sup> [BBC response](#), pp.8-9.

<sup>101</sup> [BBC response](#), p.8.

<sup>102</sup> [BBC response](#), p.8; 2019, Ofcom. [BBC iPlayer Competition Assessment: Final determination](#).

<sup>103</sup> [Directors UK response](#), pp.2-3; [RNIB response](#), p3; [VLV response](#), p.8.

<sup>104</sup> [BFI response](#), p.3

<sup>105</sup> [Directors UK response](#), p.3.

<sup>106</sup> [Directors UK response](#), pp.8-9.

<sup>107</sup> [Directors UK response](#), p.3.

<sup>108</sup> [VLV response](#), p.8

<sup>109</sup> [RNIB response](#), p3.

<sup>110</sup> [Directors UK response](#), p.5; [VLV response](#), p.9; [Pact response](#), p.9.

an agreed proportion of hours being produced for BBC iPlayer only, while VLV argued that major public debate with licence fee payers is required.

- 3.98 Respondents also argued that the BBC needs to set out its plans in more detail. The types of detail stakeholders wanted to see included: the circumstances under which a programme would be broadcast on BBC iPlayer only, the proportion of originations that would be BBC iPlayer only, and an indication of what sort of programmes these would be.<sup>111</sup> Pact noted that the BBC had not set out the costings of its plans or how much it plans to pay producers for extra usage of their IP through repeats and/ or extended BBC iPlayer use.<sup>112</sup> VLV said that it would expect the BBC to provide more evidence for why experimental content cannot be broadcast on the CBBC and CBeebies linear channels in some way (and more broadly argued that such content can be kept small scale).<sup>113</sup>
- 3.99 Some respondents argued that distribution is not the issue - the reason for the low viewing figures to the linear channels is because the BBC is not creating content that resonates with young audiences.<sup>114</sup> As proof of this, attention was drawn to the performance of other children's channels and programme blocks, such as Milkshake! on Channel 5 and CITV, which were said to have been able to retain viewers in recent years.<sup>115</sup>
- 3.100 Concerns were also raised by some that the change to the first-run definition could set a precedent for other BBC services (such as BBC One and BBC Two) to also move some of their first-run content online, or for the BBC to deliver all of its children's content online.<sup>116</sup> CMF cited BBC Three as a failed example of an online-only strategy.<sup>117</sup> While we proposed a safeguard in the Consultation to ensure that at least 50% of first-run originations would still have to be broadcast on the linear channels, VLV felt that even this level of safeguard would still allow the BBC to shift away rapidly from broadcast to online content.
- 3.101 Other respondents also saw our proposed linear safeguard as inadequate<sup>118</sup>, and one individual did not think that it would not be enough to ensure that the linear channels remain an attractive proposition.<sup>119</sup> In spite of this, several respondents showed support for our proposed linear safeguard.<sup>120</sup> The BBC said that it was comfortable with the measure.<sup>121</sup> It stated that it has no intention to remove first-run UK originations from the TV channels, and no incentive to store up new children's content online without providing linear broadcast.

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<sup>111</sup> [Name withheld 4 response](#), p.3

<sup>112</sup> [Pact response](#), p.4

<sup>113</sup> [VLV response](#), p.8

<sup>114</sup> [Name withheld 1 response](#), p.1; [Name withheld 6 response](#), p.1 [Pact response](#), p.3; [First News response](#), p.1.

<sup>115</sup> [Name withheld 6 response](#), p.1; [Pact response](#), p.8.

<sup>116</sup> [Pact response](#), p.3; [VLV response](#), p.3 and pp.8-9; [Directors UK response](#), p.2; [Name withheld 4 response](#), p.2; [Steemers, Carter, Messenger Davies response](#), p. 6.

<sup>117</sup> [CMF response](#), p.1;

<sup>118</sup> [VLV response](#), pp.2-3; [Steemers, Carter, Messenger Davies response](#), p.6.

<sup>119</sup> [Name withheld 4 response](#), p.4.

<sup>120</sup> [Directors UK response](#), p.3; [BBC response](#), p.9; [Name withheld 6 response](#), p.2.

<sup>121</sup> [BBC response](#), p.10.

- 3.102 A couple of stakeholders were concerned that if we implemented the proposed changes in the Request, the BBC would be able to count short form content and/ or news content towards the reduced first-run UK originations quota for CBBC. Directors UK noted that if the BBC was allowed to count news content towards its first run quota, this would represent a further decrease in the total number of first-run UK originated hours.<sup>122</sup> In line with this, it urged us to monitor the content being counted to ensure that first-run UK originated hours are not being reduced. Pact added that Ofcom should set clear levels on how much short form content is acceptable.<sup>123</sup> It wanted to know how much short form content was included in the 5 hours 40 minutes of BBC iPlayer only content shown in 2018, on the basis that without it, it is difficult to assess how much short form content will be commissioned.
- 3.103 In terms of other comments, COBA argued that a reduction in first-run UK originations on the linear channels will make them less attractive to, and lead to a decline in, viewers.<sup>124</sup> It said that Ofcom should bear in mind that this was a result of the BBC's own strategy, should the BBC ask for further support of its linear channels. As a separate point, Pact asked how we would address any potential unacceptable rise in repeats.<sup>125</sup>
- 3.104 Lastly, some respondents commented on Ofcom's consultation and implementation processes in respect of the changes to first-run UK originations for children. Pact commented that the 4-week consultation period makes it difficult to assess the impact of the changes.<sup>126</sup> Others felt that there was not enough time in between the Consultation concluding and the changes being put in place, for us to properly consider issues raised in response to the Consultation before the changes are expected to be made.<sup>127</sup> One individual said that they wanted enough time for the results of the Consultation to be explained to the public before implementation.<sup>128</sup>

### **Our analysis and conclusions**

- 3.105 In assessing the Request, we have looked at whether the purpose of the first-run conditions (as outlined above) in contributing to the BBC's distinctiveness will still be met or enhanced by the proposed changes. We accept the BBC's argument that increased availability of BBC iPlayer only content is likely to bring benefits to audiences, by increasing the amount of new and innovative forms of programming for children where they increasingly want to view it. We recognise, however, that stakeholders have raised concerns about the impact the changes will have on audiences. We consider these in detail in this section.

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<sup>122</sup> [Directors UK response](#), pp.5-6.

<sup>123</sup> [Pact response](#), p.8.

<sup>124</sup> [COBA response](#), p.3.

<sup>125</sup> [Pact response](#), p.6.

<sup>126</sup> [Pact response](#), p.10.

<sup>127</sup> [VLV response](#), p.3 and p.10; [Name withheld 3 response](#), pp.2-3.

<sup>128</sup> [Name withheld 3 response](#), pp.2-3.

## Our response to stakeholder comments

- 3.106 We accept stakeholders' comments that linear viewing is still relevant. The channels remain popular and the majority of viewing is still to them. For that reason, as we set out in the Consultation, we consider that it is important to ensure that the BBC maintains at least half of its first-run obligations on its linear channels.
- 3.107 However, as we also noted in the Consultation, the number of viewers to CBBC and CBeebies on television is declining. The proportion of 6-12 year olds who watched CBBC on average each week fell from 26% in 2015 to 19% in 2019.<sup>129</sup> Over the same period, the average weekly reach for CBeebies among younger children fell from 47% to 38%.<sup>130</sup> More children now watch video-on-demand than watch linear TV, and one in four children do not watch linear TV at all.<sup>131</sup>
- 3.108 The Covid-19 crisis seems to have accelerated these trends. The BBC had told us that viewing to CBBC and CBeebies content on iPlayer increased during lockdown and provided us with data which shows that the request figures for certain periods were at a record high. For example, the BBC said that CBeebies had its highest-ever number of requests in a week at the end of April (30m), and at the same time the number of requests for CBBC was double the usual level. By comparison, the number of 6-12s watching CBBC on a TV set has continued to decline, despite children spending more time at home. Reach to the channel fell from 14.9% in 2019 to 13.5% in January to May 2020. Average minutes has remained fairly stable, falling slightly from 3.9 to 3.5 minutes – although given the situation we might have expected this to increase.<sup>132</sup> Linear viewing to CBeebies among 'housepersons'<sup>133</sup> with children aged 0-3 and 4-6 has increased marginally<sup>134</sup>, although we consider that the overall trends for linear viewing supports the BBC's case for delivering more content online.
- 3.109 We continue to believe that, as audience viewing patterns are changing, it's vital that the BBC evolves its strategy to meet changing audience needs, and to ensure that it continues to contribute to the fulfilment of the public purposes. As such we consider that the change will allow the BBC to perform better against the mission and public purposes.
- 3.110 In addition to this, and in response to the points raised by RNIB, we asked the BBC what its plans are for audio description and subtitling of BBC iPlayer only content. In response, the BBC said that it intends to match its access service standards on broadcast TV for new children's BBC iPlayer only content, with 100% of content subtitled and 20% audio described.

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<sup>129</sup> BARB. Children 6-12; 07:00-20:59 (during the time the CBBC channel is on air). Average weekly reach % (reach criteria: 3+ consecutive minutes).

<sup>130</sup> BARB. Houseperson with children 0-3 and children 4-6; 06:00-18:59 (during the time the CBeebies channel is on air). Average weekly reach % (reach criteria: 3+ consecutive minutes).

<sup>131</sup> 2019, Ofcom. [Children and parents: Media use and attitudes report 2019](#).

<sup>132</sup> BARB. Children 6-12, 07:00-20:59.

<sup>133</sup> Houseperson is a BARB term. It refers to the member of the household who is solely or mainly responsible for the household duties. A houseperson may be male or female. There is only one houseperson per household.

<sup>134</sup> BARB. Among housepersons with children 0-3 and children 4-6, 06:00-18:59, weekly reach has increased, from 38.2% in 2019 to 41.0% in Jan-May 2020. Average minutes also increased from 13.3 in 2019 to 14.2 in Jan-May 2020.

- 3.111 Some stakeholders criticised the lack of existing evidence to support the proposed changes. There are challenges to gathering evidence because of the limited data available to show how children are using BBC iPlayer. Indeed, we acknowledged in the Consultation that while viewing to the linear channels is declining, the data we currently hold does not allow us to make a meaningful quantitative assessment as to the extent to which increased online reach of CBBC and CBeebies may offset the linear decline. This remains the case, although we still believe the BBC should be allowed to act now to redistribute some of its linear content online. It would not be proportionate at this stage to collect further data, as delaying the BBC's plans could compromise its ability to respond to the trend of children consuming more content online. Once the changes are implemented, we will require the BBC to provide us with additional data which will help us to assess the impact of these changes.
- 3.112 We also acknowledged in the Consultation that the BBC had not set out its plans for the type of BBC iPlayer only content that it would show in detail. The BBC has indicated that it sees the move online as a gradual transition, and that the amount of experimental content it will produce will be small scale.<sup>135</sup>
- 3.113 In response to Pact's comment about requiring the BBC to set out its costings and to provide details on how it plans to pay producers, our view is that such information is commercially sensitive and that negotiations around payment are a matter for the BBC, Pact and production companies.
- 3.114 Some respondents felt that allowing the BBC to put more of its original content for children online only would set a precedent for other BBC services and genres. We do not consider that this is relevant to the assessment. The BBC may need to evolve its delivery over time as audience behavior more generally changes, but we will consider any requests on their merits as well as any appropriate safeguards to ensure it delivers for all audiences. As part of that process, if the BBC wanted to change the first-run definition in respect of any of its other services, this would need to be achieved via a separate request to Ofcom to change the Operating Licence. Nor will this change act as a forerunner for the BBC to move all its children's original content online. The additional conditions that we proposed to introduce, which will require the BBC to ensure that at least half of its children's original content is shown on the linear channels, will act as a safeguard to prevent this from happening.
- 3.115 Indeed, we continue to believe that these conditions strike the appropriate balance between necessary safeguards to ensure that the channels remain an attractive proposition, and additional flexibility to allow the BBC to experiment with new content on BBC iPlayer which should also be beneficial to audiences.
- 3.116 Maintaining a level of first-run UK originated content on the channels will reduce the potential number of repeats that the BBC is allowed to broadcast, which Pact was concerned about. In the Consultation, we acknowledged that the channels may consist of more repeats than at present as a result of the changes. In response, the BBC noted that

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<sup>135</sup> [BBC response](#), p.8.

repeats already account for a substantial proportion of the linear schedules, and that these changes will have little effect on those levels. It further added that repeats are perceived in a less negative way among children than among adults.<sup>136</sup>

- 3.117 We note that the BBC is likely to have to rely more heavily on repeats at present and possibly going forwards, as a result of the impact that Covid-19 crisis and lockdown has had on production. We have not taken a view on this in our assessment and are engaging with the BBC separately about the wider impact of the crisis on its ability to meet its operating licence conditions.
- 3.118 With regards to short-form content, we note that the current first-run quotas for CBBC and CBeebies already allow such content to count towards them. Indeed, in its response, the BBC pointed out that much of the output on CBeebies is typically shorter than 15 or 30 minutes in length. As set out in the Consultation, we would be concerned if the amount of short-form content being counted towards the CBBC quota increased significantly, or if the BBC focused on short-form content at the expense of long form.
- 3.119 The BBC has said that it anticipates the volume of new short-form content that would count towards its quotas would be relatively small.<sup>137</sup> It also said in its response that it anticipates producing three or four extended pieces each year for Newsround, which may be suitable for separate publication on BBC iPlayer. Our monitoring will take into account the volume of short-form and news content that the BBC counts towards the CBBC quota to ensure that the balance remains appropriate.
- 3.120 We have considered the concerns raised about the length of the consultation period. However, we believe that the consultation period was sufficient to allow interested parties to consider the content of the Consultation and to submit substantive responses by the deadline.<sup>138</sup>
- 3.121 We consider that some of the responses to the Consultation were less relevant to the decision that we are required to make. However, we have set out our response to these issues below.
- 3.122 In response to claims that the BBC's children's channels are performing worse than other commercial children's channels, we recognise that this is the case in some instances, but the picture is mixed (and that this has remained the case throughout lockdown). BARB viewing data does show that among 6-12 year olds, the average minutes watched a day to CITV was stable between 2018 and 2019. However, the overall trend in the amount of time viewing is still one of decline when looking over a longer time frame.<sup>139</sup> Weekly reach to

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<sup>136</sup> [BBC response](#), p.9.

<sup>137</sup> [BBC response](#), pp.8-9.

<sup>138</sup> We also note that we did not receive any requests for an extension to the deadline for submission of consultation responses.

<sup>139</sup> BARB. Children 6-12. Average daily minutes for CITV was 2.7 minutes in 2015, 2 minutes in 2018 and 2.1 minutes in 2019.

CITV has also decreased to 13% in 2019, down from 16% in 2015.<sup>140</sup> During January to May 2020, reach to CITV has continued to fall slightly.<sup>141</sup> In addition, we know that the overall amount of time children spend watching television each day is continuing to decline, and thus still supports the need for the BBC to adapt its offering for children.

- 3.123 Furthermore, we note that the Disney's suite of children's channels (Disney Channel, Disney XD and Disney Junior) will cease to be broadcast in the UK from September.<sup>142</sup> Content from the channels will become exclusively available on Disney's subscription video on demand (SVoD) service Disney+. The loss of alternative linear content for children makes it even more important for the BBC to maintain some linear provision, although at the same time highlights that the BBC needs to be able to evolve its offering, like other providers of children's content. We believe that the changes to the BBC's first-run UK originated content for children will enable the BBC to achieve both of these aims.
- 3.124 We also acknowledge that the linear channels may help children discover content which they may not actively seek out. Children could for instance, end up watching content that they may not come across otherwise, as a result of having a curated schedule presented to them. However, we also consider that the BBC iPlayer can help children discover content, by giving them a far greater choice of programmes on demand. When we determined that the BBC could proceed with its proposals to extend availability on BBC iPlayer, we noted that the change would give audiences more choice and access to a greater range of content – including more high-quality children's programming.<sup>143</sup> The BBC can also play a role in influencing which programmes children engage with on BBC iPlayer, by selecting which content is presented prominently, trailed in advance of a programme or auto-played at the end.
- 3.125 In considering the Request, we have also assessed the impact of the changes on audience groups, including those who may be less likely to access BBC iPlayer and those for whom it may present an accessibility issue. We carried out an Equality Impact Assessment (EIA) when we consulted on our proposals<sup>144</sup> and have now updated our analysis of the equality implications of the changes for the purpose of this Statement. This analysis can be found in Annex 3 and in this section of the Statement.
- 3.126 In view of Covid-19 and the light it has shone on the difficulty for some children to access online content from home, we asked the BBC how this had affected its proposal for BBC iPlayer only commissions to count towards its first-run UK originations quotas. In response, the BBC reiterated that the increase in the number of BBC iPlayer only programmes would be gradual (even more so than originally planned due to the delays in production as a result of the Covid-19 crisis) and that the majority of programmes will still be available on linear TV. Since the majority of new UK originated programmes will continue to receive

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<sup>140</sup> BARB. Children 6-12; 06:00-20:59 (during the time the CITV channel is on air). Average weekly reach (reach criteria: 3+ consecutive minutes).

<sup>141</sup> BARB. Children 6-12. 07:00-20:59. Reach has decreased from 12.5% in 2019 to 11.3% in January-May 2020.

<sup>142</sup> <https://www.broadcastnow.co.uk/broadcasters/disney-to-close-uk-channels/5151070.article>.

<sup>143</sup> 2019, Ofcom. [BBC iPlayer Competition Assessment: Final determination](#).

<sup>144</sup> See Annex 3 in the [Consultation](#).

linear transmission, due to the linear safeguard we proposed to implement, we believe that children who have limited online access will still be well-served by the BBC.

- 3.127 We disagree with VLV's suggestions for different ways the BBC could target 10-12 year olds, instead of making more content available on BBC iPlayer only. It is not clear how an alerting system would work in practice, while imposing an additional 'watershed' on the CBBC channel could be restrictive and confusing for viewers. All in all, we do not think that these measures would be proportionate, or appropriate given the way in which viewing has changed. We consider that it is appropriate that the linear CBBC channel remains a destination for the whole age group.
- 3.128 The BBC has said that this age group is more likely to view content via BBC iPlayer and our analysis of BARB data shows that the decline in viewing to the linear channels is more pronounced among older children. The amount of time 10-12 year olds spend watching CBBC is continually decreasing.<sup>145</sup> It is therefore logical for the BBC to provide more content specifically for this age group on BBC iPlayer rather than on CBBC.

## Impact on markets and distinctiveness

### Summary of stakeholder responses

- 3.129 Pact's response to our Consultation focused mainly on the impact of the proposed changes on independent production companies. Pact's central argument was that producers of children's content will be negatively impacted because the Terms of Trade<sup>146</sup> do not apply to BBC iPlayer only commissions.<sup>147</sup> Pact said that this – together with an increase in the number of repeats shown on the linear channels – could diminish secondary rights revenues. It stated that any increase of usage through repeats would need to be properly compensated to make up for the loss in secondary revenue.<sup>148</sup> Pact also noted that online only commissions tend to have lower tariffs, which will make it harder for producers to finance productions.<sup>149</sup>
- 3.130 In addition, Pact argued that amending the first-run UK origination definition to include BBC iPlayer only commissions contradicts the BBC's Commissioning Codes of Practice, which were put in place to ensure fair and transparent relations between independent producers and the BBC.<sup>150</sup> Pact was also disappointed with the lack of detailed assessment of competition issues, which in combination with a lack of independent research, it said makes it difficult for it to assess properly the impact of the proposals.<sup>151</sup> Finally, Pact noted

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<sup>145</sup> BARB. Average minutes; children aged 10-12; 07:00-20:59. Average minutes spent watching CBBC in 2019 was 3.8 minutes, down from 5.5 minutes in 2018.

<sup>146</sup> The Terms of Trade (now called the [BBC's Business Framework](#) for the Commissioning of Independent Productions) set out the BBC's standard approach to commissioning independent productions.

<sup>147</sup> [Pact response](#), pp.3-5 and p.7.

<sup>148</sup> [Pact response](#), pp.5-6.

<sup>149</sup> [Pact response](#), p.6.

<sup>150</sup> [Pact response](#), p.4.

<sup>151</sup> [Pact response](#), p.3.

the BBC's failure to consider what impact its proposals will have on children's producers, and referenced this in the context of Ofcom's 2019 Annual Report of the BBC, where we highlighted some examples of where the BBC had not taken into account the need for engagement with third parties.<sup>152</sup>

- 3.131 The BFI and Directors UK supported Pact's position and encouraged us to consider its response.<sup>153</sup> Directors UK added that while the majority of children's first-run UK originated is made by the BBC in house, nearly 40% of BBC children's programming was open to independent production companies in 2018/2019.<sup>154</sup> It said that this suggests that the impact of the changes on the independent productions sector may be greater than Ofcom's initial assessment that most children's content is produced in-house.
- 3.132 The BFI recommended that we collect further evidence on how a greater reliance on repeats over originations on the BBC's linear channels may impact distinctiveness.<sup>155</sup>

### **Our analysis and conclusions**

- 3.133 We acknowledge that the proposed changes may have some impacts on the production sector. The question we must address is whether those effects are likely to be so significant as to require us to alter the approach we would otherwise take.
- 3.134 In response to Directors UK we recognise that a proportion of BBC children's programming is made by independent producers. In the absence of any evidence being provided to support what some stakeholders have inferred, we continue to hold the view we expressed when we consulted on the proposed changes, that it is not clear what impact, if any, the proposed changes will have on producers.
- 3.135 It is not for Ofcom as part of this process to resolve the development of contractual terms between the BBC and producers. We note that in May 2020 the BBC and Pact agreed a new terms of trade deal for BBC television productions made by independent producers, which includes terms around BBC iPlayer.<sup>156</sup> However, we understand that discussions between Pact and the BBC about children's content specifically are still ongoing. We consider that commercial negotiations between the BBC, Pact and producers are a matter for the parties involved. We expect that as part of those negotiations the BBC will continue to have an incentive to ensure that there is a healthy production sector able to supply the content it needs.
- 3.136 Pact expressed its view that producers should be compensated for any increase in usage of their content. We understand that under the updated general terms of trade, there are provisions for additional payment for extended usage of content.
- 3.137 However, we do recognise that the production sector is currently facing very challenging circumstances as a result of the Covid-19 crisis and the shutting down of productions.

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<sup>152</sup> [Pact response](#), p.4.

<sup>153</sup> [BFI response](#), p.4; [Directors UK response](#), p.4

<sup>154</sup> [Directors UK response](#), p.4.

<sup>155</sup> [BFI response](#), p.4

<sup>156</sup> <https://www.bbc.co.uk/mediacentre/latestnews/2020/bbc-pact#heading-details-of-the-new-terms-of-trade>.

Children’s producers have been impacted in different ways, depending on their size and scale, and on the types of content they make. For example, the animation industry has, in a number of instances, been able to continue producing content during lockdown, while a lot of other genres have had to halt production altogether. The Government and Ofcom continue to work with industry on sector recovery, and the industry has collaborated to develop new production guidelines so that filming can get back up and running safely. As one of the main buyers for children’s content in the UK, the BBC will play an important role in the recovery of the children’s independent UK production sector in particular.

- 3.138 We expect the BBC to keep a watching brief on the impact of the changes on producers. For our part, we will continue to assess the impact of the BBC’s activities on the industry through our ongoing monitoring work. The BBC has an incentive to support a healthy production sector. In addition, it is important for the BBC to commission content from across the UK and content which effectively represents and portrays the whole of the UK – in line with its regional production and diversity requirements more broadly.
- 3.139 We agree with Pact’s comment that the BBC should have done more to engage proactively with third parties in advance of making the request, beyond mentioning its high-level plans in the BBC Annual Plan 2019/20.<sup>157</sup>
- 3.140 For the reasons set out in the Consultation, we consider that the impact on the distinctiveness of BBC output and services is unlikely to be adversely affected by this change – on the basis that the CBBC and CBeebies channels and BBC iPlayer will remain substantially different from comparable providers, and the changes should allow the BBC to experiment more with the type of content that it provides.
- 3.141 We accept that there may be an increase in the number of repeats on the channels, which may make them less distinctive than at present. However, the linear safeguard conditions we are introducing will ensure that the number of repeats is capped. We also note that the linear channels will still show substantially more first-run programming than any other children’s channel.
- 3.142 We consider that BBC iPlayer may become more distinctive than at present as a result of the changes, due to the increase in the amount of first-run UK originated content and the wider scope for the BBC to publish innovative content.

## Overall conclusion

- 3.143 As stated previously, the BBC needs to be able to take risks and innovate in its provision of children’s original programming. Without doing so, the BBC risks losing its appeal to young audiences. We consider that allowing the BBC to make changes will help BBC iPlayer become more of a destination in its own right for children’s output.

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<sup>157</sup> [BBC Annual Plan 2019/20](#).

- 3.144 Taking this into consideration (alongside stakeholders’ comments and the reasons set out above), we have decided to proceed with the set of proposals we put forward in the Consultation. In summary, this will amount to:
- amending the definition of first-run UK originations to enable the BBC to count children’s content which is commissioned especially for, or made available only on, BBC iPlayer, towards its children’s first-run UK originations quotas;
  - introducing new licence requirements which will require that at least half of the first-run UK originated children’s pre-teen content and pre-school content that the BBC is required to broadcast is shown either first, or after its initial showing on BBC iPlayer, on the CBBC and CBeebies channels.
- 3.145 Our amendments to the Operating Licence are set out in detail in Annex 1.
- 3.146 Overall, we believe that the potential benefits to children outweigh the risks identified. We also consider that the changes will support the BBC’s delivery of its mission and public purposes, by enabling the BBC to enhance its contribution to the third and fourth public purposes.
- 3.147 As with the changes to children’s news, we will monitor the impact of the changes to the definition of a first-run programme. For transparency for stakeholders, we will publish a detailed review on the effect of these changes once we have collected sufficient data. If the changes do not have the desired result, we will consider reversing our amendments to the Operating Licence.

## The first-run UK originations quota for CBBC

### What we proposed

- 3.148 We noted in the Consultation that the Newsround broadcasts on CBBC are, under the current definition in the Operating Licence, first-run UK originations, and therefore count towards the current financial year first-run UK originations quota for CBBC (400 hours). In order to take account of its proposed reduction in the hours of news broadcast on CBBC by 50 hours, the BBC asked us to reduce the quota on CBBC by 50 hours.
- 3.149 The BBC also requested various other changes, including that we:
- i) merge the conditions for the first-run UK originations quotas for CBBC and CBeebies to create a new condition taking into account both channels and BBC iPlayer;
  - ii) remove the requirement for the BBC to show first-run UK originated content across ‘Daytime’ and ‘Peak Time Viewing’, and;
  - iii) change the current definition of hours so that BBC Online programmes are measured by running time rather than slot time.

- 3.150 Given our proposal to accept the BBC's reduction in the quota for news on CBBC by 50 hours, we agreed it was logical to reduce the first-run UK originations quota for CBBC by the same amount.
- 3.151 However, we felt that it was important to retain separate conditions for first-run UK originations content on CBBC, CBeebies and BBC iPlayer, so that the conditions remain clear and enforceable.
- 3.152 We proposed to remove the requirement for the BBC to show first-run originations across 'Daytime' and 'Peak Viewing Time', which we acknowledged were less relevant for BBC iPlayer and for the CBBC and CBeebies channels in general (given that the terms do not correspond with the times that the channels are on air).
- 3.153 We considered that it was appropriate to accept the BBC's condition to change the definition of hours, so that programmes published on BBC iPlayer (which do not have a slot time), are measured in terms of their running time.
- 3.154 Finally, we considered that the risk to fair and effective competition of the proposed change appears low, given that the BBC had not proposed to increase the volume of, or spend on, first-run UK originated content on any of its platforms or services.

## Summary of stakeholders' comments

- 3.155 Those stakeholders who opposed the reduction in the level of the first-run CBBC quota did so primarily because they disagreed that the BBC's proposed reduction in the hours of news it broadcasts on CBBC should be permitted.<sup>158</sup> The CMF commented that if Ofcom were to accept the reduction in the news quota on CBBC, the 400 hour first-run quota should be maintained so that the BBC can make up for the loss by providing other new PSB content.<sup>159</sup> Other individuals stated that they would continue to disagree with the proposal until the BBC has clearly demonstrated how and where the hours will be made up, either as news content online or as other forms of PSB content.<sup>160</sup>
- 3.156 Pact said that it understands the logic in the reduction of the quota but stressed that any reduction in first-run content must be because of the news proposals, rather than a reduction in CBBC content.<sup>161</sup> VLV did not object to the reduction but said it would only support the proposal if the prominence of the Newsround bulletin is maintained, and the prominence of the latest bulletin on CBBC, BBC iPlayer and the Newsround website is guaranteed.<sup>162</sup>

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<sup>158</sup> [Name withheld 3 response](#), p.2; [CMF response](#), p.5.

<sup>159</sup> [CMF response](#), p.5.

<sup>160</sup> [Steemers, Carter, Messenger Davies response](#), pp.1-2.

<sup>161</sup> [Pact response](#), p.10.

<sup>162</sup> [VLV response](#), p.9.

- 3.157 In terms of the other proposed amendments to the Operating Licence, the BFI and Directors UK agreed with our proposal to retain separate first-run origination conditions for CBBC and CBeebies.<sup>163</sup>
- 3.158 In response to our proposals, the BBC stated that it would only measure programmes that are only shown on BBC iPlayer (and have no linear broadcast) by their running time.<sup>164</sup> Where a programme is subsequently shown on one of the linear channels it would be measured by slot time. The BBC also suggested an amendment to our proposed condition 2.37A.2, that we replace “in respect of BBC Online” with “in respect of BBC iPlayer” so that it is consistent with the other conditions which only apply to BBC iPlayer. As a final point, the BBC asked Ofcom to clarify whether ‘pre-teen’ refers to 6-12 year olds.

## Our analysis and conclusions

- 3.159 Having considered stakeholders’ responses, we continue to consider that it is appropriate to reduce the first-run UK originations quota on CBBC by 50 hours for the reasons set out in the Consultation and in this statement. As such and in line with our decision to reduce the children’s news quota on CBBC by the same amount, we have decided to accept the BBC’s proposal to reduce the level of the first-run UK originations quota for content for pre-teen children from 400 hours to 350 hours.
- 3.160 We have considered the impact of the Covid-19 crisis on these changes. In our Note to Broadcasters dated 23 March 2020, we recognised that broadcasters are facing significant challenges, and that this situation may make it very difficult for those broadcasters with programming commitments – including the BBC - to meet some or all of these.<sup>165</sup>
- 3.161 As stated, Ofcom does not currently plan to adjust broadcasters’ existing programming commitments but will, throughout this emergency situation and in the ensuing period, take a reasonable and pragmatic approach to enforcement. We are engaging with the BBC separately about the impact of the crisis on its compliance with its Operating Licence conditions for the 2020/21 reporting period and beyond. We note that the shutdown in TV production and changes to how productions can take place in the future may impact the BBC’s ability to meet its first-run UK originations quotas. For the purpose of this statement, we have not taken a view on the BBC’s future compliance.
- 3.162 In response to stakeholders’ concerns, we do not agree that the BBC should be required to fill the 50 hours with other new PSB content - as this would require it to produce more content than it currently does, while simultaneously enhancing its online offering.
- 3.163 We also consider that the BBC has indicated how the 50 hours will be made up. In exchange for the reduction in 50 hours of news/first-run content, the BBC will enhance the Newsround website and fill the lost first-run slots with repeats.

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<sup>163</sup> [BFI response](#), p.4; [Directors UK response](#), p.5.

<sup>164</sup> [BBC response](#), p.9.

<sup>165</sup> [Note to broadcasters: coronavirus](#) published on 23 March 2020. [Note to broadcasters: coronavirus update](#) published on 26 May 2020.

- 3.164 In response to Pact’s concern, there is nothing in the current first-run condition which prevents the BBC from counting more than 85 hours of news towards its first-run UK originations quota. We do not consider that it would be appropriate for us to start to specify the breakdown in children’s genres that the BBC is required to count towards its first-run quotas. As we discuss in greater detail below, we will monitor the types of content the BBC counts towards its quotas, including by genre, to ensure that the BBC continues to produce a range of first-run content for children.
- 3.165 In respect of the other changes, we have decided to maintain separate conditions for CBBC and CBeebies. We have also decided to proceed with our proposed change to the condition as requested by the BBC which will remove the requirement for the BBC to show first-run originations across ‘Daytime’ and ‘Peak Viewing Time’, for the reasons set out in the Consultation.
- 3.166 We have considered the BBC’s suggestion to amend the definition of hours. We agree that it makes sense for programmes first published on BBC iPlayer and subsequently broadcast on the linear channels to be measured by slot time and acknowledge that this is how the BBC currently records these types of programmes. Accordingly, we have decided to reflect this definition in condition 2.37A.2.
- 3.167 Finally, we agree with, and have therefore decided to accept, the BBC’s proposed amendment to condition 2.37A.2 to ensure consistency across Operating Licence conditions by using the term ‘BBC iPlayer’ as opposed to ‘BBC Online’.
- 3.168 We can confirm that the term ‘pre-teen’ in the Operating Licence refers to children aged 6-12 years old. We have taken the wording from the Agreement which describes CBBC as a ‘mixed-schedule channel’ for ‘pre-teen children’. We take the view that the phrase ‘pre-teen children’ refers to children aged 6 to 12. This is consistent with the BBC’s own description of CBBC as a “channel for 6-12 year olds in search of drama, entertainment, factual, comedy, animation and news”.<sup>166</sup>

## Cumulative impact of the proposed variations

### What we proposed

- 3.169 In reaching a provisional view on the three requested changes, we considered whether the cumulative impact of the changes may be different from the impacts considered on an individual basis. We concluded that this would not be the case.

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<sup>166</sup> The public service channels are those providing Channel 3 services, Channel 4, Channel 5, S4C and the BBC. While all BBC public service television channels are PSB channels, only the main channels of each of the other PSBs have this status. The commercial PSBs are those providing Channel 3 services, Channel 4 and Channel 5.

## Summary of stakeholders' comments

- 3.170 We did not receive many responses on this subject, and those that we received were mixed. Pact and one individual agreed with our provisional assessment, while another individual disagreed.<sup>167</sup> This respondent argued there are subtleties to each different proposal, rendering the need for individual consideration, and noted that the impacts will be huge if the risks are not safeguarded.<sup>168</sup>
- 3.171 Some stakeholders were concerned that the changes could have implications for the future provision of the BBC's public service and children's content. It was suggested that the changes could pave the way for a wider reduction in children's content by the BBC<sup>169</sup> – or lead, over time, to arguments for online-only delivery of all children's services.<sup>170</sup> Meanwhile, VLV argued that the changes represent a reduction in regulated hours of public service content without a clear justification on the ground of market failure, which could create a precedent for future requests to cut quotas in other areas.<sup>171</sup> In addition, some respondents were concerned that the changes are a cost saving exercise for the BBC.<sup>172</sup>

## Our analysis and conclusions

- 3.172 In the absence of new evidence, and having taken into account the impact of the Covid-19 crisis, we maintain our view that the cumulative impact of the changes does not differ from the total of the individual impacts.
- 3.173 In response to stakeholders' comments, we reiterate our earlier points that the changes do not represent a reduction in the total amount of BBC's children content on offer, and that any further changes to the BBC's Operating Licence conditions will have to be submitted to us, and assessed by us, separately.
- 3.174 VLV considered that the changes represent a reduction in regulated hours of public service content. It is worth noting that any content, including children's content only on BBC iPlayer, must comply with our Broadcasting Code. We will therefore regulate and enforce children's BBC iPlayer only first-run UK originations content in the same way that we do with children's content broadcast on the CBBC and CBeebies channels, and pre-existing BBC iPlayer only content. The Newsround website is covered by the BBC Online Arrangement.<sup>173</sup> This requires the BBC to observe its own relevant editorial guidelines for online material, but enables complainants to refer complaints to Ofcom, if they are not satisfied with the resolution of an online standards complaint by the BBC. Ofcom will then give an opinion on whether the BBC has observed the relevant editorial guidelines.

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<sup>167</sup> [Pact response](#), p.10; [Name withheld 3 response](#), p.2; [Name withheld 2 response](#), p.2.

<sup>168</sup> [Name withheld 2 response](#), p.2.

<sup>169</sup> [WGGB response](#), p.1;

<sup>170</sup> [CMF response](#), p.5.

<sup>171</sup> [VLV response](#), p.9.

<sup>172</sup> [Pact response](#), p.3; [Name withheld 4 response](#), p.2.

<sup>173</sup> 2017, Ofcom. [Ofcom & BBC Arrangement relating to Online material](#).

3.175 In response to concerns that the changes are a cost saving exercise, we note that at the time of the Request the BBC has stated that its proposals are cost neutral. As indicated previously, we will monitor the BBC's spend on its relevant children's content, alongside other measures that look at output, consumption and impact.

## Other points raised by respondents

3.176 We also received some comments from stakeholders which do not specifically relate to the proposed Operating Licence variations. We set these out below, along with our response.

### Summary of stakeholders' comments

- 3.177 Some stakeholders commented on the broader context of children's production. They argued that the commercial broadcasters are not doing enough in this area, which has made the BBC's position even more crucial.<sup>174</sup>
- 3.178 Others commented on the BBC's announcement in 2017 to invest £34 million over the course of three years in children's content, which one individual said was intended to be spent on digital content.<sup>175</sup> Pact said that it has yet to see any evidence of this investment in children's content budgets.
- 3.179 COBA argued that we should review our decision to grant CBBC page one Electronic Programme Guide (EPG) prominence, given that our decision was partly based on the BBC's commitment to show a high volume and wide range of content on CBBC, including news and first-run UK originations.<sup>176</sup>

### Our response

- 3.180 We noted in our Children's Content Review in 2018 that there had been a decline in original children's programming across the PSB channels.<sup>177</sup> Our review focused on provision of children's content by the commercially funded public service broadcasters (primarily ITV, Channel 4 and Channel 5), but we noted that the BBC was by far the most significant player in terms of investment and hours across all children's genres.
- 3.181 ITV, Channel 4 and Channel 5 have renewed their commitment to and increased investment in children's programming in response to our Children's Content Review.<sup>178</sup> In addition to this, the BFI Young Audiences Content Fund has announced its first and second slate of awards, contributing to the creation of new original programming for children and young people on free-to-access services, across a range of broadcasters.<sup>179</sup>

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<sup>174</sup> [VLV response](#), p.2 and p.4; [Beveridge, R. response](#), p.1.

<sup>175</sup> [Pact response](#), p.7; [Name withheld 2 response](#), p.2.

<sup>176</sup> [COBA response](#), p.3.

<sup>177</sup> 2017, Ofcom. [Children's content review: update](#).

<sup>178</sup> 2019, Ofcom. [Children's content review: our response to ITV, Channel 4 and Channel 5's plans](#).

<sup>179</sup> The Young Audiences Content Fund (YACF) announced its [first slate of production and development awards in November 2019](#), and its [second slate in July 2020](#).

- 3.182 We welcome these initiatives, although we agree with stakeholders that the BBC's role in providing and investing in a wide range of original children's content remains crucial for audiences and the wider industry. This is even more true in the current climate, as the production sector faces significant challenges as a result of the Covid-19 crisis. We consider that these changes should help the BBC deliver news and new originated content for children in ways in which they want to consume it.
- 3.183 We acknowledge that the BBC announced an additional £34 million across the three years to 2019/20 in 2017, which was intended to fund an enhanced online offer for children.<sup>180</sup> In response to stakeholders' comments, we note that it is for the BBC to decide how it allocates its budget. We have not taken a view on how this money has been spent, nor whether the BBC could afford to provide new online content for children in addition to the linear content it already provides to meet its current licence obligations.
- 3.184 In response to COBA's comment, we consider that EPG prominence is out of the scope of this assessment, although we note that in our recent revisions to the prominence section of the EPG Code, we consulted on and considered a wide range of factors, to decide the appropriate prominence for CBBC and CBeebies. Moreover, as noted above, CBBC will still broadcast a wide range and significant amount of UK first-run originated content, even with the reduction.

## Monitoring the BBC's performance

### What we said

- 3.185 In the Consultation, we set out that the BBC has a responsibility for meeting its mission and public purposes and clearly demonstrating this. In particular, we noted that the BBC Board is required under the Charter<sup>181</sup> to set performance measures (and targets for those measures where appropriate) to assess the performance of the UK Public Services in fulfilling the mission and promoting the public purposes. In light of the greater flexibility we planned to provide the BBC, we considered that it would be particularly important for the BBC to have effective metrics in place to measure how well it is delivering its content for children across both linear and online platforms. We noted that the BBC had outlined in the Request various performance measures which it already has in place and said that we planned to engage with the BBC to understand these better.
- 3.186 Given that this is the first change of its kind to the Operating Licence that we have been asked to consider, we believed that Ofcom should also monitor the impact of the changes closely. We set out our plan to add new metrics to our own performance measures and provided some examples of what these could be. In order to monitor the BBC's performance, we said that we will require the BBC to provide us with some additional data,

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<sup>180</sup> <https://www.bbc.co.uk/mediacentre/latestnews/2017/bbc-investment-childrens>

<sup>181</sup> Article 20(3)(d) of the Charter

and that we would engage with it to determine what information it would be able to provide to us.

- 3.187 In the short term, we proposed to track all of our performance metrics at least annually, and some on a more frequent basis. We indicated that our monitoring will evolve over time and depend on the BBC's performance and own monitoring. Finally, we stated that should the BBC's performance decline in either its provision of children's news or children's first-run UK originations, we will consider stepping in and imposing more prescriptive requirements.

## Summary of stakeholders' comments

- 3.188 Respondents who commented on this topic, tended to agree that monitoring and reporting would be very important. Some had ideas for the types of measures that should be in place.<sup>182</sup> Examples included information on: spend; consumption and impact by demographic group; accessibility of content; and the type and genre of children's first-run UK originated content. Pact believed that this information should be published and made available to stakeholders.<sup>183</sup>
- 3.189 In its response, the BBC set out information which it will be able to provide. The BBC considered that measures on consumption and impact would be the most important for assessing whether its children's news output delivers the mission and public purposes.<sup>184</sup> In line with this, the BBC indicated that it would be able to provide us with information on the following: online use of Newsround split by top level demographics; viewing to Newsround on TV, and; teachers' engagement with Newsround, particularly online. The BBC has also set targets against which it will measure the success of the changes. By 2021, the BBC would like to: reach 1.5m unique browsers per week (up from c.900,000); receive 40,000 daily online views to the latest TV bulletin (up from c.30,000); and maintain an engagement score of 2.5 pages per visit.<sup>185</sup>
- 3.190 The BBC noted that it was in separate discussions with Ofcom on proposed performance measures for BBC iPlayer overall.<sup>186</sup> It suggested that these should be taken into consideration as performance measures are established in this area.
- 3.191 Beyond this, the BBC agreed to provide Ofcom with any necessary performance data as requested, but it felt that some of our measures for both children's news and first-run UK originations were disproportionate.<sup>187</sup> In particular, it disagreed that the average number of news stories would be a suitable metric since over time the number will stabilise, and the metric will be of less use.<sup>188</sup>

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<sup>182</sup> [BFI response](#), pp.3-4; [Steemers, Carter, Messenger Davies response](#), p.7; [Directors UK response](#), p.3.

<sup>183</sup> [Pact response](#), p.9.

<sup>184</sup> [BBC response](#), p.6.

<sup>185</sup> [BBC response](#), p.5.

<sup>186</sup> [BBC response](#), p.10.

<sup>187</sup> [BBC response](#), p.6 and pp.9-10.

<sup>188</sup> [BBC response](#), p.7.

- 3.192 The BBC anticipated reporting on compliance in its Annual Report in 2020/21, although it said that it would share compliance with the new online news condition on request.<sup>189</sup>
- 3.193 Finally, the BBC proposed to regularly update Ofcom on the impact of the changes once it has built up an evidence base.<sup>190</sup>

## Our analysis and conclusions

- 3.194 We continue to believe that it is important for Ofcom to monitor the impact of the changes to the BBC's Operating Licence, given that this is the first time that we will have carried out such a change to the Operating Licence, the risks that we have identified, and the strength of feeling from stakeholders about the need to protect the BBC's provision of children's news and first-run UK originated content.
- 3.195 We have already begun collecting data to inform our monitoring. We commissioned a bespoke online survey to understand use of and attitudes to CBeebies and CBBC, as well as use and perceptions of BBC iPlayer, among the target audience (children aged 3-12). We also probed on awareness of Newsround among children aged 6-12 and consumption of it through both the CBBC TV channel and online. We intend to use these findings as a baseline for the BBC's performance, and we will re-run the survey at appropriate intervals in the future to monitor how usage and perceptions change. We will reflect on the findings in our next annual report on the BBC.
- 3.196 Further, we continue to consider that it will also be particularly important for the BBC to have the right measures in place to demonstrate how it is meeting its mission and public purposes across all platforms. We consider that the BBC will need to monitor how it has successfully met the needs of children with its news and first-run UK originated output, including how the target audiences engage with both its linear and online content.
- 3.197 We set out in our Consultation that we planned to add some new metrics to our existing performance measures in order to monitor the impact of these changes closely. We already have or collect some of this data, and further data will be collected via our online survey. However, in some instances we will need the BBC to provide it to us. We have powers under the Charter to require the BBC to provide us with information for our performance measures.<sup>191</sup> We acknowledge the performance data that the BBC has said that it can provide for our performance measures (in the Request and its response to our Consultation), but we do not believe that this alone will be sufficient. We have since engaged with the BBC to make it clear that we will require additional information.
- 3.198 We have set out the new metrics we plan to introduce in order to monitor the BBC's performance in the areas of children's news and children's first-run UK originations in the table below. Alongside this information, the BBC will be required to provide us with further

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<sup>189</sup> [BBC response](#), p.6.

<sup>190</sup> [BBC response](#), p.7 and p.10.

<sup>191</sup> Article 47 of the Charter.

information to evidence compliance with its new Operating Licence obligations, which will provide us further availability data.

**Figure 2: New performance metrics for children’s news**

Measure	Metrics
Availability	Spend on news across platforms
Consumption	Linear viewing to Newsround, split by demographic groups  Online viewing to Newsround via catch-up  Use of the Newsround website (average weekly unique browsers, plus survey data on claimed reach, split by top level demographic groups)
Impact	Research to understand views on, and the impact of, Newsround both on linear and online, split by demographic groups

**Figure 3: New performance metrics for children’s first-run UK originations**

Measure	Information provided via regular reporting (either by BBC or Ofcom)
Availability	Spend on BBC iPlayer only children’s content by sub-genre <sup>192</sup>  Hours of BBC iPlayer only children’s content by sub-genre and duration <sup>193</sup>
Consumption	Viewing to CBBC and CBeebies linear channels, split by demographic groups and genre  BBC iPlayer viewing of first-run UK originated children’s titles also with linear broadcast  Viewing to first-run UK originated children’s titles shown only on BBC iPlayer  BBC iPlayer percentage contribution to viewing for CBBC and CBeebies
Impact	Research to understand views on, and the impact of, CBBC and CBeebies across linear and on BBC iPlayer, split by demographic groups

<sup>192</sup> The BBC already provides Ofcom with spend data for first-run UK originations on the CBBC and CBeebies channels.

<sup>193</sup> The BBC will be required to provide us with the hours of first-run UK originations broadcast on the CBBC and CBeebies channels in order to demonstrate compliance with conditions 2.35A and 2.36A respectively.

- 3.199 As illustrated above, we intend to look at a range of measures in order to assess the availability, consumption and impact of the BBC's changes. These should cover the main areas which stakeholders raised concerns about.
- 3.200 Where possible, we will collect data broken down by demographic groups, including age, socio-economic background and nation/ region. Among other things, this will help us to monitor how well the BBC's content performs among children from C2DE background. In response to the suggestion that the BBC monitor the accessibility of its content to certain audiences, we consider that this is something for the BBC to think about. As mentioned above, the BBC has told us that its online content will be subject to accessibility targets.
- 3.201 We consider that it will be important for us to monitor the BBC's spend on children's output across platforms. We see spend as one proxy for quality, and therefore consider that it is relevant information amongst other measures to help us determine whether the BBC is maintaining its high-quality output.
- 3.202 In addition to metrics set out above, the BBC has agreed to provide the following supplementary information to us during in-depth sessions. For news, the BBC has said that it will provide: the average number of news stories published daily; information related to use of the Newsround website (average number of site visits and average number of page views per unique browsers); information on user journeys; the most popular online items by page views and; feedback from teachers via the BBC's teachers' tracker. For first-run UK originations, the BBC intends to provide: information on programmes with 'innovative' formats; details of different BBC iPlayer release strategies; claimed usage of BBC iPlayer, split by age; the number of requests for CBBC and CBeebies programmes on BBC iPlayer, and most requested titles and; audience scores for children's brands and BBC iPlayer overall.
- 3.203 We note that in its Consultation response, the BBC argued that the number of news stories is not a suitable metric. We maintain our view that the number of news items is an important metric, amongst others, to ensure that the BBC is increasing the amount of news it publishes online. It will also address some stakeholders' concern that there will be a reduction in the overall amount of children's news as a result of the changes. Accordingly, we welcome the BBC's inclusion of this information in its plans for its in-depth sessions. It is worth noting that we see this measure as only one element of our monitoring – we intend to look at this information alongside other factors, including the range, depth and formats of stories being published on the Newsround website, to ensure that the BBC is enhancing its online provision.
- 3.204 Broadly, we consider that the BBC's proposal for regular reporting of certain information, in combination with periodic in-depth analysis sessions, will provide us with the information that we need to carry out appropriate monitoring of these changes.
- 3.205 We plan to report on our first round of monitoring once we have been able to collect sufficient data. This may take longer than we initially anticipated, given that the current Covid-19 crisis is likely to cause delays in data and information gathering.

- 3.206 For this reason, we also recognise that the BBC may not be able to implement its plans for its own monitoring immediately. We will engage with the BBC about its own performance measures at a more suitable time.
- 3.207 We do not intend to publish all the data and information we will be collecting. The information we decide to publish will depend on whether it is proportionate to make that specific information publicly available.
- 3.208 Based on what the BBC has told us about its plans to implement the changes, we expect that the impact of the changes to Newsround will be seen sooner than the changes to first-run UK originations, which, due to commissioning timeframes, may be more gradual.
- 3.209 Should we have concerns about the BBC's performance in delivering for children in light of our monitoring or the BBC's, we will take appropriate steps to ensure that it meets its obligations under the Charter and Agreement. These steps may include imposing more prescriptive requirements in the BBC's Operating Licence.
- 3.210 As with all Operating Licence conditions, we will require the BBC to report on compliance with the relevant conditions – including the new online news condition - in its Annual Report from 2021/22. We realise that the BBC's ability to meet these (and other) Operating Licence conditions, may be impacted by the coronavirus. We will take this into consideration when assessing the BBC's compliance.

## Implementation

### What we proposed

- 3.211 In deciding when our proposed changes to the Operating Licence should take effect, we took into consideration several competing factors, including the BBC's desire for these changes to take effect as soon as possible and the need for us to ensure that interested parties have an adequate amount of time to respond to the Consultation, and that we have enough time to consider the points raised in any consultation responses we receive.
- 3.212 For the changes to the CBBC News conditions, we proposed that these should take effect from 1 April 2020, in order to align with the BBC's current quota for hours of news on CBBC, which is measured per financial year.
- 3.213 We noted that the BBC's current quotas for hours of first-run UK originated content on CBBC and CBeebies are measured by calendar year. In order to be able to plan its commissioning slate better, the BBC asked for the changes to first-run UK originated content to take effect from January 2020. (The BBC has stated in its Request that there is a lag between commissioning decisions being made, programmes being produced and subsequent broadcast and/ or publication on BBC iPlayer.) In order to accommodate this, we proposed that the new first-run UK definition and first-run UK originations quotas would apply to the full 2020 calendar year.

## Summary of stakeholders' comments

3.214 There was some agreement with our proposed implementation arrangements<sup>194</sup>, although the majority of stakeholders' who commented on this felt that the changes would come into effect too quickly.<sup>195</sup>

## Our analysis and conclusions

3.215 As explained above, we are taking this decision later than we had planned because of the impact of Covid 19. Given that we are now part-way through this year, we explain below how we will give effect to the revised Operating Licence conditions.

### Children's news on CBBC

3.216 As explained above, we have revised the Operating Licence condition for News on CBBC with the effect that the BBC must show news each day and the BBC must broadcast 35 hours of news on CBBC in each financial year. The revised condition will take effect from 28 July 2020, the date the variation to the BBC's Operating Licence takes effect.<sup>196</sup> Therefore, the new 35 hour quota will apply to this financial year (1 April 2020 -31 March 2021).

3.217 We acknowledge that the BBC is likely to have already exceeded the revised 35-hour quota condition by September 2020, as it has continued to broadcast three bulletins a day since April 2020. However, because the BBC will also be required to show news each day on CBBC (condition 2.6.1), it will still be required to continue to provide a daily news bulletin for the remainder of the financial year. The BBC has written to us to confirm it plans to make these changes to Newsround from September, to coincide with the start of the new academic year, and that it will continue to provide a substantive daily bulletin for the rest of the financial year and beyond.<sup>197</sup>

### Children's news on BBC Online

3.218 The new requirement for children's news on BBC Online to include daily news and information for children is set out in a new condition of the Operating Licence (condition 2.17.2). This condition will also take effect from 28 July 2020, as set out in the Notice of Variation (see Annex A2).

### First-run UK originations on CBBC and CBeebies

3.219 The revised Operating Licence conditions (conditions 2.35 and 2.36) will apply in each calendar year (i.e. this year from 1 January – 31 December 2020). The revised conditions

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<sup>194</sup> [BBC response](#), p.5 and p.9; [Pact response](#), p10 (news only).

<sup>195</sup> [VLV response](#), p.3 and p.10; [Name withheld 2 response](#), pp.2-3; [CMF response](#), p.2 (news only); [Pact response](#), p10 (first-run UK originations only); [Name withheld 3 response](#), pp.2-3; [Steemers, Carter, Messenger Davies response](#), p.7; [Directors UK response](#), p.6.

<sup>196</sup> See the Notice of Variation set out in Annex 2.

<sup>197</sup> Letter from the BBC to Ofcom dated 15 July 2020.

will take effect from 28 July 2020, the date the variation to the BBC's Operating Licence takes effect.<sup>198</sup> To clarify, the changes to the first-run UK originations definition and quotas will apply to BBC children's content at the point of broadcast or publication during each calendar year starting from calendar year 2020. This will provide the BBC with certainty for the commissioning decisions it is taking this year.

- 3.220 From what the BBC has told us, we expect there to be a transitional period before the impact of commissioning decisions, which take into account these changes to the Operating Licence, are noticed by viewers. This will depend on the time lapse between when commissioning decisions are made and when programmes are broadcast and/ or published.
- 3.221 The notice of variation to amend the relevant Operating Licence conditions is in Annex 2 to this Statement, and a comparison of the existing conditions and the revised new conditions is set out in Annex 1 to this Statement.

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<sup>198</sup> See the Notice of Variation set out in Annex A2.

# A1. Comparison of current and revised Operating Licence conditions

- A1.1 The notice of variation to amend the relevant Operating Licence conditions appears at Annex 2 of this document.
- A1.2 This annex contains the following details:
- a) the existing Operating Licence conditions concerning the provision of news on BBC Online, children’s news on CBBC, and the first-run UK originations quotas for CBBC and CBeebies;
  - b) the revised new Operating Licence conditions; and
  - c) a comparison between the existing and revised Operating Licence conditions.

## Existing Operating Licence conditions

### News

- A1.3 The existing Operating Licence conditions for news on CBBC are as follows:

“2.6 In respect of **CBBC**, the BBC must ensure that:

- 2.6.1 it shows news at intervals throughout the day; and
- 2.6.2 in each Financial Year at least 85 hours are allocated to news.”

- A1.4 There is no existing Operating Licence condition for children’s news on BBC Online.
- A1.5 There is a table following condition 2.41 of the existing Operating Licence, which summarises the regulatory conditions that are: relevant to Public Purposes 1,2 and 4; and key to securing the Public Purpose of showing the most creative, highest quality and distinctive output. The table includes the conditions for news on CBBC, which are set out below:

Name of Service	Summary of Regulatory Condition	Regulatory Condition number
CBBC	News at intervals throughout the day	2.6.1
CBBC	Financial Year quota for news (85 hours)	2.6.2

## First-run UK originations

- A1.6 The existing Operating Licence conditions for first-run UK originations are set out below in full (note that the variation to the Operating Licence will not affect the quotas for BBC One and BBC Two, which are shown here for completeness):

“2.33 In respect of **BBC One**, the BBC must ensure that in each Calendar Year at least 4,000 hours are allocated to the broadcasting of first-run UK originations across Daytime and Peak Viewing Time.

2.34 In respect of **BBC Two**, the BBC must ensure that in each Calendar Year at least 2,200 hours are allocated to the broadcasting of first-run UK originations across Daytime and Peak Viewing Time.

2.35 In respect of **CBBC**, the BBC must ensure that in each Calendar Year at least 400 hours are allocated to the broadcasting of first-run UK originations across Daytime and Peak Viewing Time.

2.36 In respect of **CBeebies**, the BBC must ensure that in each Calendar Year at least 100 hours are allocated to the broadcasting of first-run UK originations across Daytime and Peak Viewing Time.

2.37 For the purposes of conditions 2.33 to 2.36:

2.37.1 “first-run UK originations” means programmes which are commissioned by or for a UK Public Television Service and have not previously been shown on television in the United Kingdom; and

2.37.2 references to hours mean hours measured in slot times (footnote 34: i.e. including presentation material during and at the end of programmes.) for programmes with a slot time of 10 minutes or more, or hours measured in running times (footnote 35: i.e. excluding presentation material.) for programmes with a slot time of less than 10 minutes.”

## Revised Operating Licence conditions

### News

- A1.7 We have amended condition 2.6 of the Operating Licence so that it reads as follows:

“2.6 In respect of CBBC, the BBC must ensure that:

2.6.1 it shows news each day; and

2.6.2 in each Financial Year at least 35 hours are allocated to news.”

- A1.8 We have also added to condition 2.17 so that it reads as follows:

“2.17 In respect of BBC Online, the BBC must ensure that it provides:

2.17.1 adequate links to material provided by third parties<sup>199</sup>; and

2.17.2 daily news and information for children. This should be provided through content in a range of different formats, including text-based articles, videos and interactive pieces, which cover a broad range of subjects and should include in-depth news and analysis.”

A1.9 The changes to the Operating Licence conditions for news on CBBC will also be reflected in the table that follows condition 2.41. The relevant parts of the table will be amended as follows:

Name of Service	Summary of Regulatory Condition	Regulatory Condition number
CBBC	News each day	2.6.1
CBBC	Financial Year quota for news (35 hours)	2.6.2

## First-run UK originations

A1.10 We have amended conditions 2.35 and 2.36 so that they read as follows:

“2.35 In respect of CBBC and BBC iPlayer taken together, the BBC must ensure that in each Calendar Year it provides at least 350 hours of first-run UK originations for pre-teen children.

2.35A In complying with condition 2.35, the BBC must ensure that in each Calendar Year at least 175 hours of first-run UK originations are broadcast on CBBC.

2.36 In respect of CBeebies and BBC iPlayer taken together, the BBC must ensure that in each Calendar Year it provides at least 100 hours of first-run UK originations for pre-school children.

2.36A In complying with condition 2.36, the BBC must ensure that in each Calendar Year at least 50 hours of first-run UK originations are broadcast on CBeebies.”

A1.11 We have amended the cross-references in condition 2.37 of the Operating Licence so that it applies only to the first-run UK originations quotas for BBC One and for BBC Two, and we have also added a new condition 2.37A in respect of the children’s first-run UK originations quotas as follows:

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<sup>199</sup> We have set out the full proposed wording of condition 2.17 for completeness. Note that the variation to the Operating Licence does not affect the current requirement that the BBC must provide adequate links to material provided by third parties.

“2.37A For the purposes of conditions 2.35 to 2.36A:

2.37A.1 “first-run UK originations” means programmes which are commissioned by or for a UK Public Service and have not previously been shown on television or made available online in the United Kingdom; and

2.37A.2 references to hours in respect of a UK Public Television Service mean hours measured in slot times for programmes with a slot time of 10 minutes or more, or hours measured in running times for programmes with a slot time of less than 10 minutes, and in respect of programmes made available only on BBC iPlayer mean hours measured in running times .”

## Comparison between current and revised Operating Licence conditions

A1.12 We set out below a comparison between the current and revised Operating Licence conditions. Amendments, including deletions and new wording, are underlined.

### News

A1.13 A comparison between the existing and revised Operating Licence conditions for news on CBBC is as follows:

“2.6 In respect of **CBBC**, the BBC must ensure that:

2.6.1 it shows news at intervals throughout the each day; and

2.6.2 in each Financial Year at least 85 35 hours are allocated to news.”

A1.14 A comparison between the existing and revised Operating Licence conditions for news on BBC Online is set out below:

“2.17 In respect of **BBC Online**, the BBC must ensure that it provides adequate links to material provided by third parties :

2.17.1 adequate links to material provided by third parties; and

2.17.2 daily news and information for children. This should be provided through content in a range of different formats, including text-based articles, videos and interactive pieces, which cover a broad range of subjects and should include in-depth news and analysis.”

A1.15 A comparison between the existing rows and the revised rows in the table that follows condition 2.41 is set out below:

Name of Service	Summary of Regulatory Condition	Regulatory Condition number
CBBC	News <del>at intervals throughout the each day</del>	2.6.1

CBBC	Financial Year quota for news ( <del>85</del> 35 hours)	2.6.2
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## First-run UK originations

A1.16 A comparison between the existing and revised Operating Licence conditions for first-run UK originations is set out below (note that the variation to the Operating Licence will not affect the quotas for BBC One and BBC Two):

“2.33 In respect of **BBC One**, the BBC must ensure that in each Calendar Year at least 4,000 hours are allocated to the broadcasting of first-run UK originations across Daytime and Peak Viewing Time.

2.34 In respect of **BBC Two**, the BBC must ensure that in each Calendar Year at least 2,200 hours are allocated to the broadcasting of first-run UK originations across Daytime and Peak Viewing Time.

2.35 In respect of **CBBC** and **BBC iPlayer** taken together, the BBC must ensure that in each Calendar Year it provides at least ~~400~~ 350 hours ~~are allocated to the broadcasting~~ of first-run UK originations ~~for pre-teen children across Daytime and Peak Viewing Time.~~

2.35A In complying with condition 2.35, the BBC must ensure that in each Calendar Year at least 175 hours of first-run UK originations are broadcast on CBBC.

2.36 In respect of **CBeebies** and **BBC iPlayer** taken together, the BBC must ensure that in each Calendar Year it provides at least 100 hours ~~are allocated to the broadcasting~~ of first-run UK originations ~~for pre-school children across Daytime and Peak Viewing Time.~~

2.36A In complying with condition 2.36, the BBC must ensure that in each Calendar Year at least 50 hours of first-run UK originations are broadcast on CBeebies.

2.37 For the purposes of conditions 2.33 to ~~2.36~~ 2.34:

2.37.1 “first-run UK originations” means programmes which are commissioned by or for a UK Public Television Service and have not previously been shown on television in the United Kingdom; and

2.37.2 references to hours mean hours measured in slot times (footnote 34: i.e. including presentation material during and at the end of programmes.) for programmes with a slot time of 10 minutes or more, or hours measured in running times (footnote 35: i.e. excluding presentation material) for programmes with a slot time of less than 10 minutes.”

2.37A For the purposes of conditions 2.35 to 2.36A:

2.37A.1 “first-run UK originations” means programmes which are commissioned by or for a UK Public Service and have not previously been shown on television or made available online in the United Kingdom; and

2.37A.2 references to hours in respect of a UK Public Television Service mean hours measured in slot times for programmes with a slot time of 10 minutes or more, or hours measured in running times for programmes with a slot time of less than 10 minutes, and in respect of programmes made available only on BBC iPlayer mean hours measured in running times.”

## A2. Notice of Variation

### Notice of Variation to the Operating Licence for the BBC'S UK public services issued on 13 October 2017 (the "Licence")

#### Notice number 3 dated 28 July 2020

##### RECITALS

- A2.1 On 15 December 2016, the Government published the Royal Charter for the continuance of the BBC (the "**Charter**") and the agreement between the Secretary of State for Culture, Media and Sport, and the BBC (the "**Agreement**") which required Ofcom to set a licence for the BBC's UK Public Services. On 13 October 2017, Ofcom issued the Licence.
- A2.2 In November 2019, the BBC submitted a request to Ofcom to make changes to the conditions of the Licence, in order to increase the provision of children's news through the Newsround website and to provide more new children's content on BBC iPlayer (the "**Request**"). Following consideration of the Request, on 13 December 2019, in accordance with Ofcom's "Procedures for setting and amending the operating licence" published on 13 October 2017 (the "**Procedures**") and its consultation principles, Ofcom published a consultation on the Request (the "**Consultation**").<sup>200</sup>
- A2.3 Ofcom received 37 responses to the Consultation. Having considered the Request, the Consultation responses and further engagement with the BBC and other stakeholders, on 28 July 2020 Ofcom published its decision to make the amendments to the Licence in the document entitled "*BBC Children's news and first-run UK originations: Statement on the BBC's request to change its Operating Licence*" (the "**Statement**").
- A2.4 For the reasons set out in the Statement, Ofcom has decided that it is appropriate to amend the Licence and is now varying it in order to do so. For ease of reference, Ofcom has also decided to make available a consolidated Licence together with a record listing variations.
- A2.5 In compliance with Clauses 80 and 13(5) of the Agreement and the Procedures, the BBC (the Licensee) has been consulted and given a reasonable opportunity to make representations on the proposed variation.

#### **NOW THEREFORE the Licence shall be varied in the following manner:**

- a) Replace the existing text of condition 2.6.1 with the following:  
"it shows news each day; and "

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<sup>200</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0037/178867/consultation-bbc-childrens-change-operating-licence.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0037/178867/consultation-bbc-childrens-change-operating-licence.pdf)

- b) In condition 2.6.2, delete the number “85” from the existing text and replace with the number “35”.
- c) In condition 2.17, replace the following text “adequate links to material provided by third parties.” with the following punctuation mark “:”.
- d) After amended condition 2.17, insert new conditions numbered 2.17.1 and 2.17.2 as follows:
- “2.17.1 adequate links to material provided by third parties; and
- 2.17.2 daily news and information for children. This should be provided through content in a range of different formats, including text-based articles, videos and interactive pieces, which cover a broad range of subjects and should include in-depth news and analysis.”
- e) Replace the existing text of condition 2.35 with the following:
- “In respect of **CBBC** and **BBC iPlayer** taken together, the BBC must ensure that in each Calendar Year it provides at least 350 hours of first-run UK originations for pre-teen children.”
- f) After amended condition 2.35, insert a new condition numbered 2.35A as follows:
- “2.35A In complying with condition 2.35, the BBC must ensure that in each Calendar Year at least 175 hours of first-run UK originations are broadcast on CBBC.”
- g) Replace the existing text of condition 2.36 with the following:
- “In respect of **CBeebies** and **BBC iPlayer** taken together, the BBC must ensure that in each Calendar Year it provides at least 100 hours of first-run UK originations for pre-school children.”
- h) After amended condition 2.36, insert a new condition numbered 2.36A as follows:
- “2.36A In complying with condition 2.36, the BBC must ensure that in each Calendar Year at least 50 hours of first-run UK originations are broadcast on CBeebies.”
- i) Replace the existing text of condition 2.37 with the following:
- “For the purposes of conditions 2.33 to 2.34:”
- j) After condition 2.37.2, insert new conditions numbered 2.37A, 2.37A.1 and 2.37A.2 as follows:
- “2.37A For the purposes of conditions 2.35 to 2.36A:
- 2.37A.1 “first-run UK originations” means programmes which are commissioned by or for a UK Public Service and have not previously been shown on television or made available online in the United Kingdom; and
- 2.37A.2 references to hours in respect of a UK Public Television Service mean hours measured in slot times for programmes with a slot time of 10 minutes or more, or hours measured in running times for programmes with a slot time of less than 10

minutes, and in respect of programmes made available only on BBC iPlayer mean hours measured in running times.”

This variation to the Licence shall come into force on 28 July 2020.

SIGNED FOR OFCOM ON 28 July 2020.

A handwritten signature in black ink that reads "Ke: Bakhurst". The signature is written in a cursive style with a small dot at the end.

Kevin Bakhurst

Content and Media Policy Group Director, Ofcom

## A3. Equality impact assessment

- A3.1 Section 149 of the Equality Act 2010 (the “2010 Act”) imposes a duty on Ofcom, when carrying out its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct related to the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The 2010 Act also requires Ofcom to have due regard to the need to advance equality of opportunity and foster good relations between persons who share specified protected characteristics and persons who do not.
- A3.2 Section 75 of the Northern Ireland Act 1998 (the “1998 Act”) also imposes a duty on Ofcom, when carrying out its functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the 1998 Act. Ofcom’s Revised Northern Ireland Equality Scheme explains how we comply with our statutory duties under the 1998 Act.
- A3.3 To help us comply with our duties under the 2010 Act and the 1998 Act, we assess the impact of our proposals on persons sharing protected characteristics and in particular whether they may discriminate against such persons or impact on equality of opportunity or good relations.
- A3.4 In setting our first Operating Licence for the BBC, Ofcom examined the potential equality impacts of our proposed approach for holding the BBC to account for the delivery of its mission and public purposes. We concluded that securing delivery of the BBC’s mission and public purposes through this regulatory regime will bring benefits to all consumers of BBC output. We have assessed the equality impacts for subsequent changes to the Licence.
- A3.5 As explained further in section 2 of this Statement, we published a consultation on the BBC’s proposed changes to the Licence. We published our assessment of the potential equality impacts of the proposed amendments to the Operating Licence in our consultation document.
- A3.6 We have decided to accept the BBC’s request for changes to the Operating Licence conditions in respect of children’s content, with the safeguards set out in section 3 of this Statement. The changes will affect children and will impact the types of content the BBC provides for children, as well as where it is shown (e.g. online vs linear).
- A3.7 Overall, we consider that the changes are likely to have a positive impact on children. As explained further in section 3 of this Statement, we consider that the changes should enable the BBC to engage and reach more children by providing them with news and first-run UK originations in places they like to consume content (given the growing trend in online consumption), while still retaining some linear provision for children who may be less likely or unable to go online.

- A3.8 We note that the impact of the changes may vary to some extent between: younger and older children; children from different socio-economic groups; and children with disabilities, including children with hearing and visual impairments. Since consulting on our proposed changes, and again in light of the Covid-19 crisis, we have engaged with the BBC to understand more about what the likely impact of the changes may be on certain audience groups, including children from C2DE backgrounds and those with hearing and/or visual impairments. Based on the BBC's response, we consider that the changes are unlikely to have a negative impact on these audiences. We provide this analysis in more detail in Section 3 of this Statement.
- A3.9 In respect of news on CBBC, the BBC has said that its changes should allow it to make a greater volume of news content available for children and to cover stories in more detail and across a broader range of subject areas. We consider that this approach is likely to be beneficial to children by supporting their learning and providing them with more impartial news and information. We note that children will still have access to news each day on the CBBC linear channel.
- A3.10 We also consider that the changes to first-run UK originations on CBBC and CBeebies are likely to have a positive impact on children. We note that the changes to first-run UK originations will allow the BBC to experiment with different types of content. For example, children may benefit from BBC iPlayer only content targeted at 10-12 year olds or more interactive content. We consider that this is likely to benefit children by providing them with distinctive output and contributing towards the BBC's delivery of its public purposes.
- A3.11 In addition, and as explained further in Section 3 of this Statement, the BBC has said that it intends to match its access service standards on broadcast TV for new children's BBC iPlayer only content. Therefore, we consider that the changes to first-run UK originations are unlikely to have a negative impact on children with hearing and/or visual impairments.
- A3.12 Further we note that at least half of the first-run UK originated pre-teen and pre-school content the BBC is required to broadcast will be shown on the CBBC and CBeebies linear channels. This will ensure that children who are less likely or unable to go online will continue to have access to first-run UK originations.
- A3.13 Our decision does not have implications for our duty to have regard to the desirability of promoting good relations across a range of categories outlined in the 1998 Act or our duty to have due regard to the need to foster good relations between persons who share specified protected characteristics and persons who do not under the 2010 Act.