



Television Advertising of Food and Drink to Children: Options for new restrictions

Update to Consultation Document
of March 28, 2006

Consultation Update

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Section 1

Introduction

- 1.1 On March 28th, 2006, Ofcom published a consultation on the television advertising of high fat, salt or sugar (“HFSS”) food and drink products to children, in which proposals were made to restrict such advertising as part of the measures to be taken to tackle childhood obesity. The proposals were accompanied by an Impact Assessment which included analysis of their effect on the amount of advertising that children see, their likely impact on broadcasters and other affected stakeholders and also an assessment of their likely benefits that was based on analysis carried out by the Food Standards Agency (“FSA”).
- 1.2 Since the publication of the consultation document, Ofcom has received a number of queries from stakeholders, including those working to develop a fourth option, about the modelling work that Ofcom carried out. In light of those queries, Ofcom considered that it would be sensible to update and restructure the model to analyse the different policy options in the Impact Assessment in order to make it more straightforward to replicate the analysis, in particular by using the most up to date information for calendar year 2005. In addition, Ofcom has corrected some errors identified in the previous input data and modelling.
- 1.3 The overall effect of the revised data and modelling is to decrease the costs to broadcasters of each of the proposed policy packages set out in the consultation document and also to decrease the cost to broadcasters of a pre-9pm ban on HFSS advertising; and to decrease the impact of all three of the proposed policy packages on the amount of advertising that children see. The impact of the pre-9pm ban on the amount of advertising that children see is unchanged. See further section 2 below.
- 1.4 Having considered the revised data, Ofcom is maintaining the proposals for new restrictions on the advertising of food and drink products to children as set out in the consultation document. The reasons for this are set out below in section 2. They follow the order of the discussion set out in the original consultation document.
- 1.5 Appendix 1 to this document provides revised updated versions of all the relevant tables from the Impact Assessment published with the consultation document. The revised data tables replace the previous versions of the tables included in the consultation document, which have now been superseded.
- 1.6 In order to provide consultees with an opportunity to consider the revised data and take it into account in their responses to the consultation, the consultation period has been extended until June 30th, 2006.

Section 2

Policy Options

Proposals in the March 28 consultation document

2.1 The consultation document proposed three alternative policy packages for the regulation of advertising of food and drink products to children. These were:

- Timing restrictions on HFSS food and drink products;
- Timing restrictions on all food and drink products; and
- Volume-based restrictions on all food and drink products.

All three packages included the complete exclusion of such advertising from programmes targeted at pre-school children and the use of the BCAP content rules.

2.2 Ofcom did not state a preference between the three policy packages proposed: it recognised that this was a complex issue and that no common position had emerged between stakeholders. Ofcom also invited stakeholders to submit a fourth option which could be a permutation of measures already in the three packages, or a completely new proposal.

2.3 The consultation document also discussed two further options but did not put them forward as proposed policy packages as neither were considered to meet Ofcom's regulatory objectives. These were the option for Ofcom to take no further regulatory action but to rely on continued self-regulation on the part of broadcasters and advertisers, and the option of a pre-9pm ban on the advertising of all HFSS products.

2.4 Ofcom believed the former option would not meet its regulatory objectives as there was no guarantee that manufacturers would continue their current voluntary efforts in the absence of a threat of new regulation.

2.5 Ofcom believed the latter option would be effective in reducing the amount of advertising that both younger and older children see, but that it would not meet its regulatory objectives for the reasons set out at paragraphs 5.19 to 5.21 of the consultation document.

2.6 Ofcom's views were based on the evidence available at the time of publication in late March, including the analysis of the impact of the various policy options contained in the Impact Assessment. As was made clear in paragraph 5.8 of the consultation document there are inherent difficulties in quantifying the health benefits of measures to restrict food and drink advertising on television. Further, whilst the analysis of the impact of policy restrictions on broadcasters does not involve such difficulties, the complexity of the market for TV advertising and the limitations on available data means that a number of simplifying assumptions have been made. As a result, the analysis in the Impact Assessment was not on its own determinative, but was used to inform Ofcom's evaluation of the various potential policy options.

Updates and corrections made to the modelling

2.7 Since the publication of the consultation document, Ofcom has received a number of queries from stakeholders, including those working to develop a fourth option, about

the modelling work that Ofcom carried out. In light of these queries, Ofcom considered that it would be sensible to update and restructure the model it used to analyse the different policy options in order to make it more straightforward to replicate the analysis. Ofcom has also identified and corrected some errors discovered in the previous input data. At the same time it has taken account of requests for a more disaggregated breakdown of the results data (for example indicating the effect on 4 - 9 year olds as well as 4 - 15 year olds) and has taken steps to improve the way some of the input data was analysed. A number of changes have therefore been made to the model, which are set out below.

- 2.8 In terms of updating the input data, impacts, viewing and advertising spend data has been updated to calendar year 2005¹. At the time the original modelling work was carried out, full year data for 2005 was not available and so the previous version of the model used a mix of 2004 and 2005 data.
- 2.9 In terms of restructuring the model, the previous model used both Ofcom Revenue data to assess the impact of the different policy measures (as set out in paragraphs 7.13 and 7.14 of the IA), and advertising spend data from Nielsen. However, mixing these two data sources could lead to inconsistencies across the analysis (for instance the Ofcom Revenue data is based on net advertising revenue and the Nielsen advertising spend numbers are gross advertising expenditure). The use of unadjusted Nielsen gross revenue data would tend to result in an overstatement of the reduction in revenue to broadcasters and Ofcom has now made an adjustment to correct for this. Ofcom has scaled the Nielsen ad-spend data on HFSS and Core Category products down to reflect the difference between the Nielsen gross data and the Ofcom net revenue data.
- 2.10 The results now identify the effect on 4 - 9 year olds and 10 - 15 year olds separately as well as reporting the results for the original 4 -15 year old category.
- 2.11 Ofcom has also used more detailed (half-hourly) revenue data from Nielsen to analyse the effect of all packages, rather than just for Package 3 as in the previous version of the model.
- 2.12 Ofcom has made an adjustment to the treatment of viewing data for channels where viewing data was reported for separate regions/sub-regions. The input data for the minutes of ITV, C4 and C5 advertisement viewing from BARB has now been corrected to reflect the proper aggregation of input data where viewing data is reported for separate regions/sub-regions. This adjustment has the effect of lessening the reduction in impacts produced by the package of measures set out in Option 3.
- 2.13 An adjustment has been made to the modelling of the component relating to child impacts delivered by programmes outside children's programming but of particular appeal to children (those programmes with a viewing index of 120 or more for children aged 4 - 9 years old). The adjustment measures the cost to broadcasters on an all-individual viewer basis, but focuses the reduction in impacts on 4 -15 year olds. It also includes additional analysis for 4 - 9 year olds and 10 -15 year olds. In the original modelling the costs to broadcasters had been measured on an all-individuals basis but the impacts were based on 4 - 54 year olds. This correction has the effect of lessening the reduction in impacts produced by that component of the package

¹ The Ofcom Revenue data on total revenue for broadcasters are still based on their 2004 returns as the 2005 data is not yet available. Ofcom does not expect this to make a material difference to the results.

and thus reducing the overall impact produced by the proposed package of measures set out in Options 1 and 2.

- 2.14 The overall effect of the changes in modelling is to reduce the estimated cost to broadcasters of all the options modelled, including the three proposed policy packages as well as the pre-9pm exclusion of HFSS advertising. The modelling changes also lessen the reduction in the amount of advertising seen by children that results from the three proposed policy packages. The impact of the pre-9pm exclusion on the amount of advertising that children see is unchanged. In addition, the estimates of the benefits of the policy options, based on the FSA calculations, are adjusted downwards in line with the revision in the amount of advertising viewed by children.

Policy proposals

- 2.15 Ofcom has considered the revised analysis, and taking the changes in the data into account, has reviewed its policy proposals. These policy proposals are set out below, and are substantially unchanged from the consultation document.
- 2.16 A summary of the results of the revised data and modelling is set out in Table 1 below:

Table 1: Results of the revised data and modelling

	Costs £m pa.			Benefits (VOL) ² £m pa.			Benefits (QALY) ³ £m pa.			4-9 impact reduction ⁴
	Low	Med	High	Low	Med	High	Low	Med	High	
Package 1	13.5	18.3	21.5	117	235	470	25	49	97	50%
Package 2	15.8	21.4	25.1	Less than the benefits for Package 1 above						47%
Package 3	28.9	43.1	52.6	110	221	442	24	46	91	44%
Pre-9pm	103	141	166	245	495	990	53	102	204	89%

- 2.17 In Table 1 above, the range of figures given for the costs to broadcasters reflect Ofcom's modelling assumptions on the extent to which broadcasters are able to mitigate the loss of advertising revenue resulting from the relevant advertising restriction with other revenue or cost reductions. The detailed assumptions on mitigation are set out in Table 7.3 of the Impact Assessment.
- 2.18 The range of figures given in Table 1 for the FSA's benefit assessment, based both on VOL and QALY, represent the FSA's sensitivity analysis around one of the assumptions in their benefits assessment, namely the extent of the mapping from childhood into adulthood of changes in dietary habits resulting from changes in the

² The benefits calculations assume that potential reductions in adult obesity are reflected in lowered mortality, which is valued either by the VOL or the QALY methodologies, and discounted to current values. VOL (Value of Life) based on Department of Transport methodology incorporating medical cost, lost output and human cost, measured using willingness to pay. Common use in transport projects to make decisions about safety-related investments.

³ QALY (Quality Adjusted Life Years) takes account of quality and quantity of life by assigning each life year a weight from one (full health) to zero (death). Used in the NHS to make decisions about allocating budgets between different uses.

⁴ Packages 1 and Pre-9.00pm are % HFSS impacts lost, Packages 2 and 3 are % Core Category impacts lost

amount of HFSS advertising seen by children. The ranges reflect the assumption that 25% (low), or 50% (medium), or 100% (high) of the change in childhood dietary habits persists into adulthood.

- 2.19 The figures in the discussion below are from the updated 2005 analysis. However, for purposes of clarity, where they are available, the corresponding (now superseded) figures extracted from the March 28 consultation are set out in square brackets [] after the relevant 2005 figures.

Voluntary self-regulation

- 2.20 The revised analysis provides no new information on the voluntary measures that have already been taken by manufacturers. Ofcom's view was already based on the most up to date information available. Ofcom therefore remains of the view that voluntary self-regulation would not meet its regulatory objectives.

Pre-9pm exclusion of HFSS advertising

- 2.21 Ofcom has considered the impact of excluding all HFSS advertising before the 9pm watershed.
- 2.22 Based on 2005 data, excluding all HFSS advertising before 9pm would remove 82% [82%] of the recorded HFSS advertising impacts on all children (aged 4 -15 years) and 89% of the recorded HFSS advertising impacts on children aged 4 - 9 years. Clearly, this measure would achieve a key regulatory objective of significantly reducing the impact of HFSS advertising on younger children. It would also contribute to enhancing protection for older children by reducing their exposure to HFSS advertising.
- 2.23 Based on the FSA calculations, the social / health benefits of exclusion of HFSS advertising before 9pm could be in the ranges of £53 million to £204 million or £245 million to £990 million per year [£50 million to £200 million or £250 million to £990 million] depending on the value of life estimate that is employed. The FSA calculations are necessarily based on various assumptions derived from academic research in this area but which are impossible to validate directly, and should be considered on this basis. More details are given in the Impact Assessment of the consultation document (see in particular Section 8 and Annex C of the Impact Assessment).
- 2.24 However, it remains Ofcom's view that the exclusion of all HFSS advertising before 9pm would not meet Ofcom's regulatory objectives.
- 2.25 A pre 9pm ban rather than being targeted at younger children, would prevent adults from viewing advertisements for most HFSS food and drink products aimed at them. As a result it could make television an unattractive medium for food and drink advertisers; it may for example be uneconomic to produce television advertisements if they can only be shown after 9pm.
- 2.26 In qualitative research described in Section 3 of the consultation document and set out in Chart 84 of Ofcom's report Childhood Obesity – Food Advertising in Context, published in July 2004, the majority of parents who expressed a view indicated that they do not favour a ban on HFSS advertising extending to 9pm.
- 2.27 Ofcom estimates that excluding HFSS advertising up to 9pm could cost broadcasters around £141 million [£170 million] per year in lost advertising, rising to around £175

million [£206 million] if Core Category advertising was excluded. As a result of the larger audience sizes in peak, the loss of broadcaster revenue for each percentage point reduction in 4 – 15 year old or 4 – 9 year old impacts is much higher for the pre-9pm option than for the other options, stemming from the loss of many more non-child impacts than with the other options.

- 2.28 Ofcom has taken account of the fact that the cost of broadcasters is lower than previously modelled but it remains our view that it is an excessive burden.
- 2.29 These factors are all in the context of the modest direct effect that Ofcom has identified between television advertising and children’s food preferences and consumption.
- 2.30 Having taken account of the revised evidence, and in particular the fact that the cost to broadcasters has reduced, it remains Ofcom’s view that the exclusion of HFSS advertising before 9pm would not meet Ofcom’s regulatory objectives and would be disproportionate.
- 2.31 For these reasons Ofcom is not currently proposing a restriction of all HFSS advertising before 9pm. Ofcom welcomes all representations on this option, including any new evidence that consultees may wish to provide, whether in response to question 5 of the consultation or otherwise.

Proposed policy packages

- 2.32 Having reached the view that voluntary self-regulation and a pre-9pm exclusion would not meet Ofcom’s regulatory objectives, there are a number of other options which could in our view meet those objectives. Ofcom has therefore proposed three packages in its consultation. The regulatory objectives are laid out in paragraph 5.2 of the consultation document, and further discussed in paragraphs 5.22 to 5.24.
- 2.33 But, acknowledging the complexity of the issue, we are also inviting stakeholders to submit a fourth package of proposals which may be a permutation of the measures already in the three packages, or may be a completely new proposal.
- 2.34 All the proposed three packages put forward in the consultation document shared two common elements:
- No advertising of or sponsorship by HFSS products in programmes aimed at pre-school children (i.e. less than 5 years old).
 - A range of rules aimed at the content of all food and drink advertising, designed to reduce its impact on children generally, and to avoid targeting certain techniques at some age groups altogether.
- 2.35 The content rules have been drawn up by BCAP⁵, the broadcasting and advertising industry self-regulatory body responsible for the standards codes. Details of the provisions of the BCAP content rules for all food and drink are set out in Section 5 of the consultation document.
- 2.36 On their own, we consider that the content rules are insufficient to achieve the regulatory objectives but that they should form part of a blended approach together

⁵ BCAP is the Broadcasting Committee of Advertising Practice. The self-regulatory committee has members from the broadcasting, advertiser and media communities, and is part of the ASA organisation.

with rules aimed at excluding or reducing the amount of HFSS advertising at certain times of day.

- 2.37 Each of the three proposed packages contained the common elements mentioned above. The details of each package and its likely effects are discussed below. As before, for purposes of clarity, where they are available, the corresponding (now superseded) figures extracted from the consultation document are set out in square brackets [] after the relevant 2005 figures.

Package 1 – Timing restrictions on specific food and drink products

- 2.38 The features of this package of restrictions (which are unchanged from the consultation document) are as follows:
- No HFSS product advertising⁶ to be shown in programmes made for pre-school children;
 - No HFSS product advertising to be shown in programmes specifically made for children;
 - No HFSS product advertising to be shown in programmes of particular appeal to children aged up to 9 years old⁷;
 - No sponsorship by HFSS products of programmes affected by the above restrictions;
 - Application of BCAP content rules to all food and drink advertising and sponsorship.
- 2.39 The likely effects of implementing this package, based on the revised data, are as follows:
- based on 2005 data, we estimate that the exposure of all children (aged 4 –15⁸) to HFSS food and drink advertising will fall by about 39% [50%] and the exposure of children aged 4 - 9 will fall by about 50%;
 - the overarching impact on broadcaster revenues will be, we estimate, to reduce them by approximately £18 million [£28 million] or 0.3% [0.5%] per year⁹;
 - terrestrial broadcasters' revenues will fall, we estimate, by roughly 0.4% [0.5%] of their total revenues;
 - children's channels revenues will fall more substantially – we estimate by roughly 2% –10% [4% – 21%] of total revenues (depending on the channel);
 - there would be health benefits for children. Based on calculations by the FSA, these could be valued at amounts ranging around £49 million or £235 million¹⁰ [£63 million or £303 million] (depending on the value of life measure used).

⁶ This option makes use of a differentiation model such as nutrient profiling to identify specifically those products that are high in fat, salt or sugar

⁷ A programme with a 4-9 yr old child audience index of 120 or more is deemed to be "of particular interest" to 4-9s.

⁸ No viewing data exists for under-four year olds.

⁹ The range of likely impacts on broadcaster revenues is set out in Table 1 at paragraph 2.16

- 2.40 In summary, broadcasters as a whole would be likely to lose less than 1% [less than 1%] of total revenues, which while significant, would appear to be sustainable. The impact on children's channels would be greater, as they derive between 2% - 10% [4% - 21%] of revenue from advertising HFSS food products¹¹. Any measure excluding HFSS advertising from children's programming could therefore have a potentially damaging economic effect on some of these channels.
- 2.41 In acknowledgement of these difficulties, if this package were adopted, we invite comments on whether there should be a phase-in period for children's channels.

Package 2 – Timing restrictions on all food and drink products

- 2.42 The features of this package of restrictions (which are unchanged from the consultation document) are as follows:
- No food or drink advertising to be shown in programmes made for pre-school children;
 - No food or drink advertising to be shown in programmes specifically made for children;
 - No food or drink advertising to be shown in programmes of particular appeal to children aged up to 9 years old;
 - No sponsorship by food or drinks products of programmes affected by the above restrictions;
 - The above provisions do not apply to healthy eating campaigns supported or endorsed by Government;
 - Application of BCAP content rules to all food and drink advertising and sponsorship.
- 2.43 The likely effects of implementing this package, based on the revised data, are as follows:
- based on 2005 data, we estimate that the exposure of all children (aged 4 –15) to food and drink advertising will fall by about 37% [50%] and the exposure of children aged 4 - 9 to food and drink advertising would fall by about 47%;
 - the overarching impact on broadcaster revenues will be, we estimate, to reduce them by approximately £21 million [£31 million] or 0.4% [0.6%] per year¹²;
 - terrestrial broadcasters' revenues will fall, we estimate by approximately 0.4% [0.6%] of their total revenues;
 - children's channels revenues will fall more substantially – we estimate by between 3 – 11% [4% - 21%] of total revenues (depending on the channel);

¹⁰ This is drawn from the benefits calculations provided by the FSA. Calculations based on two methodologies: Quality Adjusted Life Years (QALY) and Value of Life (VOL). See Impact Assessment for details and Table 1 at paragraph 2.16 for the ranges of benefits estimated.

¹¹ The entire output of children's channels is regarded as children's programming. These channels would not be permitted to show HFSS advertising at any time.

¹² See footnote 9

- there would be health benefits for children. Ofcom has not estimated these, directly but they would be of a similar order of magnitude (albeit slightly lower) to benefits estimated based on the FSA calculations for Package 1 i.e. ranging around £49 million or £235 million per year [£63 million or £303 million] (depending on the value of life measure used)¹³.

2.44 In summary, broadcasters would be likely to lose slightly more advertising revenue than under Package 1, but still less than 1% [less than 1%] of their total advertising revenues. Once again, the impact on children's channels could be significant (though not materially different from the impact assessed for Package 1).

2.45 In acknowledgement of these difficulties, if this package were adopted, we invite comments on whether there should be a phase-in period for children's channels.

Package 3 – Volume-based restrictions on all food and drink products

2.46 The features of this package of restrictions (which are unchanged from the consultation document) are as follows:

- No food or drink advertising to be shown in programmes made for pre-school children;
- The volume of food or drink advertising and sponsorship to be limited at times when children are most likely to be watching:
 - limit to 30 seconds per hour (06.00 - 09.00 and 15.00 -18.00 weekdays; 06.00 – 13.00 weekends);
 - during the evening peak (18.00 - 20.00) and weekend afternoons (13.00 - 20.00) - limit to 60 seconds per hour;
 - limit for children's channels (except pre-school channels) of 30 seconds per hour all day.
- Application of BCAP content rules to all food and drink advertising and sponsorship.

2.47 The likely effects of implementing this package, based on the revised data, are as follows:

- we estimate based on 2005 data that this would result in a reduction of about 37% [53%] in the exposure of all children (aged 4 -15) to food and drink advertising, and a reduction of about 44% in the exposure of children aged 4 - 9 to food and drink advertising;
- the overarching impact on broadcaster revenues will be, we estimate, to reduce them by approximately £43 million [£91million] or 0.8% [1.7%] per year¹⁴;
- terrestrial broadcasters' revenues will fall, we estimate by just over one percent, approximately 1.2% [2.8%] of total revenues;

¹³ See footnote 10

¹⁴ See footnote 9

- children's channels revenues will still fall but less substantially than for other packages – we estimate by roughly 1% – 6% [2% - 12%] of total revenues;
- there would be health benefits for children. Ofcom has not estimated these, but based on the FSA calculations they could be valued at amounts ranging around £46 million or £221 million [£64 million or £309 million] (depending on which value of life measure is used)¹⁵.

- 2.48 In summary, the proposed volume limits have been set to reduce significantly the exposure of younger children to HFSS advertising when they are most likely to be watching. The greatest numbers of children (up to two million) are tuned in to television between 6.00pm and 8.00pm.
- 2.49 In light of the change in the effect of each of the proposed packages on children's channels resulting from the revised data, Ofcom draws stakeholders' attention specifically to questions 12 and 15 of the consultation document, namely whether it would be appropriate to allow children's channels a transitional period to phase in restrictions on HFSS / food advertising on the lines proposed and would welcome representations on this issue for all three packages.

Fourth Option

- 2.50 In addition to inviting representations on the three packages, Ofcom, as in the consultation document, also invites proposals from stakeholders for a fourth, as yet undefined, package which achieves broad support and which they believe would meet the regulatory objectives.

Conclusion

- 2.51 It remains Ofcom's view, having taken account of the revised data, that these three packages represent a fair and balanced approach to meeting the regulatory objectives. We are expressing no preference for any one alternative and invite stakeholder representations on these proposals and on whether there are changes that could be made to improve them (detailed questions can be found at Annex 4 of the consultation document). As previously stated Ofcom welcomes all representations on the pre-9pm option and any new evidence that consultees may wish to provide in relation to that option.
- 2.52 The consultation will close on Friday June 30 2006. Ofcom intends to issue a final statement later in the year, which will enable any content standards to be incorporated into the BCAP code and implemented with immediate effect. The content rules would be immediately applicable to any campaign conceived after the statement date, but we would expect a grace period for existing campaigns and for new campaigns which are already being developed. At this stage six months seems a reasonable grace period, although it will be necessary to monitor developments, including the expected timescale for the Government's own change monitoring programme in 2007. It is intended that scheduling rules or volume restrictions would come into force on 1 January 2007 with immediate effect.

¹⁵ See footnote 10

Annex 1**Revised Impact Assessment Data Tables**

The following tables and table numbers correspond to those data tables in the Impact Assessment in the Consultation Document of March 28, 2006 which have changed in light of the revised data and supersede the corresponding tables in the Consultation Document.

Table 1.1: Summary of quantified costs and benefits (estimated £m pa)

		Timing restrictions on specific food and drink products	Timing restrictions on all food and drink products	Volume-based restrictions on all food and drink products
Costs to broadcasters				
	Low	13.5	15.8	28.9
	Central	18.3	21.4	43.1
	High	21.5	25.1	52.6
Benefits based on QALY				
	Low	25	Close to, but lower than Package 1	24
	Central	49		46
	High	97		91
Benefits based on VOL				
	Low	116	Close to, but lower than Package 1	110
	Central	235		221
	High	470		442

Source: Ofcom analysis

Table 6.1: Total volume of Core Category impacts by broadcaster for all airtime and children's airtime in 2005

Broadcaster	All Airtime - Impacts (bn)	Children's Airtime - Impacts (bn)
GMTV	0.5	0
ITV	4.0	0.6
Channel 4	1.8	0.0001
S4C	0.03	0
Five	1.2	0.2
Total Terrestrial	7.5	0.7
Dedicated Children's Channels	3.8	3.8
Multichannels (excluding children's channels)	3.6	0
Total	15	5

Source: Nielsen data

Table 7.1: Step 1 – HFSS foods: Revenue at risk (advertising plus sponsorship)

	Children's Airtime		Children's Airtime plus programmes of particular appeal to children			Pre-9pm		
	Total terrestrial	Total dedicated children's channels (TDCC)	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC
Reduction in revenues (£m)	11.0	7.2	19.6	7.2	5.2	206.9	6.8	41.0
Reduction in revenues (% of total)*	0.4	6.0	0.7	6.0	0.2	7.0	5.7	1.6

* These percentages are based on total revenue which includes all advertising, sponsorship and subscription revenue.

Table 7.2: Step 1 – Core Category foods: Revenue at risk (advertising plus sponsorship)

	Children's Airtime		Children's Airtime plus programmes of particular appeal to children			Pre-9pm		
	Total terrestrial	Total dedicated children's channels (TDCC)	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC
Reduction in revenues (£m)	13.6	8.0	23.4	8.0	6.1	260.2	7.5	50.0
Reduction in revenues (% of total)*	0.5	6.6	0.8	6.6	0.2	8.9	6.2	1.9

* These percentages are based on total revenue which includes all advertising, sponsorship and subscription revenue.

Table 7.4: Central case estimate of revenue at risk after mitigation for restriction of HFSS advertising

	Children's Airtime		Children's Airtime plus programmes of particular appeal to children			Pre-9pm		
	Total terrestrial	Total dedicated children's channels (TDCC)	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC
Reduction in revenues (£m)	6.1	4.7	10.8	4.7	2.8	113.8	4.4	22.6
Reduction in revenues (% of total)*	0.2	3.9	0.4	3.9	0.1	3.9	3.7	0.9

* These percentages are based on total revenue which includes all advertising, sponsorship and subscription revenue.

Table 7.5: Central case estimate of revenue at risk after mitigation for restriction of Core Category advertising

	Children's Airtime		Children's Airtime plus programmes of particular appeal to children			Pre-9pm		
	Total terrestrial	Total dedicated children's channels (TDCC)	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC
Reduction in revenues (£m)	7.5	5.2	12.9	5.2	3.4	143.1	4.9	27.5
Reduction in revenues (% of total)*	0.3	4.3	0.4	4.3	0.1	4.9	4.0	1.1

* These percentages are based on total revenue which includes all advertising, sponsorship and subscription revenue.

Table 7.6: Revenue at risk from restricting Core Category advertising in pre-school hours and volume restrictions during period when children are most likely to be watching

	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC*
Pre-school scheduling restriction:			
Reduction in revenues (£m)	0.9	0.4	
Reduction in revenues (% of total)**	0.0	0.3	
Volume restriction:			
Reduction in revenues (£m)	76.0	4.8	12.6
Reduction in revenues (% of total)**	2.6	4.0	0.5
Pre-school and Volume restriction:			
Reduction in revenues (£m)	76.9	5.2	12.6
Reduction in revenues (% of total)**	2.6	4.3	0.5

*The figures for the Other multichannels ex TDCC, are the upper limit of the range of impact as these include all non-children's cab/sats. As discussed in paragraph 7.33 it may be the case that a threshold is imposed on these channels, as such any impact would be reduced.

** These percentages are based on total revenue which includes all advertising, sponsorship and subscription revenue.

Table 7.8: Central case estimate of revenue at risk for pre-school ban plus volume restriction

	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC*
Pre-school scheduling restriction:			
Reduction in revenues (£m)	0.5	0.2	
Reduction in revenues (% of total)**	0.0	0.2	
Volume restriction:			
Reduction in revenues (£m)	34.1	2.6	5.7
Reduction in revenues (% of total)**	1.2	2.2	0.2
Pre-school and Volume restriction:			
Reduction in revenues (£m)	34.6	2.9	5.7
Reduction in revenues (% of total)**	1.2	2.4	0.2

*The figures for the Other multichannels ex TDCC, are the upper limit of the range of impact as these include all non-children's cab/sats. As discussed in paragraph 7.33 it may be the case that a threshold is imposed on these channels, as such any impact would be reduced.

** These percentages are based on total revenue which includes all advertising, sponsorship and subscription revenue.

Table 8.5: Total discounted cost savings associated with different policy options

Policy option	Total discounted cost saving adjusted for HFSS impacts	
Children's Airtime – <i>reduction of 67%</i>	£196m (VOLs)	£40m (QALY)
Children's Airtime plus programmes of strong appeal to children – <i>reduction of 61%</i>	£235m (VOLs)	£49m (QALY)
Pre-9pm ban – <i>reduction of 18%</i>	£495m (VOLs)	£102m (QALY)
Pre-school programming – <i>reduction of 98%</i>	£14m (VOLs)	£3m (QALY)

Table 9.1: Revenue at risk after impact of mitigation from Package 1

Channel	Companies	Total TV revenues (£m)*	Revenue children's airtime 'at risk' (£m)	% Of total revenue at risk
GMTV		✂	✂	0.0
ITV	ITV	✂	✂	0.3
Channel 4	C4	✂	✂	0.7
S4C		✂	✂	0.0
Five	C5	✂	✂	0.2
Total Terrestrial		2,939	10.8	0.4
Boomerang	Turner Broadcasting Corporation	✂	✂	6.6
Cartoon Network		✂	✂	3.7
Toonami		✂	✂	10.3
Pop	Chart Show Channels	✂	✂	3.3
Tiny Pop		✂	✂	2.4
Jetix	Jetix	✂	✂	2.7
Trouble	Trouble TV	✂	✂	4.3
Nickelodeon		✂	✂	2.8
Nicktoons	Nickelodeon	✂	✂	7.5
Nick Jr		✂	✂	2.3
Total children's channels		120.5	4.7	3.9
Total non-children's channels		2,594	2.8	0.1
Total all TV		5,653	18.3	0.3

*Note that total TV revenues include advertising, sponsorship and subscription revenue.

Table 9.2: Revenue at risk after impact of mitigation from Package 2

Channel	Companies	Total TV revenues (£m)*	Revenue 'at risk' (£m)	% of total revenue at risk
GMTV		✂	✂	0.0
ITV	ITV	✂	✂	0.4
Channel 4	C4	✂	✂	0.7
S4C		✂	✂	0.0
Five	C5	✂	✂	0.2
Total Terrestrial		2,939	12.9	0.4
Boomerang	Turner Broadcasting Corporation	✂	✂	7.1
Cartoon Network		✂	✂	3.8
Toonami		✂	✂	10.7
Pop	Chart Show Channels	✂	✂	3.7
Tiny Pop		✂	✂	2.8
Jetix	Jetix	✂	✂	2.8
Trouble	Trouble TV	✂	✂	5.3
Nickelodeon		✂	✂	3.1
Nicktoons	Nickelodeon	✂	✂	7.9
Nick Jr		✂	✂	3.0
Total children's channels		120.5	5.2	4.3
Total non-children's channels		2,594	3.4	0.1
Total all TV		5,653	21.4	0.4

*Note that total TV revenues include advertising, sponsorship and subscription revenue.

Table 9.3: Revenue at risk after impact of mitigation from Package 3

Channel	Companies	Total TV revenues (£m)*	Revenue 'at risk' (£m)	% of total revenue at risk
GMTV		✕	✕	4.4
ITV	ITV	✕	✕	1.2
Channel 4	C4	✕	✕	1.1
S4C		✕	✕	0.0
Five	C5	✕	✕	1.1
Total Terrestrial		2,939	34.6	1.2
Boomerang	Turner Broadcasting Corporation	✕	✕	3.8
Cartoon Network		✕	✕	2.0
Toonami		✕	✕	5.7
Pop	Chart Show Channels	✕	✕	0.6
Tiny Pop		✕	✕	2.3
Jetix	Jetix	✕	✕	1.6
Trouble	Trouble TV	✕	✕	2.9
Nickelodeon		✕	✕	1.6
Nicktoons	Nickelodeon	✕	✕	4.6
Nick Jr		✕	✕	2.5
Total children's channels		120.5	2.9	2.4
Total non-children's channels		2,594	5.7	0.2
Total all TV		5,653	43.1	0.8

*Note that total TV revenues include advertising, sponsorship and subscription revenue.

Table 9.4: Summary of quantified costs and benefits (estimated £m pa)

		Timing restrictions on specific food and drink products	Timing restrictions on all food and drink products	Volume-based restrictions on all food and drink products
Costs to broadcasters				
	Low	13.5	15.8	28.9
	Central	18.3	21.4	43.1
	High	21.5	25.1	52.6
Benefits based on QALY				
	Low	25	Close to, but lower than Package 1	24
	Central	49		46
	High	97		91
Benefits based on VOL				
	Low	116	Close to, but lower than Package 1	110
	Central	235		221
	High	470		442

Source: Ofcom analysis

Table A1: Loss of revenue for HFSS scheduling options by high, medium and low mitigation levels for package one

	Children's Airtime		Children's Airtime plus programmes of particular appeal to children			Pre-9pm		
	Total terrestrial	Total dedicated children's channels (TDCC)	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC
High (£m)	4.4	3.6	7.9	3.6	2.1	82.8	3.4	16.4
Medium (£m)	6.1	4.7	10.8	4.7	2.8	113.8	4.4	22.6
Low (£m)	7.2	5.4	12.8	5.4	3.4	134.5	5.1	26.7
High (%)	0.2	3.0	0.3	3.0	0.1	2.8	2.8	0.6
Medium (%)	0.2	3.9	0.4	3.9	0.1	3.9	3.7	0.9
Low (%)	0.2	4.5	0.4	4.5	0.1	4.6	4.2	1.0

Note: For the terrestrials and Other channels the substitution rates are – 35% low, 45% medium, 60% high and for the Children's channels the substitution rates are – 25% low, 35% medium, 50% high.

Table A2: Loss of revenue for Core category scheduling options by high, medium and low mitigation levels for package two

	Children's Airtime		Children's Airtime plus programmes of particular appeal to children			Pre-9pm		
	Total terrestrial	Total dedicated children's channels (TDCC)	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC	Total terrestrial	Total dedicated children's channels (TDCC)	Other multichannels ex TDCC
High (£m)	5.4	4.0	9.4	4.0	2.4	104.1	3.7	20.0
Medium (£m)	7.5	5.2	12.9	5.2	3.4	143.1	4.9	27.5
Low (£m)	8.8	6.0	15.2	6.0	4.0	169.1	5.6	32.5
High (%)	0.2	3.3	0.3	3.3	0.1	3.5	3.1	0.8
Medium (%)	0.3	4.3	0.4	4.3	0.1	4.9	4.0	1.1
Low (%)	0.3	5.0	0.5	5.0	0.2	5.8	4.7	1.3

Note: For the terrestrials and Other channels the substitution rates are – 35% low, 45% medium, 60% high and for the Children's channels the substitution rates are – 25% low, 35% medium, 50% high.

Table B1: Stand-alone obesity cost savings associated with restricting HFSS adverts to children for package one (a reduction of 39%)

Assumptions	Direct cost savings (pa)	
	2002 Prices (without a policy reduction)	NPV discounted 50 yrs (with a 39% reduction)
100% substitution	£505m	£38m
10% substitution	£50m	£4m
5% substitution	£25m	£2m

Table B2: Wider costs savings associated with restricting HFSS adverts to children based on VOL (including the reduction for package one of 39%)

Assumptions	Indirect cost savings (pa)	
	Undiscounted (without a policy reduction)	NPV discounted 60 yrs mortality and 50 yrs morbidity (with a 39% policy reduction)
100% mapping into adulthood and 10% substitution	£7,990m	£470m
50% mapping into adulthood and 10% substitution	£3,995m (central case)	£235m (central case)
25% mapping into adulthood and 10% substitution	£2,000m	£116m

Table B3: Wider costs savings associated with restricting HFSS adverts to children based on QALYs (including the reduction for package one of 39%)

Assumptions	Indirect cost savings (pa)	
	Undiscounted (without a policy reduction)	NPV discounted 60 yrs mortality and 50 yrs morbidity (with a 39% policy reduction)
100% mapping into adulthood and 10% substitution	£1,640m	£97m
50% mapping into adulthood and 10% substitution	£820m (central case)	£49m (central case)
25% mapping into adulthood and 10% substitution	£410m	£25m