

BBC Children's news and first-run UK originations

Consultation on the BBC's request to change its
Operating Licence

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

CONSULTATION:

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1. Overview

This document explains Ofcom's provisional views on a request by the BBC to change its Operating 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. We are also inviting views from others.

Children's viewing habits have changed fundamentally in recent years. The reach of broadcast television among children is continuing to decline, while video-on-demand television services like Netflix and online services such as YouTube are continuing to grow in popularity. The proportion of children who claim to use the internet more generally has also been increasing. The BBC's dedicated children's channels CBeebies and CBBC have seen viewing fall sharply. CBeebies now reaches only a third of its target audience, and CBBC only around one in six.¹

Given these changes, the BBC must innovate and adapt its approach to serving younger audiences. The BBC acknowledges this and has come to Ofcom with a proposal for how it could better engage children through its online services. To be able to proceed with these plans, the BBC has requested changes to its Operating Licence.

In considering the BBC's proposals we have assessed, among other factors, how the proposed changes will contribute to the BBC's delivery of distinctive output and its mission and public purposes. We have also considered the potential impact of the BBC's proposed changes on fair and effective competition.

¹ The list of the UK Public Services published by the BBC (updated 24 February 2019) describes CBeebies as "a channel providing a range of programming to educate and entertain very young children" and CBBC as "a mixed-schedule channel for pre-teen children". BBC, 2019. [List of UK Public Services](#).

What we are proposing

We agree that it makes sense for the BBC to provide more children's content online. We consider that, given shifts in children's media habits, this may help the BBC to engage better with its youngest audiences, who are critical to its future success.

We therefore propose 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 children's content broadcast on its linear channels, and properly monitors the impact of its online plans.

Proposed changes to the BBC's Operating Licence

The requested changes to the BBC's Operating Licence that we propose to accept are:

- To reduce the amount of news the BBC is required to broadcast on CBBC from 85 hours to 35 hours per year; to allow it to show news once each day rather than at intervals throughout the day; and to introduce a new requirement on the BBC to deliver children's daily news online through a range of content in different formats on the Newsround website.
- 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 proposed 50-hour reduction in the number of hours of children's linear news broadcast on CBBC.
- To amend 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.

Risks and safeguards

Our assessment of the BBC's plans identified some potential risks. We have concerns about whether some groups of children may lose out as a result of the proposed changes. We also have some reservations about how likely children are to engage with its increased online provision.

To mitigate these potential risks, we are proposing further amendments to the Operating Licence, in addition to those requested by the BBC, along with additional monitoring and reporting measures:

- To ensure that the BBC enhances the breadth and depth of its online news offering for children, we propose to change the BBC's suggested new condition for online news. The condition that we are proposing to introduce will require the BBC 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.
- To ensure that the quality of the BBC's linear children's channels is maintained, we propose to introduce new licence requirements. These 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.
- As we are proposing to provide greater flexibility to the BBC, it will be important that it has effective measures in place to demonstrate how it is meeting its mission and public purposes across all its platforms, including online. We expect the BBC to monitor and report on the impact of these changes in its performance measurement framework.

- We will also monitor the impact of these changes closely and add new metrics to our own BBC performance measurement framework, which we will publicly report on at least annually.

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.

We are now seeking views from interested or affected parties on the proposals set out in this consultation by 13 December 2019.

2. Background

The BBC's request

- 2.1 The BBC has 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 set out in full as an annex to this consultation (Annex 8).
- 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 some additional information 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 would like 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 originations², 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 proposed changes (with our additional amendments), are set out in Annex 1.

Our approach

- 2.5 As part of our regulation of the BBC, we are required under the Charter³ and Agreement⁴ 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 mission⁵ and public purposes⁶, to secure the provision of distinctive output and services and to secure

² 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.

³ [The Charter](#).

⁴ [The Agreement](#).

⁵ 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).

⁶ 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.⁷ We issued the first Operating Licence in October 2017⁸ and it has been subsequently amended on several occasions.⁹

- 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)¹⁰, 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 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. Further details on the legal and regulatory framework are set out in detail in Annex 2.
- 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.¹¹ The analysis set out in this document includes such an impact assessment for the purposes of the relevant duties imposed on Ofcom.
- 2.9 In reaching our view on the BBC's proposals we have considered the impact on children, the BBC 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.¹² In compliance with our general duties under the Act¹³ and our duty under the Charter¹⁴ 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 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.

⁷ Article 46(3) of the Charter.

⁸ Ofcom, 2017 (updated 2019). [Operating licence for the BBC's UK Public Services](#).

⁹ For changes to the Operating Licence see [The Operating Framework webpage](#).

¹⁰ Ofcom, 2017. [Holding the BBC to account for delivering for audiences: Procedures for setting and amending the operating licence](#).

¹¹ Section 7 of the Communications Act 2003 (the Act).

¹² 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."

¹³ 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.

¹⁴ Article 45(2) of the Charter.

- 2.10 We are required by statute to assess the potential impact of all our functions, policies, projects and practices on people with any of the following protected characteristics: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation.¹⁵ Our assessment of the potential impact on people with these characteristics of the proposals discussed in this consultation is set out in Annex 3.

This consultation

- 2.11 We have considered the Request and set out our initial assessment and proposed variations to the Operating Licence in this document. We are seeking stakeholders' views on our initial assessment and the proposed changes to the Operating Licence, and invite responses by 13 December 2019. Please see Annex 4 for further information about responding to this consultation.

¹⁵ As defined in the Equality Act 2010.

3. Assessment of the BBC's request and our proposals for amending the Operating Licence

Introduction

- 3.1 There have been fundamental shifts in children's viewing habits in recent years. As our Children's Content Review highlighted, the reach of broadcast television among children is continuing to decline, while video-on-demand television services are growing in popularity.¹⁶ In 2018, an average of 79% of children aged 4-15 watched broadcast TV each week, a decline of 3.3 percentage points from the year before.¹⁷ In 2019, according to our research, 80% of 5-15s now claim to watch video-on-demand television services like Netflix, and half claim to use YouTube.¹⁸ The proportion of children aged 5-15 who claim to use the internet more generally has also been increasing, from 84% in 2011 to 90% in 2019.¹⁹
- 3.2 In line with these trends, viewing to the BBC's children's channels has declined. 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 2018.²⁰ 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.
- 3.3 In light of these changes in children's consumption habits, the BBC acknowledges that it needs to innovate so that it can continue to engage with children and stay relevant to younger audiences. As such, it has set out plans to Ofcom to develop the Newsround brand online to improve and increase its provision of news for children, and also to provide more new children's programming that is commissioned for or only available on BBC iPlayer.
- 3.4 However, the BBC states in its Request that it does not currently have the flexibility it needs to go ahead with these plans, due to budgetary and regulatory constraints that mean it is not able to increase its expenditure on new, online content while meeting its current linear obligations. As such, it has 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.
- 3.5 It is for the BBC to decide how it allocates its total budget and we have not taken a view as to whether it could afford to provide new online content for children in addition to the linear content it already provides to meet its current licence obligations.
- 3.6 In this section we consider each of the BBC's proposed changes in turn and assess the impact they might have on children and other providers of children's news and children's

¹⁶ Ofcom, 2017-2019. [Children's Content Review](#).

¹⁷ BARB. Children (aged 4-15), average weekly reach criteria: 15+ minutes.

¹⁸ Ofcom, 2019. [Children and Parents: Media Use and Attitudes research – data tables](#).

¹⁹ Ofcom, 2019. [Children and Parents: Media Use and Attitudes research – data tables](#).

²⁰ Average weekly reach criteria: 15+ minutes of consecutive viewing (BARB).

content. We then set out our provisional view on the BBC’s suggested variations in light of the relevant legal and regulatory framework, and how we propose to proceed.

3.7 In Annex 1, we set out our proposed variations to the conditions in the Operating Licence as a result of the Request.

CBBC news quota

The BBC’s proposal

3.8 The BBC is currently required, by condition 2.6 of the Operating Licence, to ensure that in respect of CBBC it shows news at intervals throughout the day, and that at least 85 hours are allocated to news in each financial year. All news on CBBC is currently delivered through the Newsround brand and, as we reported recently, the BBC has met the condition for 2018/19.²¹

3.9 Alongside the news bulletins broadcast on CBBC, the BBC has a dedicated website for Newsround which is updated during the day with stories on a mixture of topics. The BBC would like to expand the range of content on offer on the Newsround website. However, it states in its Request that “given budgetary constraints, [it does] not have the flexibility to expand [its] online presence while maintaining [its] current provision of television news”.²² Therefore, it would like to reallocate a proportion of the Newsround budget currently reserved for television production to online content production. As such it has requested that condition 2.6 be varied so that:

- a) it is no longer required to provide news at “intervals throughout the day” on CBBC and it must instead show “news each day”;
- b) the requirement for 85 hours of news per financial year be reduced to 35 hours; and
- c) a new licence condition be added, which provides that “[i]n respect of BBC Online, the BBC must ensure that it provides daily news and information for children through a range of content in different formats”.²³

3.10 In practice, the BBC has said that these variations are likely to result in the number of news bulletins on linear TV dropping from three per day to one (the time of day that this is broadcast would be an editorial decision for the BBC). In exchange, it would increase its online news provision from an average of around 10 new stories per day to 20 or more new stories per day, which would include video stories, text-based stories and interactive content.²⁴ According to the BBC, the additional budget for online would also allow it to

²¹ Ofcom, 2019. [Ofcom’s Annual Report on the BBC: 2018/ 19. Annex 1: Compliance with regulatory requirements](#), page 4.

²² [The Request](#), page 6.

²³ [The Request](#), pages 15-16.

²⁴ [The Request](#), page 6. The BBC said that its provision was an average of four new stories published daily, but that this has been recently increased to around 10 by the Newsround team.

cover more of its stories in greater depth across a broader range of subjects, as well as increase the range of features on the website.

- 3.11 The BBC believes that such changes would be in line with viewing trends. Its own data shows that the television audience for Newsround among 6-12 year olds has declined by over half between 2012 and 2019, from 676,000 to 291,000 average weekly viewers.²⁵ At the same time, it states that Newsround's online audience is growing, with the average weekly number of unique browsers growing from 152,000 in 2014 to 903,000 in 2019. Although it is not possible to understand how many of the unique browsers are from the target audience of 6-12-year olds, the BBC believes that in general this demonstrates "that children increasingly want to consume news on demand, not restricted by a scheduled television bulletin."²⁶
- 3.12 The BBC also argues that the changes will contribute towards the promotion of the first public purpose, by increasing the amount of news content for children across online platforms, and the second public purpose, by supporting learning in ways that children will find accessible and engaging.²⁷

Our assessment

Impact on audiences

- 3.13 We agree that fewer children are watching the linear Newsround bulletins. Our own analysis of BARB data shows that the average audience of Newsround has been declining significantly year on year.²⁸
- 3.14 We therefore consider that there are potential benefits to the BBC's proposed changes. The BBC has said that such changes should allow it to make a greater volume of news content available for children, and cover stories in more detail and across a broader range of subject areas, as it will not face the same time restrictions it does with television bulletins. We consider that this new approach could be beneficial to children and support their learning about the world around them, and therefore enhance the delivery of the mission and public purposes, particularly the first and second purposes.
- 3.15 However, we consider that there are some risks associated with the proposal. The BBC has a unique role in this space. It is the main free provider of children's TV news²⁹, and currently the only free provider of children's daily news, which we flagged as a concern during our Children's Content Review.³⁰ If it broadcasts less news content on television,

²⁵ [The Request](#), page 5, figure 1.

²⁶ [The Request](#), page 4.

²⁷ [The Request](#), page 8.

²⁸ In 2014, a Newsround bulletin was watched by an average of 74,000 6-12 year olds, but in 2018 this had fallen by more than half to 35,000 (BARB).

²⁹ Sky also provides free children's news via its FYI programme, which is shown on Saturday at 10:30am and 4:30pm and Sunday at 10:30am on the Sky News channel (free to watch) and on the Sky Kids platforms. It is later uploaded on Tuesday to the First News website which is free to access.

³⁰ Ofcom, 2017-2019. [Children's Content Review](#).

children will struggle to find the equivalent content elsewhere on television. We have therefore considered whether this change could disadvantage particular audience groups.

- 3.16 In terms of viewing to Newsround, our analysis of BARB data shows that the majority of Newsround viewers do not watch multiple bulletins in a day.³¹ Each weekday bulletin also has relatively similar average audience size among 6-12 year olds.³² As such, it seems that each bulletin serves a largely different audience. The audience profiles of the bulletins also support this, with the afternoon bulletin having a higher proportion of viewers from C2DE households than the morning bulletins, which tend to have higher viewing among those from ABC1 backgrounds.³³
- 3.17 The BBC has separately told us that it plans to broadcast the remaining bulletin in the morning (before school on weekdays), and that there would no longer be an afternoon bulletin. We have some concerns that this decision might disproportionately disadvantage C2DE children, as it is not guaranteed that the viewers of the afternoon bulletin, of which a higher proportion are children from C2DE households, will switch to viewing the remaining television bulletin instead. It is also not clear that they would engage with the new online content instead. Indeed, data presented by the BBC in its proposal suggests that there are some differences in engagement with the Newsround website depending on a child's socio-economic background. For example, children aged 6-12 from C2DE backgrounds are less likely to engage with Newsround content online (38%) than those from ABC1 backgrounds (62%).³⁴
- 3.18 We have also considered whether some audiences may face difficulties in terms of accessing Newsround's online content. We do not believe that this is likely to be a significant issue, as our data suggests that only a very small proportion of children may not have access. The vast majority (98%) of children aged 5-15 have access to the internet at home³⁵, and this is the same across both ABC1 and C2DE households.³⁶ In addition, 91% of households with children claim to have some form of fixed broadband service, ranging from either a standard broadband connection through to ultrafast broadband.³⁷ Those remaining children who are without internet access would still have access to the one remaining news bulletin broadcast on television and may also be able to access Newsround online at school.³⁸

³¹ BARB coverage analysis shows the percentage of the audience who watch on more than one occasion is less than 20%.

³² In 2018, the bulletins' average audience sizes among 6-12s were as follows: 07:40 bulletin – 38,400; 08:20 bulletin – 38,400; 16:20 bulletin – 34,000. BARB.

³³ In 2018, the average audience profiles of the bulletins were as follows: 07:40 bulletin – 66.1% ABC1 and 33.9% C2DE; 08:20 bulletin - 57.8% ABC1 and 42.2% C2DE; 16:20 bulletin – 47.2% ABC1 and 52.8% C2DE. BARB.

³⁴ [The Request](#), page 10.

³⁵ Either via a fixed broadband connection or a mobile network.

³⁶ Ofcom, 2019. [Children and Parents: Media Use and Attitudes research – data tables](#).

³⁷ Ofcom, 2019. [Technology Tracker Research – data tables](#).

³⁸ The BBC has told us that analysis of its website data shows that stories with educational topics receive more traffic during the school day, suggesting that teachers are using these stories in lessons (given that children's online access is generally restricted during the school day). The BBC has also told us that it knows from school visits that many teachers get classes to view the morning Newsround TV bulletin during the school day via the Newsround website where the morning bulletin/s are made available for catch-up viewing.

- 3.19 Data provided to us by the BBC shows that use of Newsround online is increasing. As set out earlier, the number of unique browser visits to the Newsround website appears to be increasing, but this data is based on total consumption, and it has not been possible to break it down by age group. In terms of data which is relevant to the target age group, the BBC has also provided us with survey data which shows that around one in ten 6-12 year olds (11%/c.600,000) claim to use Newsround online each week and that this number appears to be growing.³⁹ This is a positive trend, although it is not clear whether it is enough to offset the decline in linear viewing, nor does it suggest that a high proportion of children will actively seek out news on the Newsround website of their own accord.
- 3.20 As such, we have reservations around the extent to which children will engage more with Newsround online as a result of these changes. When asked, the BBC was unable to provide specific evidence to demonstrate how likely children aged 6-12 are to actively seek out its online news content and acknowledged that passive consumption of news on television, driven by parents, was a key source of children's total news consumption. It also cited research which found that 22% of teachers claim to use Newsround as a teaching resource. Further, it referenced Ofcom research which it said highlights how teenagers actively come to the BBC for their online news, although it acknowledged that these findings apply to 12-15 year olds who are older than the target audience.
- 3.21 However, the BBC has explained that the enhanced Newsround content would likely provide more opportunities for other areas of BBC online to link to Newsround. For example, it expects to increase the number of links it provides to stories from the BBC News homepage and the BBC homepage to the Newsround website (depending on the news agenda for that day). It has also indicated that there will be greater co-ordination of editorial content across Newsround with other BBC children's output. We recognise that these actions may encourage more children who are consuming other BBC content to visit the Newsround website.
- 3.22 As a further consideration, we have also thought about whether the impact of the changes will be felt evenly across children of all ages. Viewing to Newsround has fallen more steeply among 6-9 year olds compared to 10-12 year olds. In 2014, a Newsround bulletin was watched by an average of 47,000 6-9 year olds and 27,000 10-12 year olds, but in 2018 this had fallen to a similar number for both age groups; 17,000 6-9 year olds and 18,000 10-12 year olds.⁴⁰ This data seems to indicate that younger children are moving away from Newsround's TV bulletins more quickly than older children.
- 3.23 Taking this into account, we would expect the BBC to do more to engage with younger children. We recognise that the proposed changes could have a positive impact in this regard - they present the BBC with an opportunity to provide more bespoke news content for 6-9s, which should be easier to do online, rather than through a single TV bulletin which is intended to appeal to a broader age range. However, we are also mindful that younger children may be less likely than older children to seek out news content online of their own

³⁹ BBC Kids CMI (Cross-Media Insight) Survey by Ipsos Mori. 11% in April to June 2019, up from 8.5% in April to June 2018.

⁴⁰ BARB. Based on all episodes of Newsround on all days and all start times.

accord. We would therefore look to the BBC to monitor the impact of any changes on audience engagement across different ages.

- 3.24 Given what the BBC has told us, we have some concerns about how likely children, particularly younger children and those from lower socio-economic backgrounds, might be to seek out news on the Newsround website actively, in comparison to more passive consumption via the TV bulletins which are shown in between other popular programmes.
- 3.25 We have therefore also considered our own research findings in this area to try and understand better how likely children may be to engage with increased content on Newsround online. Broadly speaking, in 2019 over half (57%) of children aged 8-11 who go online said that they visit sites and apps about news and what is going on in the world. This figure has remained relatively stable over the last four years and so, while it does not appear to be increasing, it does demonstrate that a significant proportion of children are using the internet to consume news.⁴¹ We also know that over half (56%) of children who go online say they use BBC websites or apps for their school work or homework, and that this proportion has also remained unchanged over time. Among them, the majority (85%) said they find the BBC sites and apps helpful.⁴² Despite these findings, it has not been possible to understand from this how many children are using the Newsround website currently. However, we do acknowledge that in improving the website's offering, children's use of the website may increase.
- 3.26 Finally, one of the considerations set out in the Procedures to which we will have regard when amending a regulatory condition, is the enforceable nature of operating licence conditions and the desirability of ensuring that regulatory conditions are clear and capable of enforcement in the event of non-compliance.⁴³ We are therefore mindful of the fact that, whilst the BBC has proposed that a new condition be included in its Operating Licence regarding its online provision of news content (and it has suggested in the Request that it will provide an average of 20 plus new stories per day⁴⁴), the proposed condition does not specify the amount of new content that it will produce online. Indeed, the proposed condition, as drafted by the BBC, could arguably be satisfied by its current provision of online news content. As such, there is a risk that the BBC might not produce significantly more news content online than it currently does, or that this could decline over time, which could lead to an overall reduction in the amount of children's news available across the BBC.

Impact on the market and on distinctiveness

- 3.27 With regards to the impact on fair and effective competition, the BBC considers that these changes would not have an adverse impact on competition on the basis that:

⁴¹ Ofcom, 2015-2019. [Children and Parents: Media Use and Attitudes research](#).

⁴² Ofcom, 2017-2019. [Children and Parents: Media Use and Attitudes research](#).

⁴³ [The Procedures](#), paragraph 1.20.

⁴⁴ [The Request](#), page 6.

- there are no significant providers of online children's news in the UK besides Newsround;
- ITV's new online children's news and current affairs offering is aimed at teenagers⁴⁵;
- the different business models of children's newspapers (i.e. subscriptions paid for by parents) mean they are unlikely to be adversely affected by the BBC's proposals;
- the volume of Newsround TV bulletins would be reduced; and
- the BBC's budget for children's news is not increasing as a result of these proposed changes.⁴⁶

3.28 The BBC identified three existing providers of news content to children: one of these, Sky's *FYI: For Your Info*, is a weekly 15-minute TV programme, that is also available online on the *First News* website, while the other two, *First News* and *The Week Junior*, are children's subscription newspapers. We have considered the impact of the proposed changes on these providers as well as *The Day* (a news website aimed at secondary schools) and ITV's new news offering for children, *The Rundown*, which is available via social media and aimed at older children aged 14-17.

3.29 In theory, if the expanded Newsround website reduced the potential audience for rival children's news services (TV, digital and/or print), this might have the effect of undermining their viability and incentives to invest and innovate, potentially resulting in them exiting the market or deterring new entrants. On the basis of the information provided to us by the BBC, and desk research into the news providers we have identified above, our preliminary view is however that in practice any impact seems unlikely to be large. This is because rivals' offerings all appear to be sufficiently differentiated from the Newsround website.⁴⁷

3.30 We consider the other offerings in the market are differentiated from the Newsround website in the following ways:

- *The Week Junior* and *First News* are primarily print-based and produced weekly unlike the Newsround website which is online and updated daily.
- *The Day* provides online news content which is updated daily alongside teaching resources. However, it is targeted specifically at schools and is primarily aimed at an older age range than Newsround's website (secondary school age).
- *Sky FYI* is primarily a broadcast programme and unlike Newsround does not have a related website.
- *The Rundown*, ITV's new youth news offering, is available online (via social media) but is aimed at teenagers (14-17 year olds), older than the Newsround target audience.

3.31 However, it is important to note that we have limited evidence about how closely these services compete, children's use of these services and the propensity for parents or schools

⁴⁵ [ITV – The Rundown](#).

⁴⁶ [The Request](#), page 9.

⁴⁷ We note there is also a possibility that replacing Newsround with a programme which is more popular with children might lead some children to switch from another broadcaster to CBBC. However, the short duration of the Newsround programme (about 5 minutes) means we think the impact on the schedule is unlikely to be significant and therefore is unlikely to impact on children's viewing habits.

to cancel subscriptions to these children's news services if children were to use these less as a result of the expanded Newsround website. Also, as discussed above, the extent to which there would be an increase in children's active engagement with the enhanced Newsround online service is unclear.

- 3.32 Our provisional view is that the risk to fair and effective competition is low given that the Newsround website appears to be differentiated from other potential competitors. However, we would welcome stakeholders' views on this.
- 3.33 We have also considered the impact of the proposals on the distinctiveness of CBBC and BBC Online. As noted above, there are 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, and accordingly our provisional view is that distinctiveness of output and services is unlikely to be adversely affected by this proposed change.⁴⁸

Our view

- 3.34 Overall, we agree with the BBC that it needs to innovate and look for new ways to engage children who are moving away from linear television with its news content. This is consistent with the findings of our recent review of the BBC's news and current affairs.⁴⁹ However, we consider that the evidence provided by the BBC, and data from other sources available to us (such as BARB), does not demonstrate that this audience has significantly moved to online news consumption. Nor does the evidence suggest that children would actively and independently seek out news online. We therefore consider that there are risks associated with the BBC's proposal. As such, we have considered whether, in light of our regulatory duties, to accept the BBC's suggested changes and, if so, how the Operating Licence should be amended, as well as any other measures we consider need to put in place.

Proposed amendments to the Operating Licence

- 3.35 Firstly, as outlined above, we have concerns that the drafting of the BBC's suggested conditions would not necessarily secure an increase in the amount of Newsround content online beyond that which it currently provides. We would be concerned if this, along with accepting a reduction in the hours of news that need to be broadcast on the CBBC channel, could allow the BBC to reduce its expenditure on children's news and lead to an overall decrease in the quality and volume of news available to children, which we would not believe to be in line with securing the delivery of the mission and public purposes.
- 3.36 We have therefore considered whether there would be merit in introducing a quantitative condition requiring the BBC to publish a certain number of new stories or articles online

⁴⁸ This is confirmed by paragraph 2 of Schedule 2 to the Agreement, which states that distinctive output and services means "output and services, taken as a whole, that are substantially different to other comparable providers".

⁴⁹ Ofcom, 2019. [Review of BBC news and current affairs](#).

each day. While this would secure a set level of delivery against which we could hold the BBC to account, it could also be unnecessarily restrictive. As set out earlier, the BBC has proposed that it would publish an average of 20 or more new stories online each day. However, we consider that it may be beneficial for the BBC to have the flexibility to sometimes publish fewer, more in-depth stories that experiment with different types of formats, or cover fewer topics on days where particular news stories are dominating the news agenda. Setting a quantitative condition for the number of new stories online would also not necessarily guarantee a certain level of expenditure or certain levels of quality and could actively work against higher quality output. For these reasons, we do not propose to introduce such a condition.

- 3.37 Nevertheless, we do think it is important to have a safeguard in place to ensure that the BBC does enhance the breadth and depth of its online offering, as per its plans, in circumstances where there will be a reduction in linear news. We therefore propose to change the BBC's suggested new condition for online news by introducing a provision which will require the BBC to provide children's news online through content which: is delivered in a range of different formats, including text-based articles, videos and interactive pieces; covers a broad range of topics; and features in-depth news and analysis. We note that the BBC has said in its Request that its proposed changes will allow it to increasingly provide children's news in this way.
- 3.38 In respect of the risk we identified that children may not engage with the BBC's enhanced online news content, we consider that this is something that should be monitored carefully through performance measures by the BBC and by Ofcom (see below). If this monitoring suggests that the changes that the BBC is proposing to its online news service do not produce the engagement that the BBC is hoping to achieve, we will consider how best this could be addressed, and whether we need to step in.
- 3.39 The BBC also needs to ensure that it is still delivering for children who are more likely to engage with Newsround's television bulletins rather than its online content, particularly children from C2DE households who we have identified may be adversely impacted by these plans. One option to address this could be for us to set conditions to require the remaining TV news output to be broadcast at particular times of day where it might be likely to get the most engagement. We note that the afternoon bulletin, which the BBC plans to lose, appears to have higher engagement with children from C2DE households. Yet we understand from the BBC that part of its reasoning for retaining a morning bulletin is that catch-up viewing to the morning bulletin via the Newsround website is higher during term-time than during school holidays, as it claims that teachers sometimes get their classes to watch it during the school day, which we also recognise is a route through which children from all backgrounds may engage with Newsround.
- 3.40 It is up to the BBC to decide the precise times that Newsround bulletins should be broadcast and to schedule these at times when it considers it will be able to engage best with audiences. Indeed, we note that the BBC is under an obligation to have regard to the views and interests of the audience in the overall scheduling of programmes in the UK

Public Television Services.⁵⁰ We would expect the BBC to continue to have regard to this duty when making decisions about the scheduling of the Newsround bulletin, and therefore do not plan to impose such a requirement.

3.41 We are therefore proposing 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.

3.42 The wording of these proposed conditions is presented in Annex 1.

3.43 In order to demonstrate compliance with the new online condition, the BBC will need to collect and retain data in relation to its provision of online news for children and provide this to us. In its Request, the BBC has said that it would be able to demonstrate compliance with its proposed online news condition by showing "that a range of types of online content is scheduled to be uploaded on a daily basis".⁵¹ We will discuss this further with the BBC to ensure we are satisfied that it will be able to provide us with appropriate data to do this.

We expect the BBC to monitor the impact of these changes in its performance measurement framework

3.44 In addition to meeting its licence conditions, the BBC has a broader responsibility for ensuring that it is delivering its mission and public purposes, and clearly demonstrating this. In particular, we note that the BBC Board is required under the Charter 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.⁵²

3.45 Currently, the BBC's measurement framework includes considering the experienced and perceived value of the BBC across each of its purposes, as well as its delivery against the goals it has set for audience performance.⁵³ In its most recent Annual Report⁵⁴, the BBC reported on its compliance with its regulatory conditions alongside providing more information to explain how it had met its creative remit and public purposes, and how it

⁵⁰ Clause 64(a) of the Framework Agreement.

⁵¹ [The Request](#), page 17.

⁵² Article 20(3)(d) of the Charter.

⁵³ BBC, 2019. [BBC Annual Plan 2019-20](#), page 37.

⁵⁴ BBC, 2019. [BBC Group Annual Report and Accounts 2018/2019](#).

has delivered against the commitments it made in its Annual Plan, including in respect of children's news.

- 3.46 In light of the greater flexibility that we are proposing to give the BBC, it will be particularly important that it has the right measures in place to demonstrate how it is meeting its mission and public purposes across all its platforms. In this case, we consider that the BBC will need to measure how well it is delivering news for children across both linear and online platforms. In particular, it will be important for the BBC to monitor what Newsround content it is making available for children, to monitor and report on whether engagement (including consumption and impact) with Newsround increases as a result of the changes, and also whether this is consistent across all audience groups.
- 3.47 We note that in its Request, the BBC has said that it already has a range of measures that it can use to assess the impact of these changes specifically.⁵⁵ These include viewing figures for the TV bulletins, as well as metrics to track online engagement such as website usage data and engagement with the interactive elements of the online content. It also notes its new cross-platform media measurement tool, which the BBC has told us will be able to assess audience behaviour across platforms and what BBC content they are consuming and engaging with, which it could use to provide insight into 6-12 year olds' use of Newsround online. This data would also be able to be broken down by different audience demographics.
- 3.48 We will engage with the BBC to understand these measurement tools in greater depth, and to discuss its plans for measuring its performance in this area more generally going forward.

Ofcom's performance measures

- 3.49 In addition to the BBC Board's requirement under the Charter to set performance measures, we have the power to set measures that we consider appropriate in order to assess the performance of the UK Public Services in fulfilling the mission and promoting the public purposes.⁵⁶ We also have powers to require the BBC to collect information for our performance measures.⁵⁷
- 3.50 Our performance measurement framework was consulted on and agreed upon as part of our development of the first Operating Licence in 2017 and comprises four main performance measures: availability; consumption; impact; and contextual factors.⁵⁸ Our performance measures are a useful tool in identifying whether we have any concerns about the BBC's delivery of the mission and public purposes. One of the ways that we can address any such concerns is by setting or changing requirements in the Operating Licence.
- 3.51 Given this is one of the first times we are proposing to make changes to the Operating Licence to allow the BBC to shift its focus to more online provision, we believe that it is

⁵⁵ [The Request](#), page 8.

⁵⁶ Article 46(4) of the Charter and clause 14(2) of the Agreement.

⁵⁷ Clause 14(4) of the Agreement.

⁵⁸ Ofcom, 2017. [Holding the BBC to account for delivering for audiences: Performance Measures](#).

appropriate for Ofcom to monitor the impact of these changes closely for the first few years. We therefore plan to add some new metrics to our performance measures.

3.52 By way of illustration, the table below sets out some examples of the types of new metrics we might plan to introduce in order to monitor the BBC’s performance in this area. We will require the BBC to provide us with some of this data and we will engage with the BBC during the consultation period to discuss this, so that we are able to finalise our new metrics once the new licence conditions are in place.

Figure 1: Examples of potential new performance metrics for children’s news

Measure	Examples of possible metrics
Availability	Spend on children’s news; range of news provided online (by format and topic); average number of news items online
Consumption	Children’s use of and time spent on Newsround online, both split by demographic groups
Impact	Audience research to understand satisfaction with and impact of Newsround (both on linear and online), split by demographic groups

3.53 As set out above, the greater flexibility that we propose to give the BBC means that the role of performance measures becomes particularly important in assessing its performance in fulfilling the mission and public purposes. These metrics would, for example, enable us to monitor: whether the BBC is still providing adequate levels of news content for children; whether its levels of investment in news for children are in line with what the BBC set out in its Request⁵⁹; whether news online is being presented in different formats and covering a broader range of subjects in greater depth as per the BBC’s plans; and whether children engage with this new online content. We will also continue to monitor the availability, consumption and impact of the remaining linear bulletins.

3.54 As part of these metrics, we may also look at whether the number of stories which are published on the website per day increases. Based on our monitoring of the Newsround website over a sample period of two weeks⁶⁰, we note that the BBC currently publishes an average of eleven new stories per day (which is in line with what the BBC has said in its Request). The BBC has indicated that should the changes go ahead, it will provide an average of 20 plus new stories per day. Although the number of stories will not by itself determine whether the BBC is successful in enhancing its online news offering for children, we consider that it may be a useful indicator of whether the BBC is delivering its planned enhancement of the online Newsround service.

3.55 In the short-term, while these changes are relatively new, we propose to track all of the metrics at least annually, but will also carry out more frequent tracking for some of the

⁵⁹ [The Request](#), page 7.

⁶⁰ Monday 7 October to Friday 18 October inclusive, excluding weekends. We consider these weeks to be representative for the purposes of this exercise as they sit outside of school holidays and major public events.

metrics. We plan for this monitoring to commence shortly after the proposed changes to the Operating Licence are in place. This is to ensure these changes to the Operating Licence are having the desired impact, and to monitor closely whether any of the risks we have identified occur and if so whether we need to take further steps to address them.

- 3.56 We expect that our approach to performance measurement will evolve over time and will be dependent on how we consider the BBC is performing, as well on the BBC's own approach to measuring its performance in this area.
- 3.57 Should we observe the BBC's performance in relation to children's news declining, either in light of our own monitoring, or the BBC's, we will consider stepping in and imposing more prescriptive requirements and may potentially reconsider the BBC's proposed approach to providing children's news. Our concerns could be about the breadth and depth of content available online or children's engagement with Newsround declining.

Question 1: Do you agree with Ofcom's provisional assessment and its proposed changes to the Operating Licence for Children's news on CBBC? If not, please explain why, providing appropriate supporting evidence where possible.

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

The BBC's proposal

- 3.58 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.⁶¹
- 3.59 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. Our research shows that original, UK commissioned content is important to audiences and that they expect it from the BBC.⁶² The first-run UK originations requirements secure the BBC's investment in brand new programmes and ensure they are available to the largest audiences. The delivery of first-run UK originations contributes to the distinctiveness of BBC output and services, which is a key requirement under the Charter and Agreement.
- 3.60 Given the changing consumption habits of children, as described above, the BBC wants to commission more bespoke children's content for BBC iPlayer in order to make the service an attractive destination for children in its own right, rather than being seen solely as a

⁶¹ Daytime and peak viewing time are defined in the Operating Licence as 06:00 to 18:00 and 18:00 to 22:30 respectively. We note that while children's viewing habits are different to adults, and the CBBC and CBeebies channels are not broadcast across the whole day, there are not separate definitions of these times for these channels.

⁶² Ofcom, 2017. [Holding the BBC to account for delivering for audiences](#).

catch-up service. However, as for the proposal around children's news, it states in its Request that it does not currently have "the budgetary flexibility to produce separate content for the online and linear platforms"⁶³, and so would not be able to commission new content for BBC iPlayer in addition to commissioning the content needed to meet its first-run UK originations quotas on the linear channels.

3.61 As such, the BBC has asked us to change the definition of first-run UK originations in respect of children's services to allow children's programmes shown only on BBC iPlayer and children's programmes commissioned for BBC iPlayer⁶⁴ to also count towards the children's first-run UK originations quotas, even if they are not subsequently broadcast on television after first being made available online. The BBC has suggested the following changes to the definition:

"programmes which are commissioned by or for a UK Public Television Service and have not previously been shown on television or made available online in the United Kingdom".⁶⁵

3.62 The BBC claims that these changes would allow it to innovate more with different types of content, which may not be as suitable for linear broadcast, contributing towards its delivery of its public purpose to show the most creative, highest quality and distinctive output and services.⁶⁶ Examples of this could be programmes designed to help children unwind and more interactive formats for children's programming.

3.63 The BBC also suggests that these changes would allow it to deliver BBC iPlayer-only content tackling topics and subjects targeted specifically at 10-12 year olds, that would not necessarily be suitable for linear broadcast on CBBC which also targets younger children aged 6-9. It believes that better serving the 10-12 year old audience would also contribute towards its delivery of its public purpose to reflect, represent and serve all of the UK's diverse communities.

3.64 The BBC states in its Request that, overall, the volume of first-run UK children's originations would be maintained (with the exception of the reduction in hours relating to news on CBBC as described above).⁶⁷ It has also committed to the majority of first-run UK originated content still being available on the linear schedule across the course of the year.⁶⁸ In instances where there are hours in the CBBC or CBeebies schedule that are no longer allocated to first-run UK originated content, it would plan to fill these with repeats.⁶⁹

⁶³ [The Request](#), page 12.

⁶⁴ Currently, the definition of a first-run UK origination means that children's content commissioned for BBC iPlayer that is subsequently broadcast on the linear channels would not count towards the quotas, as only content commissioned for a television service can count.

⁶⁵ [The Request](#), page 16.

⁶⁶ [The Request](#), pages 12-13.

⁶⁷ [The Request](#), page 13.

⁶⁸ [The Request](#), page 14.

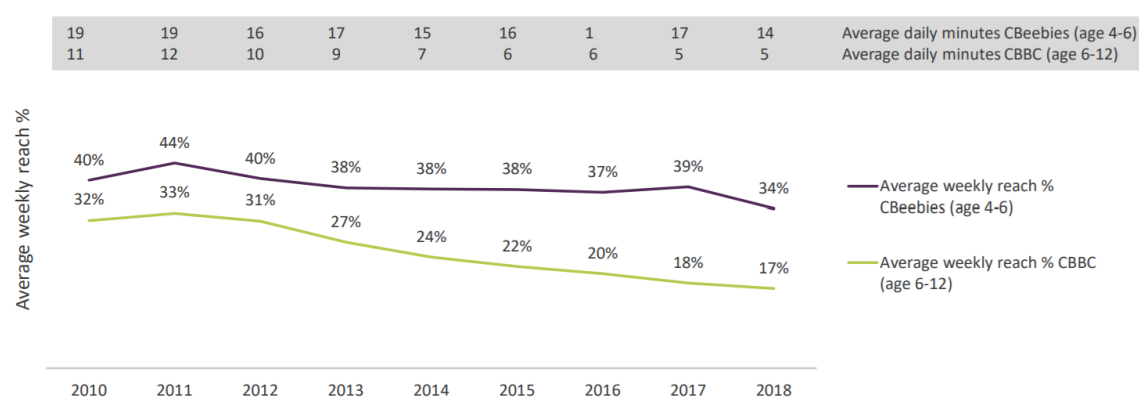
⁶⁹ [The Request](#), page 13.

Our assessment

Impact on audiences

3.65 As acknowledged earlier, children are increasingly moving away from linear television, towards online platforms which give them the flexibility to choose what they want to watch and when, across different devices. The BBC’s proposal outlines that viewing to the CBBC and CBeebies linear channels has been decreasing in recent years. Our own analysis supports this and shows that the average weekly reach of both channels among children has been declining over time.

Figure 2: Average weekly reach % and average daily minutes of CBeebies and CBBC of their target audiences



Source: BARB. Reach criteria: 15+ consecutive minutes.

3.66 In addition to this, we know that BARB data also shows that ‘unmatched viewing’ on the TV set – which includes viewing of video-on-demand services such as Netflix – has been increasing, suggesting that children are increasingly watching different types of content on the television set.⁷⁰

3.67 The BBC’s data appears to show that BBC iPlayer makes a much greater contribution to the total viewing of CBBC (32%) and CBeebies (24%) programmes than it does for BBC television overall (12%), suggesting that children’s content is more likely to be watched on demand than other types of BBC programmes.⁷¹ The BBC has also provided us with additional data which shows that the BBC iPlayer contributions for CBBC and CBeebies have increased over the last few years. However, the measurement approach used to collect this data is in the early stages of development, and therefore trends must be treated with caution.

⁷⁰ Unmatched viewing refers to activities when the TV set is in use, but the content cannot be matched to broadcast TV programmes and films (this can include subscription VoD like Netflix, apps on smart TVs, DVDs and gaming). BARB.

⁷¹ The BBC says that the data is calculated by modelling BBC iPlayer browser-based data (ATI) to match BARB people-based data, and deduplicating overlaps. Figures are based on averages across April to September 2019. The Request, page 12.

- 3.68 The BBC's Request also sets out that the average weekly reach of CBBC on BBC iPlayer is currently around 12% among 6-12 year-olds.⁷² However, there is currently not enough comparable time-series data to determine whether its reach is increasing. Consequently, our position, which we also set out in our Annual Report⁷³, is that while increased online reach of CBBC and CBeebies may offset the linear declines, the data we currently hold does not allow us to make a meaningful assessment as to whether this is happening. We are therefore mindful that it is not currently clear that children will actively seek out new content on BBC iPlayer.
- 3.69 Aside from this, we believe that there are some other risks to amending the definition that we may need to safeguard against. Firstly, we have considered whether the change could result in the overall level of first-run UK originated children's content falling. We acknowledge that the BBC has committed to maintain broadly the same volume of first-run UK originated children's programmes it commissions and has suggested that the level of the quotas should remain unchanged.⁷⁴ However, we also note that the BBC has told us that it has already been experimenting with some BBC iPlayer-only children's content, which has not been broadcast on the linear channels.⁷⁵ Changing the definition would mean that in future the BBC would be able to count such programming (that it is already commissioning in addition to meeting its linear quotas) towards the quotas, and as a result it would not need to commission as much content in total.
- 3.70 As such, we asked the BBC for more information to understand how much content it is already commissioning for BBC iPlayer that it would be able to count towards the quotas in the future. In response the BBC said that had this change to the first-run definition been in place in 2018, it would have been able to count an additional 5 hours and 40 minutes of children's iPlayer-only content (which equates to six titles) towards the first-run UK originations quota. This indicates that the volume of programmes currently being commissioned solely for BBC iPlayer is small. While counting such programmes towards its quota in the future would lead to a small reduction in the amount of new content the BBC needs to commission, we do not believe it is significant enough to raise concern or justify an increase in the level of the quota.
- 3.71 Despite this, we would note that the 5 hours and 40 minutes of content includes some short-form content. In addition, the BBC has told us that some of Newsround's recent special films have already been released on BBC iPlayer as short form content, and that it would expect to have the flexibility to count these towards the amended first-run UK originations quota in future. We would be concerned if the amount of short form content being counted 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.

⁷² BBC Kids CMI survey by Ipsos MORI. The Request, page 11.

⁷³ Ofcom, 2019. [Ofcom's annual report on the BBC](#), page 36.

⁷⁴ With the exception of a reduction to take account of the reduction in the CBBC news quota

⁷⁵ [The Request](#), page 12.

- 3.72 Secondly, we have a concern that there is no safeguard for linear provision in the BBC's suggested amendments to the conditions. Therefore, there is a risk that it could choose to create a large volume of BBC iPlayer-only content which is not subsequently broadcast on the linear channels. The implication of this is that the BBC could comply with its quota solely with BBC iPlayer content and without broadcasting any new, originated content on the linear children's channels, which would instead be filled entirely with repeats.
- 3.73 We do not believe that this would be a desirable outcome as, while a growing number of children are consuming content online, linear television remains an important way of viewing for some children. Indeed, BARB data shows that in 2018 children were still watching on average 77 minutes of linear television each day.⁷⁶ In addition, our research shows that two fifths of children aged 5-15 claim to only watch television via the television set, rather than through other devices (although we acknowledge that this may include watching some on demand content).⁷⁷ We would not want audiences who have less or no access to BBC iPlayer, or for whom BBC iPlayer is not currently a preferred destination, losing out on first run UK originations and there effectively becoming a two tier service between BBC iPlayer and the linear channels. In particular, we would be concerned if, as a result of less first-run UK originated content being broadcast on the linear channels, viewing to the channels declined further, but was not subsequently offset by an increase in viewing from children via BBC iPlayer.
- 3.74 However, we note that the BBC states in its Request that the majority of first-run UK originated content will still be available on the linear schedule across the course of the year.⁷⁸ If this is the case, we consider that there could be very little, if any, noticeable change in the channels' output from an audience's perspective (although this may depend on the time lapse between when the programmes are made available on BBC iPlayer and when they are subsequently broadcast on the linear channels).
- 3.75 We also note that the BBC has not proposed any reduction in its original productions quotas.⁷⁹ Alongside our first-run UK originations quotas for children's services, the BBC has origination productions quotas which require that 72% of hours of all programming on CBBC and 70% of hours of all programming on CBeebies is made up of original productions which are made for UK audiences.⁸⁰ Maintaining these quotas at their current levels means that if the proposed change is made, then the majority of content on the children's channels will still be original, although it may consist of more repeats than at present.
- 3.76 We understand from the additional information that we requested from the BBC that it does not currently have a specific view on what volume and proportion of first-run UK originated children's content will be made available on BBC iPlayer, compared to being broadcast first on the linear channel. Instead it has told us that it would like the

⁷⁶ BARB.

⁷⁷ Ofcom, 2019. [Children's Media Use and Attitudes research](#)

⁷⁸ [The Request](#), page 14.

⁷⁹ Original productions are programmes which are commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom being on that channel and are European programmes. The originations quotas include repeats of originated content.

⁸⁰ Ofcom, 2017 (updated 2019). [Operating licence for the BBC's UK Public Services](#), condition 2.32.

amendments to the Operating Licence to be flexible enough to adapt quickly to changing consumption habits. However, the BBC anticipates that significant amounts of content will still be made available on both platforms. We consider that the BBC should have set out a clearer plan for how it will make use of the additional flexibility that the proposed change would give it. The BBC has told us that it is not its intention to degrade the linear channels, and that it would not be in the BBC's interests to withhold content from the linear channels if it would expect such content to be positively received by audiences.

Impact on the market and on distinctiveness

- 3.77 With regards to the possible impact on fair and effective competition, in the Request the BBC says it considers that this proposed change will not have an adverse impact on competition, as it will not increase the volume of UK originations hosted on BBC iPlayer (since all programmes broadcast on CBBC and CBeebies are automatically hosted on BBC iPlayer), and because BBC iPlayer is one of a number of platforms used by children for content.⁸¹
- 3.78 The BBC also notes that its new extended availability of children's content on BBC iPlayer, which Ofcom approved, has the potential to increase the volume of children's content on BBC iPlayer far more substantially than this proposal.⁸²
- 3.79 On the basis of the information provided to us by the BBC, our provisional view is that the risks to fair and effective competition from the proposed change appear low. The proposed change relates to the service on which children's content first appears and does not appear to involve any increase in the volume of or spend on UK originated children's content by the BBC across its services as a whole. However, we would welcome stakeholders' views on this.
- 3.80 We have also considered whether the proposals may have an effect on the children's production sector in the UK, since a healthy children's production sector is an important component of ensuring that children are presented with a range of views and ideas on screen. We assume that BBC iPlayer-only commissions will be subject to additional rights negotiations between the BBC and producers. It is not clear what impact the proposed change will have on producers, although we note that most first-run UK originated children's output for the BBC is produced in house as opposed to externally commissioned. However, we also note that the BBC has removed the in-house guarantee for the production of children's programming.⁸³ We welcome stakeholders' views on the potential impact.

⁸¹ [The Request](#), page 14.

⁸² In our final determination on our BBC iPlayer Competition Assessment, we decided that the public value of the proposed changes to BBC iPlayer justified the adverse impact on fair and effective competition we had identified, and that the BBC could therefore proceed with its proposals, subject to conditions. Ofcom, 2019. [BBC iPlayer Competition Assessment – Final determination](#).

⁸³ Ofcom, 2018. [Ofcom's Annual report on the BBC: 2017/18: Annex 1: Compliance with regulatory requirements](#). Paragraph A1.16.

- 3.81 In addition, as set out earlier, while we believe that the ability for the BBC to count BBC iPlayer only commissions towards its quota in the future could lead to a small reduction in the amount of new content the BBC needs to commission, we do not consider this to be substantial and should have a limited impact on producers' opportunities to make programmes for the BBC. We also consider that the BBC's desire to innovate and experiment with new content may be beneficial for production companies and provide more opportunities for companies who specialise in different and innovative formats of programming to secure commissions from the BBC.
- 3.82 Finally, we have considered the impact on the distinctiveness of CBBC, CBeebies and BBC iPlayer. We note that the BBC's proposed change may lead to an increase in the number of repeats on the linear channels. Having more repeated programmes on the channels may make them less distinctive than at present, although we set out below how we plan to guard against this and as a result consider that the channels will still be substantially different when compared to other comparable providers.
- 3.83 Furthermore, we consider that BBC iPlayer may be more distinctive than at present as a result of the proposed changes. The proposed increase in the amount of first-run UK originations on the platform, in addition to the wider scope that the BBC will have to experiment with innovative formats, along with the BBC's aspiration for the content to reach increased numbers of children on BBC iPlayer, will positively contribute to the distinctiveness of the service. Therefore, our view is that BBC iPlayer will remain substantially different from other comparable providers. Taking all of this into account, we believe that that distinctiveness of output and services is unlikely to be adversely affected by this proposed change.

Our view

- 3.84 Overall, in light of the changing consumption habits of children, we agree that the BBC should be experimenting with new approaches in order to engage this audience with its output. As with its need to do more to engage younger adults, ensuring that children come to the BBC is crucial for its future sustainability. We have therefore considered whether, in light of our regulatory duties, to accept the BBC's proposed changes or whether amendments are needed to safeguard against some of the risks that we have identified. In doing so, we have thought about how the Operating Licence should be amended, as well as any other measures we consider need to be put in place.

Proposed amendments to the Operating Licence

- 3.85 While children's consumption habits are changing, we are mindful of the fact that there is currently limited evidence to demonstrate that children are increasingly consuming content on BBC iPlayer and that they would actively seek such content out. However, we acknowledge that the BBC's plans may help to drive consumption on the platform. We therefore propose to accept the BBC's suggested change to the definition of a first-run UK origination for children's programmes.

- 3.86 However, we also consider it appropriate to make some changes to the first-run UK originations quotas for CBBC and CBeebies to mitigate the risks we have identified.
- 3.87 We are considering introducing a quantitative condition setting out the minimum volume of first-run UK originations that must remain on the linear channels. In light of our duties in the regulatory framework to set appropriate licence conditions, we believe that it is still important for a suitable proportion of first-run UK originated content to be broadcast on the linear channels. This would also help to guard against a significant increase in the volume of repeats on the linear channel, which could impact on the distinctiveness of the services. We note that in its Request the BBC committed to making the majority of first-run UK originations available on the linear channels.
- 3.88 We agree that this is an appropriate minimum level, and we therefore propose to introduce two additional conditions to the Operating Licence. These would require that half of the first-run UK originated content for pre-teen children and that half of the first-run UK originated content for pre-school children that the BBC is required to broadcast, is first shown on the linear channels or is broadcast on the linear channels subsequent to its first broadcast on BBC iPlayer. These conditions would exclude content that is broadcast only on BBC iPlayer (without any linear transmission). Our proposed quota requirements equate to 175 hours of content for pre-teen children and 50 hours of content for pre-school children.
- 3.89 In determining the levels of these conditions, we have taken into account the current volumes of content available across both platforms, as well as the BBC's desire to have the flexibility to experiment with more online-only content. We believe that the proposed levels offer a good compromise between securing some linear provision, while still giving the BBC flexibility to innovate with new content on BBC iPlayer only.
- 3.90 We have also considered whether it would be appropriate to set a time limit on the gap between first showing a programme on BBC iPlayer and first showing a programme on linear for the purpose of this quota. We do not think it would be appropriate to set a specific limit, as we believe that this could be unnecessarily restrictive. However, we do expect the BBC to broadcast content on the linear channels reasonably soon after BBC iPlayer publication to ensure that linear audiences are not at a disadvantage, and that the quality of the linear channels is maintained.
- 3.91 The amendments that we propose to make to the Operating Licence, in light of the Request and our assessment of it, are presented in Annex 1.
- 3.92 In order to demonstrate compliance with its proposed conditions, the BBC has said in its Request that it will be able to "measure and report the hours of first-run UK originations of children's content published to BBC iPlayer, and the number of hours first or subsequently broadcast on CBBC and CBeebies".⁸⁴ We consider that this data will also enable the BBC to demonstrate its compliance with the additional conditions we have proposed to secure some linear delivery. We will discuss this further with the BBC.

⁸⁴ [The Request](#), page 17.

- 3.93 In addition to the changes to the Operating Licence, and similar to our proposals for the CBBC news condition, we consider that enhanced monitoring and reporting by both the BBC and Ofcom will be important in assessing whether the BBC's plans are successful in reaching and engaging more with children.

We expect the BBC to monitor the impact of these changes in its performance measurement framework

- 3.94 As set out earlier, in light of the greater flexibility we will be providing the BBC, we consider that it will be particularly important for the BBC to have effective metrics in place as part of its performance measures to demonstrate how it is meeting its mission and public purposes across all of its platforms, including linear and online.
- 3.95 With regard to this specific request, we consider that the BBC will need to monitor how it has successfully met the needs of children with its first-run UK originated output, including monitoring the types and genres of children's content it is making available on BBC iPlayer, tracking how well it has succeeded in developing its children's offering on BBC iPlayer and attracting new audiences. The BBC should seek to monitor how the target audiences engage with both its linear and online content.
- 3.96 In its Request, the BBC has said that it has a variety of metrics in place which it can use to measure the impact of these changes.⁸⁵ For example, it notes that it can look at audience appreciation scores and viewing figures for individual titles as well as each of the services (CBBC, CBeebies and BBC iPlayer). It also suggests that it will compare the performance of titles on the linear platform and on BBC iPlayer to understand consumption habits, and the types of shows children like to view on demand.
- 3.97 In addition, we note that as part of our recent BBC Competition Assessment of the proposed changes to BBC iPlayer, we required the BBC to develop revised performance measures, and targets where appropriate, to assess the performance of BBC iPlayer and how it contributes to the mission and public purposes.⁸⁶ We consider that the BBC should think about how these might also be used to measure and capture the performance of its BBC iPlayer content for children.
- 3.98 We will engage with the BBC to discuss its plans for measuring and reporting on its performance in this area.

Ofcom's performance measures

- 3.99 As with the changes to news on CBBC, we also believe that it will be appropriate for Ofcom to monitor the impact of these proposed changes closely for the first few years. We therefore plan to introduce new metrics to our performance measures.
- 3.100 The table below sets out some examples of the types of new metrics we might plan to introduce in order to monitor the BBC's performance in this area. As with the potential

⁸⁵ [The Request](#), pages 13 to 14.

⁸⁶ Ofcom, 2019. [BBC iPlayer Competition Assessment – Final determination](#).

new measures for news, and as per our powers under the Agreement, we will require the BBC to provide us with some of this data and will engage with the BBC throughout the consultation period to determine what information it already has that it can provide us with, and where it may need to start gathering and retaining additional data for our metrics.

Figure 3: Examples of potential new performance metrics for children’s first-run UK originations

Measure	Examples of possible metrics
Availability	Spend on children’s first-run UK originated content; hours of first-run UK originated content (by platform); details of BBC iPlayer only first-run UK originated content with innovative formats
Consumption	Children’s viewing to first-run UK originated content (by platform), split by demographic groups
Impact	Audience research to understand satisfaction with and impact of first-run UK originated content (both on linear and online), split by demographic groups

- 3.101 These measures will, for example, enable us to monitor: the range of genres being made available on BBC iPlayer and on linear; the levels of repeats on the linear channels; and consumption of content on BBC iPlayer and on linear. In particular, we will want to see evidence that the BBC is keeping in mind and serving all audiences, as we are mindful that while publishing more BBC iPlayer only first-run UK originated content could allow the BBC to serve certain audiences more effectively (by providing age targeted content), it could also result in some audiences being underserved. Accordingly, we will also continue to monitor the availability, consumption and impact of content on the linear channels.
- 3.102 As with our monitoring for children’s news, in the short-term we intend to measure performance via all of these metrics on an annual basis, but will also track some more regularly. This monitoring will start shortly after the changes are made. Our assessment of the BBC’s performance and the amount of information we collect may evolve over time as the BBC’s plans - and its performance measurement framework - develops. Indeed, in the longer-term, we will look to the BBC to continue monitoring its performance in this area.
- 3.103 Should we have concerns we will take appropriate action, which could include stepping in and amending the licence conditions. These concerns may be about the range and quality of children’s content on offer on both BBC iPlayer and the linear channels declining and/or children’s engagement with the BBC declining, in light of findings from our own monitoring, or the BBC’s own assessment.

Question 2: Do you agree with Ofcom’s provisional assessment and our proposed changes to the definition of a first-run UK origination in respect of children’s content and additional condition to safeguard the provision of some first-run UK originated children’s content on the linear services? If not, please explain why, providing appropriate supporting evidence where possible.

The first-run UK originations quota for CBBC

The BBC’s proposal

3.104 The Newsround broadcasts on CBBC are, under the current definition in the Operating Licence, first-run UK originations and, as a result, they count towards the current 400 hour first-run UK originations quota for CBBC. As explained above, the BBC has proposed a reduction in the hours of news broadcast on CBBC by 50 hours. The BBC is therefore seeking to reduce the first-run UK originations quota by 50 hours.⁸⁷

3.105 As explained above, the first-run UK originations quotas for CBeebies and CBBC are currently set out in separate conditions.⁸⁸ The BBC has requested that these licence conditions be merged into the new proposed condition:

“In respect of CBBC, CBeebies and BBC iPlayer the BBC must ensure that in each Calendar Year it provides at least (i) 350 hours of first-run UK originations of children’s programmes, and (ii) 100 hours of first-run UK originations of pre-school children’s programmes.⁸⁹”

3.106 The BBC’s proposed changes would have the following effects:

- a) the first-run UK originations quota for children’s content would be reduced from 400 to 350 hours.
- b) the first-run UK originations quotas for CBBC and CBeebies could be met through content shown on CBBC, CBeebies or BBC iPlayer.
- c) the requirement to show first-run UK originations across ‘Daytime’ and ‘Peak Viewing Time’ is removed.

3.107 The BBC has also suggested that the current definition of ‘hours’ within the Operating Licence, which makes reference to the slot times of programmes, is amended to take account of the fact that programmes on BBC iPlayer do not have slot times. It has proposed the following changes:

⁸⁷ [The Request](#), page 17.

⁸⁸ 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.

⁸⁹ [The Request](#), page 16.

“references to hours in respect of UK Public Television Services mean hours measured in slot times for programmes with a slot time of 10 minutes or more, or hours measured in running time for programmes with a slot time of less than 10 minutes, and in respect of BBC Online mean hours measured in running times.⁹⁰”

Our assessment

- 3.108 Given our proposal to accept the BBC’s reduction in the quota for news on the CBBC channel by 50 hours, we agree that it is logical to reduce the overall number of hours of children’s first-run UK originated content required by the same amount. We set out earlier that we do not plan to increase the level of the first-run UK origination quota to take account of the fact that changing the definition of a first-run UK originated programme will allow the BBC to count programmes already being commissioned for and only shown on BBC iPlayer in the future, since the current volume of these is small.
- 3.109 We acknowledge that the BBC’s proposed change to this condition would result in the loss of the requirement for the BBC to show first-run UK originations across Daytime (06:00-18:00) and Peak Viewing Time (18:00-22:30). However, this requirement will not be relevant for BBC iPlayer as an on-demand service, and we also consider that this distinction in scheduling times is less relevant in general to the CBBC and CBeebies channels than for other BBC television channels, as the children’s channels are only on air between 07:00 and 21:00 and 06:00 and 19:00 respectively. We consider it is appropriate to allow the BBC flexibility about when it chooses to schedule its first-run UK originations on the children’s channels, and we propose to make this requested change to the Operating Licence.
- 3.110 We consider that the BBC’s suggested change to the definition of ‘hours’ in the Operating Licence is appropriate and that for programmes published on BBC iPlayer (which do not have a slot time), these are measured in terms of their running time when calculating their contribution towards the first-run UK originations quotas.
- 3.111 In terms of the possible impact on fair and effective competition, we note that the BBC has not proposed to increase the volume of or spend on UK originated children’s content by the BBC across its services as a whole. Alongside our view on the impact of the related requested change to condition 2.6 in the Operating Licence, we therefore believe that the risks to fair and effective competition of the proposed change appear low. However, we would welcome stakeholder views on this.

Our view

Proposed amendments to the Operating Licence

- 3.112 We propose to accept the BBC’s proposal to reduce the level of the first-run UK originations quota for children’s content from 400 hours to 350 hours.

⁹⁰ [The Request](#), page 17.

- 3.113 With regard to the BBC's proposal for a drafting change to combine the conditions for first-run UK originations for children's content on CBBC, CBeebies and BBC iPlayer into one condition, we consider that this would be less clear than the current drafting approach of having separate conditions for CBBC and CBeebies. It is important that regulatory conditions are clear and enforceable in the event of non-compliance. Accordingly, we propose to maintain separate conditions for CBBC and CBeebies.
- 3.114 We propose to accept the BBC's suggested changes to the definition of hours in the Operating Licence.
- 3.115 The exact amendments that we propose, in light of the Request and our assessment, to make to the Operating Licence are presented in Annex 1.

Question 3: Do you agree with Ofcom's provisional assessment and proposed changes to the first-run UK originations quota for Children's content on CBBC? If not, please explain why, providing appropriate supporting evidence where possible.

Cumulative impact of the proposed variations

- 3.116 In reaching our provisional views on the three requested changes, we have considered whether the cumulative impact of the changes may be different from the impacts considered on an individual basis (as set out above).
- 3.117 We do not consider that the cumulative impact of our proposals differs from the total of the impacts of our proposals considered on an individual basis.

Question 4: Do you agree with Ofcom's provisional assessment on the cumulative impact of the variations as a whole? If not, please explain why, providing appropriate supporting evidence where possible.

Transitional arrangements

- 3.118 The BBC has stated in the Request that there is a notable lag between commissioning decisions being made, programmes being delivered and then the subsequent broadcast and/or publication on BBC iPlayer.⁹¹ As such, it has said that it would like "Ofcom to move swiftly in making its decisions regarding these changes" and has asked for the changes to take effect from January 2020 so that it can better plan its commissioning slates.
- 3.119 We recognise the BBC's desire for these changes to take effect as soon as possible and have taken this into consideration in determining when we think our proposed changes to the Operating Licence should take effect. We also need to ensure that we give interested parties an adequate amount of time to respond to this consultation and that we have enough time to consider the points raised in any consultation responses we receive. We

⁹¹ [The Request](#), page 18.

have published this consultation as soon as practicably possible following receipt of the BBC's updated Request in early November 2019.

- 3.120 For the changes to the CBBC News condition, we propose 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.
- 3.121 The BBC's current quotas for hours of first-run UK originated content on CBBC and CBeebies are measured by calendar year. We propose that the new first-run UK originations definition and first-run UK originations quotas will apply for the full 2020 calendar year. We understand from the BBC that because of lead times for commissioning programmes, changes it makes to its commissioning and scheduling as a result of the changes to the conditions would come into effect gradually.

Question 5: Do you agree with our proposal for the transitional arrangements? If not, please explain why, providing appropriate supporting evidence where possible.

The overview in this document is a simplified high-level summary only. The proposals we are consulting on and our reasoning are set out in the full document.

A1. Proposed Operating Licence conditions

- A1.1 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 proposed new Operating Licence conditions; and
 - c) a comparison between the existing and proposed Operating Licence conditions.

Existing Operating Licence conditions

News

- A1.2 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."

- A1.3 There is no existing Operating Licence condition for children's news on BBC Online.

First-run UK originations

- A1.4 The existing Operating Licence conditions for first-run UK originations are set out below in full (note that the Request would 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.”

Proposed Operating Licence conditions

News

A1.5 We propose to amend 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.”

A1.6 We propose to also add 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 parties⁹²; 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.”

First-run UK originations

A1.7 We propose to amend 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.

⁹² We have set out the full proposed wording of condition 2.17 for completeness. Note that the BBC’s Request does not affect the current requirement that it must provide adequate links to material provided by third parties.

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.”

- A1.8 We propose to amend 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 to add a new condition 2.37A in respect of the children's first-run UK originations quotas 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 BBC Online mean hours measured in running times.”

Comparison between current and proposed Operating Licence conditions

- A1.9 We set out below a comparison between the current and proposed Operating Licence conditions. Amendments, including deletions and new wording, are underlined.

News

- A1.10 A comparison between the existing and proposed 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.”

- A1.11 A comparison between the existing and proposed 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:

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.”

First-run UK originations

A1.12 A comparison between the existing and proposed Operating Licence conditions for first-run UK originations is set out below (note that the Request would 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 BBC Online mean hours measured in running times.”

A2. Legal framework

- A2.1 Ofcom's power to regulate the BBC is derived from the Communications Act 2003 (the Act)⁹³, which sets out that for the purposes of the carrying out of regulation of the BBC we will have such powers and duties as may be conferred on us by or under the Royal Charter for the continuance of the British Broadcasting Corporation (the Charter)⁹⁴ and the Agreement between the Secretary of State for Culture, Media and Sport, and the BBC (the Agreement).⁹⁵
- A2.2 Ofcom's general duties under section 3 of the Act also apply to the exercise of our functions in relation to the BBC.⁹⁶ These include our principal duty 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.
- A2.3 Under the Charter, Ofcom is required to have regard, in carrying out its functions in relation to the BBC, to such of the following as appear to us to be relevant in the circumstances:⁹⁷
- a) the object of the BBC to fulfil its mission⁹⁸ and promote the public purposes;
 - b) the desirability of protecting fair and effective competition in the UK; and
 - c) the requirement for the BBC to comply with its general duties.⁹⁹
- A2.4 We consider that out of the five public purposes¹⁰⁰, the following are particularly relevant to the Request:
- a) Public Purpose 1: To provide impartial news and information to help people understand and engage with the world around them;
 - b) Public Purpose 2: To support learning for people of all ages;
 - c) Public Purpose 3: To show the most creative, highest quality and distinctive output and services; and

⁹³ Section 198 of the Act.

⁹⁴ [The Charter](#).

⁹⁵ [The Agreement](#).

⁹⁶ Article 45(1) of the Charter.

⁹⁷ Article 45(2) of the Charter.

⁹⁸ 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).

⁹⁹ The BBC's general duties are set out at Articles 9 to 18 of the Charter and include, amongst others, the duty to promote technological innovation, including by focusing on technological innovation to support the delivery of the UK Public Services. The Agreement also imposes certain general obligations on the BBC. These include, at Clause 61, a requirement for the BBC to do all that is reasonably practicable to ensure that viewers, listeners and other users (as the case may be) are able to access the UK Public Services that are intended for them, or elements of their content, in a range of convenient and cost effective ways which are available or might become available in the future. These could include (for example) broadcasting, streaming or making content available on demand, whether by terrestrial, satellite, cable or broadband networks (fixed or wireless) or via the internet.

¹⁰⁰ Article 6 of the Charter.

- d) Public Purpose 4: To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom.
- A2.5 We note that, by virtue of article 20(3)(d) of the Charter, the BBC is required to set performance measures (and targets for those measures where appropriate) and to collect such information as is necessary to assess the performance of the UK Public Services¹⁰¹ in fulfilling the mission and promoting the public purposes.¹⁰²
- A2.6 Separately, by virtue of article 46(4) of the Charter, Ofcom may set performance measures (further to those set by the BBC), and may collect such information as is necessary, to assess the performance of the UK Public Services in fulfilling the mission and promoting the public purposes.¹⁰³ In addition, Ofcom may require the BBC to collect such information as we consider necessary for the performance measures.¹⁰⁴
- A2.7 In addition to setting performing measures, we are required to set an operating licence (the Operating Licence) containing a set of regulatory conditions with which the BBC must comply.¹⁰⁵ The Charter states that the Operating Licence must contain regulatory conditions Ofcom considers appropriate for requiring the BBC to:
- a) to fulfil its mission and promote the public purposes;
 - b) to secure the provision of distinctive output and services; and
 - c) to secure that audiences in Scotland, Wales, Northern Ireland and England are well served.¹⁰⁶
- A2.8 The duty to secure the provision of distinctive output and services¹⁰⁷ is particularly relevant to the BBC's proposed changes to first-run UK originations because the amount of original output produced in the UK is one of the elements of distinctiveness.¹⁰⁸
- A2.9 Schedule 2 of the Agreement contains some further rules regarding the regulatory conditions that Ofcom must impose through the Operating Licence. Amongst other things, it provides that:

¹⁰¹ The UK Public Services are set out in a list maintained and published by the BBC: [List of the UK Public Services](#).

¹⁰² Clause 14(1) of the Agreement.

¹⁰³ Clause 14(2) of the Agreement.

¹⁰⁴ Clause 14(4) of the Agreement.

¹⁰⁵ Under the Charter and the Agreement, Ofcom is required to set an operating licence for the BBC's UK Public Services.

¹⁰⁶ Article 46(3) of the Charter.

¹⁰⁷ This duty is reiterated in paragraph 1(1) of Schedule 2 to the Agreement, which states that "[i]n imposing the regulatory conditions Ofcom must have particular regard to the need for the BBC to secure the provision of distinctive output and services".

¹⁰⁸ This is confirmed by paragraph 1(2) of Schedule 2 to the Agreement, which 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."

- a) Ofcom should have particular regard, in imposing the regulatory conditions, to the need for the BBC to secure the provision of distinctive output and services;
- b) In respect of news and current affairs, we must impose requirements, in the Operating Licence, that we consider appropriate for securing:
 - i) the programmes included in the UK Public Television Services¹⁰⁹ include news programmes and current affairs programmes at an appropriate level (as determined by Ofcom); and
 - ii) the news programmes so included are broadcast for viewing at intervals throughout the period for which the UK Public Television Services are provided.¹¹⁰

A2.10 We may amend the Operating Licence following consultation with the BBC and any person we consider appropriate. We issued the first Operating Licence in October 2017¹¹¹ and it has been subsequently amended a few times since 2017.¹¹²

A2.11 In addition to setting an Operating Licence, we are also required to publish an operating framework.¹¹³ The operating framework for BBC regulation includes the 'Procedures for setting and amending the Operating Licence' (the Procedures).¹¹⁴ which explain how we set and administer the Operating Licence regime and the procedures to be followed.

A2.12 The Procedures set out considerations to which Ofcom will have regard when amending the Operating Licence, including the relevant legal framework, enforceable nature of operating licence conditions and the desirability of ensuring that regulatory conditions are clear and capable of enforcement in the event of non-compliance.¹¹⁵ This consultation follows the Procedures (and applies the considerations it lists) together with Ofcom's consultation principles (see Annex 5).

¹⁰⁹ Clause 75 and part 1 of Schedule 1 to the Agreement taken together define 'UK Public Television Services'. CBeebies and CBBC are included in the [list of UK Public Television Services](#) published by the BBC.

¹¹⁰ Paragraph 4(1) of Schedule 2 to the Agreement.

¹¹¹ Ofcom, 2017 (updated 2019). [Operating licence for the BBC's UK Public Services](#).

¹¹² For changes to the Operating Licence see [The Operating Framework webpage](#).

¹¹³ Article 46(2) of the Charter and Clause 5(1) of the Agreement.

¹¹⁴ Ofcom, 2017. [Holding the BBC to account for delivering for audiences: Procedures for setting and amending the operating licence](#).

¹¹⁵ [The Procedures](#), paragraphs 1.11 to 1.20.

A3. Equality impact assessment

- A3.1 We are required by statute to assess the potential impact of all our functions, policies, projects and practices on people with any of the following protected characteristics: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. We refer to groups of people with these protected characteristics as 'equality groups'.¹¹⁶
- A3.2 We fulfil these obligations by carrying out an EIA, which examines the potential impact our policy is likely to have on people, depending on their personal circumstances. EIAs also assist us in making sure that we are meeting our principal duty of furthering the interests of citizens and consumers, regardless of their background and identity.
- A3.3 In setting our first Operating Licence for the BBC, Ofcom conducted an EIA considering the effects 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 including equality groups. We have carried out EIAs for subsequent changes to the Licence.
- A3.4 The changes the BBC has requested relate to its provision of children's content. As such, this project will affect children, and will impact the types of content the BBC provides for children, and where it is shown (e.g. online vs linear). Overall, we consider that the proposed changes are likely to have a positive impact on children. We consider that the proposed 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 to go online. However, we note that the impact of the BBC's proposed changes may vary between: younger and older children; and children from different socio-economic groups. We provide this analysis in more detail in Section 3 of this consultation.
- A3.5 In respect of news on CBBC, the BBC has said that its proposed 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.
- A3.6 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 would 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

¹¹⁶ As defined in the Equality Act 2010.

them with distinctive output and contributing towards the BBC's delivery of its public purposes.

A4. Responding to this consultation

How to respond

- A4.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 13 December 2019.
- A4.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-3/bbc-childrens-change-operating-licence>. You can return this by email or post to the address provided in the response form.
- A4.3 If your response is a large file, or has supporting charts, tables or other data, please email it to BBCChildrens@ofcom.org.uk, as an attachment in Microsoft Word format, together with the [cover sheet](#). This email address is for this consultation only.
- A4.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:
- Lucy Stuart
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- A4.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- Send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files. Or
 - Upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A4.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A4.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt if your response is submitted via the online web form, but not otherwise.
- A4.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.
- A4.9 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 7. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.
- A4.10 If you want to discuss the issues and questions raised in this consultation, please contact Lucy Stuart on 020 7981 3461, or by email to lucy.stuart@ofcom.org.uk.

Confidentiality

- A4.11 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish all responses on [the Ofcom website](#) as soon as we receive them.
- A4.12 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A4.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A4.14 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our [Terms of Use](#).

Next steps

- A4.15 Following this consultation period, Ofcom plans to publish a statement early 2020.
- A4.16 If you wish, you can [register to receive mail updates](#) alerting you to new Ofcom publications.

Ofcom's consultation processes

- A4.17 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 5.
- A4.18 If you have any comments or suggestions on how we manage our consultations, please email us at consult@ofcom.org.uk. We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A4.19 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA
Email: corporationsecretary@ofcom.org.uk

A5. Ofcom's consultation principles

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

Before the consultation

- A5.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

During the consultation

- A5.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A5.3 We will make the consultation document as short and simple as possible, with a summary of no more than two pages. We will try to make it as easy as possible for people to give us a written response. If the consultation is complicated, we may provide a short Plain English / Cymraeg Clir guide, to help smaller organisations or individuals who would not otherwise be able to spare the time to share their views.
- A5.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A5.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A5.6 If we are not able to follow any of these seven principles, we will explain why.

After the consultation

- A5.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish all the responses on our website as soon as we receive them. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

A6. Consultation coversheet

BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

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

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? _____

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

DECLARATION

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

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

Name

Signed (if hard copy)

A7. Consultation questions

BBC Children's news and first-run UK originations

A7.1 This consultation explains Ofcom's provisional views on a request by the BBC to change its Operating Licence, in order to increase the provision of Children's news through the Newsround website and provide more new children's content on BBC iPlayer. We would welcome views from others on these. The information collected will be used to publish a statement setting out the final outcomes of our assessment in early 2020.

Question 1: Do you agree with Ofcom's provisional assessment and its proposed changes to the Operating Licence for Children's news on CBBC? If not, please explain why, providing appropriate supporting evidence where possible.

Question 2: Do you agree with Ofcom's provisional assessment and our proposed changes to the definition of a first-run UK origination in respect of children's content and additional condition to safeguard the provision of some first-run UK originated children's content on the linear services? If not, please explain why, providing appropriate supporting evidence where possible.

Question 3: Do you agree with Ofcom's provisional assessment and proposed changes to the first-run UK originations quota for Children's content on CBBC? If not, please explain why, providing appropriate supporting evidence where possible.

Question 4: Do you agree with Ofcom's provisional assessment on the cumulative impact of the variations as a whole? If not, please explain why, providing appropriate supporting evidence where possible.

Question 5: Do you agree with our proposal for the transitional arrangements? If not, please explain why, providing appropriate supporting evidence where possible.

A8. The BBC's request to Ofcom for changes to its Operating Licence

A8.1 This annex is available as a [separate document](#).