

# **Service review**

Review of children's services and content

**February 2009**

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# Summary

## Background

1. The BBC Trust believes that children's broadcasting is at the heart of the BBC's public service remit. As such we decided to make this the subject of our second service review. The Trust is responsible for reviewing each of the BBC's services at least once every five years to ensure that they are high-quality and provide good value for everyone in the UK. Our first review, which covered [bbc.co.uk](http://bbc.co.uk), was completed in May 2008. This time we have looked at the BBC's content for children aged 12 and under. This includes the CBBC and CBeebies channels, the CBBC and CBeebies branded content on BBC One, BBC Two, radio and online, as well as content to support formal learning for primary school children.
2. Since the review began in May 2008 we have consulted children, licence fee payers, and other interested parties, reviewed performance data and carried out bespoke audience research. We have used the BBC's reach, quality, impact and value for money (RQIV) performance framework to carry out our analysis. This framework considers:
  - the proportion of the audience reached by BBC content
  - audience perceptions of the quality of the output
  - the impact of the content in terms of delivering the BBC's public purposes
  - and the output's cost effectiveness or value for money.
3. Our review asked two overarching questions. Firstly, how well is the BBC serving children? And secondly, is the BBC's strategy for children's services and content robust and deliverable?

## Trust conclusions

**How well is the BBC serving children aged 12 and under?** We found that the BBC's services and content for children are generally performing very well. The BBC is delivering popular children's content which successfully appeals to a wide audience and at the same time makes an important contribution to the BBC's public purposes. We have identified some areas where we consider performance could be improved and our recommendations are set out below. However, overall, we commend staff for the performance they have achieved with the resources available.

**Is the BBC's strategy for children's services and content robust and deliverable?**

The BBC must remain a cornerstone of high-quality UK-produced children's content. To do this the BBC Executive should be clearer about the performance objectives for children's services and should revisit investment plans in the light of the budgetary pressures which we highlight in our report. This exercise should be carried out as part of the BBC's review of its financial plans which is due to be carried out in spring 2009.

Our key findings are set out below.

## Key findings and recommendations- performance

**The BBC's services and content for children are generally performing very well. Although there is scope for improvement in some areas the BBC is delivering popular children's content which successfully appeals to a wide audience and at the same time makes an important contribution to the BBC's public purposes.**

### *CBeebies on television and online – reach, quality and impact*

**CBeebies is performing very well in terms of reach, quality and impact. There is clear evidence that CBeebies is making a significant contribution to the BBC's public purposes.**

4. CBeebies on television and online is performing very well. CBeebies usage figures (reach) are increasing and far exceed those of its nearest competitor. The brand is considered to be high quality and distinctive by both parents and children.
5. Under the Royal Charter the BBC has six public purposes. These are:
  - Citizenship - sustain citizenship and civil society
  - Learning - promote education and learning
  - Creativity - stimulate creativity and cultural excellence
  - Diversity - represent the UK, its nations, regions and communities
  - Global - bring the UK to the world and the world to the UK
  - Emerging communications - help to deliver to the public the benefit of emerging communications technologies and services.
6. The Trust sets out what it expects from each of the BBC's services in published Service Licences. The CBeebies Service Licence specifies that the service should contribute to four of the BBC's six purposes. These are learning, creativity, diversity and emerging communications. Audience research indicates that parents believe these purposes are being successfully met.
7. CBeebies is not currently required to contribute towards the citizenship purpose because this purpose is primarily concerned with providing news, current affairs and factual programming to support debate about important issues and political developments, topics which are unlikely to be appropriate for very young children. Our research indicates that parents agree that this purpose should not be a priority for CBeebies.
8. CBeebies is also not currently required to contribute towards the global purpose. However, the service already makes an important contribution to this purpose by producing content which introduces children to the way people live in different countries. We believe that the Service Licence should be amended to reflect and safeguard this contribution. The global purpose would be introduced in a way that was appropriate for this age group and sensitive to parents' concerns over the provision of news to young children.

*Recommendation 1*

*The Trust will amend the CBeebies Service Licence to include a commitment to contribute to the BBC's global public purpose. We will work with the Executive to develop a commitment that is appropriate for this age group and reflects CBeebies' existing contribution to this purpose.*

*CBBC on television and online - reach*

**CBBC on television is reaching a large audience.**

9. In 2007, CBBC content on the dedicated digital channel, BBC One and BBC Two reached 2.4 million six to twelve year olds each week - some 49 per cent of this age group.<sup>1</sup> This is significantly more than other comparable broadcasters. When we consider the CBBC digital channel on its own without adding the reach of CBBC content on BBC One and BBC Two, CBBC still outperforms other broadcasters by a significant margin.

**Reach is lower in cable and satellite homes where CBBC competes with many other children's channels.**

10. Since its launch in 2002 the CBBC digital channel has benefited from the increase in multichannel homes, particularly the increase in the number of homes with Freeview, where most children's channels are not available. In cable and satellite homes, where the full range of children's channels is available audience levels are lower than Disney and Nickelodeon.

*Recommendation 2*

*CBBC's reach in cable and satellite homes should be used as a key measure of performance because in these homes CBBC competes on equal terms with channels like Disney and Nickelodeon which are not available on Freeview. Performance in these homes is particularly important because cable and satellite usage is forecast to increase from 10.7 million homes in 2007 to 13.3 million homes in 2012.<sup>2</sup>*

**Reach on television has worsened in 2008 due to scheduling changes which have reduced the amount of time available in the afternoon for children's content on BBC One.**

11. Although the CBBC digital channel is growing in popularity, a large proportion of children choose to watch CBBC content on BBC One and BBC Two and recent scheduling changes have had a negative impact on CBBC's audience viewing figures. In February 2008, the BBC One afternoon schedule changed to accommodate the loss of Neighbours to Five. The Weakest Link was moved to BBC One to prevent a loss of audience immediately before the BBC News at Six. As the Weakest Link is longer than Neighbours, children's programming was moved 20 minutes earlier reducing the amount of time available for children's content on BBC One after school. Overall weekly reach to CBBC content on terrestrial and digital has reduced by an average five percentage points among 6-12s since the schedule change took place. Our analysis took place in the autumn of 2008 so it is not possible to tell whether this

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<sup>1</sup> BARB, All homes/hours.

<sup>2</sup> Enders Analysis, UK television forecasts.

decline will be long term but it seems likely that the schedule change will mean that overall reach in 2008 will be lower than 2007.<sup>3</sup>

*Recommendation 3*

*The Trust is concerned about the impact of recent scheduling changes on the audience levels for children's content. The changes caused overall reach in the first nine months of 2008 to fall significantly compared with 2007. We ask that the Executive develop plans to address this decline and report to the Trust by summer 2009.*

*Longer term, the way children choose to consume content from the BBC is likely to change. Given the reducing number of UK-produced children's television programmes from sources other than the BBC, the Executive should seek to optimise reach by providing output where children are most likely to be watching, listening or accessing interactive content. Scheduling decisions which are likely to impact on children's output should prioritise children's content unless there is a strong public value reason for not doing so.*

**The CBBC website reaches a large audience despite facing stiff competition for children's time from other popular sites.**

12. In the 12 months up to June 2008 the website reached an average of 1.5 million users each month which compares favourably with other broadcasters' websites for children. However, usage levels have been falling for the past few years.

*Recommendation 4*

*CBBC's online content is an important aspect of the BBC's strategy for children's services. The website currently reaches a large audience but usage levels are declining year on year. The Executive should develop plans to address this decline. Once these plans are in place the Trust will monitor usage levels through quarterly reports to the Trust's Audiences and Performance Committee.*

**CBBC's usage is lower among some groups than others although the service is considered to be better at reflecting diversity than commercial children's broadcasters.**

13. CBBC's reach and levels of consumption among children from lower income households (C2DE), devolved nations, children from ethnic minority homes and 11-12 year olds is lower than average for 6-12 year olds as a whole.<sup>4</sup> However, a survey carried out by the BBC and Ofcom indicates that children and parents believe CBBC is better at reflecting diversity than other children's broadcasters. Variances in reach can be explained in part, but not entirely, by the higher than average access some groups have to cable and satellite television where CBBC competes with more channels for children's time.
14. Our audience research in ethnic minority homes indicates that children's content provided by the BBC successfully represents children from ethnic minorities but faces stiff competition from specialist output like Asian television channels as well as after school cultural and religious activities. The research suggests ways to maintain or enhance the appeal of children's

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<sup>3</sup> BARB, All homes.

<sup>4</sup> Previous audience research indicates that a similar pattern emerges among the adult population.

content among this demographic which should help to inform the BBC's approach to commissioning in the future.

*Recommendation 5*

*In its submission to our consultation the Executive set out its intention to improve the BBC's representation of different groups and viewpoints through the BBC's commissioning strategy, research and outreach programmes. In doing so the Trust recommends drawing on the results of our audience research among children in ethnic minority homes published alongside this report.*

15. CBBC's appeal declines when children reach 11 and 12 years old. Other children's broadcasters also experience a decline but not to the same extent as CBBC. The BBC Executive has suggested extending the hours of the CBBC digital channel so that it stops transmitting at 9 pm rather than 7 pm to boost the channel's reach, particularly among older children. Other dedicated children's channels already broadcast until 9 pm. However, extending the hours of CBBC would use transmission spectrum which could be used for other services and for this reason the extension should be considered as part of the wider digital terrestrial television spectrum review due to take place in spring 2009. As part of that review it will be important to consider how to ensure that an extension of CBBC's transmission hours boosts the channel's appeal to older children as only a minority of children's viewing after 7 pm is to children's programming. The most popular programmes watched by older children at this time are family entertainment such as Doctor Who, EastEnders and The X Factor.

*Recommendation 6*

*The Trust recognises the potential benefits of extending CBBC's broadcast hours until 9 pm but this proposal would need to be considered alongside other scheduling proposals as part of the wider digital terrestrial television spectrum review. As part of this proposal the Executive would need to show how the 7 pm to 9 pm slot would compete with non-children's content to boost reach among 6-12 year olds, particularly among older children and that additional reach justifies the additional cost of extending CBBC's broadcast hours.*

*CBBC on television and online - quality*

**Performance data indicates that the quality of children's output has improved since the BBC implemented its Fewer, Bigger, Better strategy.**

16. In September 2007 the BBC relaunched the CBBC brand with a focus on improving quality. This was part of the BBC's Fewer, Bigger, Better strategy which states that the BBC should focus greater resources on fewer programmes to compete on quality rather than quantity.
17. BBC audience surveys carried out in 2008 indicated that most children within the CBBC age group like or love CBBC and that quality measures have improved since the Fewer, Bigger, Better strategy was introduced. CBBC tends to score particularly well on measures that relate to characteristics which Ofcom has decided should be features of good public service broadcasting such as 'innovative' and 'challenging'. CBBC also scores well on distinctiveness, a specific requirement of the CBBC Service Licence.

**Taken too far the Fewer, Bigger, Better strategy could begin to have a negative impact on performance.**

18. The Fewer, Bigger, Better strategy carries with it some risks to delivery. Particular areas of concern are the increasing number of repeats and the diversity of output.
- One implication of the Fewer, Bigger, Better strategy is that programmes are repeated more frequently because fewer programmes are produced. Many children who responded to our consultation complained about the number of repeats, particularly on the CBBC channel.
  - Commissioning fewer (albeit more expensive and ambitious) programmes at a time when other public service broadcasters are retreating from children’s content could, if taken too far, limit the range of programmes available to children and therefore restrict the BBC’s ability to meet the needs of a diverse audience.
19. These risks have not yet had a negative impact on performance but could do so if budgetary pressures mean that the strategy is taken too far. The risks are considered in the light of the BBC’s investment plans for children’s services in Section 2 below.

*CBBC on television and online - impact*

**CBBC scores much higher than comparable broadcasters for measures that relate to the BBC’s public purposes.**

20. The CBBC Service Licence requires CBBC to make a contribution to all six of the BBC’s public purposes. To inform our review the Trust added some questions on the purposes to the BBC’s children’s pulse survey.<sup>5</sup> CBBC scored significantly higher than comparable broadcasters for each of the purposes. Given the importance of the public purposes, we believe that the BBC should regularly collect similar audience perception data to be able to track performance over time.

*Recommendation 7*

*The BBC Children’s research department has developed a comprehensive understanding of the audience through a wide range of high-quality research which we have used extensively during this review.*

*We recommend that the Executive supplement this research by regularly collecting data on the delivery of the BBC’s public purposes to track performance over time. Questions on the purposes could be added to an existing survey to minimise costs.*

21. CBBC produces a range of content which contributes to the citizenship and global purposes. Of this content Newsround and Blue Peter are considered to be particularly important but there has been a long-term decline in audience numbers for these two programmes. The decline has been accelerated by the scheduling changes set out in paragraph 11.

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<sup>5</sup> A weekly, online survey of 1,000 6-12 year olds measuring usage and perception.

### Recommendation 8

*There has been a long-term decline in audience numbers for programmes which make an important contribution to the BBC's citizenship and global purposes for children. We ask that the Executive develop plans to boost the audience numbers for content which contributes to these purposes and update the Trust with progress by the summer of 2009.*

### *CBBC and CBeebies - value for money*

**The BBC Children's department operates effective budgetary control processes but financial transparency and operational effectiveness could be strengthened by changing the BBC's approach to cost allocation.**

22. The BBC Children's department produces detailed management accounts and uses these to calculate, allocate and monitor budgets effectively. However, the BBC's approach to allocating programme costs is having a number of unintended consequences. The BBC has an accounting policy whereby a programme's costs are allocated to the service which first transmits the programme. Many CBeebies and CBBC programmes produced by the BBC are first shown on BBC One or BBC Two which means that the costs associated with these programmes are allocated to the BBC One and BBC Two service budgets rather than the CBBC and CBeebies service budgets. As a result:

- There is a risk that people underestimate the amount the BBC spends on children's content because some of this investment is included in the BBC One and BBC Two budgets.
- Some programmes have been premiered on BBC One or BBC Two to avoid breaching the smaller CBBC and CBeebies budgets. Scheduling decisions like these should be based on operational considerations.
- Financial control is weakened because BBC One and BBC Two budgets are too large to be sensitive to fluctuations in the amount spent on children's content allocated to these budgets.
- The BBC's financial reporting system currently records expenditure broken down by service rather than by the CBBC and CBeebies brands. As a result it is not clear from the available data how costs allocated to BBC One and BBC Two were split between CBBC and CBeebies. This makes it more difficult to make an assessment of the value for money of these two brands.<sup>6</sup>

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<sup>6</sup> For in-year budgetary control purposes the Executive does split the cost of children's content by brand. However, this exercise is separate to the financial reporting system and data for prior periods is not retained.

#### Recommendation 9

*The Trust will amend the CBBC and CBeebies Service Licences to include all CBBC and CBeebies expenditure on television programmes, including those that are first transmitted on BBC One or BBC Two.*

*Amending the Service Licences in this way would have the following advantages:*

- The Service Licences would more accurately reflect the full expenditure on CBBC and CBeebies content. Further information should be provided in the BBC's financial statements to explain this treatment.*
- Transparency and accountability would be enhanced because the Trust would separately monitor the full budget for children's content. Under the existing arrangements some of the budget falls under the BBC One and BBC Two budgets which are too large to be sensitive to variations in children's expenditure (increases or decreases).*
- The Executive would have the flexibility to premiere content based on operational considerations without artificial budgetary constraints.*
- Under the existing system the costs allocated to the BBC One and BBC Two budgets are not split between CBBC and CBeebies. Maintaining a record of expenditure split between the CBBC and CBeebies brands would make it easier to measure the value for money of these two services.*

**Consultation responses together with our own analysis indicate that CBeebies and CBBC are good value for money.**

23. On the whole, respondents to our public consultation think that children's content, and CBeebies in particular, is good value for money for the licence fee payer. An analysis of cost and performance for CBBC and CBeebies content also indicates that these two services are cost-effective. The BBC children's department has made expenditure savings without adversely affecting quality measures under the Fewer, Bigger, Better strategy. Some of these savings have been invested in refreshing CBeebies content.

**Value for money measurement should be improved.**

24. The BBC uses a measure entitled cost per user hour to assess value for money. This measure draws on cost and usage data to arrive at the average cost for every hour that a person from the target audience watches a service. The BBC currently monitors the cost per user hour of CBBC and CBeebies based on the cost and performance of the digital channels alone. Under the existing approach to allocating costs the cost of making some television programmes which are shown on the digital channels falls under the BBC One and BBC Two budgets and is therefore not currently included in the CBBC and CBeebies cost per user hour calculations despite helping to increase user hours.

#### *Recommendation 10*

*The Executive should monitor the cost per user hour and cost per user reached for CBeebies and CBBC using the full investment in CBBC and CBeebies television programmes including programmes first shown on BBC One or BBC Two. This will help the Executive to monitor the value for money of CBBC and CBeebies and to establish whether the Fewer, Bigger, Better strategy is having a long-term beneficial impact.*

#### *Children's radio*

##### **Awareness and reach of radio content for children are very low.**

25. The BBC provides CBeebies radio programmes for young children and Big Toe Books for older children on the digital radio station BBC 7 as well as Go4it, a magazine show for children on BBC Radio 4. Audience research indicates that audience awareness and reach for this content is very low, mainly because the programmes are broadcast at inconvenient times and on stations which are primarily aimed at an older audience where children are unlikely to look for content when it is available. The BBC Executive is carrying out research to assess various options for children's radio in the future.

#### *Recommendation 11*

*During this review the BBC Executive has acknowledged that the existing arrangements for children's radio at the BBC will need to change in the light of consistently low audience numbers and has undertaken research to assess the options available.*

*On the basis of this research the Executive will recommend an alternative approach for Trust consideration taking into account:*

- *An assessment of the level of demand for audio content.*
- *A consideration of where and when to provide audio content to maximise audience numbers in a cost-effective way.*

#### *Formal Learning*

##### **Usage levels of the BBC's formal learning content are high and research indicates that users value the content provided.**

26. Education and learning lie at the heart of the BBC's mission and the BBC supports formal learning by providing learning resources for children, parents and teachers. BBC surveys among teachers and children indicate that awareness and usage of the BBC's online primary school content are high. The Trust's own audience research and consultation evidence support these findings indicating that formal learning content, particularly the BBC's revision guide BBC Bitesize, is highly valued by children.
27. As part of this review some commercial education content suppliers raised concerns about the competitive impact of the BBC's formal learning provision. Under the terms of the BBC's

Charter, the Trust has a duty to have regard to the competitive impact of the BBC's activities and has written to establish whether these concerns should be treated as a formal complaint.

28. This review focused on the BBC's formal learning provision for primary school children. We will reflect on the performance of the BBC's formal learning provision for school children as a whole, including the extent to which it delivers value for money, when we have completed our next service review which is focusing on services and content for younger audiences aged 13-34.

## Key findings and recommendations- future direction

**The BBC Executive has set out a clear mission for children's services and content but there are some risks associated with its plans.**

29. The Trust believes that the BBC must remain a cornerstone of high-quality, UK-produced children's content. In its submission to our public consultation the Executive has set out a mission statement for children's content and services which emphasises the key role children's programming plays in delivering the BBC's public service remit:

*'To provide fresh, distinctive and creative programmes and websites that are loved by every child in the UK and which represent world-class public service broadcasting.'*

30. The BBC's spending plans over the period of the current licence fee settlement rely on the BBC making efficiency savings across all of its services. As a result, investment in children's content will fall in real terms over the next five years but the percentage of total resources spent on children will remain broadly constant.
31. Some respondents to our consultation expressed concern over the BBC's commitment to children's services. These concerns have been amplified by a misconception that the BBC's investment in children's content is limited to the CBBC and CBeebies Service Licence budgets (caused by the BBC's approach to allocating programme costs outlined above). Nevertheless, the Trust considers that there are some risks and uncertainties associated with the Executive's investment plans over the next five years. These are set out in Figure I below.

**Figure 1: Risks and uncertainties associated with the Executive’s investment plans over the period of the licence fee.**

**Efficiency savings** - Children’s efficiency saving targets are challenging given that expenditure cuts were made prior to the targets being introduced.

**Fewer, Bigger, Better** – Since the BBC’s Fewer, Bigger, Better strategy was implemented quality measures for children’s output have increased and costs have been reduced. However, there is a risk that budgetary pressures could force the Children’s department to take the strategy too far. Commissioning fewer (albeit more expensive and ambitious) programmes at a time when other public service broadcasters are retreating from children’s content could, in the future, restrict the BBC’s ability to meet the needs of a diverse audience. Particular areas of concern are the increasing number of repeats, which children complained about in our consultation, and diminishing number of UK-produced dramas. A lack of small commissions could also make it more difficult for smaller independent production companies to win business which could threaten their survival and therefore limit the range of suppliers in the longer term.

**Income forecasts** - Commercial income is forecast to grow 12-fold between 2007-08 and 2009-10 (albeit from a very low base). This has the potential to support the Executive’s investment plans but there is a risk that pressure to make content which is more commercially viable diverts attention from delivery of the BBC’s public purposes. The Executive is confident that growth in income can be met without any impact on quality or the delivery of the public purposes on the basis that there is a great deal of untapped commercial potential in children’s programming.

**Move to Salford** - There are significant risks associated with the planned move to Salford Quays in 2011 particularly in terms of staff retention. Managing these risks will create additional costs in the short term but in some cases staff are not clear whether these costs will be met from the children’s budget or a centrally managed fund.

**Industry developments** - There have been significant changes in the marketplace since investment plans were developed in 2007. In October 2007 Ofcom concluded in its report on the Future of Children’s Television Programming that investment in first-run original programming by the commercial public service broadcasters<sup>7</sup> had halved in real terms since 1998 and that the future provision of new UK-originated content for children, particularly drama and factual programming, looked uncertain other than from the BBC. The BBC is also facing increasing competition from US-owned commercial channels like Playhouse Disney.

32. The Executive has set out its vision and strategy for investment in children’s content but has not yet determined what level of performance is required to deliver this vision. For example, it is not clear whether measures of reach, quality and impact are intended to increase, decrease or remain at their current level. Without clear objectives it is not possible to establish whether the existing budget is sufficient to deliver the strategy. Developing clearer performance objectives for internal planning purposes would also help the Executive to monitor performance and decide how best to allocate resources for maximum effect.

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<sup>7</sup> ITV1, GMTV, Channel 4 and Five.

*Recommendation 12*

*The Trust believes that the BBC must remain a cornerstone of high-quality, UK-produced children's content. However, the Executive has not yet determined what level of performance is required to meet this aim.*

*For planning purposes the Executive should be clearer about the performance objectives for children's provision and consider whether the existing budget is sufficient to meet these objectives taking into account the risks and uncertainties surrounding the current budget which are set out in Figure 1.*

*This exercise should be carried out and reported to the Trust as part of the Executive's review of the BBC's financial plans in spring 2009. This review is a response to increasing pressures on the BBC's income and the general economic situation.*

*When the Trust considers the Executive's revised financial plans we will take into account the budgetary pressures faced by the Children's department which have been highlighted in this report.*

# Main Report

## Introduction

### Background

33. The BBC Trust works on behalf of licence fee payers to ensure that the BBC provides high-quality services and good value for everyone in the UK. To help deliver this remit the Trust reviews each of the BBC's services at least once every five years<sup>8</sup>. We completed the first of these service reviews in May 2008 when we reported on the BBC's website, [bbc.co.uk](http://bbc.co.uk). This time we decided to focus on the BBC's services and content for children aged 12 and under on television, radio and online. We will address provision for older children and young adults when the Trust reports the findings of its review of services and content for younger audiences aged 13-34 which is due to be completed in the spring.
34. Our decision to focus on children's provision was informed by three main considerations.
- Firstly, we believe that strong children's content is a fundamental aspect of public service broadcasting and essential if the BBC is to successfully create public value.
  - Secondly, new technology is changing the way people consume media, and young audiences are leading the shift to digital, interactive and on-demand services. This presents both challenges and opportunities for all UK broadcasters including the BBC.
  - Finally, the expanding range of media available to children is increasing competition for advertising income. This, together with the Government's ban on junk food advertising is putting pressure on the ability of commercial public service broadcasters<sup>9</sup> to fund television programmes for children. This has given rise to concerns that the number of high-quality, UK-produced children's television programmes from sources other than the BBC is in decline.

### Review scope

35. The Trust sets out what it expects from each of the BBC's services in published licences. Our review had broadly two aims: firstly to assess how well the BBC is serving children aged 12 and under, using commitments set out in the relevant Service Licences; and secondly to consider whether the BBC's strategy for children's services and content is robust and deliverable.
36. The review covered the two dedicated children's Service Licences: the CBeebies channel for children aged six and under on television, radio and online; and the CBBC channel for children aged between 6 and 12 on television and online. We also looked at other BBC

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<sup>8</sup> The Trust is required under the BBC's Charter and agreement to review each of the BBC's services at least once every five years and whenever the public interest demands it.  
<http://www.bbc.co.uk/bbctrust/framework/charter.html>

<sup>9</sup> ITV1, GMTV, Channel 4 and Five.

content which is designed for children aged 12 and under but not covered by the CBeebies or CBBC Service Licences, specifically: CBBC and CBeebies content shown on BBC One and BBC Two; formal learning content for primary school children on television, radio and on-line (including BBC Bitesize); and other children's provision including Go4it on Radio 4 and Big Toe Books on the digital radio station BBC 7.

37. The detailed scope of our review was set out in our terms of reference which were published in May 2008<sup>10</sup>. The scope did not cover: content designed for a wider audience such as family drama like Doctor Who, and sport; or wider, child safety issues such as watersheds or the portrayal of children in the media industry.

## Methodology

38. This review was carried out for the Trust by its independent advisers in the Trust Unit under the direction of the review's lead Trustee, Mehmuda Mian. We gathered evidence from a wide range of sources which are summarised below.
39. **Consultation** - We used the relevant Service Licences to develop a set of questions for public consultation. The consultation ran from 12 May until 15 August 2008 and we received some 180 responses from licence fee payers, interest groups, organisations involved in children's broadcasting and the Trust's Audience Councils in England, Northern Ireland and Scotland. The BBC Executive submitted a response to our consultation which we have published alongside this report.
40. We also engaged a child-focused research agency, Kids Industries, to help us develop a consultation website that would be engaging for children. Children aged 12 and under were invited to tell us what they think about children's content at the BBC, by sending us emails, pictures, videos and audio files or by posting messages on a moderated web forum. We promoted the consultation through the CBBC and CBeebies websites, on CBBC television, in primary schools, and through our Audience Councils. The consultation ran between June and September 2008 during which time we received some 2,000 responses. The bulk of these responses were from children aged six and over so we arranged a top-up survey of 300 parents with young children to offer their thoughts on the questions raised.
41. **Performance data analysis** – We analysed performance data using the BBC's RQIV performance framework which considers four drivers of public value – reach, quality, impact and value for money. This framework is set out in Figure 2Figure 2.

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<sup>10</sup> [http://www.bbc.co.uk/bbctrust/framework/bbc\\_service\\_licences/childrens\\_tor.html](http://www.bbc.co.uk/bbctrust/framework/bbc_service_licences/childrens_tor.html)

## Figure 2: The BBC's RQIV performance framework

*Reach* – The extent to which BBC services are used by the audience. In this report, unless otherwise stated, the reach of television or radio services is expressed as the percentage of the population who have watched or listened for a consecutive three minute period in a week.<sup>11</sup>

*Quality* – Quality is often measured in terms of audience perception. In particular the BBC measures characteristics which Ofcom considers should be features of public service broadcasting. These characteristics are 'high quality', 'original', 'challenging', 'innovative' and 'engaging'.

*Impact* – The extent to which BBC content creates public value by delivering the BBC's public purposes. The purposes, which are set out in the BBC's Royal Charter, require the BBC to:

- sustain citizenship and civil society
- promote education and learning
- stimulate creativity and cultural excellence
- represent the UK, its nations, regions and communities
- bring the UK to the world and the world to the UK
- help to deliver to the public the benefit of emerging communications technologies and services.

*Value for Money* – A consideration of performance (reach, quality and impact) alongside cost to provide a perspective on cost-effectiveness.

42. We carried out our performance analysis using the following evidence sources:

- Television viewing figures from the Broadcasters' Audience Research Board (BARB) which uses a panel of 5,500 households.
- Radio audience data from Radio Joint Audience Research (RAJAR) based on 12,000 listening diaries filled out each quarter.
- Online usage figures based on the BBC's server logs and Nielsen Netratings, a panel-based measurement system providing monthly usage figures for all internet sites.
- Regular BBC audience surveys which measure audience perceptions of children's content from the BBC and other providers. These in-house surveys include: Children's Brand Tracker, a twice-yearly, online questionnaire comprising 1,200 interviews of children aged 12 and under and their parents; Pan BBC Tracking Survey, a monthly face-to-face questionnaire of 700 adults aged 15 and over; Children's Pulse survey, a weekly, online survey of 1,000 6-12 year olds measuring usage and perception; BBC Quality and Impact Survey, a twice-yearly face-to-face survey of some 24,000 adults, measuring Ofcom's

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<sup>11</sup> There are other measures of reach including that most often used in the Trust annual report which considers 15 minute consecutive viewing. Three minute reach was considered more appropriate for the purposes of this review because children's programmes tend to be shorter in duration with more frequent advertisement breaks and it is the measure most often used in the industry.

characteristics of public service broadcasting; Teacher Tracker and Children's Tracker, twice-yearly questionnaires measuring teachers' and children's usage and perception of formal learning content.

- Financial data taken from the BBC's Annual Report and management accounting system.
- Research carried out by other organisations including Ofcom who looked at children's television as part of its ongoing review of public service broadcasting, and Childwise Research Agency which produces an annual report on children's media consumption.

43. **Audience research** – The Trust carried out two pieces of audience research to supplement the data available from the sources described above. We commissioned Connect Research and Consultancy Ltd to carry out research into the lifestyles and media usage of children in ethnic minority homes. We also commissioned Andrew Irving Associates to assess the contribution made by children's content to the delivery of the BBC's public purposes. Both pieces of work used a combination of focus groups and in-home observation.

44. As part of this review the BBC Executive commissioned the research agency Childwise to look at children's media usage across different media outlets such as television, radio, online, mobile phones and games consoles. The research focused in particular on homes with access to on-demand technology such as Personal Video Recorders. The Trust used this work to inform our own findings and conclusions.

45. **Further targeted consultation** – We explored issues raised during our review with interested parties by holding two interest group events, running a consultation session at the Showcomotion Children's Media Conference and interviewing staff within the BBC as well as other organisations involved in children's broadcasting.

## Report structure

46. The main body of this report is split into two sections. The first looks at the performance of CBeebies, CBBC, formal learning content and children's radio using the BBC's reach, quality, impact and value for money performance framework. The second considers the future direction of children's services at the BBC.

## Section I: Performance

**The BBC's services and content for children are generally performing very well. Although there is scope for improvement in some areas the BBC is delivering popular children's content which successfully appeals to a wide audience and at the same time makes an important contribution to the BBC's public purposes.**

### CBeebies on television and online

#### *Background*

##### **CBeebies**

The BBC provides programmes and other content for pre-school children on a dedicated CBeebies digital television channel which shows programmes between 6 am and 7 pm. CBeebies programmes are also shown on BBC One and BBC Two. There is a CBeebies section on [bbc.co.uk](http://bbc.co.uk), and there is CBeebies content on the BBC's interactive service BBCi (the red button). CBeebies programmes are available on-demand through the BBC's iPlayer and podcasts.

The existing CBeebies Service Licence specifies that the service should be aimed at children aged five and under. However, since 2006 CBeebies content has tended to focus on the six and under age range to make content more relevant for children towards the upper age limit. The Trust plans to amend the Service Licence age range to children aged six and under.<sup>12</sup>

The remit of CBeebies is to offer high-quality, mostly UK-produced programmes to educate and entertain the BBC's youngest audience. The service should provide a range of programming designed to encourage learning through play in a consistently safe environment.

<http://www.bbc.co.uk/cbeebies>

#### *Reach*

**CBeebies' reach is substantially higher than comparable channels and has been increasing year on year.**

47. The BBC has invested heavily in CBeebies over the last two years, significantly increasing the budget for new television programmes (originations). Since this investment, performance has improved. In 2007, CBeebies content on television reached an average of 2.2 million young children a week, around half the target audience in the UK. This figure takes into account content shown on the digital channel as well as BBC One and BBC Two, and is up on 2006 (2

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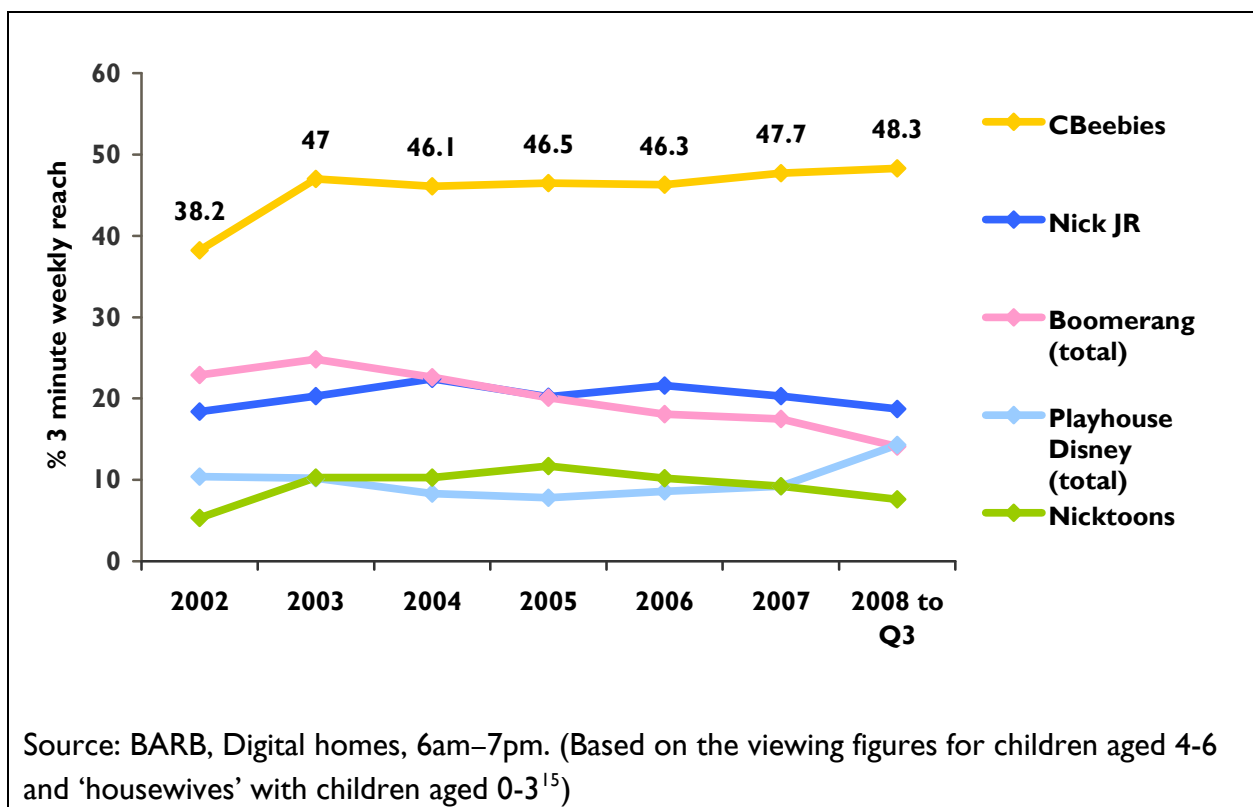
<sup>12</sup> The BBC already provides children's content for six year olds under the CBBC service licence so this does not constitute a significant change to the BBC's services and therefore will not require a public value test.

million children).<sup>13</sup> CBeebies' reach is substantially higher than any other children's channel for this age group. The next highest channel for young children is Nick Jr which attracts less than half the amount of young children each week.

**This strong performance is driven by the CBeebies digital channel. However, it is facing increasingly strong competition for children's time.**

48. In homes which have access to digital services (multichannel homes) weekly reach for the CBeebies digital channel rose to 48 per cent of the target audience in 2007<sup>14</sup> (Figure 3).

**Figure 3: Weekly reach of channels by year amongst young children**



49. Even in cable and satellite homes where CBeebies competes against a wider range of channels CBeebies is still ahead with an average weekly reach in 2007 of 43 per cent of the target audience compared with 30 per cent for the nearest commercial broadcaster.<sup>16</sup>

50. Our analysis was carried out in the autumn of 2008. Based on the data from January to September it seems likely that CBeebies' performance will be equally strong in 2008. However, it also appears that CBeebies is beginning to face a challenge from Playhouse Disney, a well-resourced service without advertisement breaks and with a strong educational theme. As shown in Figure 3, Playhouse Disney has significantly improved its audience reach

<sup>13</sup> BARB, all homes/hours.

<sup>14</sup> BARB, digital homes/6am – 7pm.

<sup>15</sup> BARB does not measure the viewing behaviour of children under four years old. Viewing figures for under four year olds are estimated based on the viewing behaviour of 'housewives' with children aged 0-3. BARB defines housewives as the member of the household (male or female) who is solely or mainly responsible for the household duties.

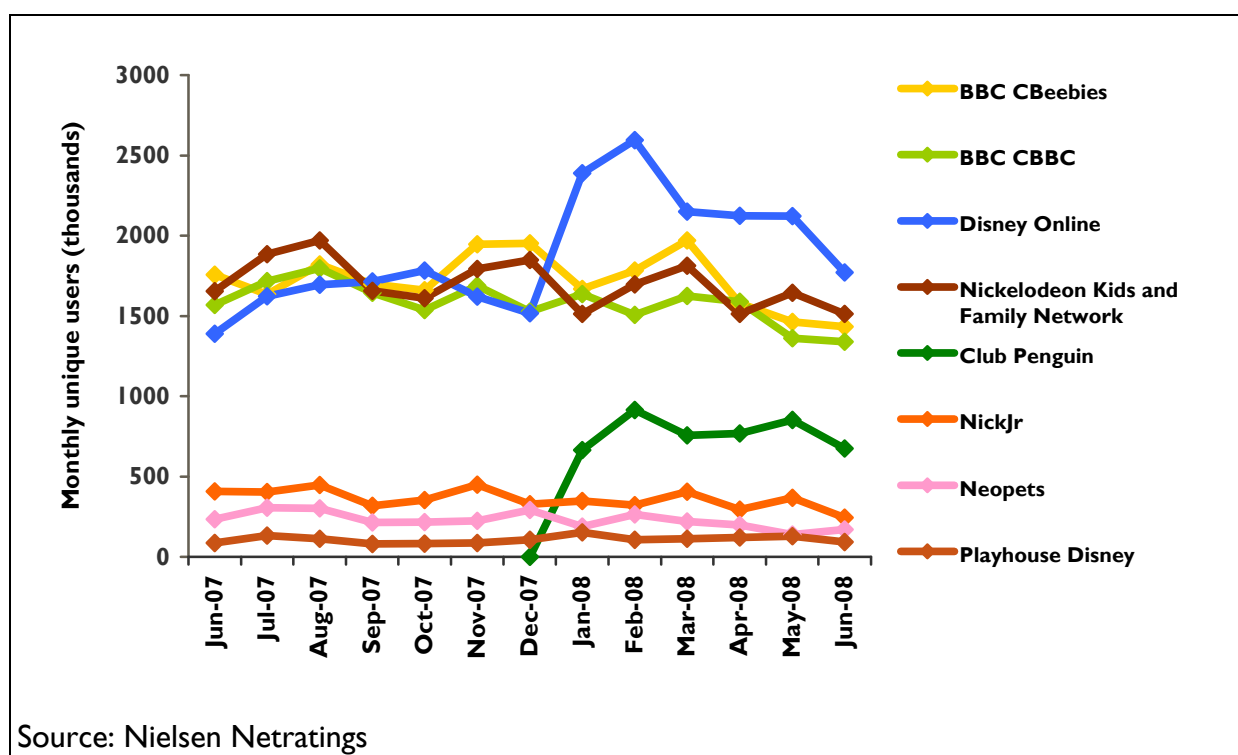
<sup>16</sup> BARB, Cable & Satellite homes/6am – 7pm.

in 2008. At the present time this performance does not appear to have been at the expense of CBeebies but this situation will need to be monitored closely in the near future. Disney’s strong performance is revisited in paragraph 162 when we come to look at the future of children’s provision at the BBC.

**The CBeebies website is also widely used. Usage levels compare favourably with usage figures for other children’s broadcasters’ websites.**

51. The CBeebies website averaged over 1.5 million individual monthly users in the 12 months up to June 2008. This compares favourably with usage figures for other broadcasters’ websites. The Disney online network of sites has the greatest number of monthly users but this includes a range of sites such as Disney.com and Club Penguin. The CBeebies website attracts a greater number of users than these individual sites (Figure 4).

**Figure 4: Monthly unique users to children’s websites amongst all individuals**



Source: Nielsen Netratings

*Quality*

**Parents and children consider the CBeebies brand to be high quality**

- 52. The BBC monitors the quality of its children’s content by carrying out regular surveys which measure parents’ and children’s perceptions of BBC content as well as content from other broadcasters.
- 53. In 2007 parents gave the CBeebies channel higher average approval scores than any other BBC channel and these scores have increased in the first three quarters of 2008.<sup>17</sup>

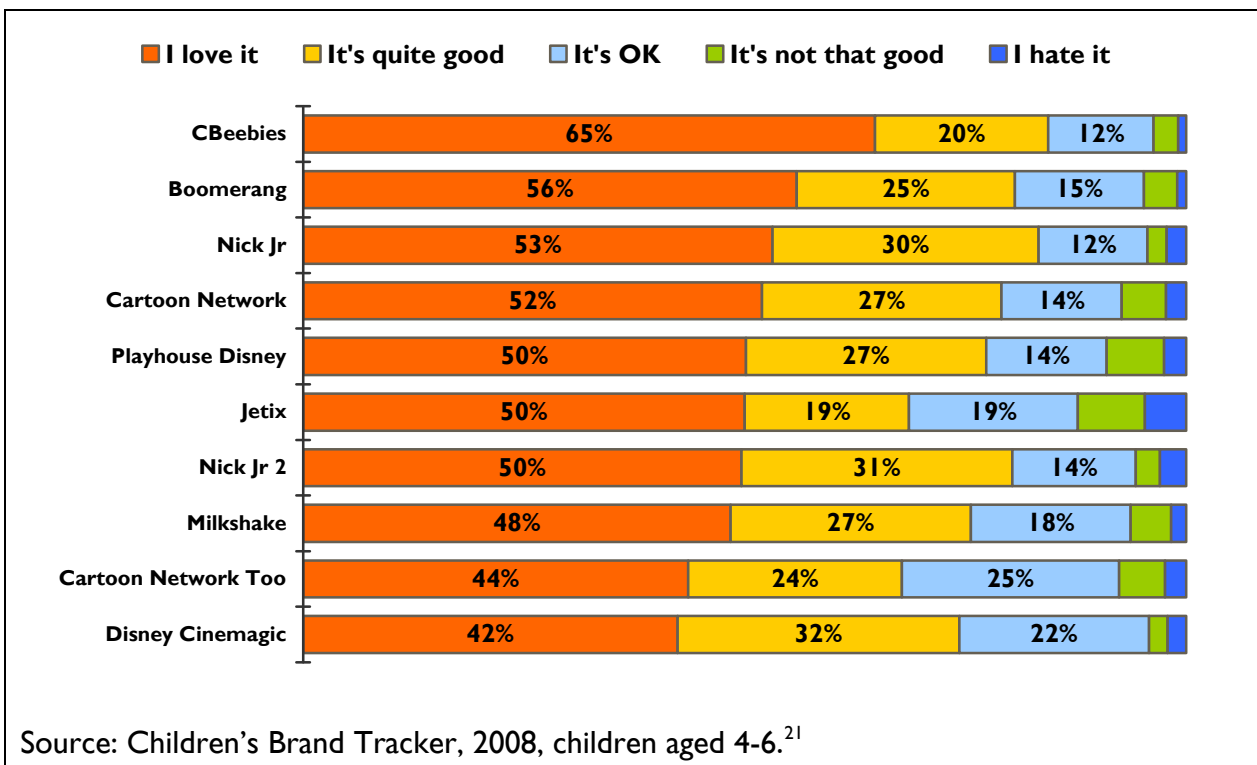
<sup>17</sup> Pan BBC Tracking Survey.

54. CBeebies also scores well for characteristics which Ofcom considers should be features of public service broadcasting. Scores for ‘high quality’, ‘innovative’, ‘challenging’ and ‘engaging’ are significantly ahead of other children’s broadcasters.<sup>18</sup>
55. Parental approval seems to extend to the website with over 75 per cent of parents stating that they were happy for their children to use the CBeebies website. This compares to 50 per cent for Disney and CBBC.<sup>19</sup>

**Children, as well as parents, seem to hold CBeebies in high regard.**

56. Four to six year olds rated CBeebies much higher than other channels for entertainment attributes like ‘cool’, ‘exciting’, ‘fun’ and ‘happy’.<sup>20</sup> Sixty-five per cent of four to six year olds said that they ‘love’ CBeebies, a higher percentage than other broadcasters, while only four per cent of viewers think that it is ‘not that good’ or that they ‘hate’ it (Figure 5).

**Figure 5: Young children’s attitudes towards children’s channels**



57. The results from BBC surveys are compatible with Ofcom research carried out in 2007, which showed that 79 per cent of parents believe that CBeebies provides high-quality programming, a higher percentage than any other channel.<sup>22</sup> CBeebies also had the highest

<sup>18</sup> Children’s Brand Tracker, 2008 / ‘Innovative’ scores amongst adult viewers, BBC Quality and Impact Survey 2008.

<sup>19</sup> Children’s Brand Tracker, 2008.

<sup>20</sup> Children’s Brand Tracker, 2008.

<sup>21</sup> The brand tracker does not measure the attitudes of children aged under four.

<sup>22</sup> Ofcom – The Future of Children’s Television Programming, 2007.

score for innovation with 66 per cent of parents agreeing that the channel provides new ideas and different approaches.<sup>23</sup>

### *Distinctiveness*

#### **Parents and children believe that CBeebies content is distinctive.**

58. In a 2008 BBC survey 70 per cent of parents of four to six year olds and 67 per cent of parents of children aged three and under agreed that CBeebies provides 'great stuff you can't find elsewhere'. In comparison, closest competitors all have levels of agreement under 50 per cent.<sup>24</sup> CBeebies provides a very different range of programming from commercial children's channels which dedicate around 70 per cent of their airtime to animation. In contrast, CBeebies dedicates 76 per cent of its airtime to content which is not animation.<sup>25</sup>

### *Impact – delivery of the BBC's public purposes*

#### **The BBC measures the impact of a service by looking at the extent to which it contributes to the BBC's public purposes.**

59. The CBeebies Service Licence, which sets out the requirements for the service, specifically requires CBeebies to contribute to four of the six public purposes. These are:
- **Learning** - Promote education and learning
  - **Creativity** - Stimulate creativity and cultural excellence
  - **Diversity** - Represent the UK, its nations, regions and communities
  - **Emerging communications** - Help to deliver to the public the benefit of emerging communications technologies and services.
60. The extensive reach and high quality of CBeebies suggests that the service is well placed to deliver these four purposes and we found strong evidence to suggest that it is doing so effectively. This evidence is presented in the paragraphs below.

#### **Research indicates that CBeebies is delivering the learning public purpose effectively.**

61. In 2008, BBC audience survey results placed CBeebies ahead of any other channel for education measures.<sup>26</sup> These results are supported by Ofcom's research on children's television carried out in 2007 which indicated that 71 per cent of parents believed that CBeebies helps children to learn and develop. This score was significantly higher than the other BBC channels including CBBC, and substantially higher than channels provided by other

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<sup>23</sup> Ofcom – The Future of Children's Television Programming, 2007.

<sup>24</sup> Children's Brand Tracker, 2008.

<sup>25</sup> BARB, 2007 Q4 - 2008 Q3, analysis of BARB children's genres.

<sup>26</sup> Seventy-seven per cent of parents agreed that CBeebies is educational and 78 per cent of parents agreed that CBeebies demonstrates learning through play. These scores were higher than any of CBeebies' competitors (source: Children's Brand Tracker, 2008).

broadcasters.<sup>27</sup> These results are in keeping with our consultation and audience research<sup>28</sup> which suggested that CBeebies successfully helps young children learn through play.

**BBC surveys indicate that CBeebies also performs well for the creativity purpose.**

62. In 2008, over 90 per cent of parents of younger children agreed that CBeebies ‘stimulates my child’s imagination’. This was a much higher percentage than for other broadcasters.<sup>29</sup> Again, this BBC survey data is supported by our consultation responses and audience research which indicated that CBeebies was successfully encouraging creativity among its audience.<sup>30</sup>
63. The Service Licence states that CBeebies should show a high proportion of original productions and make a significant contribution to the UK children’s production sector to help deliver the creativity purpose. In the 2007-08 and 2006-07 financial years CBeebies satisfied its Service Licence conditions of approximately 80 per cent original productions and 75 per cent investment in new UK programming.<sup>31</sup>

**CBeebies reflects diversity well but some consultation respondents thought that CBeebies was less relevant for older children.**

64. In 2007 Ofcom asked parents whether they agreed that various channels ‘show different kinds of cultures and opinions from around the UK’ and help their child ‘to be aware of different types of people and alternative viewpoints’. For CBeebies 62 per cent of parents agreed to the first statement and 61 per cent for the second. These percentages were higher than any other children’s channel.<sup>32</sup> These results are supported by BBC surveys. In 2008 CBeebies received strong scores for ‘reflects the diversity of the UK’, 71 per cent of parents of children aged three and under and 82 per cent of parents of four to six year olds agree with this statement. None of the other channels achieves over 50 per cent on this measure.<sup>33</sup>
65. Evidence from our audience research and consultation indicates that, on the whole, parents believe CBeebies is tackling diversity well although some consultation respondents suggested that CBeebies becomes less relevant as children approach the upper end of its target age group. These respondents see the transition between the CBeebies and CBBC as being problematic, with content on CBeebies being considered ‘too young’ and content on CBBC ‘too grown up’ for six year olds. Our analysis indicates that although there is a decline in viewing among five and six year olds these children are still watching more CBeebies than other comparable channels (Figure 6).

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<sup>27</sup> Ofcom – The Future of Children’s Television Programming, 2007.

<sup>28</sup> Children’s Service Review summary of consultation responses, February 2009 / Qualitative research on the BBC public purposes, January 2009 (prepared for the Trust review of children’s services).

<sup>29</sup> Children’s Brand Tracker, 2008.

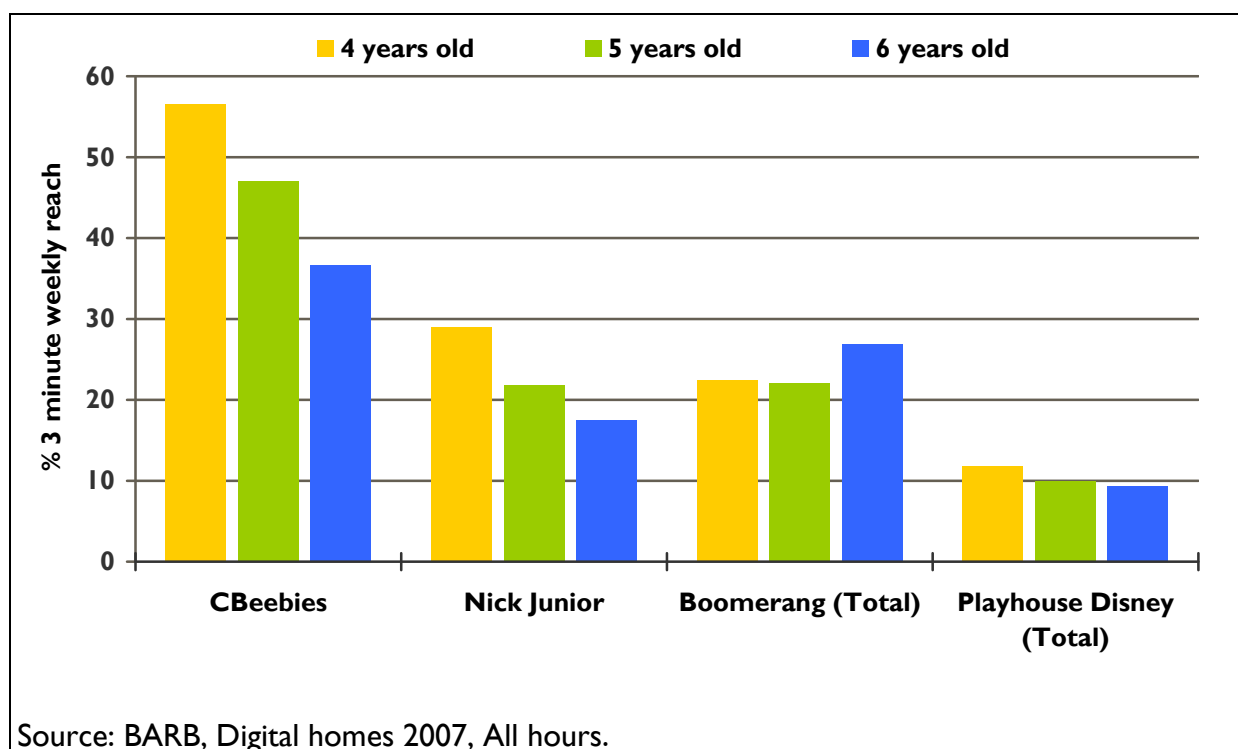
<sup>30</sup> Children’s Service Review summary of consultation responses, February 2009 / Qualitative research on the BBC public purposes, January 2009 (prepared for the Trust review of children’s services).

<sup>31</sup> BBC Annual report 2007-08 – 79 per cent original productions and 87 per cent of investment was in new UK programming.

<sup>32</sup> Ofcom – The Future of Children’s Television Programming, 2007.

<sup>33</sup> Children’s Brand Tracker, 2008.

**Figure 6: Weekly reach to children’s channel by age**



**Audience research indicates that the CBeebies website in particular is a well-regarded source of content for young children.**

- 66. CBeebies content is available on a wide range of platforms including digital television, digital radio, BBCi (the red button) and online. It is available on-demand through the BBC’s iPlayer.
- 67. Our audience research on the purposes indicates that parents of young children feel that CBeebies makes an important contribution to the emerging communications purpose by introducing children to the internet through the CBeebies website. This research and our consultation responses suggest that the CBeebies website is valued by parents and by children. In particular the website is considered to be a safe and trusted place for young children because the content is free from ‘bad language’, ‘bad behaviour’ and adverts. This is supported by BBC survey data. In 2008 over 90 per cent of parents agreed that CBeebies ‘is a brand I can trust’ compared with scores ranging from around 50 to 70 per cent for comparable channels.<sup>34</sup>

**CBeebies already makes a valid contribution to the global purpose and we believe the Service Licence should be amended to reflect this.**

- 68. The existing Service Licence does not specifically require CBeebies to deliver the remaining two public purposes which are:
  - **Citizenship** - Sustain citizenship and civil society.
  - **Global** - Bring the UK to the world and the world to the UK

The citizenship purpose is primarily concerned with providing news, current affairs and factual programming to support debate about important issues and political developments. The

<sup>34</sup> Children’s Brand Tracker, 2008.

global purpose is about informing the audience about world events and providing insight into the way people live in different countries.

69. As part of our audience research into the purposes we held focus groups with parents and asked them to consider the relative importance of each of the BBC's public purposes to establish whether the Service Licence was focusing on the right areas.<sup>35</sup> Parents felt strongly that the learning and creativity purposes should be prioritised, and thought that the diversity and emerging communications purposes should also be covered but to a lesser extent. There was a widely held view that news, current affairs and political developments were not appropriate subjects for the CBeebies age group leading parents to question the relevance of the citizenship purpose and the news aspect of the global purpose. These results indicate that the Service Licence broadly meets parent's expectations.
70. However, it is important to note that the global purpose is not just about news, and CBeebies already provides content which introduces children to other countries and cultures such as Boogie Beebies which shows childrens' dances from around the world. In a response to our public consultation the International Broadcasting Trust, an educational and media charity which works to promote television coverage of the developing world, suggested that the Service Licence should be revised to include greater commitment to the global purpose. The BBC Trust is sympathetic to this suggestion given the BBC's remit under the Charter to bring the world to the UK. However, the global purpose would need to be introduced in a way which is appropriate for this age group and sensitive to the feedback received from parents. It is likely therefore that the purpose would be met through the kind of output that already exists rather than by more in-depth analysis or news.

*Recommendation 1*

*The Trust will amend the CBeebies Service Licence to include a commitment to contribute to the BBC's global public purpose. We will work with the Executive to develop a commitment that is appropriate for this age group and reflects CBeebies' existing contribution to this purpose.*

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<sup>35</sup> Qualitative research on the BBC public purposes, January 2009 (prepared for the Trust review of children's services).

## CBBC on television and online

### *Background*

#### **CBBC**

CBBC programmes and content are aimed at children aged between six and twelve. There is a CBBC digital television channel which shows programmes between 7 am and 7 pm. CBBC programmes are also shown on BBC One and BBC Two. There is a CBBC section on the BBC website and CBBC services on the BBC's interactive service BBCi (the red button). CBBC programmes are available on-demand through the BBC's iPlayer and dedicated children's iPlayer.

The remit of the CBBC channel is to provide a wide range of high-quality, distinctive content, including drama, entertainment, comedy, animation, news and factual. The great majority of this content should be produced in the UK. CBBC should provide a stimulating, creative and enjoyable environment that is also safe and trusted. The service should have a particular focus on learning, with an emphasis on encouraging participation.

<http://www.bbc.co.uk/cbbc>

### *Reach*

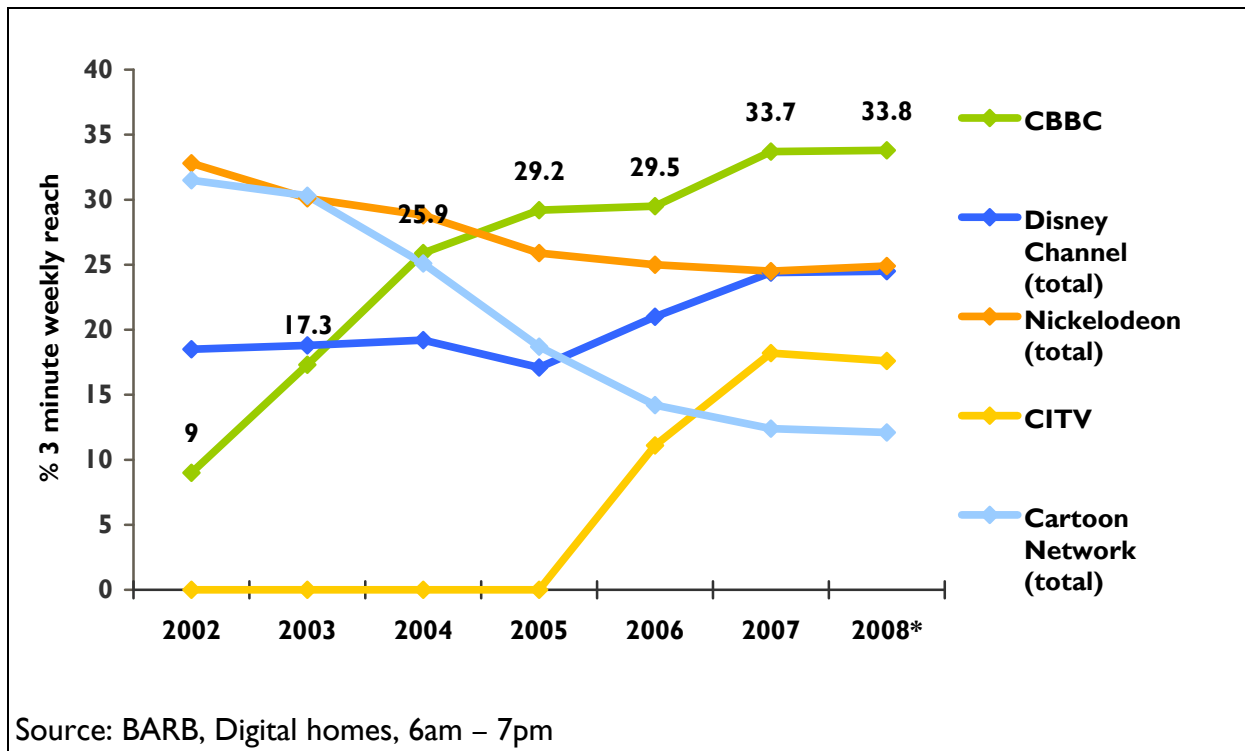
#### **CBBC on television is reaching a large audience**

71. In 2007, CBBC content on the dedicated digital channel, BBC One and BBC Two reached 2.4 million six to twelve year olds each week some 49 per cent of this age group.<sup>36</sup> This is significantly more than other comparable broadcasters and is higher than in 2006 (46 per cent). When we consider the CBBC digital channel on its own without adding the reach of CBBC content on BBC One and BBC Two, CBBC still outperforms other broadcasters by a significant margin (Figure 7).

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<sup>36</sup> BARB, all homes/hours.

**Figure 7: Average weekly reach of children’s digital channels by year amongst 6-12 year old children**



**Reach is lower in cable and satellite homes where CBBC competes with many other children’s channels.**

72. Since its launch in 2002 the CBBC digital channel has benefited from the increase in multichannel homes, particularly the increase in the number of homes with Freeview where, with the exception of CITV (which has also seen significant growth), other children’s channels are not available. In cable and satellite homes, where the full range of children’s channels is available CBBC falls into third place, reaching 25.8 per cent of the audience each week in 2007, well behind Disney which reached 33.6 per cent and Nickelodeon which reached 33.7 per cent. It will be increasingly important to compete effectively in cable and satellite homes in the build up to and beyond digital switchover in 2012 as the take up of cable and satellite television is forecast to increase from 10.7 million homes in 2007 to 13.3 million homes in 2012.<sup>37</sup>

*Recommendation 2*

*CBBC’s reach in cable and satellite homes should be used as a key measure of performance because in these homes CBBC competes on equal terms with channels like Disney and Nickelodeon which are not available on Freeview. Performance in these homes is particularly important because cable and satellite usage is forecast to increase from 10.7 million homes in 2007 to 13.3 million homes in 2012.*

**The CBBC website also has a wide reach despite facing stiff competition for children’s time.**

<sup>37</sup> Enders Analysis, UK television forecasts.

73. The CBBC website faces strong competition both from other children's websites and from other popular sites such as Google, YouTube, bbc.co.uk and MSN.<sup>38</sup> In spite of this competition the CBBC website performs strongly reaching an average of 1.5 million users per month in the 12 months up to June 2008, a similar level to CBeebies (Figure 4). This performance compares favourably with usage figures for other children's broadcaster websites. However, usage levels have been falling in the last few years. BBC server logs indicate that the number of users of the CBBC website has fallen by an average of eight per cent a year between 2006 and 2008.<sup>39</sup> The CBBC website was relaunched in September 2007 as part of a wider relaunch of the CBBC brand (paragraph 95). The relaunch has not stopped the decline in usage although quality measures for the CBBC brand have improved (paragraph 96).

*Recommendation 4*

*CBBC's online content is an important aspect of the BBC's strategy for children's services. The website currently reaches a large audience but usage levels are declining year on year. The Executive should develop plans to address this decline. Once these plans are in place the Trust will monitor usage levels through quarterly reports to the Trust's Audiences and Performance Committee.*

**Terrestrial television is still a significant driver of reach for the CBBC brand.**

74. Six to twelve year olds have access to a wide range of media equipment, all of which compete for their time. However, there is clear evidence that television is still the dominant medium. As part of this review the BBC Executive commissioned the research agency Childwise to look at children's media usage across different media outlets such as television, and online. The research showed that a very small proportion of CBBC users (six per cent) reported using the CBBC website without viewing CBBC television content.<sup>40</sup>
75. Terrestrial television in particular has an important role to play for this age group. In contrast to the CBeebies audience, who watch predominately digital content, CBBC viewing is split between terrestrial and digital. As set out in Figure 8 68 per cent of the CBBC audience watch content either solely on the terrestrial channels BBC One and BBC Two or on a mixture of terrestrial and the CBBC digital channel.

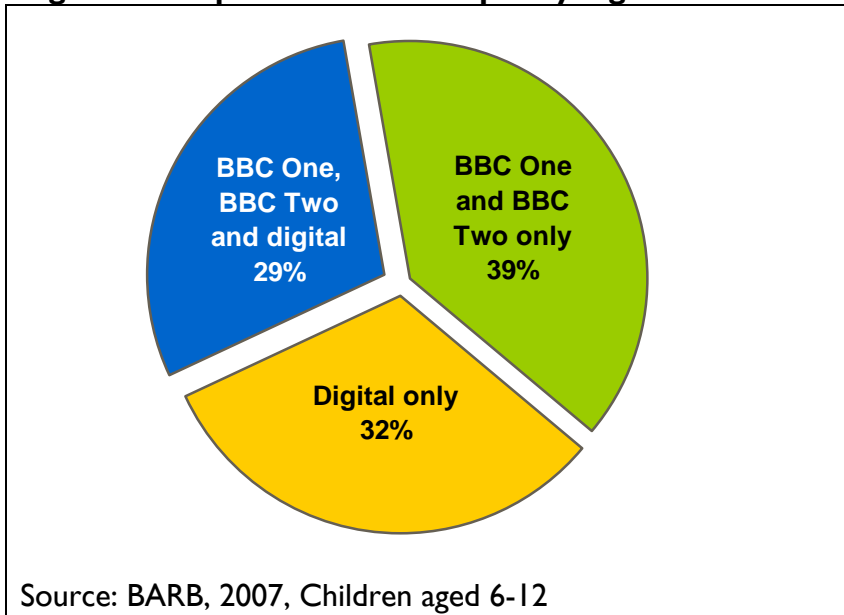
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<sup>38</sup> Childwise Media Usage and Behaviour research, 2008.

<sup>39</sup> BBC server logs 2006, 2007, 2008.

<sup>40</sup> Sixty one per cent of 6-12 year old CBBC users reported watching CBBC on television without using the web, 33 per cent reported using both CBBC television and the web and 6 per cent reported using the CBBC website without watching CBBC on television (source: Childwise Media Usage and Behaviour research).

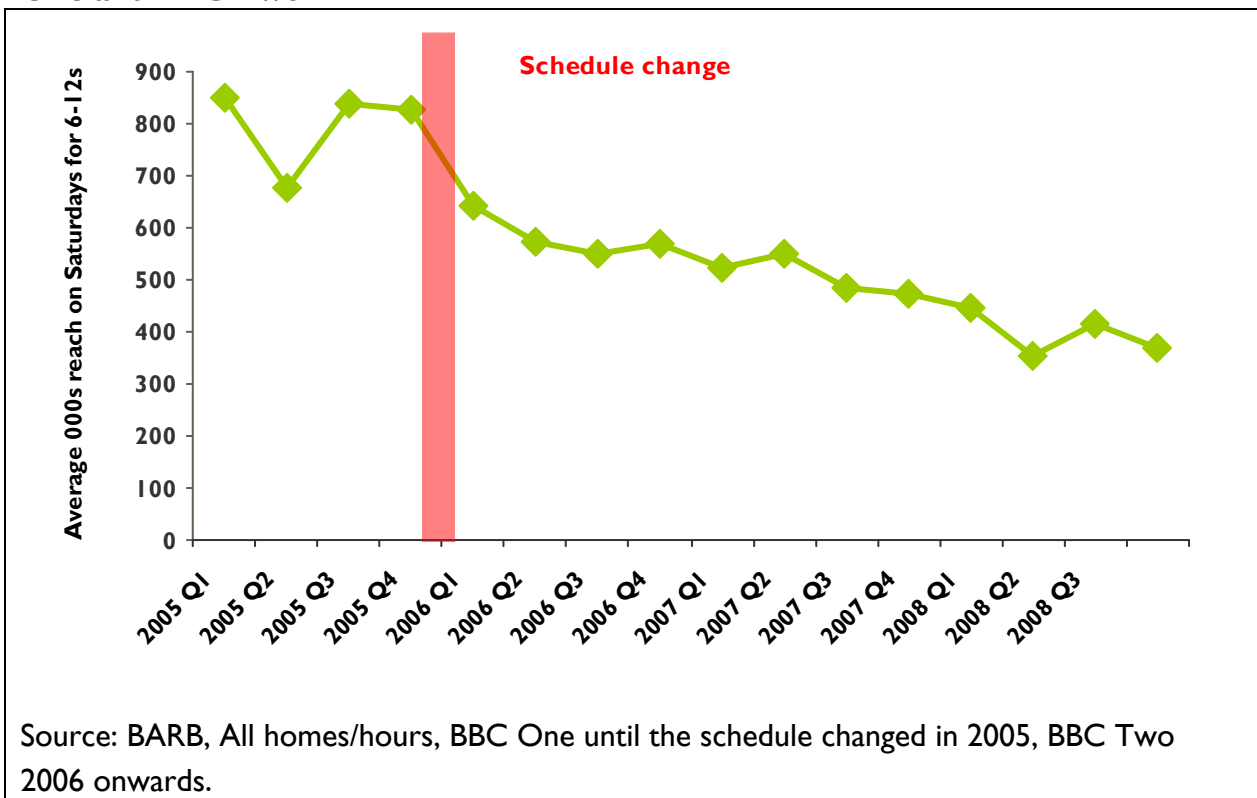
**Figure 8: Proportion of reach split by digital / terrestrial platform in all homes**



**Recent scheduling changes which have reduced the amount of time available for CBBC content on BBC One have had a negative impact on BBC One’s reach and share among 6 to 12 year olds.**

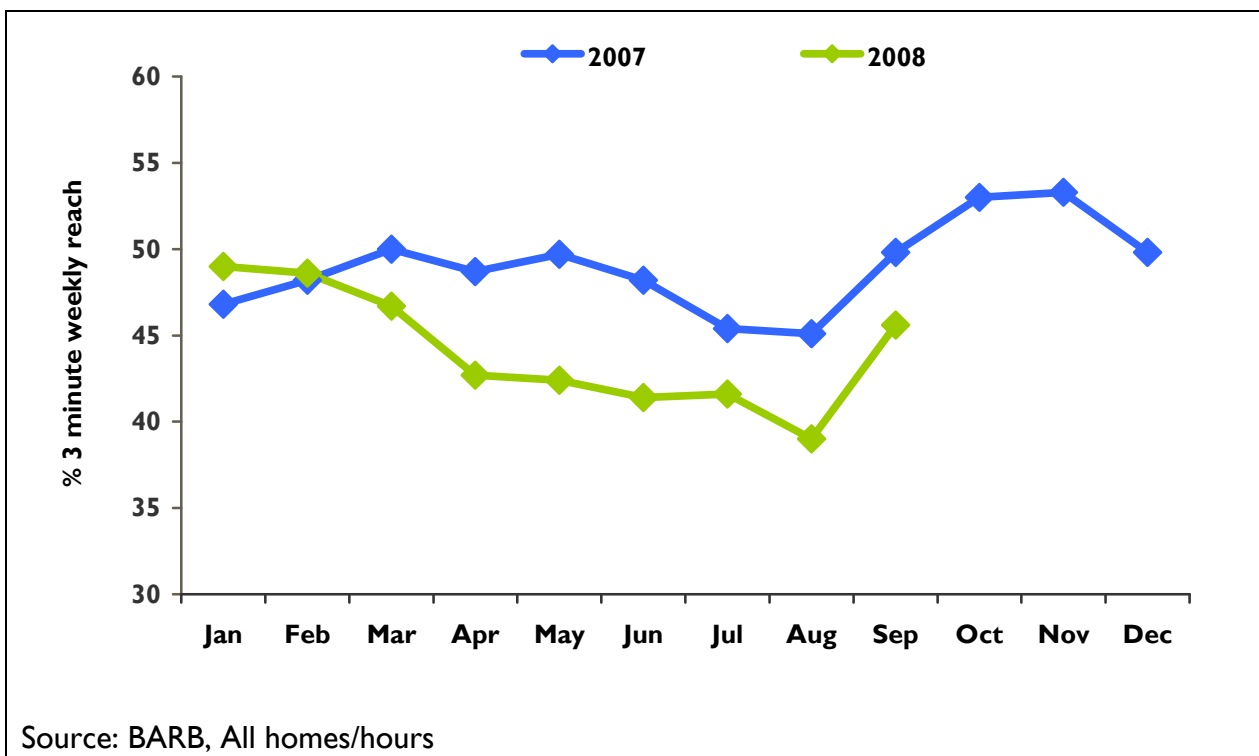
- 76. The importance of terrestrial television, particularly BBC One for children’s content, is further demonstrated by recent schedule changes and the impact these have had on reach.
- 77. In early 2006 Saturday morning children’s television was moved from BBC One to BBC Two. This resulted in audiences falling significantly and not recovering (Figure 9).

**Figure 9: Average reach for 6-12s to Saturday children’s programming on BBC One and BBC Two**



78. In February 2008, the BBC One afternoon schedule changed to accommodate the loss of Neighbours to Five. The Weakest Link was moved to BBC One to prevent a loss of audience immediately before the BBC News at Six. As the Weakest Link is longer than Neighbours, children’s programming was moved 20 minutes earlier reducing the amount of time available for children’s content on BBC One after school. In its submission to our public consultation submitted in August 2008 the Executive concluded these changes had not had a significant impact on the BBC’s overall offer for children on television. However, looking at more recent data it is clear that the reach of CBBC content for 6-12 year olds on BBC One fell as a result of these changes and while there may have been a corresponding increase to the reach of the CBBC digital channel there has been an overall decline. Overall weekly reach to CBBC content on terrestrial and digital has reduced by an average five percentage points among 6-12s since the schedule change took place (Figure 10). Our analysis took place in the autumn of 2008 so it is not possible to tell whether this decline will be long term but it seems likely that the schedule change will mean that overall reach in 2008 will be lower than 2007.
79. The schedule change seems to have had a particularly significant impact on the audience numbers for Newsround and Blue Peter which make an important contribution to the BBC’s public purposes. This is addressed when we come to look at delivery against the purposes in paragraphs 101 to 104.

**Figure 10: Percentage of the 6-12 audience reached by CBBC content on BBC One, BBC Two and the CBBC digital channel overall**



**Terrestrial channels are important for children’s provision at the BBC for a number of reasons.**

80. We considered the role of BBC One and BBC Two for children’s content as part of our audience research and discussed this role with the Executive and other consultees. We concluded that:

- The terrestrial channels showcase children’s content and drive audiences to the digital channels.
- Children’s programmes on BBC One and BBC Two provide an introduction to these flagship channels and encourage young audiences to develop a lasting relationship with them.
- If children’s content was removed from BBC One and BBC Two, funding would be required to fill the schedule. There is a risk that this could exert downward pressure on the budget for children’s content.
- Exposure on the terrestrial channels helps CBBC and CBeebies to generate co-production income because BBC One and BBC Two have large audiences, making co-production deals more commercially attractive to other investors.
- Our audience research indicates that children are less likely to have access to digital channels in their bedrooms so viewing is limited to the content available on the terrestrial channels.<sup>41</sup>

81. The Executive plans to continue scheduling children’s output on BBC One and BBC Two but it intends to regularly review this approach as digital television usage grows in the build up to digital switchover.

*Recommendation 3*

*The Trust is concerned about the impact of recent scheduling changes on the audience levels for children’s content. The changes caused overall reach in the first nine months of 2008 to fall significantly compared with 2007. We ask that the Executive develop plans to address this decline and report to the Trust by summer 2009.*

*Longer term, the way children choose to consume content from the BBC is likely to change. Given the reducing number of UK-produced children’s television programmes from sources other than the BBC, the Executive should seek to optimise reach by providing output where children are most likely to be watching, listening or accessing interactive content. Scheduling decisions which are likely to impact on children’s output should prioritise children’s content unless there is a strong public value reason for not doing so.*

**CBBC’s usage is lower among some groups than others.**

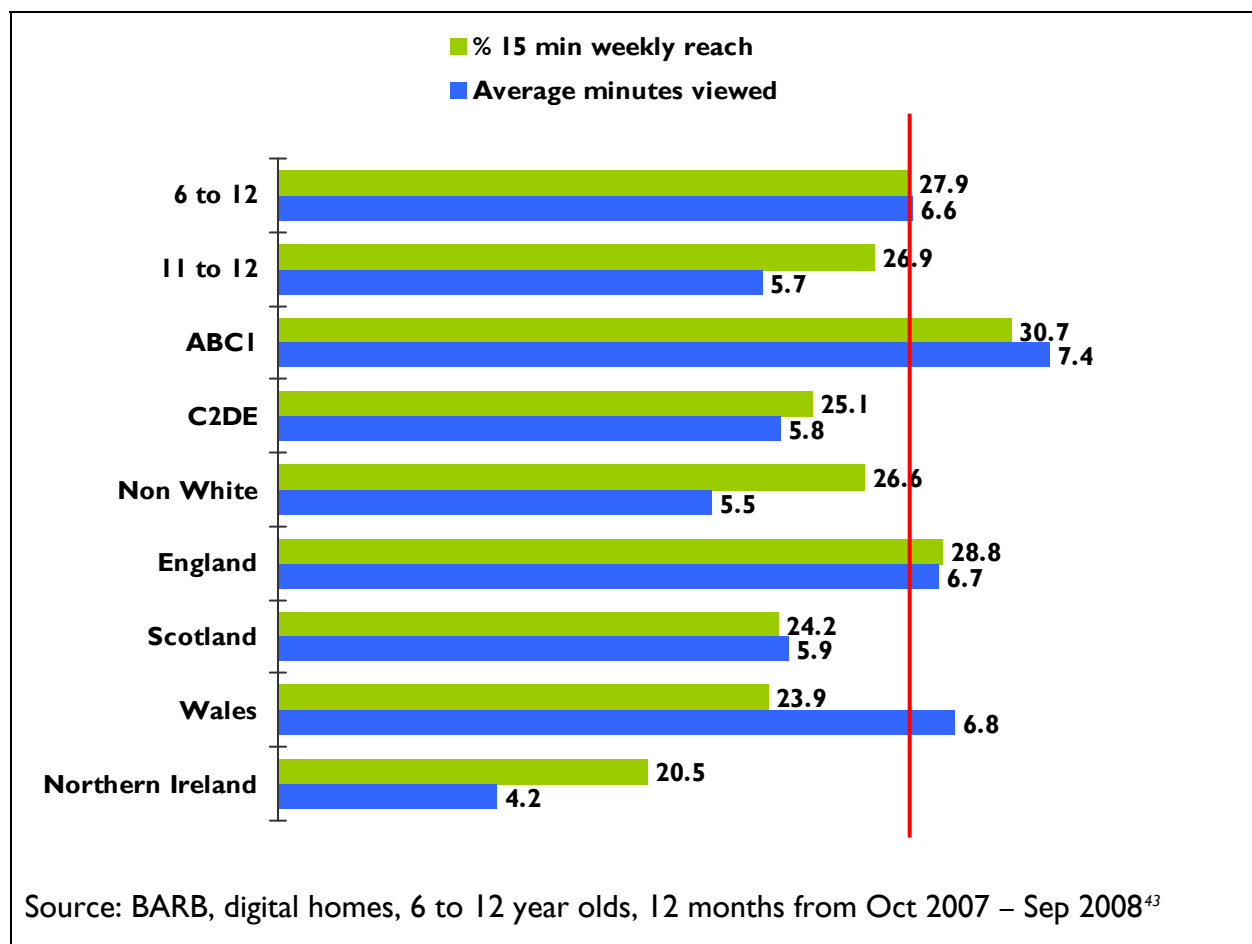
82. CBBC’s reach and levels of consumption among children from lower income households (C2DE), devolved nations, children from ethnic minority homes and 11-12 year olds are

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<sup>41</sup> According to the Childwise Monitor Report 2007-08, 77 per cent of 6-12s have a television in their bedroom but only 31 per cent of 6-12 year olds have access to more than the five terrestrial channels.

lower than average for 6-12 year olds as a whole (Figure 11). Previous audience research indicates that a similar pattern emerges among the adult population.<sup>42</sup>

**Figure 11: Percentage weekly reach and minutes of viewing among different demographic groups compared with the average reach for 6-12 year olds (red line)**



83. In its submission to our consultation the Executive sets out its intention to improve the BBC’s representation of different groups and viewpoints through the BBC’s commissioning strategy, research and outreach programmes.<sup>44</sup> Evidence gathered as part of this review should help the BBC to achieve this. In the paragraphs below we set out some possible explanations for the variances described in Figure 11.

<sup>42</sup> According to the BBC Trust’s Purpose Remits survey, June 2008,

([http://www.bbc.co.uk/bbctrust/assets/files/pdf/review\\_report\\_research/ar2007\\_08/purpose\\_remit.pdf](http://www.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ar2007_08/purpose_remit.pdf)).

<sup>43</sup> In order to identify the differences between various demographic groups, 15 minute weekly reach was chosen for this part of the analysis as opposed to 3 minute. This provided more rigorous analysis of reach to the channel and reduced the effect of light viewing. ABC1 refers to homes with a higher socio economic level and C2DE refers to homes with a lower socio economic level. Please note that the audiences sample sizes for 6-12 year olds are low and should be treated as indicative.

<sup>44</sup> BBC Executive Submission, Page 5, paragraph 1.7.

**Variances in reach can be explained in part, but not entirely, by the higher than average access some groups have to cable and satellite television where CBBC competes with more channels for children's time.**

84. Children from lower income families (C2DE), children in the devolved nations and ethnic minority children are more likely to have access to cable and satellite television.<sup>45</sup> In cable and satellite homes CBBC competes against a wider range of output and as a consequence CBBC's reach is lower. This increases the importance of monitoring reach in cable and satellite homes as set out in recommendation 2. However, usage of cable and satellite television does not explain all the variances. Looking just within cable and satellite homes, reach among ethnic minority children, children in the devolved nations and older children is lower than average.

**Lower reach among children in Northern Ireland, Scotland and Wales is part of a wider issue about the BBC's appeal to audiences outside London. Addressing this issue is already a priority for the BBC.**

85. Reach data is consistent with consultation responses submitted by the BBC's Audience Councils. The BBC has Audience Councils in England, Northern Ireland, Scotland and Wales. These councils are chaired by the BBC Trust member for that nation and have links with various local communities in their area. They organise events and activities to advise the Trust on how well the BBC is serving licence fee payers in different parts of the UK. In their consultation responses the Audience Councils highlighted a need for the BBC to better represent how and where people live.
86. Better local representation is already a priority for the BBC. Research among licence fee payers carried out in 2007 found that the BBC should do more to represent the UK, its Nations, Regions and Communities.<sup>46</sup> The BBC has committed to address this gap through measures such as moving more television production out of London. In May 2008 the Trust agreed to more challenging targets for network production in the nations. The Trust now expects the BBC to make 50 per cent of network production outside London by 2016.<sup>47</sup>

**The BBC faces greater competition for ethnic minority children's time**

87. Our audience research in ethnic minority homes indicates that children's content provided by the BBC successfully represents children from ethnic minorities but faces greater competition for these children's time for the following reasons:
- BBC content competes with specialist ethnic or religious media, particularly Asian television channels which were popular in the households we visited.
  - Religious or cultural after-school activities were common among the children who took part in our research, particularly among Muslim children, most of whom studied the

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<sup>45</sup> BARB.

<sup>46</sup> According to the BBC Trust's Purpose Remits survey, June 2008, ([http://www.bbc.co.uk/bbctrust/assets/files/pdf/review\\_report\\_research/ar2007\\_08/purpose\\_remit.pdf](http://www.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ar2007_08/purpose_remit.pdf)).

<sup>47</sup> Using Ofcom's definition.

Qur'an or attended Arabic lessons after school, typically finishing around 6.30-7 pm on weekdays. The CBBC digital channel currently finishes broadcasting at 7 pm.

88. The research suggests ways to maintain or enhance the appeal of children's content among this demographic which should help to inform the BBC's approach to commissioning in the future.<sup>48</sup>

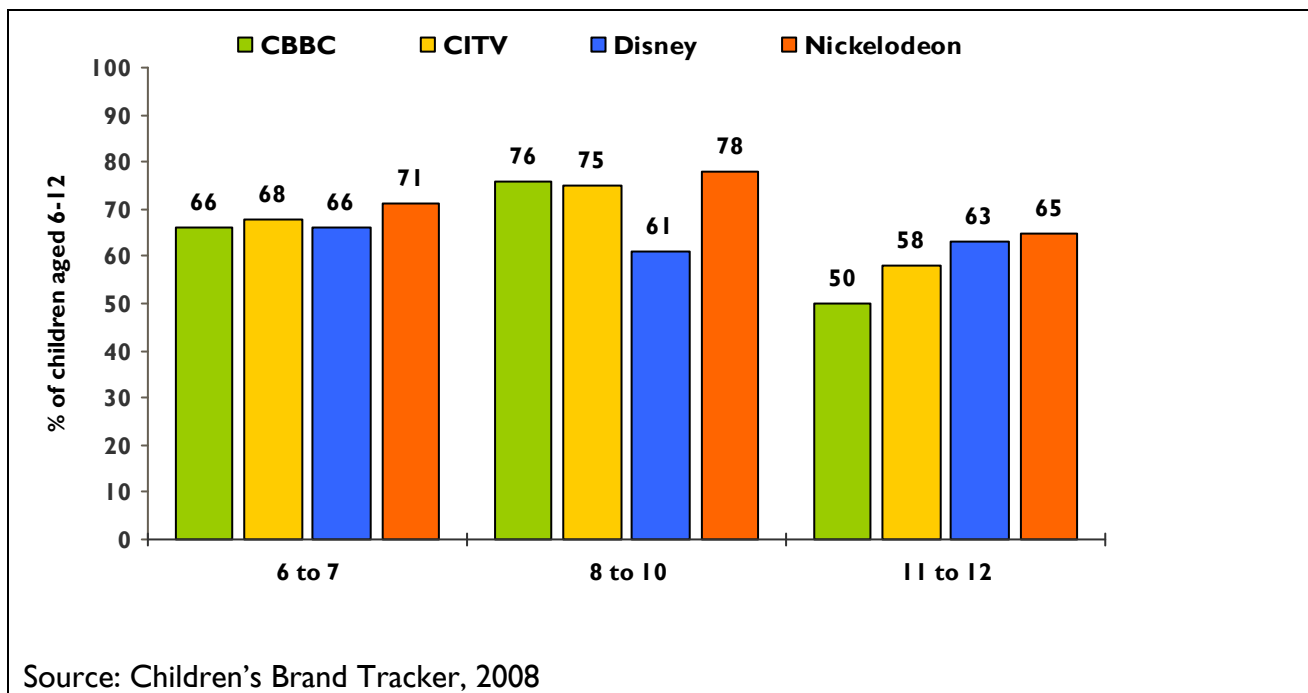
**Recommendation 5**

*In its submission to our consultation the Executive set out its intention to improve the BBC's representation of different groups and viewpoints through the BBC's commissioning strategy, research and outreach programmes. In doing so the Trust recommends drawing on the results of our audience research among children in ethnic minority homes published alongside this report.*

**CBBC's appeal declines when children reach 11 and 12 years old.**

89. Our audience research and consultation evidence indicates that older children tend to have a wider range of media available to them and tend to perceive the CBBC brand as too childish choosing instead to consume content which is not specifically aimed at children. While other children's broadcasters also experience a decline among 11 and 12 year olds this decline is not as significant as that experienced by CBBC. In a 2008 survey, children aged 6 to 12 were asked whether they thought that CBBC was for children their age. Fifty per cent of 11-12 year olds thought that CBBC was for their age group compared with around 65 per cent for Disney and 63 per cent for Nickelodeon (Figure 12).

**Figure 12: The percentage of 6-12 year olds who agreed that channels were for children their age.**



<sup>48</sup> Research amongst children in Ethnic Minority Homes, October 2008 (prepared for the Trust review of children's services).

90. In their consultation response, the BBC Executive has suggested extending the hours of the CBBC digital channel so that it stops transmitting at 9 pm rather than 7 pm to boost the channel's reach particularly among older children. On weekdays, just over 40 per cent of children's viewing takes place after 7 pm when the CBBC channel has stopped transmitting. However, extending the hours of CBBC would use transmission spectrum which could be used for other services and for this reason the extension should be considered as part of the wider digital terrestrial television spectrum review due to take place in spring 2009. As part of that review it will be important to consider how to ensure that an extension of CBBC's transmission hours boosts the channel's appeal to older children. On weekdays after 7 pm, only 10 per cent of the viewing by 6-12 year olds goes to children's channels, compared with 49 per cent before 7 pm.<sup>49</sup> Children are much more likely to be watching non-children's content and probably no longer have control of the main television set. The most popular programmes watched by older children after 7 pm are family entertainment such as Doctor Who, EastEnders and The X Factor. None of the top 20 programmes watched by children after 7 pm are dedicated children's shows.<sup>50</sup>

#### *Recommendation 6*

*The Trust recognises the potential benefits of extending CBBC's broadcast hours until 9 pm but this proposal would need to be considered alongside other scheduling proposals as part of the wider digital terrestrial television spectrum review. As part of this proposal the Executive would need to show how the 7 pm to 9 pm slot would compete with non-children's content to boost reach among 6-12 year olds, particularly among older children and that additional reach justifies the additional cost of extending CBBC's broadcast hours.*

#### *Quality*

#### **Most children within the CBBC age group like or love CBBC although their 'favourite' channel is Disney.**

91. BBC audience surveys carried out in 2008 indicated that most children within the CBBC age group like or love CBBC (Figure 13). CBBC's scores are broadly in line with other comparable channels although when children were asked to name their favourite channel, Disney emerged as favourite with 15 per cent followed by CBBC (13 per cent) and Nickelodeon (nine per cent).<sup>51</sup>

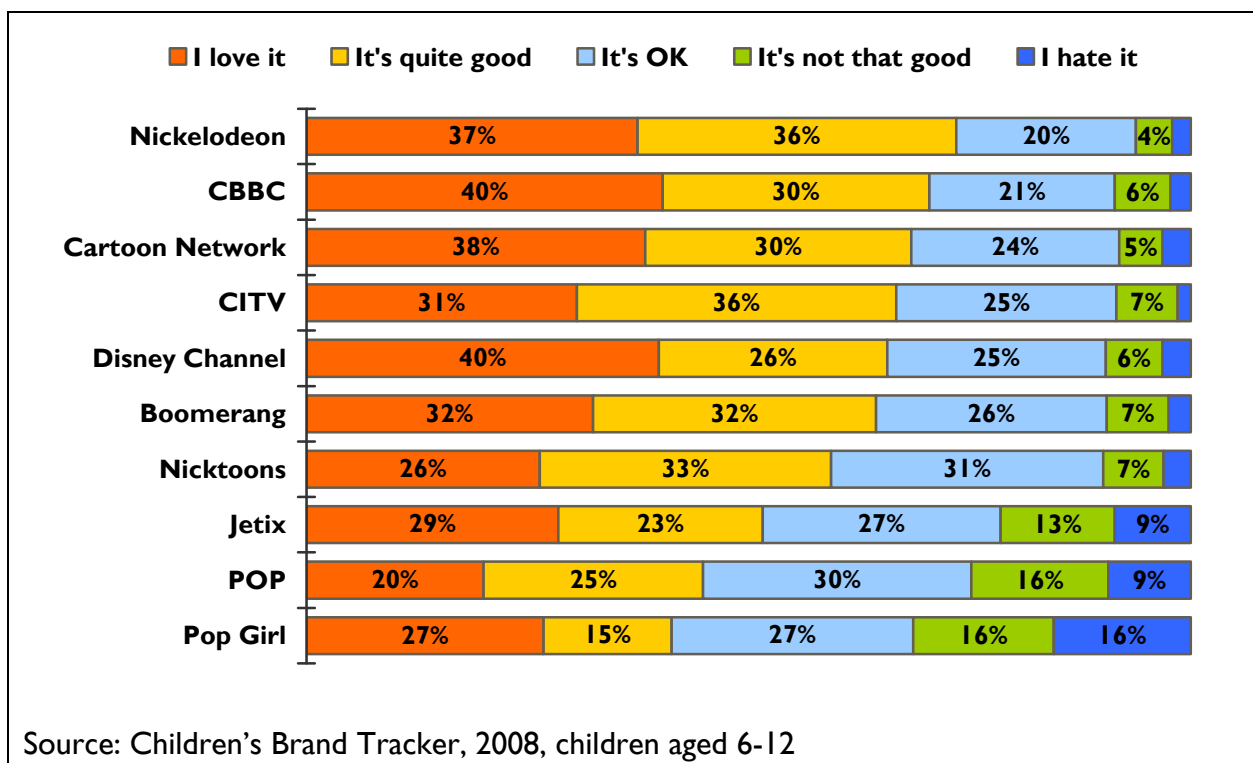
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<sup>49</sup> BARB, 2007, digital homes/all hours.

<sup>50</sup> BARB, 2007.

<sup>51</sup> Children's Brand Tracker, 2008.

**Figure 13: Older children’s attitudes towards children’s channels**



92. Children also like the CBBC website, rating it as their second favourite behind YouTube but ahead of Google, Disney and Bebo.<sup>52</sup> The popularity of the CBBC website came through strongly in our audience research and consultation although a number of children thought that navigation could be improved.<sup>53</sup> This finding emphasises the importance of a recommendation made in our [bbc.co.uk](http://www.bbc.co.uk) service review report which was published in May 2008. In that report the Trust recommended that links be improved between different parts of the BBC’s website.<sup>54</sup>

93. Approval amongst parents is also high. Between 2004 and 2007, CBBC consistently scored an approval rating which was slightly lower than CBeebies but higher than any other BBC television service.<sup>55</sup> These scores are supported by Ofcom’s research which in 2007 showed that 65 per cent of parents agreed that CBBC delivers high-quality programmes, not as high as CBeebies, BBC One or BBC Two but broadly in line with Disney and higher than any other dedicated children’s channel.<sup>56</sup>

**CBBC tends to score well on public service broadcasting measures.**

<sup>52</sup> Children’s Brand Tracker, 2008.

<sup>53</sup> ”Say What You Think” Children’s Consultation, 2008 (prepared for the Trust review of children’s services)

<sup>54</sup> [bbc.co.uk](http://www.bbc.co.uk) service review, pg 13.

([http://www.bbc.co.uk/bbctrust/assets/files/pdf/regulatory\\_framework/service\\_licences/service\\_reviews/report\\_bbc.co.uk\\_review.pdf](http://www.bbc.co.uk/bbctrust/assets/files/pdf/regulatory_framework/service_licences/service_reviews/report_bbc.co.uk_review.pdf))

<sup>55</sup> Pan BBC Tracking Survey.

<sup>56</sup> Ofcom – The Future of Children’s Television Programming, 2007.

94. CBBC tends to score particularly well for characteristics which have been identified by Ofcom as being important features of public service broadcasting such as ‘challenging’, ‘innovative’ and ‘engaging’. BBC audience surveys indicate that CBBC performs better than commercial children’s channels for each of these characteristics.<sup>57</sup>

**Performance data indicates that the quality of children’s output has improved since the BBC implemented its Fewer, Bigger, Better strategy but there is a risk that, taken too far the strategy could limit the range of programmes available to children.**

95. In September 2007, CBBC relaunched the channel and website with a marketing campaign, new brand identity and refreshed content. This relaunch was based on the principle that CBBC content becomes such good quality that it will become ‘infectious’ as children recommend it to their friends. This was part of the BBC’s Fewer, Bigger, Better strategy. The principle behind Fewer, Bigger, Better is that the BBC, faced with intense competition for audience time and under pressure to make efficiency savings, should focus greater resources on fewer programmes to compete on quality rather than quantity. In keeping with this strategy CBBC has for example:

- Moved from 14 drama titles to seven but increased the average cost per hour of drama by around 40 per cent between 2005-06 and 2007-08.
- Moved from five episodes of Blue Peter each week to two.
- Moved from 12 presenters to one presentation team.
- Reduced headcount from 549 to 410 over three years.<sup>58</sup>

96. Since the strategy was implemented quality measures have improved. In a survey conducted in August 2007, prior to the CBBC rebrand, 34 per cent of children stated that they ‘loved’ CBBC compared with 40 per cent in 2008 promoting CBBC from fifth place in 2007 to joint first for this measure.<sup>59</sup> Approval ratings have also increased slightly in the first three quarters of 2008 compared with the same period in 2007.<sup>60</sup>

97. However, the Fewer, Bigger, Better strategy carries with it some risks to the diversity and range of output. Commissioning fewer (albeit more expensive and ambitious) programmes at a time when other public service broadcasters are retreating from children’s content could, if taken too far, limit the range of programmes available to children and therefore restrict the BBC’s ability to meet the needs of a diverse audience. Risks to the strategy are set out in Figure 14. These risks have not yet had a negative impact on performance but are likely to do so if the strategy is taken too far. The risks are considered in the light of the BBC’s future plans for children’s services in section 2 of this report.

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<sup>57</sup> ‘Engaging’ and ‘challenging’ measure (source: Children’s Brand Tracker, 2008). ‘Innovative’ measure amongst viewers aged 15+ (source: BBC Quality & Impact Survey 2008).

<sup>58</sup> Staff, freelancers and casuals. March 2005 to March 2008.

<sup>59</sup> Children’s Brand Tracker, 2008.

<sup>60</sup> Pan BBC Tracking Survey.

## Figure 14: Risks to the BBC's Fewer, Bigger, Better strategy

### *Drama*

Drama makes an important contribution towards the citizenship, creativity and diversity public purposes by exploring issues which are relevant to people's lives. Drama is comparatively expensive to make and following the retreat of other public service broadcasters from children's provision the BBC is one of the last remaining sources of UK originated children's drama, competing directly with US content for children's time.

Respondents to our consultation have raised concerns over the number and range of challenging dramas provided by CBBC. The number of dramas has fallen from 14 titles to seven in two years and some respondents argue that it is not possible to reflect a diverse range of experiences with this number of titles.

The cost per hour of drama on CBBC increased by around 40 per cent between 2005-06 and 2007-08. Investing heavily in a narrower range of titles means the impact of an unsuccessful title will be more significant.

### *Content for older children*

We have established that CBBC's reach on television and online declines significantly when children reach 11 and 12 years old. There is a risk that focusing resources on fewer programmes will limit the extent to which all age groups can be catered for.

### *Repeats*

One implication of the Fewer, Bigger, Better strategy is that programmes are repeated more frequently because fewer programmes are produced. Many children who responded to our consultation complained about the number of repeats, particularly on the CBBC channel. Most complaints referred to high-profile content on CBBC such as Tracy Beaker, a drama which follows the life of a ten year-old-girl who lives in a children's home. Children wanted to see more new episodes rather than see the same episode repeated. Parents also complained about the level of repeats on CBeebies although when we explored this issue in focus groups many parents felt that it was more of an irritation to the parent rather than the child and in fact learning through repetition was considered to be an important feature of CBeebies.

There is a risk that taken too far the repeat strategy could alienate children and also discourage the BBC from investing in programmes which are important for the BBC's public purposes but not easily repeated such as factual content and live broadcasting.

### *Presentation*

CBBC has moved from having 12 presenters to introduce its programmes to a single presentation team. This has generated mixed feelings among children who responded to our consultation with some praising presentation and others criticising it, often for being too silly or childish. Presentation is therefore an example of how the Fewer, Bigger, Better strategy can improve performance but at the same time alienate some elements of the audience.

### *Long-term impact on the production sector*

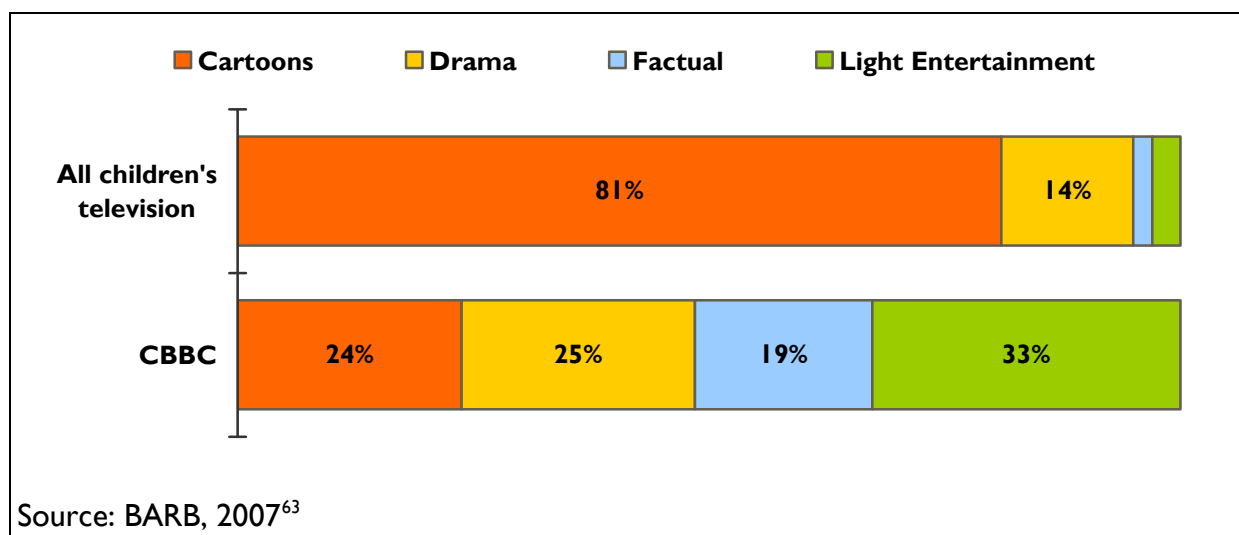
A lack of small commissions could also make it more difficult for smaller independent production companies to win business which could threaten their survival and therefore limit the range of suppliers in the longer term.

## Distinctiveness

**CBBC offers a wide range of content and research indicates that children consider CBBC to be more distinctive than any comparable broadcaster.**

98. The CBBC Service Licence specifically requires CBBC to be distinctive, and BBC surveys suggest that CBBC is considered to be more distinctive than other children's channels. Fifty-four per cent of 6-12 year olds agreed with the statement 'CBBC shows me amazing stuff that I can't see anywhere else'. This score is ten percentage points higher than any other children's broadcaster.<sup>61</sup>
99. One of the things which sets CBBC apart from other channels is the range of content it provides, a feature which was widely praised in our consultation.<sup>62</sup> This range is demonstrated by Figure 15 which shows the percentage of broadcast time dedicated to each genre for CBBC compared with children's television as a whole.

**Figure 15: Split of broadcast time across the children's content genres for 6-12 year olds**



## Impact – delivery of the BBC's public purposes

**The CBBC Service Licence requires CBBC to make a contribution to all six of the BBC's public purposes.**

100. Performance against each of these purposes is considered below. To inform our assessment the Trust added some questions on the purposes to the BBC's weekly audience perception

<sup>61</sup> Children's Brand Tracker, 2008.

<sup>62</sup> Children's Service Review summary of consultation responses, February 2009 / "Say What You Think" Children's Consultation, 2008 / Research amongst children in Ethnic Minority Homes, October 2008 / Qualitative research on the BBC public purposes, January 2009. All prepared for the Trust review of children's services.

<sup>63</sup> This analysis is based on classifications of children's programming defined by BARB, but excluding pre-school content.

survey for children.<sup>64</sup> Given the importance of the public purposes, we believe that the BBC should regularly collect similar data to be able to track performance over time.

*Recommendation 7*

*The BBC Children's research department has developed a comprehensive understanding of the audience through a wide range of high-quality research which we have used extensively during this review.*

*We recommend that the Executive supplement this research by regularly collecting data on the delivery of the BBC's public purposes to track performance over time. Questions on the purposes could be added to an existing survey to minimise costs.*

**CBBC scores higher than other broadcasters for the citizenship purpose but Newsround's and Blue Peter's declining reach are cause for concern.**

- I01. The citizenship purpose is primarily concerned with providing information to support debate about important issues and developments in the UK. CBBC is required to broadcast 85 hours of news each year and successfully delivered this obligation in 2006-07 and 2007-08.<sup>65</sup>
- I02. In our survey, we asked children whether they agreed that specific television channels gave them 'information and news about what's happening in the UK'. BBC One scored the highest with 75 per cent of respondents agreeing. The CBBC channel scored 21 per cent but this was much higher than the nearest dedicated children's channel, CITV which scored five per cent.<sup>66</sup>
- I03. The content of Newsround and Blue Peter make these programmes well suited to the citizenship purpose, and in our focus group discussions on the purposes parents emphasised the importance of these programmes.<sup>67</sup> It is therefore cause for concern that the number of children who watch Newsround, and to a lesser extent Blue Peter, has been declining in recent years, something which is acknowledged by the BBC Executive in its consultation submission. In 2003, episodes of Newsround and Blue Peter were attracting around 300,000 children but by 2007 this figure had fallen to around 200,000 per episode.<sup>68</sup>
- I04. The scheduling changes outlined in paragraphs 76 to 79 have meant that Blue Peter and Newsround are broadcast earlier in the afternoon on BBC One. This has accelerated these programmes' decline in audience numbers. Audience levels for Newsround and Blue Peter were on average around 40 per cent lower in the six months following the February 2008 schedule change than they were in the same period in the previous year (Figure I6). Our analysis indicates that this decline has not been compensated for by a corresponding increase in audience numbers for Blue Peter and Newsround on the CBBC digital channel.

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<sup>64</sup> BBC Children's Pulse survey questionnaire. This is a weekly survey of 6-12 year olds. There is the opportunity to place ad hoc questions on this survey to gauge the perception of children across a wide range of issues.

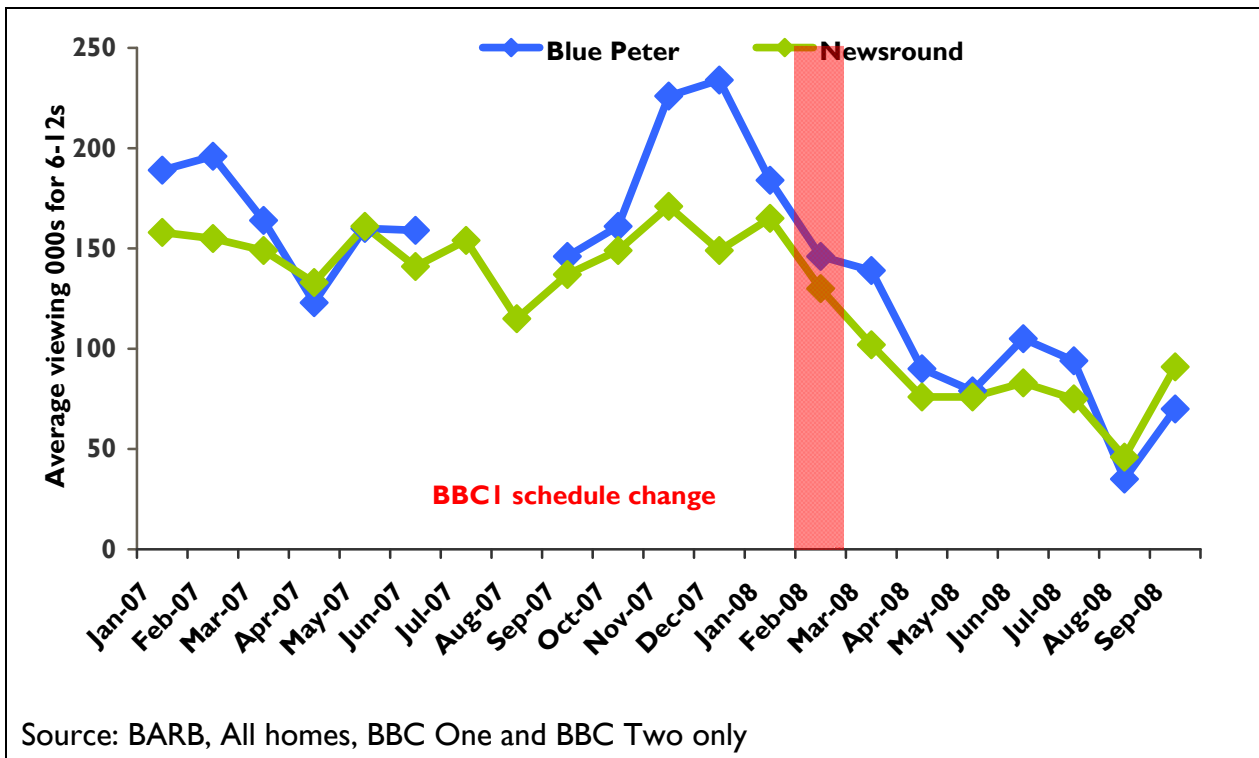
<sup>65</sup> BBC Annual Report. 2007-08 and 2006-07.

<sup>66</sup> Children's Pulse survey questionnaire, Oct 2008.

<sup>67</sup> Audience research on purposes.

<sup>68</sup> Based on average viewing per episode on BBC One and the CBBC channel combined. Newsround attracted 325,000 viewers per episode on average in 2003, Blue Peter, 335,000 per episode. These figures dropped to 226,000 per episode for Newsround and 200,000 per episode for Blue Peter in 2007. (Source: BARB)

**Figure 16: Decline in audience numbers for Blue Peter and Newsround following recent schedule changes**



**Recommendation 8**

*There has been a long-term decline in audience numbers for programmes which make an important contribution to the BBC’s citizenship and global purposes for children. We ask that the Executive develop plans to boost the audience numbers for content which contributes to these purposes and update the Trust with progress by the summer of 2009.*

**Newsround and Blue Peter are also important for the global purpose.**

105. CBBC is required to keep children in touch with the world through coverage of world events. As with the citizenship purpose, Newsround and Blue Peter are of crucial importance for the global purpose making it even more important to address these programmes’ decline in audience numbers.

106. As with the other purposes, survey results indicate children believe CBBC is better than other children’s broadcasters at delivering this purpose. Twenty-five per cent of children agreed that CBBC helps them ‘to understand things that happen all over the world’, fifteen percentage points higher than CITV which was the closest commercial children’s channel.<sup>69</sup>

**Our research indicates that CBBC makes an important contribution to the learning purpose.**

107. The CBBC Service Licence requires CBBC to help children learn with an emphasis on encouraging participation and there is clear evidence to suggest that the service does this. In

<sup>69</sup> Children’s Pulse survey questionnaire, Oct 2008 - of all channels BBC One scored highest with 65 per cent.

2007-08, CBBC met its Service Licence condition to broadcast at least 1,000 hours of factual and schools programming.

108. Submissions to our consultation website indicate that children like the balance between fun and education on CBBC.<sup>70</sup> In our survey, we asked children whether they agreed that specific channels helped them to learn new things. BBC One scored the highest with 48 per cent agreeing. However, CBBC came second with 37 per cent, ahead of BBC Two, Channel 4, ITV, Five and all the dedicated children's channels.<sup>71</sup>
109. CBBC's obligations under this purpose relate to informal learning. The BBC also has a duty under the charter and agreement to provide formal learning resources that support the school curriculum. The BBC's formal learning provision for primary school children is considered in paragraphs 134 to 144.

**Evidence suggests CBBC delivers the creativity purpose well, but the declining number of UK dramas is a risk to future delivery.**

110. This purpose is about stimulating creativity and encouraging people's interest in cultural activities. CBBC's capacity to inspire creativity was a feature that children praised in our consultation<sup>72</sup> and our survey results also indicate that this is something that CBBC excels at. We asked children whether they agreed that specific channels helped them to 'be creative' or gave them 'ideas of things to do or make'. Fifty-one per cent of children agreed that CBBC did this, a higher percentage than any other channel.<sup>73</sup>
111. To help deliver the creativity purpose, CBBC is required to invest in UK-originated content across a wide range of genres, and broadcast at least 665 hours of drama each year, a target which CBBC met in 2007-08. Drama also makes a significant contribution to the citizenship and diversity purposes. However, as set out in Figure 14

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<sup>70</sup> "Say What You Think" Children's Consultation, 2008 (prepared for the Trust review of children's services)

<sup>71</sup> Children's Pulse survey questionnaire, Oct 2008.

<sup>72</sup> "Say What You Think" Children's Consultation, 2008 (prepared for the Trust review of children's services)

<sup>73</sup> Children's Pulse survey questionnaire, Oct 2008.

Figure 14, CBBC is producing fewer drama titles in keeping with the Fewer, Bigger, Better strategy. There is a risk that, in the future, with fewer dramas it will be more difficult to produce content which meets the needs of a diverse audience, undermining the extent to which the creativity, diversity and citizenship purposes can be met.

**In spite of the variations in reach between different demographic groups, survey results indicate that CBBC is performing well in terms of diversity.**

- I 12. The CBBC Service Licence requires CBBC to broadcast a wide range of programmes that stimulate, support and reflect the diversity of the UK. It is clear from Figure 15 that CBBC provides a wider range of programme than other broadcasters.
- I 13. As set out in paragraphs 82 to 90 some demographic groups are more inclined than others to watch CBBC. However, survey results indicate that children and parents believe CBBC is better at reflecting diversity than other commercial children's broadcasters. In 2008, 73 per cent of 6-12 year olds agreed that CBBC shows 'a range of different types of people who live in the UK', 16 percentage points higher than other broadcasters.<sup>74</sup> These results are supported by Ofcom's research which asked parents whether various channels help their children 'understand cultures and opinions from around the UK'. CBBC scored higher than any of the commercial children's channels.<sup>75</sup>

**CBBC delivers content on a wide range of media platforms and its reputation as a trusted provider suggests it is well placed to deliver the emerging communications purpose.**

- I 14. The CBBC Service Licence requires CBBC to be a leader in the development of interactive content. CBBC content is available on a wide range of platforms including digital television, digital radio, online, the BBC's interactive service BBCi (the red button), the BBC's iPlayer and a dedicated children's iPlayer.
- I 15. As set out in paragraphs 73 and 92 the CBBC website is well liked and well used. As such it is well placed to help CBBC to deliver the emerging communications public purpose.
- I 16. The Service Licence also requires CBBC to provide an environment that is both safe and trusted and survey results indicate that most children do trust CBBC content. In 2008, 71 per cent of children said they trust the CBBC brand, ahead of Disney (65 per cent), Nickelodeon (61 per cent) and CITV (59 per cent).<sup>76</sup>
- I 17. In its submission the Executive suggested some changes to the CBBC Service Licence to strengthen the service's interactive and on-demand offer. These amendments are addressed in Appendix 2.

## The value for money of CBBC and CBeebies

### *Background*

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<sup>74</sup> Children's Brand Tracker, 2008.

<sup>75</sup> Ofcom – The Future of Children's Television Programming, 2007.

<sup>76</sup> Children's Brand Tracker, 2008.

118. To assess the cost-effectiveness of CBBC and CBeebies, the Trust consulted licence fee payers on whether they thought children's content was good value for money. The Trust also considered the financial control processes operated by the BBC Children's department, and looked at the relationship between costs and performance.<sup>77</sup> Our findings are set out in the paragraphs below.

### *Consultation results*

**On the whole, respondents to our public consultation think that children's content is good value for money for the licence fee payer.**

119. In our public consultation we asked whether people thought that the BBC's expenditure on children's services and content is good value for the licence fee payer. A minority of respondents thought that value for money could be improved or that resources should be directed at a wider range of programmes but most respondents praised CBBC and CBeebies stating that both services, but particularly CBeebies, offered good value for money.<sup>78</sup>

### *Financial control arrangements*

**The BBC Children's department operates standard financial control procedures but the BBC's approach to allocating programme costs means that the full investment in children's content is not publicly disclosed.**

120. We found that the BBC Children's department uses standard risk management and budgetary control processes, producing detailed management accounts and using these to calculate, allocate and monitor budgets effectively. However, the BBC's approach to allocating programme costs means that licence fee payers and other interested parties are given the impression that the amount of investment in children's content is less than it is.

121. Each BBC service is allocated a budget which is published in the relevant Service Licence. Expenditure against each service is published in the BBC's annual financial statements. The BBC operates an accounting policy whereby a programme's costs are allocated to the service which first transmits the programme. Many of the CBeebies and CBBC programmes produced by the Children's department are first shown on BBC One or BBC Two which means that the costs associated with these programmes are allocated to the BBC One and BBC Two service budgets rather than the CBBC and CBeebies service budgets. This means that the full investment in children's content is not separately disclosed in either the BBC's annual report or the Service Licence budgets. In Figure 17 we compare the Service Licence expenditure, which only covers content premiered on the CBBC and CBeebies digital channels, to the full investment in CBBC and CBeebies content.

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<sup>77</sup> We also considered comparing the BBC's performance to other broadcasters but it was not possible to draw a meaningful comparison because the data was not comparable due to differences in, for example, exchange rates, investment profiles, accounting policies and overheads.

<sup>78</sup> Children's Service Review summary of consultation responses, February 2009.

**Figure 17: Service Licence expenditure compared with the full expenditure on CBBC and CBeebies content**

£million	Financial year		
	2005-06	2006-07	2007-08
CBBC Service Licence expenditure	52.5	39.1	36
CBeebies Service Licence expenditure	12.0	14.0	16.3
<i>Total</i>	<i>64.5</i>	<i>53.1</i>	<i>52.3</i>
<i> </i>			
<i>CBBC and CBeebies content on the digital channels, BBC One and BBC Two, online and radio.</i>	<i>113.6</i>	<i>120.0</i>	<i>114.3</i>

**Source:** BBC financial statements and management accounts

**The BBC’s approach to allocating programme costs is also influencing scheduling decisions and weakening some aspects of financial control.**

122. The BBC’s approach to cost allocation is having a number of other unintended consequences which are explained below.

- Decisions about whether to premiere content on the digital channel or on BBC One or BBC Two should be based on operational considerations. However, some programmes have been premiered on BBC One or BBC Two to avoid breaching the smaller CBBC and CBeebies budgets.
- The Executive must seek approval from the Trust if expenditure is ten per cent higher or lower than any Service Licence budget. This control is weakened by the current approach to allocating costs because the bulk of expenditure on children’s content sits under the BBC One and BBC Two Service Licence budgets which are too large to be sensitive to changes in the level of investment in children’s content. In theory, the Executive could significantly increase or decrease the amount spent on CBBC and CBeebies content without Trust approval by premiering more or less content on BBC One or BBC Two.
- The BBC’s financial reporting system currently records expenditure broken down by service rather than by the CBBC and CBeebies brands. As a result it is not clear from the available data how online costs, presentation costs, co-production income or repeats and acquisitions on BBC One and BBC Two were split between CBBC and CBeebies. This makes it more difficult to make an assessment of the value for money of these two brands.<sup>79</sup>

**Amending the CBBC and CBeebies Service Licences to include all CBBC and CBeebies expenditure on television programmes would improve accountability, strengthen financial control and give the Executive flexibility to schedule content based on operational considerations.**

123. Changing the BBC’s first transmission accounting policy would cause significant upheaval across the BBC. Instead, CBBC and CBeebies Service Licence budgets should be amended to include all CBBC and CBeebies expenditure on television programmes, including those that

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<sup>79</sup> For in-year budgetary control purposes the Executive does split the cost of children’s content by brand. However, this exercise is separate to the financial reporting system and data for prior periods is not retained.

are first transmitted on BBC One or BBC Two. BBC One and BBC Two Service Licence budgets would be reduced to reflect this treatment. We do not propose changing the budgets to also cover CBBC and CBeebies online and radio content because the cost of this content is relatively small (Figure 18) and because doing so would have implications for other services. For example, if a similar approach was adopted across the BBC very little expenditure would be left in the bbc.co.uk budget because a large proportion of online content is provided by other departments.

#### Recommendation 9

*The Trust will amend the CBBC and CBeebies Service Licences to include all CBBC and CBeebies expenditure on television programmes, including those that are first transmitted on BBC One or BBC Two.*

*Amending the Service Licences in this way would have the following advantages:*

- The Service Licences would more accurately reflect the full expenditure on CBBC and CBeebies content. Further information should be provided in the BBC's financial statements to explain this treatment.*
- Transparency and accountability would be enhanced because the Trust would separately monitor the full budget for children's content. Under the existing arrangements some of the budget falls under the BBC One and BBC Two budgets which are too large to be sensitive to variations in children's expenditure (increases or decreases).*
- The Executive would have the flexibility to premiere content based on operational considerations without artificial budgetary constraints.*
- Under the existing system the costs allocated to the BBC One and BBC Two budgets are not split between CBBC and CBeebies. Maintaining a record of expenditure split between the CBBC and CBeebies brands would make it easier to measure the value for money of these two services.*

#### *The relationship between cost and performance*

**Comparing the cost of CBBC and CBeebies content to performance suggests that these two services are cost-effective.**

124. The total expenditure on CBBC and CBeebies content is set out in Figure 18. Comparing these costs to reach and quality indicators suggests that both CBBC and CBeebies are performing well in terms of value for money. The cost of CBBC television content has fallen year on year. CBBC has focused resources on fewer programmes in keeping with the Fewer, Bigger, Better strategy and introduced efficiency saving measures such as lowering headcount from 549 to 410 over three years.<sup>80</sup> Presentation costs have also been reduced significantly as CBBC moved from 12 presenters to a single presentation team. While making these cost savings CBBC has maintained or improved reach and quality measures.<sup>81</sup> CBeebies costs have increased as the children's department invests heavily in new content, significantly increasing the budget for new television programmes (originations). Performance has also increased although not at the same rate as costs. Nevertheless, CBeebies remains among the least expensive but, on the basis of audience approval ratings, the most liked television service offered by the BBC.

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<sup>80</sup> Staff, freelancers and casuals. March 2005 to March 2008.

<sup>81</sup> While it is likely that overall reach will fall in 2008, this is due to scheduling changes which have reduced the time available for children's content in the afternoon on BBC One and the CBBC digital channel continues to perform strongly.

**Figure I8: Breakdown of the expenditure on CBBC and CBeebies content**

£million	Financial year		
	2005-06	2006-07	2007-08
CBBC television content (i)	85.6	78.0	72.7
CBeebies television content (i)	9.3	11.5	16.4
Presentation (ii)	11.3	10.1	6.8
CBeebies Radio	0.0	0.0	1.6
Online and interactive content	4.5	5.9	6.1
Other costs(iii)	2.9	14.5	10.7
<i>Total expenditure on children's output</i>	<i>113.6</i>	<i>120.0</i>	<i>114.3</i>

**Source:** BBC financial statements and management accounts.

Notes:

- i. These figures include television content premiered on the digital channel and content premiered on BBC One and BBC Two. The cost of acquisitions and repeats on BBC One and BBC Two has been apportioned between CBBC and CBeebies because, under the current accounting policy the BBC does not keep a record of costs split in this way.
- ii. Continuity links between programmes including the cost of presenters to introduce shows.
- iii. Other costs include a range of costs which cannot be directly attributed to CBeebies or CBBC such as support staff and information technology costs. Unlike the other cost items in the table these costs are not comparable year to year because they are heavily influenced by changes in accounting policies.

125. The BBC uses a measure entitled cost per user hour to assess value for money. This measure draws on cost and usage data to arrive at the average cost for every hour that a person from the target audience watches a service. The BBC currently monitors the cost per user hour of CBBC and CBeebies based on the cost and performance of the digital channels alone. Under the existing approach to allocating costs, the cost of making some television programmes which are shown on the digital channels falls under the BBC One and BBC Two budgets and is therefore not currently included in the CBBC and CBeebies cost per user hour calculations despite helping to improve user hours.

126. We calculated the cost per user hour of CBBC and CBeebies using the full cost of content premiered on the digital channels or on BBC One and BBC Two as set out in Figure I9 and a share of presentation costs.<sup>82</sup> We also calculated the average cost per user reached.<sup>83</sup>

<sup>82</sup> Presentation costs were apportioned on the basis of television content expenditure.

<sup>83</sup> A person is defined as having been reached when they have watched for at least one consecutive three minute period in a week.

**Figure 19: Value for money metrics for CBBC and CBeebies.**

*Cost per user hour*

£	2005-06	2006-07	2007-08
CBBC (6-12s)	0.33	0.34	0.26
CBeebies (0-6s)	0.03	0.04	0.04

*Cost per user reached*

£	2005-06	2006-07	2007-08
CBBC (6-12s)	0.72	0.75	0.62
CBeebies (0-6s)	0.09	0.12	0.15

Source: BARB, BBC financial statements and management accounts

127. Figure 19 indicates that both CBeebies and CBBC are performing well in terms of value for money. CBeebies' cost per user hour and cost per user reached is increasing but is still very low in comparison to other BBC services. CBBC's cost per user hour and cost per user reached is much higher than CBeebies because of the type of programmes CBBC produces (drama in particular is an expensive genre). However, CBBC's cost per user hour and cost per user reached are decreasing, suggesting that the Fewer, Bigger, Better strategy is having some impact.
128. It will be important to continue to monitor these metrics in the future to confirm that the cost saving measures introduced by CBBC do not have a long-term negative impact on performance and that the CBeebies investment in new programmes (which can be repeated in future years) leads to an improved cost per user hour and cost per user reached without negatively impacting on quality.

*Recommendation 10*

*The Executive should monitor the cost per user hour and cost per user reached for CBeebies and CBBC using the full investment in CBBC and CBeebies television programmes including programmes first shown on BBC One or BBC Two. This will help the Executive to monitor the value for money of CBBC and CBeebies and to establish whether the Fewer, Bigger, Better strategy is having a long-term beneficial impact.*

## Children’s radio

### Background

#### **Children’s radio content from the BBC**

CBeebies radio programmes are broadcast on the digital radio station BBC 7 between 2 pm and 5 pm each day. Also on BBC 7 there is Big Toe Books, where children can listen to stories for 6-12 year olds, broadcast every day between 7 am and 8 am.

There is also Go4it, a magazine show for children broadcast on Radio 4 between 7.15 pm and 7.45 pm on Sundays.

These programmes have web pages and are available on-demand through the BBC’s iPlayer. Some programmes are also available to download as podcasts.

### Radio performance

**Awareness and reach of radio content for children are low. Audience research indicates that CBeebies radio, Big Toe Books and Go4it are broadcast at inconvenient times and on the wrong stations.**

I29. In 2008, on average, 78 per cent of children aged 4-6 and 86 per cent of children aged 6-12 listened to some form of radio each week.<sup>84</sup> However, very few of these children were listening to children’s radio from the BBC. Figure 20 shows what proportion of the target audience reported using CBeebies, Big Toe Books and Go4it in 2008.

**Figure 20: Reported awareness and usage of BBC children’s radio**

Content	Reported awareness among target audience	Reported usage among target audience
CBeebies radio (0-6s)(i)	29%	14%
Big Toe Books (6-12s)(ii)	3%	3%
Go4it (6-12s)(ii)	3%	2%

Sources: (i) CBeebies radio – Children’s Brand Tracker 2008, parents of children aged 0-6.

(ii) Big Toe Books and Go4it – Children’s Pulse survey June 2008, children aged 6-12.

I30. Data collected from RAJAR suggests that usage levels are lower than those reported in audience surveys:

- The CBeebies slot on BBC 7 attracted 163,000 listeners in 2007 of which 26,000 were aged 4-14, approximately 16 per cent of the total audience.
- Go4it on Radio 4 attracts some 450,000 listeners a week, but this is largely due to it following The Archers. Only three per cent of this total are aged 4-14.

<sup>84</sup> RAJAR, 2008 Jan – Jun. No data is available for the children aged 0-3.

- Big Toe Books reaches 97,000 listeners but only 15 per cent are aged 4-14.<sup>85</sup>

131. Over £1.6 million was spent on children’s radio in 2007-08. Low usage figures mean that this investment represented poor value for money for the licence fee payer.

132. Our audience research and consultation evidence<sup>86</sup> indicated that poor usage levels and low awareness are exacerbated by the programmes being broadcast in the wrong places and at the wrong times. The most common place that children listen to the radio is in the car where digital radio like BBC 7 is likely to be unavailable. Listening to the radio at breakfast time is also common but CBeebies radio is broadcast in the afternoon and Go4it in the evening. BBC 7 and Radio 4 are primarily stations aimed at a much older audience and it is therefore unlikely that children will develop an affinity with these channels or go looking for content when it is available. The positioning of children’s programmes on these channels is also unpopular with some adults who have complained that the content is unsuitable for the stations’ core audience.

**The BBC Executive is carrying out research to assess various options for children’s radio in the future.**

133. Radio listening for older children is dominated by popular music stations such as Radio 1 but there is some evidence of demand for children’s radio. Thirty seven per cent of parents of children aged six or under said that their children would be interested in listening to CBeebies radio in the future.<sup>87</sup> The extent to which this reported demand would translate into usage is unproven although our consultation indicated that some organisations and individuals feel strongly that children’s radio should be provided by the BBC.

*Recommendation 11*

*During this review the BBC Executive has acknowledged that the existing arrangements for children’s radio at the BBC will need to change in the light of consistently low audience numbers and has undertaken research to assess the options available.*

*On the basis of this research the Executive will recommend an alternative approach for Trust consideration taking into account:*

- *An assessment of the level of demand for audio content.*
- *A consideration of where and when to provide audio content to maximise audience numbers in a cost-effective way.*

<sup>85</sup> RAJAR, 2007.

<sup>86</sup> Children’s Service Review summary of consultation responses, February 2009 / Research amongst children in Ethnic Minority Homes, October 2008 / Qualitative research on the BBC public purposes, January 2009. All prepared for the Trust review of children’s services.

<sup>87</sup> Children’s Brand Tracker, 2008.

## Formal learning

### *Background*

#### **Formal learning**

The BBC supports formal learning by providing learning resources for children, parents and teachers on television, radio and online and through activity in the community. Online resources include the revision aid, BBC Bitesize, and the television clip archive, Learning Zone Broadband, which can be found on the BBC Schools section on [bbc.co.uk](http://bbc.co.uk). There are Schools programmes on BBC Two and CBBC Class TV on weekday mornings. Schools Radio is broadcast overnight on digital Radio 4.

<http://www.bbc.co.uk/schools>

134. Education and learning lie at the heart of the BBC's mission. The BBC's Agreement with the Secretary of State for Culture, Media and Sport requires the BBC to provide 'specialist educational content and accompanying material to facilitate learning at all levels and for all ages'. This responsibility is delivered by CBeebies which supports the school and pre-school curricula and by the BBC's Formal Learning department which provides educational support for children and adults. CBeebies' performance is considered in paragraphs 47 to 70. In this section we consider the performance of other formal learning content which is designed for children of primary school age. We will address formal learning for older children and young adults when the Trust reports the findings of its review of Services and Content for Younger Audiences aged 13-34 which is due to be completed in the spring.

### *Performance*

#### **Usage levels of the BBC's formal learning content are high and research indicates that users value the content provided.**

135. In 2008 the BBC's Formal Learning department carried out a survey of school teachers to monitor its performance. The results indicate that awareness of the BBC's online primary school content is high at 91 per cent and that 73 per cent of primary school teachers surveyed had used this content in the last term.<sup>88</sup> These usage levels were higher than for comparable providers of online educational material. Teachers who used primary school online resources were asked to rate various sites as learning tools. Scores for the BBC's resources are broadly in line with other providers. Teachers were also asked if they would recommend these resources to colleagues. Again, BBC scores were similar to other providers.

136. The Formal Learning department also surveyed primary school children. The 2008 survey indicated that 59 per cent of 6-11 year olds were aware of the BBC Bitesize websites and 46

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<sup>88</sup> Teacher Tracker, spring 2008.

per cent have used them.<sup>89</sup> These percentages were higher than for comparable websites. Around four in five children who used the Bitesize websites said that it helped them with their school work.<sup>90</sup> This was the joint highest percentage among comparable websites.

- I37. In our 2008 review of [bbc.co.uk](http://bbc.co.uk) we found that formal learning content was among the most used and most valued areas of the website. The Internet was considered to be a good medium for this content because of the scope for interactive and individually tailored learning material. Children's learning material in particular was praised for its blend of education and entertainment.
- I38. Audience research and consultation responses gathered as part of our children's review support the [bbc.co.uk](http://bbc.co.uk) review findings. This evidence indicates that children tend to be aware of and value the BBC's online formal learning resources, particularly the BBC's revision guide, BBC Bitesize.<sup>91</sup>
- I39. Some respondents to our consultation argued that the BBC places too great an emphasis on online resources and there is evidence that BBC Schools content available from sources other than web is still well used. Sixty-three per cent of respondents to the BBC's 2008 teachers' survey reported using BBC non-web content such as Schools TV, Schools Radio, Teacher notes, videos, audio tapes, CD-ROMs and DVDs.<sup>92</sup> However, usage figures for content broadcast on television and radio have declined significantly in recent years and in the same survey 55 per cent of teachers said they would be happy for all BBC learning content to be provided online.<sup>93</sup> The BBC is shifting its formal learning video content online through its Learning Zone Broadband web pages where footage is referenced to the curriculum so teachers can more easily access relevant material from the BBC archive.

**Parents believe the BBC could do more to deliver the BBC's learning public purpose.**

- I40. Formal learning contributes towards the BBC's second public purpose under the Royal Charter, which is to promote education and learning. In 2007 the Trust carried out research among adults to establish how well the BBC's public purposes were being delivered.<sup>94</sup> The results indicate that parents believed the BBC could do more to deliver the learning purpose, specifically to help their 'children/teens with what they learn at school/college'. In light of these findings and the suspension of BBC Jam<sup>95</sup>, an interactive online learning service for 5-16 year olds, the BBC Executive is developing new formal learning proposals for Trust

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<sup>89</sup> Children's Tracker, spring 2008.

<sup>90</sup> Children's Tracker, spring 2008, asked of children aged 8-11.

<sup>91</sup> "Say What You Think" Children's Consultation, 2008 / Research amongst children in Ethnic Minority Homes, October 2008. Prepared for the Trust review of children's services.

<sup>92</sup> Teacher Tracker, spring 2008.

<sup>93</sup> 36 per cent were unsure and 9 per cent thought this was a bad idea - Teacher Tracker spring 2008.

<sup>94</sup> BBC Trust's Purpose Remits survey, June 2008,

([http://www.bbc.co.uk/bbctrust/assets/files/pdf/review\\_report\\_research/ar2007\\_08/purpose\\_remit.pdf](http://www.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ar2007_08/purpose_remit.pdf)).

<sup>95</sup> BBC Jam was suspended by the Trust in March 2007. The Trust's decision to suspend Jam followed extensive discussions with the Government and the European Commission about how to address allegations from commercial formal learning providers that Jam was damaging these providers' interests.

consideration. The proposals will be subjected to a full Public Value Test if the Trust considers that they constitute new BBC services, or significant changes to existing services. The Public Value Test is an approvals system for new services, or significant changes to existing services, which includes a market impact assessment by Ofcom.

141. In its service review of [bbc.co.uk](http://bbc.co.uk) which was published earlier this year the Trust concluded that the BBC should do more to inter-link complementary parts of the online portfolio. In its response to our public consultation the BBC Executive conveyed its intention to create stronger links between Formal Learning, CBBC and Knowledge, a department of the BBC which provides factual content. The Trust supports this proposal which will strengthen the BBC's combined contribution to the learning public purpose.

**The Trust will reflect on the performance of the BBC's formal learning provision for school children as a whole once our review of services and content for younger audiences has been completed in the spring.**

142. In 2007-08 the BBC spent £6.1 million on formal learning for school age children. The majority of this expenditure (some £4.3 million) was invested in online content available on the BBC Schools website. It would be misleading to apportion this total between primary and secondary school aged children because much of the BBC's offer is integrated. For this reason it has not been possible to assess the value for money of formal learning content for primary school children in isolation.
143. We intend to look at the performance of formal learning provision for older children and young adults as part of our review of younger audiences aged 13-34 which is due to be published in the spring. Once we have completed this work we will be in a position to reflect on the BBC's formal learning provision for school children as a whole, including the extent to which it delivers value for money for the licence fee payer.

### *Distinctiveness*

**There are some industry concerns about the distinctiveness of the BBC's formal learning content.**

144. As part of this review, some commercial education content suppliers wrote to the Trust suggesting that Bitesize and Learning Zone Broadband have changed significantly in recent years to the extent that they are no longer distinctive from content provided by the industry and are therefore having an adverse impact on the market. One respondent also raised a wider concern, suggesting that a lack of dialogue with regards to the BBC's future development plans for formal learning was creating investment uncertainty. Under the terms of the Charter, the Trust has a duty to have regard to the competitive impact of the BBC's activities and has written to establish whether these concerns should be treated as a formal complaint.

## Section 2: Future direction

**The BBC Executive has set out a clear mission for children's services and content but there are some risks associated with its plans.**

**The BBC must remain a cornerstone of high-quality, UK-produced children's content.**

145. The Trust believes that provision for children is at the heart of the BBC's public service remit and that developments in the industry which have generated uncertainty over the commercial public service broadcasters' contribution to children's provision, make it even more important for the BBC to be a cornerstone of high-quality, UK-produced children's content. In its submission to our public consultation the Executive has set out a mission statement for children's content and services which emphasises the key role BBC children's programming plays in delivering the BBC's public service remit:

*'To provide fresh, distinctive and creative programmes and websites that are loved by every child in the UK and which represent world-class public service broadcasting.'*

146. To deliver this mission the Executive has suggested some amendments to the Service Licences. These suggestions have been addressed throughout this report where they relate to aspects of the Executive's performance. All of the suggested amendments and the Trust responses are summarised in Appendix 2.

147. In this section of the report we consider the Executive's strategy and investment plans over the next five years and identify key risks to delivery.

**The BBC's spending plans over the period of the current licence fee settlement rely on the BBC making efficiency savings across all of its services.**

148. Figure 21 sets out the Executive's investment plans for children's content over the next five years. These plans were developed in 2007 and are due to be reviewed as part of the BBC's wider review of its financial plans. This review is due to be considered by the Trust in spring 2009. The 2007 investment strategy included plans to:

- Grow online funding from around £6 million to around £8 million by 2012-13, in keeping with the Executive's strategy to strengthen the online offer for children.
- Grow commercial income 12-fold between 2007-08 and 2009-10 (albeit from a very low base). Commercial income is generated by entering into co-production agreements with other producers or by generating secondary income through, for example, the sale of broadcast rights overseas. These figures are not disclosed because they are commercially confidential.
- Generate efficiency savings of around £23.7 million in 2012-13. In 2007, as part of the process of setting the level of the television licence fee the BBC and the Department for Culture, Media and Sport agreed how much the BBC should aim to save through a programme of efficiency savings. These saving targets have been allocated to the various departments across the BBC including Children's.

**Investment in children’s content is due to fall in real terms over the next five years.**

149. Overall, the amount spent on children’s content is due remain broadly constant over the next five years, which means that in real terms the budget will reduce due to the impact of price inflation (Figure 21).

**Figure 21: Planned children’s investment from 2008-09 until 2012-13**

£million	08-09	09-10	10-11	11-12	12-13
Funding for CBeebies and CBBC content	126.3	135.3	137.8	144.8	147.3
Less forecast efficiency savings	(5.1)	(9.6)	(16.6)	(20.8)	(23.7)
<i>Total investment</i>	<i>121.2</i>	<i>125.7</i>	<i>121.2</i>	<i>124.0</i>	<i>123.6</i>

Source: BBC Executive.

150. Other services across the BBC will also be expected to make efficiency savings so while the budget for children’s content is due to fall in real terms, the proportion of the total content budget allocated to children’s output is forecast to remain broadly stable at around six per cent over the next five years. Figure 22 shows how this percentage compares to other genres. It is important to note that this percentage relates to programmes made specifically for children and does not include investment in content which is designed for a wider audience such as family drama, family entertainment, sport and music radio, all of which are consumed by children.<sup>96</sup>

**Figure 22: Percentage of total expenditure on content by genre 2007-08**

Genre	% Content expenditure 2007-08
News and Current Affairs	21.6
Sport	18.8
Drama	17.8
Knowledge	16.6
Entertainment and Comedy	11.8
Arts and Music	7.5
Children’s output	5.9
<b>Total</b>	<b>100</b>

Source: BBC Executive

**The Trust considers that there are some risks and uncertainties associated with the Executive’s funding plans for children’s content.**

151. Some respondents to our consultation raised concern over the BBC’s commitment to children’s services. These concerns appear to have been caused, in part, by recent scheduling

<sup>96</sup> Ofcom stated that 70 per cent of children’s viewing was to non-children’s output. – The Future of Children’s Television Programming, 2007.

changes which have reduced the amount of children's content on BBC One on weekday afternoons and Saturday mornings (these changes have been addressed in paragraphs 76 to 79). However, the main cause of these concerns appears to be the level of funding devoted to children's content at the BBC. To an extent these concerns have been amplified by two misconceptions:

- Firstly, that the amount invested in children's content is limited to expenditure on the CBeebies and CBBC digital channels. This perception has arisen because the full investment which includes content on BBC One, BBC Two, online and on the radio is not clearly disclosed in the BBC's annual report. This issue is addressed in paragraphs 120 to 121.
- Secondly, that the BBC's Service Licences do not reflect the BBC's current delivery of children's programming and that the BBC could, in theory, reduce its output and expenditure significantly below current levels. This was a conclusion drawn in Ofcom's report on the Future of Children's Television Programming which was published in October 2007. The BBC has since revised its Service Licence conditions to bring them more in line with current levels of output.

152. While respondents' concerns may have been amplified by these misconceptions the Trust does consider that there are some risks and uncertainties associated with the Executive's funding plans for children's content. Areas of risk and uncertainty are addressed below.

**Children's efficiency saving targets are challenging particularly given that big expenditure cuts were made prior to the targets being introduced.**

153. Although every area of the BBC is required to make efficiency savings there is a risk that the targets for children's content are particularly challenging. The BBC Children's division introduced a range of expenditure cuts prior to the efficiency savings targets being introduced. As a result, some BBC staff consulted during our review did not know how the anticipated efficiency savings could be made without impacting on output quality.

**Performance data indicates that the BBC's Fewer, Bigger, Better strategy has cut costs and improved the quality of children's output but there is a risk that budgetary pressures could force the Children's department to take the strategy too far.**

154. Since the BBC Children's department began focusing resources on fewer programmes and competing on the basis of quality not quantity, costs have reduced and quality measures have increased. However, as set out in Figure 14 this strategy also carries with it some risks to the diversity and range of output at a time when other public service broadcasters are retreating from children's content. If efficiency savings prove too challenging, the Children's department could be forced to take the strategy too far, threatening the BBC's capacity to meet the needs of a diverse audience.

**Commercial income has the potential to support the Executive's investment plans but there is a risk that pressure to make content which is more commercially viable diverts attention from delivery of the BBC's public purposes.**

155. Commercial income is forecast to grow 12-fold over three years from 2007-08 to 2009-10 (albeit from a very low base). Most of this income is due to be raised from co-production

deals with other producers. This income would support the Executive's investment plans and has the potential to relieve budgetary pressure. However, co-production income is an inherently more uncertain source of funding than licence fee income and there is a risk that pressure to make content more commercially viable diverts attention from delivery of the BBC's public purposes. For example, one way to make content more appealing to production partners is to give it a more international feel, which could in some instances undermine the relevance to UK audiences.

156. The Executive is confident that the anticipated growth can be delivered without any impact on quality or the delivery of the public purposes on the basis that there is a great deal of untapped potential in children's programming. The Executive considers that simple steps can be taken to make content more appealing to commercial broadcasters such as adopting the industry standard length of programme and number of episodes.

**There are significant risks associated with the planned move to Salford Quays in 2011 particularly in terms of staff retention. Managing these risks could put additional pressure on the budget for children's output**

157. CBeebies, CBBC and the BBC's Formal Learning department are due to move to Salford Quays in 2011. This is an opportunity to attract new talent, better reflect national diversity, save costs and develop new ways of working but there are also significant risks to be managed. In particular there is a risk that staff choose not to relocate from London to Salford and that replacement staff cannot be recruited in time. This could weaken the BBC's capacity to deliver high-quality output. When we interviewed BBC staff in autumn 2008 some staff from the Children's department thought that there was a lack of clarity over the arrangements for Salford and believed that more could be done to communicate the benefits of the move.

158. There is also a risk that geographical separation has a negative impact on communication with other parts of Vision. It will be important to forge close links to services aimed at other age groups, particularly the BBC's new teen proposition, BBC Switch, to help keep children engaged with the BBC as they get older.

159. Managing the move to Salford and its risks could put additional pressure on the budget for children's output. The restructuring will incur additional costs in the short term including for example, relocation costs, an overlap of running costs to maintain broadcast continuity and recruitment costs. Some of these costs would be funded by a central budget set aside for the move but some BBC staff felt there was a lack of clarity as to what this budget will cover. Should the costs fall to the Children's department this would add further pressure on a challenging budget.

160. In December 2008 the BBC appointed Peter Salmon as Director of BBC North. Having established this new post the BBC is better placed to address residual risks and uncertainties surrounding the Salford move.

**There have been significant changes in the marketplace since children's investment plans were developed in 2007.**

161. The BBC developed its investment plans for the period of the current licence fee settlement in the autumn of 2007. Since then there have been changes in the children's broadcasting industry which may require the BBC to revisit the assumptions underpinning its investment plans. In October 2007 Ofcom concluded in its report on the Future of Children's Television Programming that investment in first-run original programming by the commercial public service broadcasters<sup>97</sup> had halved in real terms since 1998 and that the future provision of new UK-originated content for children, particularly drama and factual programming, looked uncertain other than from the BBC.

162. CBeebies and CBBC are facing increasing competition from well-resourced commercial broadcasters such as Disney and Nickelodeon. CBeebies reaches a wider audience than any other pre-school broadcaster but is beginning to be challenged by the recent performance of Playhouse Disney which, as shown in Figure 3, has significantly improved its reach in 2008. CBBC also reaches a large audience but in cable and satellite homes the channel is in third place, well behind Nickelodeon and Disney. While these channels commission some UK programming, the majority of their programming is sourced from overseas.

**The Executive has set out its vision and strategy for investment in children's content. However, further work is required to develop this strategy into objectives against which progress can be measured. Without these objectives it is not possible to establish whether the existing budget is sufficient to deliver the strategy.**

163. The Executive's vision for children's services and content is set out in paragraph 145. However, it is not clear what level of performance is required to deliver this vision. For planning purposes it is important to be clear about the benefits which investment is intended to deliver, for example whether measures of reach, quality and impact are intended to increase, decrease or remain at their current level. Considering the future direction of children's services in these terms would help the Executive to establish whether the existing budget is sufficient to deliver the strategy and to monitor performance in a meaningful way.

*Recommendation 12*

*The Trust believes that the BBC must remain a cornerstone of high-quality, UK-produced children's content. However, the Executive has not yet determined what level of performance is required to meet this aim.*

*For planning purposes the Executive should be clearer about the performance objectives for children's provision and consider whether the existing budget is sufficient to meet these objectives taking into account the risks and uncertainties surrounding the current budget which are set out in Figure 11.*

*This exercise should be carried out and reported to the Trust as part of the Executive's review of the BBC's financial plans in spring 2009. This review is a response to increasing pressures on the BBC's income and the general economic situation.*

*When the Trust considers the Executive's revised financial plans we will take into account the budgetary pressures faced by the Children's department which have been highlighted in this report.*

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<sup>97</sup> ITV1, GMTV, Channel 4 and Five.

# Appendix I: Recommendations

	<b>Recommendation</b>	<b>Responsibility and date</b>
1	The Trust will amend the CBeebies Service Licence to include a commitment to contribute to the BBC's global public purpose. We will work with the Executive to develop a commitment that is appropriate for this age group and reflects CBeebies' existing contribution to this purpose.	Trust and Executive. Spring 2009.
2	CBBC's reach in cable and satellite homes should be used as a key measure of performance because in these homes CBBC competes on equal terms with channels like Disney and Nickelodeon which are not available on Freeview. Performance in these homes is particularly important because cable and satellite usage is forecast to increase from 10.7 million homes in 2007 to 13.3 million homes in 2012	Trust and Executive. With immediate effect.
3	<p>The Trust is concerned about the impact of recent scheduling changes on the audience levels for children's content. The changes caused overall reach in the first nine months of 2008 to fall significantly compared with 2007. We ask that the Executive develop plans to address this decline and report to the Trust by summer 2009.</p> <p>Longer term, the way children choose to consume content from the BBC is likely to change. Given the reducing number of UK-produced children's television programmes from sources other than the BBC, the Executive should seek to optimise reach by providing output where children are most likely to be watching, listening or accessing interactive content. Scheduling decisions which are likely to impact on children's output should prioritise children's content unless there is a strong public value reason for not doing so.</p>	Executive. Summer 2009.
4	CBBC's online content is an important aspect of the BBC's strategy for children's services. The website currently reaches a large audience but usage levels are declining year on year. The Executive should develop plans to address this decline. Once these plans are in place the Trust will monitor usage levels through quarterly reports to the Trust's Audiences and Performance Committee.	Trust and Executive. Spring 2009.
5	In its submission to our consultation the Executive set out its intention to improve the BBC's representation of different groups and viewpoints through the BBC's commissioning strategy, research and outreach programmes. In doing so the Trust recommends drawing on the results of our audience research among children in ethnic minority homes published alongside this report.	Executive. With immediate effect.
6	The Trust recognises the potential benefits of extending CBBC's broadcast hours until 9 pm but this proposal would need to be considered alongside other scheduling proposals as part of the wider digital terrestrial television spectrum review. As part of this proposal the Executive would need to show how the 7 pm to 9 pm slot would compete with non-children's content to boost reach among 6-12 year olds, particularly among older children and that additional reach justifies the additional cost of extending CBBC's broadcast hours.	Executive. Spring 2009 to coincide with the digital terrestrial television proposal.
7	<p>The BBC Children's research department has developed a comprehensive understanding of the audience through a wide range of high-quality research which we have used extensively during this review.</p> <p>We recommend that the Executive supplement this research by regularly collecting data on the delivery of the BBC's public purposes to track performance over time. Questions on the purposes could be added to an existing survey to minimise costs.</p>	Executive. Summer 2009.
8	There has been a long-term decline in audience numbers for programmes which make an important contribution to the BBC's citizenship and global purposes for children. We ask that the Executive develop plans to boost the audience numbers for content which contributes to these purposes and update the Trust with progress by the summer of 2009.	Executive. Summer 2009.

	<b>Recommendation</b>	<b>Responsibility and date</b>
9	<p>The Trust will amend the CBBC and CBeebies Service Licences to include all CBBC and CBeebies expenditure on television programmes, including those that are first transmitted on BBC One or BBC Two.</p> <p>Amending the Service Licences in this way would have the following advantages:</p> <ul style="list-style-type: none"> <li>• The Service Licences would more accurately reflect the full expenditure on CBBC and CBeebies content. Further information should be provided in the BBC's financial statements to explain this treatment.</li> <li>• Transparency and accountability would be enhanced because the Trust would separately monitor the full budget for children's content. Under the existing arrangements some of the budget falls under the BBC One and BBC Two budgets which are too large to be sensitive to variations in children's expenditure (increases or decreases).</li> <li>• The Executive would have the flexibility to premiere content based on operational considerations without artificial budgetary constraints.</li> <li>• Under the existing system the costs allocated to the BBC One and BBC Two budgets are not split between CBBC and CBeebies. Maintaining a record of expenditure split between the CBBC and CBeebies brands would make it easier to measure the value for money of these two services.</li> </ul>	Trust and Executive. Spring 2009.
10	<p>The Executive should monitor the cost per user hour and cost per user reached for CBeebies and CBBC using the full investment in CBBC and CBeebies television programmes including programmes first shown on BBC One or BBC Two. This will help the Executive to monitor the value for money of CBBC and CBeebies and to establish whether the Fewer, Bigger, Better strategy is having a long-term beneficial impact.</p>	Executive. Spring 2009.
11	<p>During this review the BBC Executive has acknowledged that the existing arrangements for children's radio at the BBC will need to change in the light of consistently low audience numbers and has undertaken research to assess the options available.</p> <p>On the basis of this research the Executive will recommend an alternative approach for Trust consideration taking into account:</p> <ul style="list-style-type: none"> <li>• An assessment of the level of demand for audio content.</li> <li>• A consideration of where and when to provide audio content to maximise audience numbers in a cost-effective way.</li> </ul>	Executive. Spring 2009.
12	<p>The Trust believes that the BBC must remain a cornerstone of high-quality, UK-produced children's content. However, the Executive has not yet determined what level of performance is required to meet this aim.</p> <p>For planning purposes the Executive should be clearer about the performance objectives for children's provision and consider whether the existing budget is sufficient to meet these objectives taking into account the risks and uncertainties surrounding the current budget which are set out in Figure 1.</p> <p>This exercise should be carried out and reported to the Trust as part of the Executive's review of the BBC's financial plans in spring 2009. This review is a response to increasing pressures on the BBC's income and the general economic situation.</p> <p>When the Trust considers the Executive's revised financial plans we will take into account the budgetary pressures faced by the Children's department which have been highlighted in this report.</p>	Executive. Spring 2009.

## Appendix 2: Service Licence amendments

To implement its strategy the Executive has outlined suggested amendments to the Service Licences. We have considered these amendments in the light of evidence gathered as part of this review. However, in most cases it has not been possible to arrive at a definitive conclusion because many of the amendments have implications on other outstanding proposals or impact on services which are not covered by this review. When the Trust comes to consider these wider proposals it will take into account the results of this review’s consultation evidence and audience research.

164. The suggested amendments to the children’s Service Licences are addressed in the paragraphs below:
165. **Change transmission times to allow CBBC to extend its broadcast hours by two hours to 9 pm.** The BBC Executive has suggested extending the hours of the CBBC digital channel so that it stops transmitting at 9 pm rather than 7 pm to boost the channel’s reach particularly among older children. The Trust recognises the potential benefits of extending CBBC’s broadcast hours but the Executive’s proposal would need to be considered alongside other scheduling proposals as part of the wider digital terrestrial television spectrum review. As part of this proposal the Executive would need to show how the 7 pm to 9 pm slot would compete with non-children’s content which attracts the vast majority of children’s viewing during this time slot.
166. **Make changes to reflect the strengthening of the on-demand and multi-platform offer.** The Executive’s strategy for children’s services has a strong focus on interactive content on the basis that young audiences are at the vanguard of take-up of new technology. As set out in paragraphs 74 to 75 television is still the dominant medium for children but the Trust agrees that investment in new technology should be a feature of the BBC’s strategy. To support this strategy the Executive has asked that the Service Licences be changed in a number of ways. The Executive’s proposals and the Trust’s response are set out in Figure 23:

**Figure 23: Executive proposals to amend the Service Licence to strengthen the on-demand and multi-platform offer.**

Proposed amendment	Trust response
Allow CBBC and CBeebies to premiere content online.	<p>Currently, CBBC and CBeebies content must first be shown on television or radio before it is made available online. The Executive has asked for the capacity to premiere short-form content online to improve reach to the CBBC website and better meet the needs of children who are high users of on-demand and online services.</p> <p>Any significant proposals for change from BBC management must be subject to a Public Value Test which is a mechanism for weighing public value against market impact. The Trust believes this proposal is unlikely to constitute a significant change because:</p> <ul style="list-style-type: none"> <li>• There are no plans to commission new content so the additional</li> </ul>

	<p>expenditure would be negligible. Clips would be taken from content which would otherwise be premiered on television.</p> <ul style="list-style-type: none"> <li>• BBC Three already has permission to premiere content online on the basis that it gives this channel the flexibility to respond to the target audience (16-34) who, like children, are at the forefront of the take-up of new technology.</li> </ul> <p>To test these assumptions the Trust is prepared to introduce the change on a temporary basis and monitor impact before a permanent change to the Service Licence is made.</p>
<p>Extend the period of time that content is made available on-demand through the BBC's iPlayer.</p>	<p>There is currently a seven-day window after programmes are broadcast during which time the audience can watch or listen again through the BBC's iPlayer. The Executive would like to extend this window for children's content on the basis that this content is already repeated frequently on the CBBC and CBeebies digital channel and therefore is already available beyond the seven-day window.</p> <p>In this case the Trust does not believe that children's output can be considered in isolation. A proposal to amend the on-demand window would need to consider all the BBC's content, not just children's output and would need to address the potential impact on the wider industry.</p>
<p>Provide an explicit remit to include interactive content, specifically online games and mobile telephone content.</p>	<p>CBBC and CBeebies already provide some interactive content under the terms of the bbc.co.uk Service Licence. The Executive has asked that the Service Licences be amended to provide explicit permission for this content within the CBBC and CBeebies Service Licences because it would like the flexibility to produce more of this content in the future. There is a compelling case for introducing explicit permission as there is strong evidence for demand for this type of content, and similar content is already provided under the bbc.co.uk Service Licence. However, our audience research and consultation evidence indicates that parents are concerned about the safety implications of providing mobile content to children. The Trust will discuss with the Executive how we might amend the children's Service Licences to provide the required flexibility whilst still preserving controls regarding market impact and distinctiveness, as well as addressing safety concerns raised in relation to mobile content.</p>
<p>In the longer term, move towards CBBC and CBeebies Service Licences that cover a range of platforms including audio and online.</p>	<p>Currently the Service Licences focus on digital television because other content is covered under other Service Licences such as BBC 7 and bbc.co.uk. Given the impact on other services, most of which have not yet been covered by service reviews, the Trust concludes that it is too early to address this issue which should be considered in the longer term as part of a wider review of the Service Licence governance framework.</p>

**167. Review the approach to the calculation of the Service Licence budgets.** As set out in paragraphs 120 to 121 the BBC allocates a programme's costs to the service which first transmits the programme. Many of the CBeebies and CBBC programmes produced by the

Children's department are first shown on BBC One and BBC Two which means that the costs associated with these programmes are allocated to the BBC One and BBC Two service budgets rather than the CBBC and CBeebies service budgets. The Trust will amend the CBBC and CBeebies Service Licences to include all CBBC and CBeebies expenditure on television programmes, including those that are first transmitted on BBC One and BBC Two. Amending the Service Licences in this way would have the advantages set out in recommendation 9.

**168. Change the Service Licences to reflect the Executive's proposals for children's radio.** As set out in paragraphs 129 to 132 the awareness and usage levels of children's radio on BBC 7 and Radio 4 are very low. The Executive is developing plans to address this issue and if approved, the relevant Service Licences will be amended to reflect the Executive's proposals.

**169. Amend the CBeebies Service Licence so that the target age group for the service is children aged six and under.** The original target age range for CBeebies was children aged five and under. However, since 2006 CBeebies content has tended to focus on the six and under age range to ensure that content is still relevant for children towards the upper age limit.<sup>98</sup> The Trust agrees that the service should target children aged six and under and will amend the Service Licence accordingly.

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<sup>98</sup> The BBC already provides children's content for six year-olds under the CBBC service licence so this does not constitute a significant change to the BBC's services and therefore will not require a public value test.