

Service review

Review of children's services and content

February 2009

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, 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.¹ 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 2012.²

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

¹ BARB, All homes/hours.

² 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 2007.³

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.⁴ 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

³ BARB, All homes.

⁴ 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.⁵ 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.

⁵ 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.⁶

⁶ 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 broadcasters⁷ 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.

⁷ ITVI, 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.