

BBC Trust

Trust decision on BBC's Strategy for Children's Audio

February 2011

Summary of Trust Decision	1
1. Background	2
2. Overview of the BBC's audio strategy for children	5
3. The Trust's decision	6

Summary of Trust Decision

As part of the service review of Radio 3, Radio 4 and Radio 7, we have received a strategic proposal from BBC management on how best to deliver children's audio content. Alongside our main report, this document sets out our decision to approve this strategy and amend the service licences accordingly.

We have decided that the proposed changes do not constitute a significant change to the UK public services under the terms Clause 25 of the [Framework Agreement](#) (the Agreement) and that it is not necessary to apply a Public Value Test (PVT) to these plans before approving them.

Trust considerations and decisions

Providing *outstanding children's content* is one of the BBC's five editorial priorities as set out in the 'Putting Quality First' strategy. We believe it is very important that the BBC serves children across all its platforms as part of its public service mission. While the BBC generally serves children very well, particularly on television and online, we regret it has struggled to serve children through its dedicated radio programming – the current offer on Radio 7 reaches very few young listeners and hampers the overall performance of the station.

BBC management's proposals fit with the public service mission of the BBC in that they are intended to strengthen the provision of audio content for children. Although there will be a reduction in hours of children's programming on Radio 7, we believe that BBC management's proposals for family-friendly content has the potential to improve the provision of speech radio for older children. BBC management's proposals also look to find ways to make young children's radio programming appealing and available in ways that fit with current trends in children's media consumption.

The proposals to refocus the programming on Radio 7 and the creation of bespoke CBeebies audio content available online will require amendments to the key characteristics of the CBeebies and Radio 7 service licences. Amendments to the key characteristics of a service licence are presumed to be significant changes, and carry a rebuttable presumption that the Trust applies a PVT before approving such proposals.

In order for the Trust to decide whether BBC management's plans are significant, Clause 25(2) of the Agreement provides four criteria for the Trust to consider in making this judgement: impact; financial implications; novelty and duration.

Our assessment against these criteria is that BBC management's proposals do not constitute a significant change to the BBC's UK public services. The remainder of this document sets out our assessment.

1. Background

Context

The BBC has carried out an in-depth review of Radio 3, Radio 4 and Radio 7. As part of this review we considered a number of proposals from BBC management. Alongside our main report, this document sets out our decision to approve BBC management's strategy for serving children via audio and the proposals to change the service licences accordingly.

The BBC provides a range of dedicated content for children across television, radio and online, and this is a very important part of its public service mission. This was reflected in the BBC's 'Putting Quality First' strategy which states that *outstanding children's content* is one of the BBC's five editorial priorities.

Despite a range of efforts, the BBC has struggled to serve children through dedicated radio programming. Our review of services for children in 2009 found that awareness and reach of radio content for children was very low. Following this review, Radio 4 decommissioned its dedicated children's programme *Go For It* and BBC management began to review various options for children's radio in the future.

The BBC's proposals

BBC management has now completed its review. To inform this, they commissioned some independent research to probe attitudes towards children's audio amongst young people and their parents or carers.¹ They have now proposed a three point strategy:

- Refocusing the current children's programming on Radio 7 to appeal to both older children and their families, and reducing the hours from 1,400 to 350. This reduction in broadcast hours will be realised through the removal of the CBeebies radio programming from the Radio 7 schedule which currently accounts for around 75% of dedicated children's programming. This will be replaced by other Radio 7 content.
- Creating bespoke pre-school audio content available for download directly from the CBeebies website.
- Commercial release of children's radio archive for secondary broadcast by third parties.

The first two elements of the strategy will require changes to the key characteristics of the service licences and therefore carry the rebuttable presumption of a PVT.

¹ The summary of BBC management's research is available from our website

Trust considerations on significance of a change to the UK public services and decision to apply a PVT

The BBC Agreement² requires that the Trust must apply a PVT before a decision is taken to make any significant change to the BBC's UK Public Services. It includes a rebuttable presumption that the Trust will apply a PVT when a proposal is made to change a key characteristic of any existing service, as set out in its service licence.

The PVT is a formal assessment process that requires the Trust to assess the public value of the proposed change, and Ofcom to assess the market impact of the proposed change. The PVT process provides for two periods of public consultation. Ordinarily the main assessment process lasts approximately six months.

In practice, the Trust will apply a PVT to a proposal made by the BBC Executive (including a proposed change to a key characteristic) only where it decides that the proposal constitutes a significant change.

Even where the presumption applies, the Trust may still decide that there is no need for the PVT to be applied, but in such circumstances it must justify departing from the presumption. This document explains the assessment that we have made in this case and sets out the reasons for our decision not to conduct a PVT.

In deciding whether a proposal constitutes a significant change to one of the BBC's UK Public Services, the Trust must have regard to the four considerations set out in Clause 25 of the Agreement. These are:

- the impact on users and other relevant parties
- financial implications
- novelty
- duration

The Trust considers a proposal against each of these factors before reaching a view based on their combined effect.

The Trust recognises its responsibility to undertake a PVT where there is evidence that a proposal constitutes a significant change to the BBC's UK public services, or where a change to a key characteristic of a service licence is proposed. It also recognises, however, that the requirements set out in Clause 25 of the Agreement provide a necessary filter to ensure that the PVT is reserved for significant changes to the BBC's UK Public Services.

The Trust is obliged to set out its considerations publicly. That is the key purpose of this document.

² BBC Framework Agreement between the BBC and the Secretary of State for Culture, Media and Sport July 2006
http://www.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/agreement.pdf NB The Agreement was amended in March 2010 to reflect the changes made to UK law as a result of the implementation of the Audio Visual Media Services directive: http://www.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/agreement_amend.pdf

Contents of this document

In considering the potential significance of BBC management's audio strategy for children, and whether a PVT should be applied before these proposals are approved, we have considered three key questions:

- a) Whether the proposals fit with the BBC's public service remit and its public purposes.
- b) Whether the proposals are covered by a current service licence or require variations to any service licences (including variations to any of the key characteristics of those service licences).
- c) Whether the proposals represent a significant change to the BBC's UK Public Services requiring a Public Value Test.

2. Overview of the BBC's audio strategy for children

BBC's Audio Strategy for Children – BBC Management summary

As reaffirmed in Putting Quality First, the BBC is committed to strengthening its offer for young audiences through a rich and diverse multiplatform offering. Recognising this pledge, the BBC's strategy for children's audio takes an audience-focused approach, learning from past disappointments and taking account of the distinct requirements of the pre-school and older age groups. A tailored three point solution is proposed that considers the needs and behaviours of children and their families as well as the different relationships listeners have with radio and online platforms:

1. Family-friendly content for older children on Radio 4 Extra.

Alongside readings of much loved children's books, we propose that Radio 4 Extra deliver family-friendly content that appeals to older children and their parents or carers, rather than the current pre-school content that has significant performance issues. We know that children rarely choose to listen to the radio over other entertainment options and that radio listening is instead the choice of the parent or carer. A programme intended to deliver to children must therefore also appeal to adults. The family-friendly approach has tested relatively well with older children and the ambition is that, by creating speech radio programmes of broad appeal, we will build the habit of radio listening amongst children and, in so doing, secure audiences of the future.

2. CBeebies pre-school audio available for download from the CBeebies website.

Research confirms that young children aged 0-6 years rarely if ever find audio material without the help of a parent or carer. It is for this reason that CBeebies TV and web material is designed to be used by both child and parent together. Extending this approach to audio, CBeebies plans to make approximately 20 minutes a day of audio content available directly online for streaming and download. Downloads will facilitate repetition which is very popular amongst this young age group.

With fresh storylines that are relevant to CBeebies audiences, this programming will complement and extend new and established CBeebies TV brands (e.g. ZingZillas, Tinga Tinga Tales). CBeebies audio content will also be regularly cross promoted from CBeebies TV.

3. Potential commercial release of children's radio archive for secondary broadcast by third parties.

The BBC will explore opportunities to make children's radio archive available to commercial third parties to breathe new life into content that may not otherwise get future airings. This initiative should be treated as priority.

3. The Trust's decision

Fit with the BBC public service mission and public purposes

The BBC's mission is to inform, educate and entertain and its main objective is to promote its public purposes which are 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
- in promoting its other purposes, to deliver to the public the benefit of emerging technologies.

The BBC promotes its public purposes via a wide range of genres of programming, some of which serve to promote more than one public purpose.

Some further background on this decision is included in the Trust's service review of Radio 3, Radio 4 and Radio 7.

We believe that these proposals fit with the BBC's public service mission as they are intended to help strengthen the current provision of audio content for children.

We regret that the BBC's attempt to serve children through dedicated programming on Radio 7 is not successful and is performing very poorly.

We believe that the three point strategy outlined here will improve the overall audio provision for children, which is in keeping with the BBC's public service mission and will aid the delivery of the public purposes.

We believe that BBC management's proposals for family-friendly programming acknowledge both the dynamics of how children listen to the radio and the fact that, as a station primarily aimed at adults, the content has to appeal effectively to both children and adults. The family-friendly programming has the potential to increase listening and hence the delivery of the public purposes.

Based on our understanding and analysis of listening behaviour, we doubt that programming aimed at younger children, those aged 6 and under, can sit comfortably on a primarily adult network. Attempts at doing so on Radio 7 have not been successful and account for a large proportion of the service's overall cost.

In order to provide young children with radio content, BBC management propose to create CBeebies content available for download. They plan to make 20 minutes of new audio content available per day and complement established CBeebies television brands.

Our analysis shows that this content should have appeal when it is available for download. BBC server data shows that in 2009-10 there were 9,000 streams and 25,000 download requests of CBeebies radio programming per month. In contrast, the weekly reach of the

linear output over the same time period was 12,000 children.³ In January 2010, BBC management cross promoted the CBeebies radio content on CBeebies TV and the CBeebies website, which led to significant spikes in online requests – across the month there were 17,000 downloads and 43,000 streams.⁴ BBC management plans to replicate this cross promotional approach as part of these proposals.

We also support BBC management’s decision to prioritise the release of children’s radio content to third parties. We believe that, providing the BBC’s reputation and brand can be protected, there is value in working with third parties. This is particularly the case in areas such as children’s radio where there is little provision in the market.

Fit with existing service licence and approvals

BBC management’s audio strategy for children requires a number of changes to the current service licences.

BBC management’s proposal to refocus the current children’s programming on Radio 7 to appeal to both older children and their families, and reduce the hours from 1,400 to 350 requires the following changes to the Radio 7 service licence. The amendment to section 1, the remit of the licence, is a change to a key characteristic and is therefore presumed to be significant.

Current service licence	Amendment ⁵
<p>1. Remit</p> <p>The remit of Radio 7 is to provide speech-based entertainment. Its schedule should include comedy, drama, stories, features, readings and programmes <u>for</u> children.</p> <p><u>The station should also be the home of children’s speech radio from the BBC.</u></p>	<p>The remit of Radio 4 Extra is to provide speech-based entertainment. Its schedule should include comedy, drama, stories, features, readings and programmes <u>that appeal to</u> children.</p> <p>(Deleted)</p>
<p>4. Overview of aims and objectives</p> <p><u>Children’s programming</u> should form an integral part of the schedule, <u>including readings and feature programmes for children broadcast in a non-commercial environment.</u> Its schedule should be zoned so that adult and child audiences know when to expect output designed for them and the</p>	<p>Programming that <u>appeals to children</u> should form an integral part of the schedule, and <u>where possible, it should also attract children’s families and carers.</u> Its schedule should be zoned so that adult and child audiences know when to expect output designed for them and the tone of the</p>

³ Source: iStats monthly usage figures 2009-10 and RAJAR weekly reach figures 2009-10

⁴ Source: BBC management proposals for Children’s Audio Strategy

⁵ Please also note that Radio 7 has been repositioned as Radio 4 Extra and the service licence amendments reflect this. For more information, please refer to the BBC Trust’s Service Review of BBC Radio 3, BBC Radio 4 and BBC Radio 7

<p>tone of the station should be friendly and informal.</p> <p>The station should support new talent and regularly broadcast newly-commissioned content including drama and readings <u>for children and a daily children's magazine programme</u>. There should be an emphasis on covering types of output rarely found on BBC Radio, such as stand-up comedy, short form drama, science fiction, fantasy and horror.</p> <p>Radio 7 should provide high quality content, including some use of visual enhancements, that encourages radio listening via digital platforms. <u>The broadcast output should be supported by a complementary online service, including a dedicated space for children, and listeners should be encouraged to interact and communicate with the station.</u> Radio 7 should use new technology to ensure its audiences have the maximum opportunity to access programmes as and when they want.</p>	<p>station should be friendly and informal.</p> <p>The station should support new talent and regularly broadcast newly-commissioned content including drama and readings <u>which appeal to children</u>. There should be an emphasis on covering types of output rarely found on BBC Radio, such as stand-up comedy, short form drama, science fiction, fantasy and horror.</p> <p>Radio 4 Extra should provide high quality content, including some use of visual enhancements, that encourages radio listening via digital platforms. Radio 4 Extra should use new technology to ensure its audiences have the maximum opportunity to access programmes as and when they want.</p>
<p>5.2 Promoting Education and Learning</p> <p>Radio 7 should make an important contribution to this purpose amongst its audience principally through its output for children. <u>It should aim to be the BBC's home for children's speech radio</u> with parts of the schedule regularly devoted to readings <u>and feature programmes for children, broadcast in a non-commercial environment.</u></p> <p>(Service licence condition)</p> <p>Radio 7 should:</p> <ul style="list-style-type: none"> • Broadcast at least <u>1400 hours</u> of children's programming each year 	<p>Radio 4 Extra should make an important contribution to this purpose amongst its audience principally through its output for children, with parts of the schedule regularly devoted to drama and readings <u>that appeal to children and encourage family listening.</u></p> <p>(Service licence condition)</p> <p>Radio 4 Extra should:</p> <ul style="list-style-type: none"> • Broadcast at least <u>350 hours</u> of children's programming each year

BBC management's proposal to create bespoke pre-school audio content available for download requires the following amendment to the CBeebies service licence. The

amendment to section 2, the scope of the licence, is a change to a key characteristic and is therefore presumed to be significant.

Current service licence	Amendment
<p>2. Scope of the licence</p> <p>It should offer programme-related content on bbc.co.uk. Some programmes should have interactive television features available on digital platforms.</p>	<p>It should offer programme-related content on bbc.co.uk. Some programmes should have interactive television features available on digital platforms. <u>It can make a limited amount of audio content available directly online for streaming and download without first being broadcast.</u></p> <p>(footnote)</p> <p>³ <u>Any significant expansion of this offer requires the approval of the BBC Trust.</u></p>

The proposal for the commercial release of children’s radio archive for secondary broadcast by third parties does not require any regulatory changes to the service licences.

Significance of the BBC’s plans

Taking the four criteria (impact, financial implications, novelty and duration) into account, and applying the rebuttable presumption that changes to key characteristics of a service call for a public value test, we have decided that BBC management’s proposals do not constitute a significant change to the BBC’s UK public services, and so do not require a public value test before approval.

While these proposals are intended to be permanent they will not significantly impact either the Radio 7 or CBeebies services. We have not identified any significant market impact concerns.

i) Impact

The current children’s radio programming on Radio 7 performs poorly. We believe that these proposals will be positive for audiences but will not have a major impact on these services. We also do not believe there will be any market impact.

Impact on audiences

Our analysis shows that the dedicated children's programming on Radio 7 is performing very poorly, and therefore making little impact with audiences and not delivering the BBC's public purposes. In 2009-10, Radio 7 broadcast around 4 hours of children's programming a day in two slots:

- **CBeebies radio** is currently broadcast between 6am and 8am, and is aimed at pre school children. In 2009-10 it attracted around 125,000 listeners each week, of which 12,000 are aged between 4 and 14.
- **Big Toe Books** is broadcast between 4pm and 5pm on weekdays and at 8am on weekends. It is aimed at 8 to 12 year olds. In 2009-10, *Big Toe Books* had a weekly reach of around 136,000 individuals of which 21,000 are aged between 4 and 14.⁶

BBC management's proposals will see the current afternoon slot replaced by family-friendly children's programming, with approximately the same volume of output, which is designed to appeal to both older children and adults alike. The types of speech programming that will be broadcast include accessible topical content, stories, book readings, comedy compilations and entertaining quizzes. BBC management's research suggests that these types of programmes will appeal well to families. Evidence from our public consultation and audience research also shows that this content is valued by audiences, and is in keeping with Radio 7's current offer.

Given the broader appeal of this proposal, we would therefore expect levels of listening to the afternoon family-friendly slot to increase over time – amongst both older children and adults. The level of this increase would be dependent on the appeal of this content, as well as the extent and the effectiveness with which it is promoted, although it would be unlikely to increase beyond the current average audience of Radio 7. In addition, the majority of listeners are likely to come from either the current Radio 7 listening base or from Radio 4 given the closer editorial ties that BBC management are proposing through Radio 4 Extra. Therefore, we believe that the family-friendly programming on Radio 7 will result in an increase in the delivery of the public purposes but, given the low volume of content, will not have a major impact on the audiences of these services.

BBC management's proposals will see the morning slot, which currently broadcasts CBeebies radio, replaced by programming similar to that which is found elsewhere on Radio 7. They then plan to make around 20 minutes per day of CBeebies new audio content available directly online for streaming and download, and complement established television brands.

From an online perspective, this proposal would result in little change for audiences as this proposal will only remove the broadcast element of this content, which will then remain available to audiences online. Given the increased promotion planned by BBC management, we would expect there to be some increases in the number of requests for this content. However, these would only be incremental and would be exceptionally small compared with the overall levels of online usage. In 2009-10 there were an average of 19.9 million unique browsers to the BBC iPlayer site every month and 2.6 million to the

⁶ Source: RAJAR, 2009-10, All individuals aged 4+, Note that sample sizes for children's listening on Radio 7 are very low so only indicative

CBeebies site⁷. In addition, there were an average 19.6 million streams and 8.1 million downloads each month for BBC radio content online.⁸

We also note that internet penetration and usage is significantly higher than DAB penetration and usage, both generally and amongst parents.

From a linear broadcast perspective, the CBeebies radio slot would be filled by content that is similar to that already found elsewhere on Radio 7 and this content is likely to have more appeal than CBeebies radio which performs very poorly. This will encourage more listening hours but we do not expect reach to increase as substantially as most of the increased listening will come from those who already tune into Radio 7. In presenting their proposals, BBC management estimated the potential impact on audience consumption resulting from these changes. Although difficult to predict, their analysis suggests that the increase in listening hours for Radio 7 would be less than 1% overall.

Impact on the market

We have identified a number of areas for consideration as set out below.

Commercial radio

We do not consider that the proposals for family-friendly programming on Radio 7 or CBeebies audio content offered directly online will impact the commercial radio market.

In providing evidence for these proposals, BBC management has conducted assessments of the market impact in relation to these proposals. Their assessment considered the possible implications for the other Ofcom licensed children's radio stations – Fun Kids Radio and Takeover Radio – and concluded that these proposals are unlikely to result in any negative impact on these stations given the nature and scope of their proposals.

BBC management's proposals for children's radio will see hours reduced from 1400 to 350 which may, if anything, have a positive impact on other children's radio stations. However, there is a possible risk that the reduction in hours of BBC children's radio will reduce the exposure and profile of children's radio in general, resulting in a potential negative impact on overall market awareness and usage. We do not believe this is a strong risk as the current usage and awareness of the BBC's dedicated children's programming is very low. In addition, although we are unable to analyse specific audience crossover, the small scale and audience of BBC children's programming on Radio 7, Fun Kids Radio and Takeover Radio is such that changes on one are unlikely to influence the other.

The proposals for family-friendly children's radio will target older children – those aged 6 and above – along with their parents and carers. Around 88% of 6-12 year olds currently listen to the radio each week with the popular music stations such as Radio 1 and commercial music stations attracting the most listening. Radio 7's current weekly reach to this audience is just 0.9% and the station attracts a very small share of 0.2% amongst this audience.⁹ Even if there is a strong increase in listening amongst this age group on Radio 7, its extremely limited scale means that we expect there to be very little, if any, impact on commercial radio stations.

⁷ Source: SAGE

⁸ Source: iStats

⁹ Source: RAJAR 2009-10

In addition, the content that will replace the CBeebies programming on Radio 7 is such that, while it will encourage more listening to the station, it is unlikely to compete with other stations for their audience. As noted in our service review, Radio 7 is a very distinctive station with an offer that is not replicated by commercial radio. Over three quarters of Radio 7's audience are Radio 4 listeners and this is the station that they listen to the most. This replacement programming will continue to target the same audience and, other than encouraging increased listening, we do not believe it will fundamentally alter listening habits. Therefore, we do not believe that the programming that will replace CBeebies radio will have any major impact on the commercial radio market.

Independent production companies

We believe that these proposals will have little impact on independent radio production companies. BBC management's proposals indicate that less than 2% of the children's content which would be replaced is produced by independent production companies.

The overall reduction in hours of children's programming, to be replaced by other content of the type already available elsewhere in the Radio 7 schedule, may therefore lead to more available commissions for independent production companies, which could in turn result in a positive market impact, albeit small.

Speech based media providers

We believe that the BBC's proposed changes are very unlikely to impact negatively on other speech based media providers. While there are some commercial providers of audio content similar to the areas covered by these proposals, such as those that produce audio books and CDs for children, the scale of the proposals for family-friendly programming on Radio 7 and CBeebies audio content online are extremely small compared with the size of this market. In addition, these proposals relate to content that the BBC already provides and makes available on demand, and so is unlikely to have an impact on the market.

Children's websites

The BBC's children's websites perform well in a competitive market against other dedicated children's websites such as Disney and Nickelodeon, although children's online usage is highest for more broad appeal websites such as Facebook and YouTube.

It is unlikely that these proposals will have an impact on the performance of other children's websites, as CBeebies audio content which has been broadcast previously is already available through the CBeebies website, children's iPlayer and BBC iPlayer.

ii) Financial Implications

The financial implications of these amendments to the service licences are small.

There are no changes to the service licence budgets resulting from these proposals.

The current costs for children's radio programming on Radio 7 are £2.1m. BBC management's proposal will see around £0.6m spent on family-friendly programming and £0.4m spent on CBeebies audio online. The remaining money will be spent on other programming that will develop the closer editorial ties between Radio 4 Extra and Radio 4, including content that is suitable for family listening.

This is a reduction in investment for children's radio and audio content. However, we expect the lower level of investment will result in high quality output with greater consumption and impact. As such, this will represent improved value for money for licence fee payers compared with the current investment.

iii) Novel

These proposals are not novel as the BBC will not be entering any new areas of content creation or activity.

We do not consider that BBC management's proposal for family-friendly content on Radio 7 to be novel. Radio 7 already creates a range of programming that appeals to both older children and their parents or carers. The afternoon children's slot, currently *Big Toe Books*, will be replaced by family-friendly programming which will cover a range of genres and formats that Radio 7 already broadcasts. In addition, although there will be some newly commissioned speech content to fill the CBeebies radio slot, this will be very much in keeping with Radio 7's current editorial proposition.

iv) Duration

The proposals are intended to be ongoing.

The changes set out in this strategy are intended to be permanent and ongoing.