

BBC Trust

Public value test, service description of proposed changes to BBC Three, BBC iPlayer, BBC One and CBBC

20 January 2015

BBC Trust

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1. Introduction

1.1. Background

- 1.1.1. In December 2014, the BBC Executive (hereafter, the Executive) submitted proposals to the BBC Trust for a package of changes to the UK public services, comprising:
- the closure of BBC Three as a broadcast channel in the autumn of 2015
 - the reinvention of BBC Three as an online-only offer
 - the evolution of BBC iPlayer from primarily a catch-up service to one that also offers online-first BBC content and selected third-party content
 - the launch of a +1 channel for BBC One
 - extended hours for CBBC; and
 - increased investment in drama on BBC One
- 1.1.2. The Executive plans to use the estimated £50m savings¹ from the closure of BBC Three to fund the changes. While the drama investment is not subject to Trust approval, it is linked to the package of proposals: the Executive has confirmed the financial dependency between the BBC One investment and the closure of BBC Three as a broadcast channel. The investment has therefore been reflected in the proposal and will be factored into our assessment but is not subject to our approval.²
- 1.1.3. The Trust decided that the proposals constituted a significant change³ to the UK Public Services (under the [Charter and Framework Agreement](#)) and that it was therefore required to conduct a [public value test](#) ('PVT') before deciding whether or not to approve the change.

1.2. Overview of the public value test

- 1.2.1. The PVT is a key component of the BBC's system of governance, which took effect when the Charter and Agreement came into force on 1 January 2007. The Agreement provides that the BBC should be able to alter its UK Public Services, for example to respond to changes in technology, culture, market conditions and public expectations. However, any proposals from the Executive for a significant change must be subject to full and proper scrutiny. The means by which this takes place is the PVT.⁴
- 1.2.2. The PVT is a rigorous, evidence-based process featuring two consultation periods (figure 1). It is used to assess both the public value and the market impact of the proposals and comprises:
- a public value assessment, which assesses the public value expected to be created by the offering and is undertaken by the Trust; and
 - a market impact assessment, which assesses the effect of the proposals on providers of alternative products and services, and is undertaken by [Ofcom](#).

¹ The estimated saving that accrues as a result of the closure of BBC Three was calculated by the Executive on the basis of the approximate cost of running BBC Three in 2015/16. All figures in the application will be scrutinised as part of the Trust's assessment.

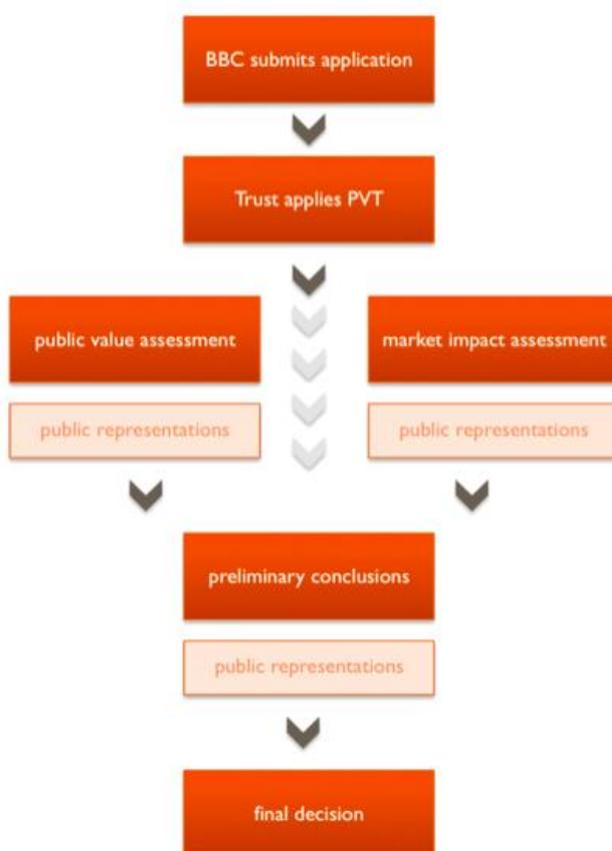
² The investment in BBC One is an editorial change within the terms of its service licence budget and so does not require BBC Trust approval. Nevertheless, the Executive recognises that the proposal to increase investment in BBC One is a factor in the decision to close BBC Three and could have implications for the other proposals that do require Trust approval.

³ In deciding on the question whether the proposed changes are significant, the Trust had regard to the four considerations set out in clause 25(2) of the Framework Agreement, which are impact, financial implications, novelty, and duration.

⁴ Clause 23.

- 1.2.3. The assessment commences with a four-week period of public consultation on the proposals (and this service description serves as a basis for that assessment). During this period, the Trust and Ofcom respectively invite representations on both the public value and the market impact of the proposals. The findings from the PVA and the MIA inform the provisional conclusions. These are published by the Trust and will then be subject to a second period of consultation.
- 1.2.4. The findings from the second consultation will guide the Trust in reaching its final decision. The Trust must (in particular) be satisfied that any likely adverse impact on the market is justified by the public value generated.⁵ Further, it must also be satisfied that the approval is consistent with the Trust's duties (including those under Articles 22 and 23 of the Charter).

Figure 1: *the PVT process*



The role of Ofcom

- 1.2.5. In undertaking the MIA, Ofcom will assess the effect of the proposals on other affected products and services. It will consider both the direct impact on consumers and producers of other services, for example in terms of price and choice, and the likely impact on competition and market development, which will affect consumer and citizen interests in the longer term. Further information on the role of Ofcom can be [found here](#).

Timetable for assessment

- 1.2.6. A PVT must normally be completed within six months although a longer timetable is permitted if justified by the circumstances.⁶ The Trust intends to complete this PVT within six months.

⁵ Clause 26(6).

⁶ Clause 27.

However, given the nature of the proposals (in particular, the fact that a service is proposed to be closed and a novel online one put in its place, and the complexities of assessing a package of proposals presented together), it will re-evaluate the timetable following the first period of consultation.

1.3. Purpose of this document

- 1.3.1. This document sets out a description of the proposals. It has been drafted by the Trust and is intended to outline our understanding of the proposals and to provide clarity on the terms and scope of the proposals that will be assessed by the Trust during the PVT. As part of our assessment we are inviting responses from audiences and stakeholder groups and these will inform both the PVA and MIA.
- 1.3.2. The details provided here are intended as a guide to the nature of the proposed services for the purposes of the PVT. These should not prejudge whether any new [service licence](#) is required.
- 1.3.3. We have included, at the end of this document, a glossary to assist readers in understanding the terms used.

2. Strategic context

2.1. Introduction

- 2.1.1. The Executive has explained⁷ that its proposals are designed to respond to challenges posed by the external environment, reduced income and a structural shift in media consumption, in particular:
- the competitive landscape has changed, with the emergence of global media brands offering new services and investing in global genres, such as drama and entertainment
 - the amount of funding available for the BBC to spend on its UK public services will be 26% less in real terms than it would have been by 2016/17, as a result of the licence fee freeze and new obligations placed upon the BBC by Government.⁸ Given these financial constraints, the Executive submits that it is not possible to maintain the quality of the main television services through marginal cuts to existing programme budgets. Sufficient savings within the portfolio can be found only by closing a television service, alongside continued efficiencies
 - a gradual transition to on-demand and a structural shift in media consumption has significantly affected the ability of the BBC to reach a younger audience: 16-24s watch 14% less television than four years ago.⁹ Non-linear television viewing is growing: it accounts for 28% of average daily viewing for 16-24 year-olds, but is expected to reach 40% by 2020¹⁰

2.2. Rationale for the proposals

- 2.2.1. The proposals are presented by the Executive as an overall package, being both strategically and financially linked. In particular, the package reflects the strategic priorities of the BBC in this Charter period to innovate online and to improve its broadcast channels.

Closure of BBC Three and its reinvention online

- 2.2.2. The Executive has explained that the closure of BBC Three as a broadcast channel is motivated by financial necessity and the need to deliver savings following the 2010 licence fee settlement. The closure is happening earlier than would otherwise be the case in a better financial environment – the Executive would prefer to wait for a greater shift to on-demand viewing before making any such change. It predicts that the premature closure of the channel will result in a short-term reduction in the BBC's reach and share among a younger audience.
- 2.2.3. However, the Executive also believes that the move creates a strategic opportunity, given the propensity of young audiences to watch television programmes via BBC iPlayer. It views the proposals as a test bed to help the BBC better prepare for a digital future; build a deeper relationship with younger audiences and understand how they use new forms of content. It has defined the core objectives of the new service as follows:

⁷ In its application.

⁸ The 2010 settlement froze the current licence fee for six years and imposed additional obligations on the BBC, these being the cost of funding the World Service and BBC Monitoring; some of the costs of Welsh language television channel S4C; and support for broadband rollout and the establishment of commercial local television services across the UK. As a result, in 2016/17, the BBC will have less to spend in real terms on its existing services.

⁹ Source: BBC audience analysis of BARB data (2013 vs 2010).

¹⁰ Source: Enders Analysis.

- To reach a wide range of 16-34 year olds each week with content that enriches, stimulates and informs them
- To encourage their involvement by ensuring that they feel part of BBC Three
- To innovate, building demand for new forms of content and services
- To expand the market for the providers of digital entertainment, information and education for 16-34 year olds in the UK; and
- To aid the discovery and promotion of the best of British talent.

2.2.4. While proposals entail the closure of the broadcast channel, BBC Three long-form programmes would air on BBC One or BBC Two (in late night slots, after they had premiered online) during the early years of the service.

2.2.5. The Executive plans to use the estimated £50m savings from the closure of BBC Three to develop the channel online, evolve BBC iPlayer, launch a BBC One+1 channel, and help to strengthen drama on BBC One.¹¹

Alternative options to closure

2.2.6. The Executive claims that the only alternative to the closure of BBC Three is the closure of another service (or services) or cuts across a range of services. Further, cuts to other services would affect the performance of BBC television channels. Given these considerations, the Executive believes that the closure of BBC Three is the 'least worst' option, particularly given that BBC Three audiences are more likely than other groups to make the transition online.

2.2.7. Furthermore, the Executive claims that the move online of BBC Three delivers certain strategic benefits that the closure of an alternative service would not provide. Similarly, scaling down BBC Three rather than closing it would not deliver sufficient financial savings (while still delivering the remit of the service) or present the strategic opportunity to reinvent it online.

Changes to BBC iPlayer

2.2.8. The Executive has explained that the changes to BBC Three, the proposals for online premieres, the inclusion of selected third-party content and the recent inclusion of Radio 1 video are the main ways in which the BBC will evolve iPlayer, from a predominantly catch-up service to one that offers more online-first and online-only content. Recognising a shift towards online viewing, BBC iPlayer will provide a gateway to the full breadth of BBC content and potentially enable the BBC to better deliver its public service mission to a younger audience.

Launch of BBC One +1

2.2.9. BBC One+1 would be broadcast 24-hours a day, seven days a week in standard definition. The service would show BBC One programmes one hour later than BBC One, except that, when BBC One shows a regional programme, BBC One+1 would instead carry the BBC News channel.

2.2.10. BBC One+1 would be broadcast on all television platforms, DTT (Freeview, Youview), cable (Virgin Media), and satellite (Sky, Freesat). However, on DTT, it would only be available initially to households with a Freeview HD or YouView television or set-top-box; as these are the only devices capable of receiving the channel (further information is provided at section 3.4).

2.2.11. The Executive has explained that BBC One+1 supports a strategic objective to better serve the audience by increasing the availability of programmes for those who do not use BBC iPlayer or

¹¹The estimated £50m saving that accrues as a result of the closure of BBC Three was calculated by the Executive on the basis of the approximate cost of running BBC Three in 2015/16. All figures in the application will be scrutinised as part of the Trust's assessment.

have access to broadband. It further hopes that the channel will strengthen the television portfolio and help to mitigate the short-term loss in reach to 16-34 year-olds that is likely to result from the closure of BBC Three.

Alternative options

- 2.2.12. The Executive considered several alternatives, including a +1 service that carried regional and national opt-outs and a peak-time only service. However these options were found to incur greater costs (in the case of regional opt-outs) or to deliver less value to audiences (in the case of a peak-time only service) and were subsequently discarded.

Extended hours for CBBC

- 2.2.13. The Executive wants to use some of the capacity made available by the closure of BBC Three to extend the broadcast hours of CBBC by two hours, from 7pm until 9pm. The rationale put forward by the Executive is twofold: the proposals support the transition of audiences from CBeebies to CBBC (as highlighted in the BBC Trust's [review of BBC's children's services](#) published in 2013) by offering younger viewers programmes when CBeebies closes at 7pm. Further, continuing dramas are typically scheduled between 7pm and 8pm on other channels (BBC One and ITV) and hold strong appeal for 10 to 12-year-olds. By focussing the second hour on this age group, the BBC would avoid scheduling against other popular shows, while still offering older viewers distinctive programming and attempting to stem the decline in viewing among this age group.

Alternative options

- 2.2.14. Analysis undertaken by the Executive showed that a 24-hour +1 channel delivered more benefit than a peak-time only service (as above) but this precluded the use of the BBC Three broadcast capacity. The Executive had also considered selling the capacity on the PSB-3 multiplex made available by the closure of BBC Three but concluded that the commercial case did not outweigh the benefits of using the capacity for CBBC.¹²

Increased investment in drama on BBC One

- 2.2.15. The Executive plans to strengthen drama on BBC One with an additional investment of c.£30m, of which around one third would be funded by cost savings resulting from the closure of BBC Three as a broadcast channel (net of the costs of the other changes: see table 5).¹³ While the investment is not subject to Trust approval, it is linked to the package of proposals: the Executive has confirmed the financial dependency between BBC One investment and the closure of BBC Three as a broadcast channel. The investment has therefore been reflected in the proposal and will be factored into our analysis.

¹² The Executive will continue to consider potential uses for the remaining capacity.

¹³ All figures in the application will be scrutinised as part of the Trust's assessment.

3. Description of the proposals

3.1. Introduction

- 3.1.1. The Executive is seeking permission for changes to the UK public services, comprising:
- the closure of BBC Three as a broadcast channel in the autumn of 2015
 - the reinvention of BBC Three as an online-only offer
 - the evolution of BBC iPlayer from primarily a catch-up service to one that offers online-first BBC content and selected third-party content
 - the launch of a +1 channel for BBC One
 - extended hours for CBBC; and
 - increased investment in drama on BBC One
- 3.1.2. The Executive plans to use the estimated £50m savings from the closure of BBC Three to fund the changes. While the drama investment is not subject to Trust approval, it is linked to the package of proposals: the Executive has confirmed the financial dependency between BBC One investment and the closure of BBC Three as a broadcast channel. The investment has therefore been reflected in the proposal and will be factored into our assessment but is not subject to our approval.¹⁴

3.2. Closure of BBC Three and its reinvention online

- 3.2.1. Launched in 2003, BBC Three broadcasts every day from 7pm until 4am and is available on digital cable, terrestrial, IPTV and satellite platforms (from Freeview and YouView to Virgin Media, Sky and Freesat). The channel, which is aimed at the 16-34 audience, provides a mixed schedule encompassing:
- hourly news bulletins
 - current affairs
 - drama
 - entertainment
 - music
 - arts
 - animation
 - factual programming
- 3.2.2. In common with other BBC television services, the content budget for BBC Three has been reduced,¹⁵ with a corresponding reduction in the hours of originations shown on the channel. Between 2010 and 2013 original productions (as percentage of all hours) fell from 83% to 76%. Funding for BBC Three drama has been reduced to one original series each year and funding for factual and entertainment programmes before 9pm has also been cut.¹⁶ In the absence of the proposed changes, the BBC plans to further reduce the budget to BBC Three to the year 2016/17. At the same time, the performance of BBC Three has also suffered (between 2010/11

¹⁴ The investment in BBC One is an editorial change within the terms of its Service Licence budget and so does not require BBC Trust approval. Nevertheless, the Executive recognises that the proposal to increase investment in BBC One is a factor in the decision to close BBC Three and could have implications for the other proposals that do require Trust approval.

¹⁵ In 2010/11, the total content budget (including news and sport and other content related costs) for BBC Three was £84.7m, this fell to £81m in 2013/14. All figures provided by the Executive will be scrutinised by the Trust as part of its assessment.

¹⁶ The Executive wishes to propose a lowering of the quota for original productions to 60% (from the current level of 70%) which will apply to BBC Three as a broadcast channel for 2015 until its closure (assuming that is approved). The Executive will discuss this with the Trust in due course as part of the transitional arrangements.

and 2013/14, weekly average reach fell from 22.7 to 20.5.¹⁷) primarily due to external factors such as the shift in the viewing habits of younger audiences. In response, the Executive is seeking permission to close the linear channel in the autumn of 2015 and create in its place an online-only offer, targeted at 16-34-year-olds.

Content budget

- 3.2.3. The content budget for the new service will be c.£30m in 2016/17 (excluding news and sport and other content-related costs).¹⁸ In the first year, around 80% of the budget will be used to commission long-form programming, such as *Life and Death Row* and *Cuckoo*. The remaining 20% will be devoted to short and new-form content.¹⁹ The Executive plans to reallocate the level of investment in different genres as below (table 1).

Table 1: *proposed levels of investment in different genres*

Genre	Example programme	Proposed approximate budget
Drama	<i>Being Human</i>	Broadly maintained at current level
Entertainment	Factual and music events	Discontinued
Personality led Entertainment	<i>Jack Whitehall and his Dad</i>	Half the current level
Features and formats	Reality TV shows	Discontinued
Scripted comedy	<i>Cuckoo</i>	One quarter less than current level
Serious factual	<i>Our War, Murdered by my Boyfriend</i>	Double the current level
Acquisitions	-	Significantly reduced

Content offer

- 3.2.4. The content offer will reflect two editorial pillars; 'Make Me Laugh' and 'Make Me Think' (table 2).

Table 2: *indicative content offer*

Editorial pillar	Content genre and type	Example programmes ²⁰
Make me Laugh	<ul style="list-style-type: none"> Scripted comedy, commissioned and acquired, long, short and new-form Personality-led entertainment, long and short and new-form 	<i>Bad Education, Cuckoo, The Call Centre</i>
Make me Think	<ul style="list-style-type: none"> Drama, long and short-form Flagship factual programmes Authored documentaries Current affairs, short and new-form 	<i>Being Human, Life and Death Row, Our War, World's Worst Place to be Gay, Newsbeat</i>
Make Me Laugh and Make me Think	<ul style="list-style-type: none"> Humorous factual News bulletins 	<i>The Call Centre, Newsbeat</i>

¹⁷ Executive application, 'Public Value Assessment of the Reinvention of BBC Three Online and Related Proposals', pp.18.

¹⁸ This compares with £58m (excluding news, sport and other content related costs) to run the service in 2013/14 and a forecast c. £60m television content budget (excluding news, sport and other content related costs) for 2016/17 for BBC Three.

¹⁹ Short-form content can be defined as short audio visual programmes (e.g. BBC Three Comedy feeds or BBC Drama shorts) which have a narrative arc. New-form content includes but is not limited to text-based content (articles, blogs, and tweets); images; video clips; animation and interactive content (that allows, for example, users to comment or vote on content).

²⁰ These serve only as examples of the type of programmes that could be broadcast, but do not necessarily represent definitive titles.

- 3.2.5. Audiences will be encouraged to comment on programmes and exchange views, using interactive features and social media networks, such as Facebook or YouTube. The content offer will be supplemented by blogs, behind the scenes information, and Q&A material.

Make me Laugh

- 3.2.6. Make me Laugh will feature scripted comedy such as commissioned series (covering young people's lives, satire, spoof and situation comedy, etc.) and personality-led pieces. While the BBC will continue to acquire series, the focus will be on BBC originated comedy.
- 3.2.7. BBC Three is likely to commission scripted comedy titles, scripted specials and comedy feeds. The bulk of personality-led pieces will be short-form and new-form content²¹ (in the first year, on average one piece a day), supplemented by long-form comedy series.

Make me Think

- 3.2.8. Current affairs programmes and documentaries will be available on a daily, weekly and monthly basis, while new-form content will be published daily. Over the course of a year, there will be flagship factual series, as well as series and singles for seasons and one-off events. The editorial focus for flagship factual will be on 'agenda-setting' seasons (for example, mental health issues affecting young people in Britain today). Authored documentaries will also play a prominent role in the content mix. Overall, the Executive plans to increase investment in serious factual programming from current levels and discontinue existing features and formats.

Collaboration with other BBC services

- 3.2.9. BBC Three will offer its audiences news and sport in collaboration with other parts of the BBC where editorially relevant (the example given by the Executive is [Newsbeat](#), the flagship news programme on Radio 1).
- 3.2.10. It will also collaborate with other BBC services to provide an editorial perspective on sport or entertainment, with a selection of shared editorial calendar moments, such as major sporting events and festivals. BBC Three will use productions from BBC Sport to provide an alternative analysis or background story (e.g., Radio 1 Scott Mills' commentary on the World Cup). It hopes to work closely with CBBC and CBeebies on such issues as parenting; and with Radio 1 to develop new talent, cross-commission and collaborate on the production of short-form content.

Existing acquisitions

- 3.2.11. Some popular programmes which are currently shown on BBC Three (but are not available on BBC iPlayer) will remain on other BBC television channels for the time being. Selected acquired titles will move to BBC Three online, subject to ongoing editorial decisions and wider business considerations.

²¹ New-form content includes but is not limited to text-based content (articles, blogs, and tweets); images; video clips; animation and interactive content (that allows users to vote or comment on content, for example).

Release schedule

3.2.12. BBC Three online will provide a curated offer with the following indicative schedule:

- **daily:** originated new-form which will include a mix of current affairs, personality-led entertainment, *Newsbeat* bulletins and BBC Radio and BBC Sport collaborations covering major sporting events like the World Cup e.g. *World Cup's Dirtiest Tackles*. The Executive plans to publish over 100 pieces of different short and new-form content a month
- **weekly or monthly:** originated scripted comedy and factual series or singles as well as acquired scripted comedy and drama
- **ad hoc:** the release of BBC Three archive content (i.e., content beyond the initial catch-up window) depending upon factors such as cost and audience expectations

3.2.13. The exact volume of content released is likely to vary from month to month, and the Executive would like the flexibility to evolve the service over time. However, as a guide, it has provided the approximate overall mix of content available on a monthly basis, set out in table 3, below.

Table 3: overall mix of content available on a monthly basis

Content type	Example programmes	Availability on monthly basis
Originated BBC content	<p>Make me Laugh: long-form and short-form scripted comedy and comedy entertainment, supporting content (articles, blogs, images), daily personality-led short and new-form content</p> <p>Make me Think: long-form and short-form flagship factual and authored documentaries, supporting content (articles, blogs images), daily current affairs (short and new-form)</p>	<ul style="list-style-type: none"> • c. five hours of long-form • c.100 pieces of new-form (three a day)
Originated and shared	Make me Laugh and Make me Think: short and new-form content covering sports, daily Newsbeat bulletins and shared Radio 1 footage	<ul style="list-style-type: none"> • c.34 pieces
Catch-up and archive	Long-form programming covering Make me Laugh and Make me Think: catch-up series previously released and BBC Three archived series	<ul style="list-style-type: none"> • c.30 hours
Acquired	Long-form comedy and drama covering Make me Laugh and Make me Think	<ul style="list-style-type: none"> • c. three hours

Content window

3.2.14. BBC Three programmes are currently available for 30 days online after every transmission (first run and repeats) on the linear channel.²²

Long-form programmes

3.2.15. Under the proposals, all BBC Three long-form programmes would:

- be available online for up to 24 x 30 days over a five-year period²³
- premiere online and (at a later date) air on BBC One (potentially in a branded BBC Three time zone after the 10 o'clock news) or BBC Two (again late at night), at least in the early years of the service

3.2.16. For some selected titles the BBC may seek even greater online availability, mirroring its ability to purchase additional rights to enable further repeats for linear transmissions.

3.2.17. Appropriate technological means will be used to limit BBC Three long-form programmes to both the window of availability and the UK territory.

Short and new-form content

3.2.18. Under the proposals, most short and new-form content would be available for longer than the window envisaged for long-form programmes (as standard).²⁴

Content availability

Access to BBC Three content from other BBC services

3.2.19. The BBC Three content offer would be available on a range of BBC services – on a dedicated website on bbc.co.uk, on programme pages on BBC Online, on BBC iPlayer and, subject to technical considerations, potentially on Connected Red Button.²⁵ Some programmes would also be shown on BBC One and BBC Two. The dedicated website (figure 2) will provide a gateway to:

- the BBC Three 'daily stream' of topical, shareable short and new-form content aimed at making BBC Three audiences laugh and think
- a curated stream of BBC Three content available on a continuous loop
- the latest releases of long-form programmes available on BBC iPlayer; and
- other BBC content

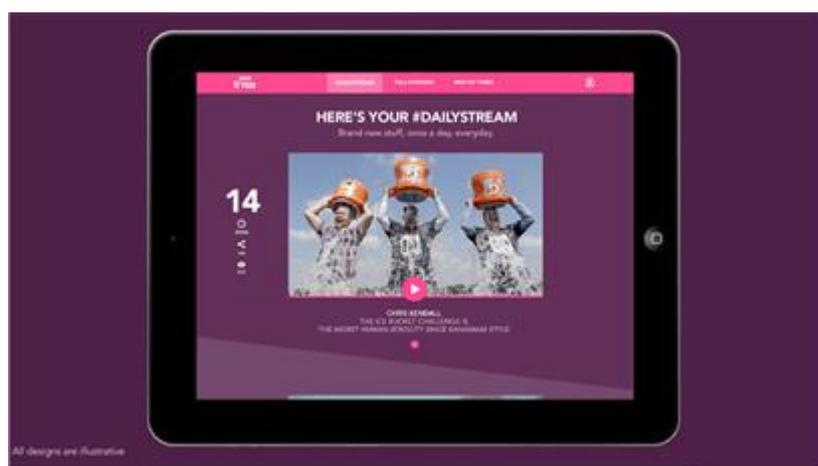
²² Due to the fact that scheduling patterns vary from programme to programme, the length of time an individual programme is available on BBC iPlayer varies. BBC Three programmes are often repeated several times and are therefore available for more than 30 days in this way.

²³ The Executive anticipates that long-form programmes will continue to be made available in blocks of 30-day periods, mirroring the availability of long-form programmes on BBC television channels, where programmes have an initial showing and a certain number of repeats. Under proposals, the BBC may host seasons such as 'binge weekends' similar to the Netflix model.

²⁴ Given the experimental nature of BBC Three online, The Executive has proposed reviewing arrangements after two years.

²⁵ BBC Three content will be available on BBC iPlayer which is accessible through Connected Red Button. There are no current plans by the Executive to build a separate BBC Three environment within connected red button (as per news, sport and weather) although it may wish to do this at some future point, as per its application.

Figure 2: *BBC Three dedicated website*



Access to BBC Three content from television platforms

- 3.2.20. Consistent with the [on-demand syndication policy](#), BBC Three content will be available on third-party platforms and services. The BBC operates a standardised model with television partners²⁶ whereby its linear and on-demand content is made available by means of the standard BBC iPlayer product. BBC Three content would therefore be available on all devices supporting BBC iPlayer.²⁷
- 3.2.21. The BBC will also work with television platform providers such as Sky, Virgin Media, YouView, Freesat and Freeview to provide access to BBC Three content in other ways via their interfaces (by for example the use of Red Button).

Access to BBC Three from video-sharing and social media platforms

- 3.2.22. BBC Three content will also be available on video-sharing and social media platforms, such as YouTube, Facebook and Twitter. Each platform would have a specific role and certain content may be unique to a particular platform.²⁸ For example:²⁹
- YouTube could be used to promote a single editorial pillar (such as short-form comedy) and to show first episodes simultaneously with BBC Online
 - Facebook could be used to engage audiences and allow them to comment and vote on content
 - Twitter could be used to promote forthcoming events or programmes, share plotlines and enable audience involvement in storylines, using (for example) fictional Twitter accounts for immersive story telling (figure 3)
 - Instagram could be used to provide 'behind the scenes' information and as a 'narrative tool' to create and develop stories.

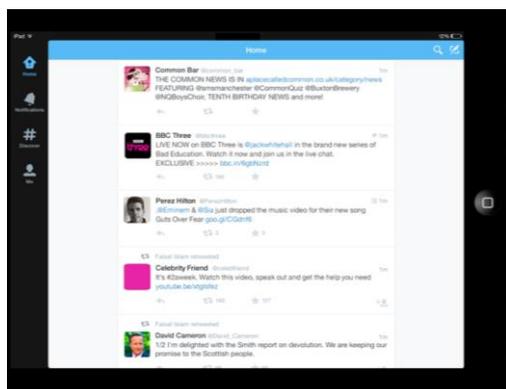
²⁶ Included in this definition are connected-televvisions, pay-television platforms, games consoles, set top boxes, media streaming devices and BluRay players.

²⁷ Virgin Media's legacy platform (Liberate) is only able to offer a reduced BBC iPlayer service. BBC Three online may not therefore be available to these users.

²⁸ The Executive maintains that any differences in the availability of BBC Three content across different platforms will be on the basis of clear objective criteria reflecting such factors as the functionality of a platform, the demographics of its users, their expectations of the experience on that platform, and other content propositions that have been successful on that platform.

²⁹ Subject to the agreement of commercial terms and compliance with the on-demand syndication policy.

Figure 3: indicative use of Twitter to promote events or programmes on BBC Three



3.3. Evolution of BBC iPlayer

3.3.1. While BBC iPlayer is primarily a television catch-up and simulcast service, it also provides access to a small amount of non-broadcast audio and video content.³⁰ The Executive would like to increase the amount of non-broadcast (online-only) content in BBC iPlayer (as part of its proposals for BBC Three) and, as part of a wider strategy, improve the curation, prominence and availability of its content.³¹

3.3.2. In addition to its plans for BBC Three (which will increase the amount of online only content) the Executive plans to evolve BBC iPlayer in two specific ways:

- to premiere some programmes on BBC iPlayer (before they are broadcast on a linear service)
- to include selected content commissioned by third parties

3.3.3. While BBC iPlayer will remain, primarily, a catch-up service, and broadcast content will continue to make up the overwhelming majority of its inventory, the proposed change represents a shift in the nature of the service.

Online premieres

3.3.4. Over the last year, the BBC has conducted a premiering trial which enabled up to 40 hours of programmes to be shown on BBC iPlayer prior to broadcast on BBC television. On the basis of its findings, the BBC would like to make online premieres available across its television portfolio permanently to the effect set out in table 4.

Table 4: summary of the proposal, average number of online premieres per year by channel

Channel	No. of titles	Example programmes
BBC One, BBC Two, BBC Four	c. five in total across the three channels	
CBBC and CBeebies	c.20 across the two channels	<i>Wolfblood, Dani's Castle</i> <i>Alphablocks, Woolly & Tig</i>

³⁰ See section 2 of the BBC Online service licence.

³¹ This could either through iPlayer specific commissions (although no additional budget has been assigned for this purpose) or by incorporating video content from elsewhere on BBC Online, such as the recent inclusion of Radio 1 video on BBC iPlayer.

- 3.3.5. Under the proposals, the BBC would premiere a small number of programmes from BBC One, BBC Two and BBC Four, mostly to introduce new talent and to enhance the schedule (by offering, for example, 10.35pm drama at the earlier time of 9pm on BBC iPlayer). This would amount to around five titles per year across the three channels. Assuming 10 episodes per title, with durations of between 30 and 60 minutes, this would result in an additional 25 to 50 hours' worth of programming available online in advance of linear transmission.
- 3.3.6. Following premieres of *Hank Zipzer* and *4 O' Clock Club* (under the trial permissions), the Executive would like to premiere more titles from CBBC and CBeebies on BBC iPlayer. Depending on the commissioning slate (i.e. some series would be more suitable for online premiering than others) and the performance of subsequent premieres, it anticipates that CBBC and CBeebies combined could premiere around 20 titles a year by FY2016/17.
- 3.3.7. The BBC would premiere the following types of programmes for CBBC:
- Drama aimed at the 10-12 year-olds, which could also repeat in the 8-9pm hour (in accordance with the proposal to extend CBBC hours until 9pm). Examples of this kind of drama include *Wolfblood*, *Dani's Castle* and *Millie In Between*
 - Comedies such as *Class Dismissed*
- 3.3.8. It is unlikely that returning series with an established audience would be premiered.
- 3.3.9. Under the proposals for CBeebies, the BBC would premiere different formats, with a particular focus on titles which are shorter in duration and those where the BBC wants to build a television audience. For example:
- Programmes with a learning angle such as *Alphablocks* and *The Lingo Show*
 - Short (five minute) versions of programmes such as *Woolly & Tig*, *Something Special* and *Swashbuckle*
 - Programmes which deal with problem-solving, such as *Bing*, *Tee and Mo*
- 3.3.10. For certain dramas such as *Katie Morag*, *Topsy and Tim* and *Jamilla*, where a premiere on the television channel encourages shared family viewing, the BBC is unlikely to premiere online.

Premiere window

- 3.3.11. The exact length of the premiere window will vary depending on what the BBC is hoping to achieve (i.e., to raise awareness, generate interest or reach a new audience). In most cases, programmes would not premiere more than seven days in advance of linear transmission.

Content that will not premiere online

- 3.3.12. There are certain types of programmes that BBC Television does not plan to premiere online:
- programmes that may contain spoilers that the BBC would not wish to appear on social media sites, potentially including the majority of drama programmes
 - any programmes where the BBC wanted to maximise the sense of a shared viewing experience, for example, entertainment programmes such as *The Apprentice* or *The Voice*
 - programmes for which the BBC does not hold the rights to show on BBC iPlayer – either at all or in advance of a channel transmission (e.g. some acquired programming)

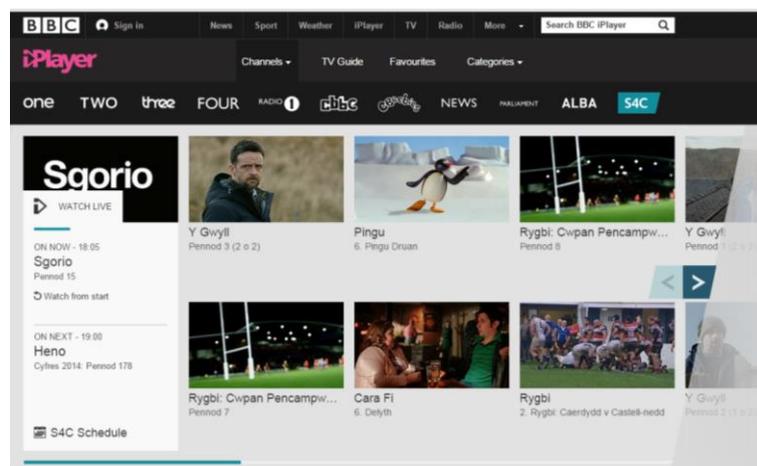
Proportion of non-broadcast video content on iPlayer

- 3.3.13. A very small proportion of video content on BBC iPlayer is non-broadcast; over the course of the financial year 2014/15 an estimated 0.5% of hours of content published will be non-broadcast.

Inclusion of third-party content

- 3.3.14. Currently only content that is commissioned or acquired by the BBC is hosted on BBC Online, although programmes from [S4C](#), the Welsh language public service television channel, have been available on BBC iPlayer since November 2014 on an experimental basis, as agreed by the Trust (figure 4).

Figure 4: *S4C in BBC iPlayer*



- 3.3.15. Under proposals, the BBC may engage in similar partnerships with institutions that share its values (as opportunities arise) to make available third-party commissions within BBC iPlayer. The example given by the Executive is [The Space](#), an online gallery set up by the BBC and the Arts Council of England where digital artists can showcase their work.
- 3.3.16. In developing proposals as to how content would be selected or integrated, the Executive would have regard to the following principles:
- third parties would be limited to not-for-profit cultural and arts organisations, such as the Arts Council
 - proposals would need to demonstrate that they support the BBC's public purposes
 - proposals would need to be consistent with and help to support the BBC's strategic objectives. For example, the inclusion of third-party content could help develop digital capability in organisations, thus supporting BBC ambitions to support the wider creative economy.
- 3.3.17. Furthermore any proposals would be subject to internal regulatory scrutiny and would need to comply with the BBC Fair Trading Guidelines. In addition, third-party content would need to comply with the BBC Editorial Guidelines.

3.4. Launch of BBC One+1

- 3.4.1. The Executive would like to launch a +1 channel for BBC One. The new service, BBC One+1 would broadcast 24-hours a day, seven days a week in standard definition. The service would show BBC One programmes one hour later than BBC One, except that, when BBC One shows a regional programme, BBC One+1 would instead carry the BBC News channel.

Availability

- 3.4.2. BBC One+1 would be broadcast on all television platforms: DTT (Freeview, YouView) cable (Virgin) and satellite (Sky, Freesat). However, on DTT from launch, BBC One+1 would only be available to households with a YouView or Freeview HD television or set top box. This is because the service on DTT would be broadcast on the PSB-3 multiplex and households would need a YouView or Freeview HD television or set top box in order to receive it.³²
- 3.4.3. The Executive would like to make the service available to all Freeview households in due course but this will depend on technological developments.³³

Finding BBC One+1 on digital television

- 3.4.4. The ease with which viewers can find the BBC One+1 service will depend in part on the position it is given on the electronic programme guide (or EPG).³⁴ The Executive currently does not know which EPG position a BBC One+1 channel would occupy on each platform (Sky, Freeview etc.). It would like BBC One+1 to be available in a prominent position that makes it easy to find, but the outcome will depend on the listing policies of each particular platform.

3.5. Extension of hours for CBBC

- 3.5.1. CBBC currently broadcasts from 7am to 7pm every day of the week. As defined in its service licence it broadcasts a *'wide range of high quality, distinctive content for 6-12 year olds, including drama, entertainment, comedy, animation, news and factual'*. It is available on DTT, cable and satellite and via BBC iPlayer, in both SD and HD on every platform. CBBC shares capacity with BBC Three (and this is the case for both SD and HD variants on all platforms).
- 3.5.2. Under the proposals, the Executive wants to use the capacity made available by the closure of BBC Three to extend the broadcast hours for CBBC by two hours, from 7pm to 9pm. It hopes that the extension will enable the BBC to better meet the viewing needs of the audience; television reach for 6 to 12-year-old audience peaks between 7pm and 9pm, after CBBC closes.³⁵
- 3.5.3. Under the proposals, the first hour would be used for programmes with appeal for 6 to 9 year-olds, and the second hour for programmes which appeal to the older 10 to 12 year-old audience.
- 3.5.4. The Executive is not proposing an increase to the current content budget for CBBC. During the extended two hours, the schedule would run repeats of such programmes as *Wolfblood* and *The Dumping Ground*.

³² The BBC uses two multiplexes, PSB1 and PSB3 to broadcast its television channels. All Freeview homes are able to receive television services broadcast on PSB-1. However, because PSB-3 uses a more advanced technology (known as DVB-T2) only homes with a YouView or Freeview HD television or set-top-box can receive its services. Space on PSB-1 is limited however, and PSB-3 is currently the only multiplex with enough capacity to accommodate a 24-hour a day channel.

³³ At the moment, space on the PSB-1 multiplex (which is available to all Freeview homes) is limited and it will require further developments in compression before it has the capacity to carry another service. These developments are outside the BBC's control but it plans to continue to work with suppliers to monitor and influence technology improvements.

³⁴ Which is used to choose and access programmes on digital television.

³⁵ Source: BARB, (20014) 'Total TV Kids', Guests Weeks pp.1-27.

3.6. Overall costs

- 3.6.1. Assuming a launch date in autumn 2015 for each of the proposals, table 5 provides the Executive's estimate of the cost of each proposal in 2017/18.³⁶ The Executive plans to use the remainder of the savings from the closure of BBC Three to help strengthen drama on BBC One.³⁷

Table 5: *estimated costs in 2017/18*

	BBC Three online	BBC One +1	CBBC hours extension	BBC iPlayer evolution
Content and content related costs	£31m*	[- REDACTED]	Zero	[- REDACTED]
Non-content (distribution and transmission) costs	<£1m	[- REDACTED]	Zero	[- REDACTED]
Total	£31m**	£5m	negligible	£1m

* estimated content spend has a degree of sensitivity as it does not include other content-related costs but includes spend on television content and news and sport

** excludes 'other content-related costs'

³⁶ These figures, and the assumptions underlying their calculation, will be scrutinised as part of our analysis.

³⁷ The Executive plans to strengthen drama on BBC One with an additional investment of c. £30m, of which around one third will be funded by cost savings resulting from the closure of BBC Three as a broadcast channel.

Glossary of terms

Broadband	Always on, high-speed connection to the internet, capable of supporting high bandwidth services, such as video
Curation	The way in which content is organised and displayed by a content provider, such as the BBC
DTT	Digital terrestrial television (also known as Freeview)
EPG	Electronic programme guide
FRND	Fair, reasonable and non-discriminatory terms
HD	High definition
IP	Internet protocol, a method by which data (e.g. email, video) is sent from one computer to another on the internet
iPlayer	Online, on-demand catch-up BBC service, which allows users to watch BBC programmes from the previous 30 days
IPTV	Internet protocol television; digital television delivered over a 'closed' IP network infrastructure and engineered to provide service to a high quality to the subscriber.
Linear content	Refers to scheduled broadcast television content
Long-form content	Full length programmes or episodes, typically more than 30 minutes in duration (known also as long-form programmes)
MIA	Market impact assessment, undertaken by Ofcom to assess the market impact of new BBC proposals. This forms part of the public value test, below
Multiplex	A multiplex is a bundle of television services that has been digitised, compressed and combined into a data stream for transmission to viewers over a single channel
New-form content	New-form content includes but is not limited to text based content (articles, blogs, tweets); images; video clips; animation; and interactive content that, for example, allows users to vote for or comment on programmes
On demand	Allows users to select, stream or download, store and view film and television programmes, usually within a certain timeframe, using a digital cable box or online service
PVA	Public value assessment, undertaken by the Trust to assess the value of BBC proposals, including value to licence fee payers,

value for money and wider societal value, this forms part of the public value test, below

PVT	Public value test; any significant proposals for change from BBC Executive must be subject to full and public scrutiny. The means by which this scrutiny takes place is the public value test. A PVT is a thorough evidence-based process, which considers both the public value and market impact of proposals. During PVTs, the BBC Trust will consult the public to ensure its decisions are properly informed by those who pay for the BBC
SD	Standard definition
Service licence	The Trust aims to ensure that the BBC offers high quality and original services for all licence fee payers. To help deliver this, it sets out the remit and expectations for each BBC service – and how that service will create public value by delivering the BBC's public purposes – in a published licence
Short-form content	Short audio-visual programmes which have a narrative arc
Simulcast	Simultaneous broadcast; the broadcasting of programmes across more than one medium at exactly the same time.
UGC	User generated content produced by end-users as opposed to traditional media producers, broadcasters, publishers etc.
Q&A	Questions and answers