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The BBC's Role in the Changing Production Ecology of Pre-School Television in Britain

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Introduction

What has happened to Granada Kids is just the beginning and is symptomatic of the entire kids independent industry. Unless radical steps are taken to restructure the way that public service spend is focused on kids there will be no industry left in a few years time. I can't say that more clearly or loudly. (Anne Brogan, Controller of ITV Kids Production, Shocomotion Children's Media Conference, Sheffield 8 July 2006).

In a paper about the BBC's role in the changing production ecology of pre-school television, it might seem rather odd to start off with a reference to ITV, its arch commercially funded terrestrial rival. However, the reference does serve to emphasise that the BBC's contribution to children's media is not simply an isolated phenomenon, but part of a wider ecology that revolves not just around the competitive institutional relationships, dependencies and professional practices of broadcasters, but also relates to a broader community of producers, writers, distributors, rights owners and co-funders. One change – in this case ITV's decision in June 2006 to close its children's production unit – can affect that ecology, disrupting and re-ordering these complex relationships.

Anne Brogan's statement also serves to underline that the public service obligations associated with children's television also apply to commercially funded terrestrial broadcasters in Britain – ITV, Channel 4 and Five (but not their digital-only services, ITV2, 3, 4; E4 and More4). Children's television has been protected by successive UK regulators (ITA, IBA, ITC), because of the perceived vulnerability of young

audiences and the harsh realities of a commercial marketplace, which may run counter to the 'well-being, needs, wishes, rights and wants of children', who are not to be viewed as consumers but as 'citizens in the making' (Messenger Davies, 2004: 10). As children's television is regarded as a key public service genre, Ofcom, the current UK regulator, requires ITV1 to transmit 8 hours of children's television a week as part of its public service obligations (ITV, 2006)ⁱ, which also include a commitment that 65% of the ITV1 schedule is originally commissioned. The 2003 Communications Act states that ITV and Channel 5's public service remit encompasses the 'provision of a range of high quality and diverse programming' (s. 265 (2) including 'what appears to Ofcom to be a suitable quantity and range of high quality and original programmes for children and young people' (s. 264 (6)h, Communications Act, 2003). As a consequence of these conditions ITV's annual expenditure of £25m on children's productions comes second only to the BBC with £76m (Broadcast, 2006: 23).

However, a more competitive commercial environment, the continued fragmentation of child audiences and declining advertising revenues have contributed to the weakening of the children's television sector in Britain. Towards the end of August 2006, having earlier announced that it was withdrawing from children's production, ITV then asked Ofcom to reduce its commitment to children's programmes on its terrestrial service, ITV 1, from 8 hours to 2 hours a week. The broadcaster is obliged to consult Ofcom for any proposed changes to its Tier 3 programming quotas. To the surprise of many in the industry Ofcom rejected the request at the end of September, but this does not mean that the children's sector is out of danger. ITV has indicated that it will approach Ofcom again (Revoir, 2006a: 1).

Bearing these recent developments in mind, and viewed against the wider setting of cultural production and global trends, this paper investigates the BBC's place within the broader production ecology of pre-school television and considers the following issues:

- 1) In the light of changes to the sector since the mid-1990s, what makes pre-school television significant both generally and as an ideal public service project?

2) What is the nature of the crisis in British children's television and what implications does this crisis have for the BBC's involvement in pre-school television?

3) How is the Corporation reacting to and managing the wider commercial, cultural, regulatory and technological forces that are likely to affect its strategies for the commissioning, production and acquisition of pre-school content?

What constitutes a production ecology?

But what exactly do we mean by the term production ecology? The term derives from Bourdieu's notion of a 'cultural field', a series of institutions, rules, rituals, conventions and categories that constitute the sites of cultural practice (Bourdieu, 2003; Webb et al, 2002). According to Simon Cottle, writing in this case about natural history programming, the term is helpful for examining not just the 'organisational relationships and dynamics that exist *within* a particular field of media production', but also those dynamics which operate 'inside individual media organisations' (2003: 170-1). By examining the broader field of production including institutional relationships, dependencies, key players and professional practices, we can gain a better understanding of media outputs and the internal and external factors that influence them. Focusing on the production ecology of pre-school television therefore means looking beyond the immediate sphere of any one organisation such as the BBC. It means examining the wider economic, technological, regulatory, commercial and cultural dynamics of production and how these forces are 'managed and creatively negotiated' (Ibid.) by broadcasters, producers, distributors, rights-owners and co-producers. It means looking at how players co-exist, co-operate and compete in a complex changing field and the impact of their decisions and actions on what children are offered as media content (see Cottle: 2004).

For the changing production ecology of British pre-school television, the period since the mid-1990s is particularly interesting because it not only coincides with the international success of BBC-commissioned series such as *Teletubbies* and *Tweenies*. It also coincides with the launch of the Corporation's dedicated pre-school channel, CBeebies, in February 2002. Together with the CBBC channel for older children, these were the first dedicated children's channels, wholly owned by a British broadcaster, and signalled a commitment to largely home-grown content and

production (see BBC, 2004a: 34-5). Recent developments also include the Corporation's growing engagement with independent producers as suppliers. The BBC was already obliged to meet a 25% statutory independent production quota. However, the WOCC (Window of Creative Competition) initiative, announced in December 2004 as an outcome of the BBC's Content Supply Review (Thomson, 2004) and implemented in 2006, opens up a further 25% of the BBC's programme needs to competition between its own in-house producers and independent producers. The children's department has already announced that 40% of its commissions will come from the independent sector in 2006/07 (Deverell, 2006), compared to the 28% of qualifying hours commissioned in 2005 (Ofcom, 2006a: 223).ⁱⁱ This suggests that the 28% proportion of the BBC budget spent on independent productions is likely to increase (Broadcast, 2006: 23). This greater engagement with independent producers promises to alter the competitive relationships and cooperative dependencies within the children's sector quite fundamentally – particularly if ITV pulls out of children's terrestrial television, leaving the BBC as the dominant commissioner of children's programming by an even larger margin.

Underpinning this research therefore is the perception that pre-school television provides a very good example of a production ecology governed by a rapidly changing and complex set of industry relationships and dependencies. It is a sector that demands content, which needs to satisfy a wide range of domestic and international circumstances and public service and commercial prerogatives. For the BBC this, as in many other areas of its activities (see Steemers, 2005), creates tension between its public service goals and commercial priorities, which not only include the satisfaction of audiences at home, but increasingly extend to the exploitation of children's content across a variety of platforms and international markets with a wide range of partners.

Why is preschool television significant in this context?

Preschool television, as one particular type of production ecology, provides a fascinating point of departure because it represents a microcosm of the broader changes in television. Pre-school television, like other television forms, has shifted from the 'scarcity' associated with the after-school and Saturday morning schedules

of terrestrial television in the 1980s to the ‘plenty’ provided by satellite and cable channels (see Ellis, 2000). The British children’s sector is now highly competitive with 23 channels, mostly owned by US companies, competing for children’s attention.

However, there is rather less provision for younger pre-school audiences, who are not as attractive to advertisers, because it is assumed by many in the industry that they are less able to express and act on their consumer preferences (see Steemers, 2004: 169). In the digital arena Nick Junior (a pre-school offshoot of US-owned Nickelodeon), Disney Playtime, and Tiny Pop compete with CBeebies. On terrestrial channel, ITV1 pre-school television is limited to a 15-minute block on weekday afternoons (3.00-3.15 and Saturday mornings (6.00-7.25). On Channel 4 there is an early morning slot comprising mainly long-running acquisitions (6-7am). Since 1997, terrestrial channel Five has built a strong reputation for its original preschool provision for *Milkshake!* a three-hour block, which airs from 6am (see Fantholme, 2006). Although it has a modest budget (£4-5m per annum) Five has made small investments in British projects and has incorporated a preschool block within Five Life, a new digital terrestrial channel which launched on the Freeview digital platform in October 2006. CITV, ITV’s digital channel for children, launched in March 2006 and screens preschool programming from 9.30 to 15.30. On BBC 1 pre-school programming is aired Monday to Fridays for half an hour from 15.25, but the bulk of terrestrial transmissions take place on BBC 2 – 8.30-10.30 on weekdays and 6.00-7.00 at weekends. Among the dedicated digital offerings, CBeebies is the only channel for younger children, not to carry advertising in keeping with BBC1 and 2.

The BBC, of course, has a much longer history of pre-school provision. Although earlier series had appealed to younger children, the BBC’s first television endeavour for younger children took place in July 1950 with the screening of *Andy Pandy*, the first BBC series aimed specifically at a pre-school audience up to the age of five (Oswell, 2002: 61). It emerged as a response to broader concerns about the effects of television and was designed to fit the domestic routines of children, watching together with their mothers, aligning television with ‘positive connotations of motherhood’ (Oswell, 1995: 38). With the launch in 1952 of *Bill and Ben*, these programmes were scheduled as a pre-school strand, *Watch with Mother* for daytime transmission.

However, according to Oswell, the pre-school audience is not natural but invented. Before the 1950s the BBC did not know how to *'imagine'* this audience. *Watch with Mother* therefore *'signifies the invention of this small audience for broadcasters and within the institution of broadcasting'* (Oswell, 1995: 37). The audience existed before but the distinctiveness and separateness of this audience for broadcasters came later (Ibid). A further indicator of the historical invention of the pre-school audience is the fact that pre-school means different things in different countries. For example in Scandinavia or Germany children start school later, so targeting programmes specifically at the under-fives seems rather artificial. And in some countries there are issues about the appropriateness of television for very young children (Steemers, 2004: 169).

Pre-school television is distinctive in other respects as well. It relates to an age-related audience and is not a genre in its own right. It comprises different genres (live action, animation, drama, information), or a mixture of different elements in one programme including storytelling, animation, music and movement, make and do, information and puzzles. The sector is also marked by several commonalities, which distinguish it from programming for older children. These include :

- 1) Producers who often specialise in pre-school programming, and *'see it as part of their job to be thoroughly well-informed about the audience'* (Messenger Davies, 1995: 16)
- 2) The underlying educational slant of the programming. The BBC, for example, insists on the educational underpinning of its pre-school programming, expressed through the slogan *'Learning through Play'* with most content linked to the Government's Foundation Stage curriculum (BBC, 2006a). Increasingly independent producers also use academic consultants to reinforce the educational value of their programmes and fend off criticism about merchandising.
- 3) The vulnerability of this particular age group who are not yet consumers like older children. They do not usually get pocket money and their ability to pester their parents is more limited. They are more emotionally and financially dependent on their

parents, who are much more important in making choices on their behalf, including their choices of viewing (see Messenger Davies, 2004: 10).

4) The international appeal of some pre-school properties. The simplicity of formats and the high use of animation and puppetry allows for easy dubbing, which enhances exportability. Moreover, as the audience gets older and moves on, younger children replace the previous audience. This means that programming can be repeated on a regular basis, ensuring a long shelf life in international markets unlike other types of programming such as drama or light entertainment.

However, it was not until the mid-1990s that Britain emerged as a leading producer and distributor of pre-school programming worldwide. Industry reports regularly identify the children's production sector as a valuable contributor to exports with long-running pre-school programmes such as *Bob the Builder* (HIT Entertainment), *Teletubbies* (Ragdoll/BBC Worldwide), *Tweenies* (BBC Worldwide), *Engie Bengie* (Granada International) and *Make Way for Noddy* (Chorion International) featuring in the top-25 list of best-selling programmes between 1998 and 2003 (BTDA, 2005:15). In the 1990s the paucity of funding from broadcasters for animationⁱⁱⁱ in particular, forced producers to seek external funding from international co-producers, foreign pre-sales and market flotation and predicate profitability on the back of consumer products and DVD revenues rather than from production. Although the risks are very high, the returns from success are considerable. In the case of the BBC, BBC Worldwide, its commercial subsidiary, operates a separate children's division for the global commercial exploitation of its children's brands for television, home entertainment and consumer products.

Pre-school television as a perfect public service project

For a public service broadcaster pre-school television is the perfect public service project, not only because there is 'a pre-disposed channel loyalty' from parents who grew up with the BBC's output, and still have affection for it (Messenger Davies, 2004: 6). At a glance pre-school provision ticks all the right public service boxes in respect of promoting learning and stimulating creativity, and although the BBC's competitors have always been ready to criticise it for its expansionist strategies in the

digital realm, they are rather more circumspect about criticising the Corporation's involvement in the pre-school sector.

In 2004 the Department of Culture, Media and Sport (DCMS) commissioned an Independent Review of the BBC's digital services (DCMS, 2004). Having considered the evidence, the Chair of the review, Professor Patrick Barwise called CBeebies 'a triumph, an exemplary PSB service' which had 'clear public value' (Ibid.: 37). In its submission to the inquiry, rival commercial broadcaster, Nickelodeon, spent 13 pages reviewing the BBC's dedicated service for older children, CBBC (too much animation, too many imports, declining levels of factual programming), but could find little to fault with CBeebies, which only attracted 3.5 pages of comment (DGA Metrics, 2004). According to academic, Professor Maire Messenger Davies, commissioned to analyse the channel's output as part of the inquiry, CBeebies was clearly differentiated from its competitors through its 'quality; home-grownness; distinctiveness from other channels; educational value; and lack of adverts' (2004: 38). The channel was also firmly distinguished from its competitors by link material which created a strong channel identity and connected visually and thematically with the website, in contrast to commercial channels where continuity was disrupted by advertising for snack foods and financial services (Ibid: 16-17). This evidence of its fulfilment of commitments in the pre-school sector was crucial and served as an important counterweight to earlier studies that had suggested that the Corporation, along with ITV, were becoming more reliant on imported animation and offering children less range in factual programming, storytelling and pre-school programmes (BSC, 1992: 4; Messenger Davies and Corbett, 1997: 252-3).^{iv}

A generous licence fee settlement in 1999 allowed the BBC to embark on a family of digital channels to help drive digital take-up and sustain its presence in a digital world. Greg Dyke, the former BBC Director General announced the BBC's intention of launching two dedicated children's channels in 2000 at the Edinburgh Television Festival. CBeebies and CBBC were given Government approval on 13 September 2001, and the annual spending by the BBC on children's television more than doubled from £40 to 90million (Nigel Pickard cit. in Brown, 2001a). Tessa Jowell, Secretary of State at the Department of Media, Culture and Sport saw the potential for these

services to create ‘a legacy from us to future generations of children’ (Jowell, 2001: 6). The channel was approved on the basis of conditions that demanded that the service deliver:

- a mixed schedule of programming
- a strong educational and interactive strand throughout the day
- higher levels of educational programming than its competitors
- 90% of output from the EU/EEA
- 80% of airtime dedicated to originally produced or commissioned programmes
- a schedule that was not developed at the expense of programming for pre-schoolers on the mixed mainstream channels BBC 1 and 2 (DCMS, 2001).

Since its launch CBeebies has become one of the most popular children’s channels, with a weekly reach more than double its nearest rival, Nick Junior, although viewing is likely to be underestimated as the audience measuring system only measures the viewing of those aged 4+. In 2005 it was the tenth most popular channel in multichannel homes, and the BBC’s most popular digital channel (Ofcom, 2006a: 266). In multichannel homes its average 15-minute weekly reach of viewers aged 4+ was 8.8% or 3.7 million people in 2005/2006, compared to 4.1% for Nick Junior (BBC, 2006b: 141). In 2005/06 it had an audience share of 1.3% in multichannel homes compared to 0.5% for Nick Junior (Ibid.: 142). With a high proportion of long-running British-made series, the channel and the accompanying website enjoy high awareness, reaching 88% of digital homes at the end of 2003 (BBC, 2004a: 8).

CBeebies does show more educational programming than its rivals and more British and originally produced programming, underpinning its public service credentials and satisfying the criteria for its original approval (see Messenger Davies: 2004). In 2004 Ofcom established that 73.7% of CBeebies output was educational, even higher than the BBC’s own estimate of 61%, and considerably higher than Disney Playhouse (47%) and Nick Jr (50%) (DCMS, 2004: 37; BBC, 2004a: 13). According to figures provided by Ofcom for producers’ association PACT, commercial digital channels commissioned only 38 hours of first run original programming from independent producers in 2004, compared to 294 hours from the BBC (incl. 78 hours commissioned for CBeebies and CBBC) and 310 hours from ITV (PACT: 2006: 40).^v In 2004, the Corporation promised that one quarter of the 90% of airtime dedicated to

EU/EEA output would be new material, suggesting that CBeebies would need to rely on high levels of repeats, including repeats of new material, originally commissioned for BBC1 and BBC 2 (BBC, 2004a: 17). Repeats made up 97% of transmissions on CBeebies in 2005, dramatically up from 63% in 2004, although this includes programmes first shown on other BBC channels (Ofcom, 2006a: 227).^{vi} This suggests that new commissions specifically for CBeebies have declined, and that the channel is becoming more reliant on recycling content, including content originally commissioned for BBC2. In 2004 the BBC had promised to spend 75% of its channel investment on new British programming rather than acquisitions, although it is not easy to see how this has translated into original programming for CBeebies (See BBC, 2004a: 16-17).

Although CBeebies relies heavily on repeats (including repeats of programming originally commissioned for BBC1 and BBC2), this should not detract from the BBC's considerable investment in first run original productions (£76m per annum), which are shown on all its services (source PACT, cit. in Broadcast, 2006: 23). With in-house productions accounting for 60% of these original productions the BBC is therefore important for the wider industry as 'a major source of expertise, innovation and training' (Messenger Davies, 2004: 7), using licence fee funding to support a creative economy of performers, writers, directors and technicians, whose expertise also benefits the commercial sector. With the probable withdrawal of ITV from commissioning, this seed funding has become even more significant.

The BBC's confidence in the public value of CBeebies in particular, is demonstrated by the fact that in 2004 it chose to use CBeebies as an example of how its proposal for a public value test might be applied to new services - to measure the value derived by people both as individuals and as citizens, and to measure the net economic value to the wider media economy (BBC, 2004b: 84-85). In terms of individual value CBeebies demonstrated a high share, reach and approval ratings. In relation to citizen value, the channel offered a higher proportion of UK-made programmes (90%) than Disney Playhouse (10%) or Nick Junior (42%) (Ibid.: 85). In the wider media economy the BBC claimed that the channel drove digital take-up and opened up new markets without offering much in the way of evidence. It also claimed that the

channel had a 'modest impact' on the profitability of commercial children's channels (Ibid: 85-6).

In terms of the BBC's five public purposes^{vii} and the additional purpose of 'building digital Britain', most of CBeebies' value lies in its educational, creative/cultural and social purposes. This is achieved through its emphasis on mixing education and entertainment, by investing in UK content, and through its endeavours to create a 'sense of belonging' for young children by reflecting the UK's nations, regions and communities (BBC, 2006a). In its 2004 submission to the DCMS inquiry into BBC digital services, the Corporation stated, 'CBeebies is an important part of the new digital portfolio strategy for BBC television. It was launched to extend, deepen and enrich children's viewing from the BBC beyond that offered on BBC One and BBC Two, and to build on the success of CBBC on Choice. The BBC is committed to driving digital take up and CBeebies plays a critical role in that objective' (BBC, 2004a: 2). The CBeebies service is then a very clear public service proposition that maps neatly onto the Corporation's key public purposes outlined in its core strategy document *Building Public Value* in 2004.

Childrens' Television in Crisis

However, the BBC's commitment to children's television, and its pre-school channel in particular, belies a wider funding crisis in the field. With the fragmentation of audiences and a tough advertising climate, older funding models for financing children's television in the commercial sector no longer look appropriate - even more so in the light of technological change and changes in consumer habits. Children's television producers have long been resilient in locating alternative funding sources to supplement the 30% maximum that UK terrestrial broadcasters are prepared to invest in original commissions (PACT, 2006: 36). However, challenges in 2005/2006 to advertising funding and the strong possibility of an ITV withdrawal from children's television altogether threaten to undermine commissioning and programme budgets in commercially funded children's television. Although the BBC is not directly affected by the changes, their impact is broad enough to affect the wider public service-inspired ecology of children's television production.

Advertising Restrictions within Children's Television

Fears about growing obesity levels among British children have fuelled a vigorous campaign for advertising restrictions within children's television, propelled by a formidable lobby, led by the National Heart Forum (which includes the British Medical Association, the Royal College of Physicians, the Which consumer organisation, the British Heart Foundation and the government's own Food Standards Agency). Likened by some in the industry to the 'Taliban' (Jonathan Peel, Millimage UK, cit. in Broadcast, 2006: 22), the lobby threatened to take regulatory authority, Ofcom, to a judicial review if a total ban on 'junk food' before the 9pm watershed, was not considered among Ofcom proposals to restrict HFSS (High fat, salt and sugar) food advertising (Revoir, 2006b). Against this background of public concern the Government asked Ofcom in December 2003 to investigate the effects of food advertising on children and whether existing rules needed to be strengthened (Ofcom, 2004a). Although Ofcom's report found that television had only 'a modest direct effect' on children's food preferences, consumption and behaviour (ibid: 23), it felt that there was 'a need for a tightening of specific rules' (Stephen Carter, cit. in Ofcom, 2004b).

A further investigation was mounted in 2006 (Ofcom, 2006b) and although the research estimated that advertising exposure accounted for only 2% of variations in food choice/obesity levels (ibid: 20), Ofcom made it clear that its duty to 'have regard to the vulnerability of children' made a 'do nothing' approach unacceptable (ibid: 63). It duly came up with three alternative proposals and a call to the industry to provide a fourth solution. The three proposals were as follows:

- 1) a ban on HFSS food advertising or sponsorship within programmes aimed at children or popular with children up to 9 years, and on dedicated children's channels
- 2) a ban on all food and drink advertising when children are watching, except for government sponsored campaigns.
- 3) Volume-based restrictions, which would limit food advertising to 30 seconds an hour when children are watching and 60 seconds an hour between 6-8pm. There would be no food or drink advertising at all within programmes aimed at pre-school audiences (Ofcom, 2006b)

Ofcom calculated that any ban would result in annual revenue losses to the broadcasters ranging from £18-28m (Option 1), £21-31m (Option 2), and £43-91m (Option 3). Although it rejected a complete ban on HFSS advertising before 9pm believing this to have a ‘disproportionate’ potential impact on broadcasters it estimated that such a ban would incur losses to the broadcasters of £114-£140 m (Ofcom, 2006b; Ofcom, 2006c).

What was missing from Ofcom’s investigations was any research into parental views about the potential impact of advertising restrictions on the quality of programming. A report by Kids Industries/Mediacom Research estimated that 97% of parents were unaware that an advertising ban could result in fewer British made shows (Pope, 2006). Some commentators have suggested that the regulator was more interested in ‘junk’ food than ‘junk’ content, neglecting its responsibility to ensure an appropriate ‘range of high quality and original children’s programming’ (Communications Act, Section 264 (6)h). Producers’ association PACT pointed out that Ofcom’s rationale for introducing restrictions failed to acknowledge the impact of high quality, original children’s programming on young people’s lives (PACT, 2006: 17).

What was also missing from Ofcom’s report was any investigation into the impact of an advertising ban on independent producers, who are dependent on securing primary commissions from commercially funded broadcasters, particularly ITV and Channel 5, even if these typically do not contribute more than 30% of a budget. In 2005 77% of ITV’s qualifying children’s hours, and 81% of Five’s qualifying hours were commissioned from independent producers, compared to only 28% of BBC hours (Ofcom, 2006a: 223). Without a primary commission and television exposure from broadcasters in their home territory, it is difficult for independent producers to secure budget deficits from overseas collaborators (pre-sales, co-production) or encourage commitments from licensing partners. This in turn impacts their ability to realise revenues from secondary UK sales, overseas and tertiary rights (from licensing of consumer products/DVDs). For the children’s sector such revenues are vitally important. According to Oliver and Ohlbaum children’s producers in the independent sector generated £219 million (68%) from overseas (£140m) and secondary UK sales (£79m) in 2004 compared with only £105 million (32%) generated by primary commissions (Oliver and Ohlbaum, 2006: 21).

Producers' organisation PACT estimated that the three different packages proposed by Ofcom (excluding the ban before 9pm) would result in lost production expenditure of between £10.8m and £34.6m. Currently the commercial sector invests about £30m a year into children's productions (Pact cit in Broadcast, 2006: 23). Independents account for 80% of this expenditure, and depending on which option was adopted, would lose between £8.8m and £28.3m in programme spend. But more seriously the three options would impact the independents' potential to increase their turnover from overseas and secondary/ancillary sales and merchandising. Here the potential losses started at £26.4m for option 1 but had the potential to rise to £85.1 million or 39% of total turnover (See PACT, 2006: 8-9).

Withdrawal from the production and broadcasting of children's television

In the light of a potential advertising ban, Ofcom suggested that the commercially funded channels were 'likely to be cautious about cutting children's programmes' given that they needed 'to establish their identity with young viewers' and inherit adult viewers after children's programmes (2006b: 29). However, it then went on to list likely responses that might impact the range and quality of programming available to children. These responses included more reliance on imports and repeats, less commissioned programming, and the possibility that some digital channels might relocate their operations to countries where advertising restrictions were less stringent (Ibid. 29-30). Dedicated commercial children's channels informed Ofcom that advertising restrictions could result in a reduction in their programme investment (Ibid: 97). According to Ofcom this would 'not necessarily reduce the choice to consumers', but this was not examined in detail, because the regulator, of course, has already taken the decision that some form of restrictions are necessary.

In September 2006, ITV took pre-emptive action ahead of any ban of HFSS advertising with a request to Ofcom to reduce its commitment to children's programmes on ITV1, having earlier announced that it was closing down its production outfit, ITV Kids. Perhaps anticipating a positive reply from the regulator, an ITV executive revealed at the BAFTA Children's Committee public debate on 13 September that ITV had not commissioned any new children's shows since December

2005. Ofcom rejected ITV's request in September 2006, but this is probably only a temporary reprieve, as ITV is expected to seek further reductions.

The announcement of a withdrawal from the children's sector is the culmination of a longer-term trend, which has seen a reduction in programme investment by ITV and a reduction in hours over several years. According to figures supplied by Ofcom, the number of first-run hours on ITV declined from 749 hours in 1998 to 631 in 2004, with in-house produced hours declining by more than 50% to 70 hours a year (PACT, 2006: 40). As far back as 2001, the children's department saw its budget cut from £40m to £30m, just before the BBC embarked on its own dedicated children's channels in 2002 (See Brown, 2001b: 4-5). With a greater dependence on independent productions (almost 80% of qualifying productions), there is less incentive for ITV to commit to children's television, because not only does children's television not attract sufficient advertising revenues, but ITV has no stake in independently produced programming that would allow it to benefit from ancillary and secondary/overseas revenues. Its investment only buys a limited licence for primary broadcast rights, and it has demonstrated that it does not wish to have any further commitment to its in-house producers either.

ITV's plans are a blow to the independent production sector, because commercial digital channels are unlikely to match ITV's £22-23m annual investment in original programming, which makes it the biggest spender after the BBC with £76 million (McVay, 2006). In 2004, commercially owned digital children's channels only commissioned 38 hours of programming (PACT, 2006:35). Although ITV belatedly launched a dedicated digital children's channel, CITV, in March 2006, it has made it clear that the new channel will not commission original productions on the same scale as ITV1. Nor does it have to, because the digital children's channel, CiTV is not subject to the same public service requirements on original production as the terrestrial service, ITV 1.

Possible solutions

With the imminent prospect of restrictions on HFSS food advertising, and the withdrawal of ITV from the sector, there is little in place to compensate the industry.

Unlike France or Canada, there is no system of subsidies or tax breaks. Sale and leaseback (so-called Section 48 tax relief), which allowed producers to claim back up to 10 per cent of production costs, was abolished for television productions in the 2002 budget.

To make up for potential advertising revenue losses and to sustain children's programming, producers' association PACT has called on the Government to support a £52m annual children's rights fund (PACT, 2006). This would be used to put in place up to 30% of a budget in ten productions a year. As the fund would hold rights in the productions, it would recoup its investment before the producer and co-producer. 12% of the budget would have to be covered by a UK broadcast commission.

Another proposal has been to top-slice the licence fee to provide a fund to support children's programming, using it, in the words of the Secretary of State for Media, Culture and Sport, Tessa Jowell as 'creative capital' for the nation (ACTF, 2006). A Public Service Broadcasting Fund of £300 million was originally suggested by Ofcom, to fund forms of public service broadcasting outside the realms of the BBC (Ofcom, 2005). However, this solution could not be put in place in time, and might simply involve a reallocation of BBC licence fee money rather than new funds (see ACTF, 2006).

The challenges to the children's production sector are further exacerbated by the technological challenges that all industry players face. The increase in children's channels and the advent of new platforms such as mobile television and more sophisticated games consoles threaten to further fragment audiences and revenues. On the surface the situation for children's television looks good. ITV has launched its dedicated digital channel, CiTV and Five has launched a pre-school block on FiveLife on the Freeview digital platform. However the new digital channels are not investing in production on the scale of the terrestrial broadcasters, who have been required to do so under their public service commitments.

Where does this leave the BBC?

Having just one voice is not enough. You need different approaches, different assumptions, to have innovation, fresh thinking. We are all the poorer without that. There wouldn't be the *Teletubbies* without that. I greatly respect the BBC, but I can't do my job if there is only one customer. (Ann Wood, Ragdoll, cit. in Brown, 2001b)

In theory the crisis affecting the commercial television sector and independent producers should put the BBC in a stronger position, with its plans to open up a further 25% of its commissions to independent producers under the Window of Creative Competition (WOCC). According to Richard Deverell, Controller of BBC Children's 'Alongside in-house production, independent programme makers are a vital and vibrant source of great programmes for both CBBC and CBeebies. It is very important to BBC Children's that the independent sector remains diverse, confident and successful' (cit. in Pact, 2006: 22).

However, the prospect of the BBC strengthening its position as the UK's leading funder and producer of children's television programming has led to alarm, that it is about to become the only significant funder of British children's television, resulting in inefficiencies, less innovation, lower quality and less range (See Pact, 2006: 4). According to Anna Home, a former Head of BBC Children's, speaking at the Showcomotion conference in July 2006 'the whole ethos of children's TV would be weakened', if the BBC were to become practically a monopoly buyer. Suspicions about the Corporation's intentions were not allayed at the 2006 Edinburgh Festival, when Jay Hunt, the new controller of BBC Daytime, admitted that if ITV were to pull children's broadcasts from ITV1, then the BBC would be forced to consider switching its children's broadcasts from BBC1 to BBC 2 in order to compete (see Wootton, 2006). The corporation had already shifted Saturday morning children's programmes to BBC 2 in December 2005, and many in the industry suspect that its longer term goal may be to shift all of its children's output to its digital channels with budgets to match. This was one of the subjects of debate at the last session of the annual Showcomotion children's media conference in July 2006.

Broadcast

In terms of its broadcast activities, CBeebies is a clear public service proposition with its mixed schedule, high levels of British content, continuity with the past, and high levels of educational and British content. According to one commentator, ‘CBeebies is a merit good: a socially desirable item that the market would not provide by itself’ (John Gapper, Chief Business commentator and associate editor, *The Financial Times*, cit. in BBC, 2004: 5). However, while the BBC has been praised for its foresight with CBeebies as a broadcasting proposition, production and international exploitation are much murkier areas, where the BBC’s endeavours are not universally praised among the small to medium enterprises that populate the production community, and where its public service credentials frequently stand in tension with its commercial priorities.

Production

The corporation has undoubtedly been a force behind production raising levels of investment and launching together with independents a raft of long-running live action series including *Teletubbies* (1997), *Tweenies* (1999) and *The Fimbles* (2002) made by independent production companies Ragdoll, Tell-Tale Productions and Novel Entertainment respectively.

However the Corporation has been criticised for failing to invest in animation co-production, preferring instead to pre-buy or acquire British animation at lower cost (6.5% of the budget) rather than investing directly up to 30% (ITV, 2004; Pact 2004: 10). This has rights implications as well because acquisitions do not come under the same terms of trade as commissions, which allow the initial acquisition of primary broadcast rights only. In its original proposal for CBeebies the BBC had promised to ‘invest directly in animation co-production far more frequently, thereby increasing the number of UK-based projects’ (BBC, 2001). However animation is the only genre where the BBC does not commission, preferring to pre-buy or acquire. In 2005 this failure to meet its original commitment was highlighted by the BBC governors, and a commitment to ‘co-produce a high-quality UK animation’ in 2005/2006 was included in the 2005/2006 statement of programme policy (BBC, 2005: 29). By 2006/2007 this promise had vanished.

The BBC's justification for this approach is that pre-buying enables CBeebies to ensure an editorial stake and work with a wider range of companies, who then have a 'stamp of approval', which allows them to raise further funding for production from other sources (BBC, 2004: 27). PACT would counter that it constitutes a failure to provide the 'venture capital' necessary for the sector's development (PACT, 2004: 10). In some ways this approach is understandable as there are huge risks associated with funding high quality indigenous animation programming. However, while the BBC itself has only invested at acquisition rates, additional funding has often come from its commercial subsidiary BBC Worldwide, whose investment has secured rights that not only limit the availability of programming to commercial rivals in the UK, but may also determine what is ultimately commissioned.

Commercial exploitation/distribution

BBC Worldwide, like its commercial distribution rivals, has a commercial agenda that means that it has to look at children's properties in terms of their licensing and merchandising potential. It works closely with CBBC and CBeebies and invests in productions in return for rights. Like any distributor it is often involved in the early stages of a project, so that international considerations can be incorporated into campaigns for publishing, home entertainment and consumer products. For example *Tweenies* was financed with £4.6 million from BBC Worldwide, and *The Fimbles* was funded with a £3.5 million contribution (BBC Worldwide, 2002a: 6). *Teletubbies*, its most successful children's property had sold to 120 countries, including China by 2002 (BBC Worldwide, 2002b: 16), generating £116million in sales for BBC Worldwide since launch and an estimated £1 billion at retail (BBC Worldwide, 2003).

BBC Worldwide's activities must relate to the Corporation's public service mission, must not jeopardise the reputation of the BBC or its brand and must observe fair trading guidelines. Children's is a key component of its activities, and Worldwide regards itself as a leader in preschool with brands such as *Teletubbies*, *Tweenies*, *Fimbles*, *Charlie and Lola* (Tiger Aspect), *Little Robots* (Create TV and Film) and *Balamory* (BBC Scotland). Although profits are supposed to be fed back to the BBC, in 2005/2006 the children's division posted a £900,000 loss on sales of £38m compared to a £6.6m loss the previous year (BBC Worldwide, 2006). It could

therefore be argued that Worldwide is not particularly effective at generating profits for BBC Children's to plough back into programming – notwithstanding its efforts to raise funding for budgets in the first place. Moreover, with the growing difficulty associated with raising budgets, there are fears that 'the [commissioning] trigger is being taken away from the broadcasters and is falling into the hands of people whose primary concern is their shareholders and the commercial aspect' (Will Brenton, joint Creative Director Tell-Tale Productions cit. in C21, 2006). To be fair to BBC Worldwide it has, since 2003, disassociated itself from licensing its brands for HFSS food and drink products. But there is nevertheless always an underlying tension, between public service requirements for range and diversity of content for children in Britain, and the needs of overseas funders, or licensees who are trying to sell toy and clothing ranges.

Commercial pressures are also appearing on other fronts. In September 2006 Worldwide announced plans for four new international channels including an international version of CBeebies, to be launched in Asia as a dual Hindi/English language service. It is clearly hoped that this will generate profits that can be fed back into BBC production at home. Shortly afterwards Worldwide announced a joint venture with Ragdoll, the producer of *Teletubbies*, which will allow Worldwide to look after all UK and international broadcast sales and international licensing of Ragdoll properties (Waller, 2006). Crucially it means that Ragdoll's large portfolio of programming will be available for international versions of CBeebies. Not all of Worldwide's suppliers have been so amenable. HIT Entertainment (*Bob the Builder*, *Fireman Sam*), one of the BBC's largest suppliers, which is building its own portfolio of international channels, has let it be known that it will not be supplying its shows for Worldwide's latest international venture (Grant, 2006).

Forging new strategies – Creative futures

At the start of the twenty-first century the BBC's involvement in preschool television looks assured. First it seems set to receive an adequate licence fee increase, although this may be the last in its current form. Second its CBeebies service for preschool children is widely admired and recognised as meeting British children's needs. Third, it is not directly affected by an advertising ban within children's television, unlike its

commercial rivals. On the surface it is also supportive of the industry, commissioning a greater proportion of its children's programmes from independent producers, and setting standards for public service provision.

However, the BBC has been uncharacteristically quiet about the current crisis facing commercially funded public service television. There is a real danger that the BBC may become even more dominant in the commissioning of children's television in Britain, and its current mantra of commissioning 'fewer, bigger, better' (BBC Children's, 2006) does not bode well for the future diversity and health of the production sector. Moreover, viewed alongside BBC Worldwide's efforts to create global brands and channels from BBC children's content, there is a clear tension between public service priorities and commercial strategy, which is beginning to bring it into conflict with some of its larger independent suppliers.

There are also technological challenges to contend with. The BBC's view of broader changes in the media environment are leading to a refocusing of efforts across its operations – including pre-school provision. In February 2006 the BBC Children's division was reorganised to allow 'creative renewal' of the Corporation's two leading brands, CBBC and CBeebies, in a world where anyone, even young children, has the potential to create and distribute content (Deverell cit. in C21, 2006c). As consumers start to access content on demand from a range of platforms and on a variety of devices, the BBC like many others is looking at ways of commissioning and creating content, which can be accessed and used in many different ways, rather than the traditional mode of providing linear schedules with limited choices (Thomson, 2006). According to Michael Carrington, CBeebie's Creative Director, in a world of participatory media and user generated content, even younger children 'are proactively recording, downloading and sampling content' and the CBeebies brand now needs to reach out in different ways 'through online, mobile and TV experiences' (cit. in BBC Children's, 2006).

However, one immediate casualty of the BBC's Creative Future project, announced in April 2006 as a blueprint for BBC content and services in a digital on-demand world, is the term 'pre-school' as a defining term. The target audience for CBeebies has been extended from 0-5 to 0-6 to include early school aged children, because children were

growing out of CBeebies at about four, but not necessarily growing into the CBBC brand which starts at seven. For a broadcaster who wants to keep this audience hooked to its services, there was clearly a gap. Commissioning for CBeebies is now focused on 4-6 year olds, particularly boys (BBC Children's, 2006). With a large backlog of programming for 0-3 year olds in its archive, for the time-being at least - the commissioning of pre-school programming has been put on the back burner. With the imminent withdrawal of ITV from children's production, this constitutes a genuine threat to the broader production ecology of television for younger children.

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ⁱ At the end of 2004 there was an agreed reduction with Ofcom from 10 to 8 hours.

ⁱⁱ According to Ofcom the BBC commissioned 28% of qualifying children's hours from independents, compared to 77% at ITV1, and 81% at Five (Ofcom, 2006a: 223).

ⁱⁱⁱ This is often little more than 30% of the budget but can be a lot less.

^{iv} The BSC report from 1997 established that the BBC had raised levels of animation from 9% in 1981 to to 35% in 1996 on BBC 1 and 2, but pre-school programming had declined between 1992 and 1996 from 12% to 5% on BBC1, as the programming shifted to BBC 2.

^v PACT expressed doubts about Ofcom's figures relating to levels of first-run in-house originations on the digital channels – 3721 hours a year or 41% of all first runs, suggesting that the average daily amount was likely to be a tenth of this figure, 4.75 minutes a day compared to 45 minutes a day (PACT: 2006: 39).

^{vi} Although 80% of hours must be UK originations, these include all BBC-commissioned programmes, including repeats of programmes first shown on any other BBC public service channel (BBC, 2006a).

^{vii} These are democratic value, cultural and creative value, educational value, social and community level and global value (BBC, 2004b: 8)