OFFICE OF COMMUNICATIONS

The Communications Market 2007
Nations and Regions

3 Television

3.1 The television industry

3.1.1 Key broadcasters in the UK's nations and regions

The following section reviews a range of television companies that each play a significant role in commissioning, producing and broadcasting nations and regions programming.

3.1.1.1 The BBC

The BBC has a long-standing commitment to reflect the cultures and communities of the UK nations and the English regions; it was originally established as a regionalised organisation. The recent policy discussion concerning the BBC's new ten-year Charter and the five-year licence fee agreement has resulted in a renewed commitment by the BBC to the nations and regions. One of its six public purposes focuses on the representation of the UK, its nations, regions and communities. The BBC explains that it will achieve this by:

- bringing people together for shared experiences;
- encouraging interest in, and conversation about local communities;
- reflecting the different religious and other beliefs in the UK; and
- supporting the UK's indigenous minority languages.

The characteristics of the BBC's nations and regions television services are now spelt out in the public service licences on which the BBC is currently consulting.

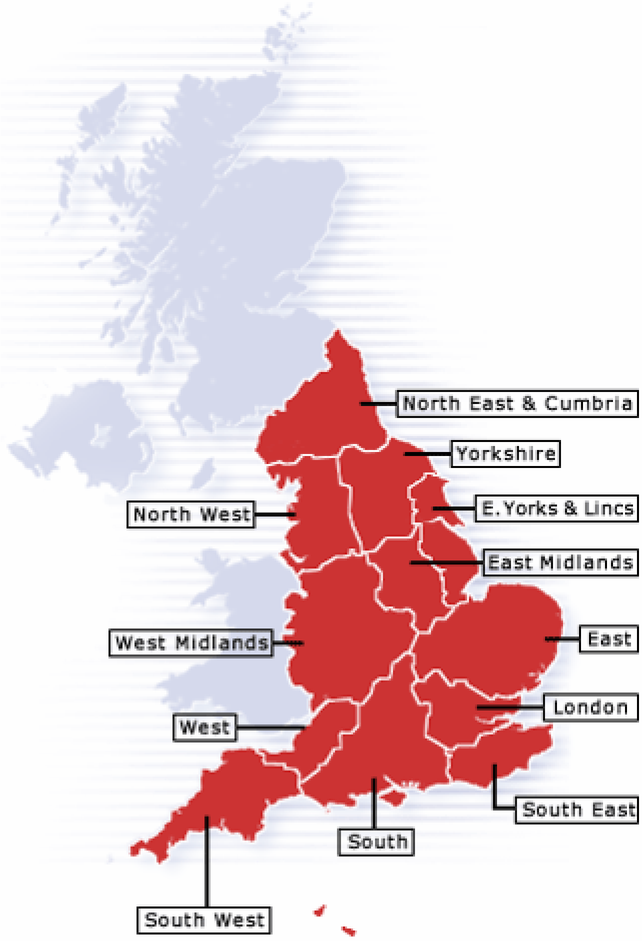
Each nation and all the English regions have Audience Councils whose job it is to bring to bear a variety of views, from a consultative and governance perspective, on the work of the BBC Trust. Council members are appointed on the recommendation of an independent selection panel, using an open recruitment process that is designed to follow best practice in public appointments. Each council aims to be representative of the licence fee payers in the nation it covers.

The BBC organises the production and delivery of nations and regions output into three nations (Scotland, Northern Ireland and Wales) and 13 English regions – these share geographic similarities with ITV1 regions, but their boundaries differ. Moreover, with the BBC's Yorkshire region divided into two, there is an additional BBC region when compared to ITV1 regions.

The remainder of this section focuses on the work and reported performance of these nations and regions services.

English regions
The BBC broadcasts regional television services for 13 regions - London, the South East, the South West, the South, the West, the West Midlands, the East, the East Midlands, Yorkshire, East Yorkshire and Lincolnshire, the North West, the North East and Cumbria, and the Channel Islands. News and Current Affairs are the predominant genres produced in these regional centres, w each producing at least one daily local news bulletin, along with weekly Current Affairs output. (Figure 3.1).

Figure 3.1 The organisation of the BBC's English regional output



Source: bbc.co.uk

Scotland

BBC Scotland commissions and produces programmes in a broader range of genres than the English regions, reflecting the broader output commitments made by BBC Scotland in its statement of programme policy. It produces a daily News bulletin for Scotland, along with Current Affairs shows, and also commissions in a broader range of genres. It also broadcasts 29 hours of Gaelic language output. Popular programmes include *Chewin' the Fat*, *Sheriff Court* and *River City*.

The Audience Council for Scotland is chaired by Jeremy Peat, the BBC's National Trustee for Scotland.

Wales

BBC Cymru Wales aims to deliver "programmes and schedules which meet the needs, tastes and expectations of local audiences, on television, radio and online in Welsh and English". It broadcasts programming on BBC One and BBC Two (which are available both in analogue and digital homes), offers a second version of BBC Two (BBC 2W) in digital homes, with a greater proportion of output specifically for Welsh viewers, and also produces ten hours per week of Welsh language output for S4C, free of charge. It also periodically receives additional commissions from Wales' fourth terrestrial channel.

BBC Wales has recently produced an increasing proportion of networked output such as *Doctor Who*, *The Girl in the Café* and *BBC Cardiff Singer of the World*.

The Audience Council for Wales advises the BBC Trust on the performance of the BBC in Wales. It is chaired by Janet Lewis-Jones, the National Trustee for Wales.

Northern Ireland
Like Scotland and Wales, BBC Northern Ireland commissions and produces output in a broad range of genres. 2005/06 saw a rebalancing of the genre mix commissioned by BBC NI. It increased spend on single Documentaries and series and increased volumes of Factual Entertainment output. At the same time, spend on Sports programming fell.

It broadcast 9.9 hours of original Irish language programmes and 7.7 hours of repeats in 2005/06, along with 0.5 hours of originated hours in Ulster Scots and one hour of repeats in 2004/05. In 2006/07 12 hours of originated output in the Irish language were carried, with 7.7 hours of repeats, as well as 3.6 hours of originations in Ulster Scots and 1.2 hours of repeats.

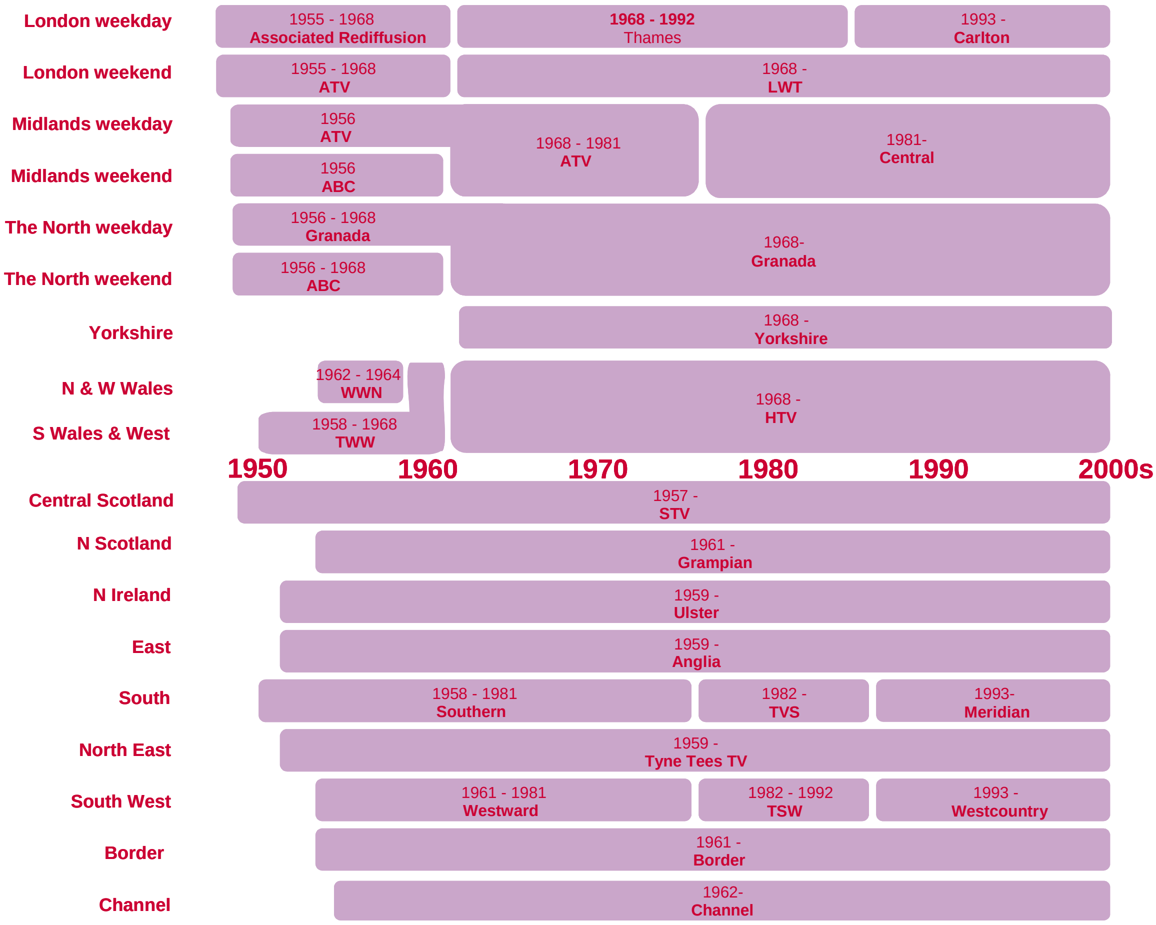
The Audience Council for Northern Ireland is chaired by Rotha Johnston, the National Trustee for Northern Ireland.

3.1.1.2 ITV

ITV1 (or ITV as it then was) was established as a small federation of separate national and regional companies, which developed rapidly from just two licensees at its outset in 1955 to a group of fifteen by 1968. ITV was franchised and regulated by the Independent Television Authority (ITA), followed by the Independent Broadcasting Authority (IBA) and its successor the Independent Television Commission (ITC). Franchises were issued for a fixed period after which they had to be re-advertised and candidates (incumbents plus any new entrants) then applied. The assessments tended to be regarded as 'beauty contests' whereby the winning applicant was the one whose programme plan made the best impression on the regulator. This process changed in the final licensing round in 1991 under the ITC, when the licences to broadcast from 1992 onwards were awarded to the highest financial bidder, subject to certain financial competency and minimum programme quality criteria.

These bidding rounds have resulted in periodic changes in the on-screen identities of the ITV1 services around the UK. Viewers in London, the South, the South West and North/West Wales regions have experienced the highest number of changes, with three each (Associated Rediffusion, Thames Television and Carlton in London on weekdays, with ATV and then LWT at weekends; Southern Television, TVS and Meridian in the South and South East, Westward, TSW and Westcountry in the South West; ABC, ATV and Central in the Midlands and WWN, TWW and HTV in North/West Wales). The Channel Islands, the Border region, the North East, North West, Scotland, Northern Ireland and East of England regions have been the most stable from a franchise perspective, with the same operator throughout (See Figure 3.2).

Figure 3.2 The changing face of ITV – franchisees over the years



Source: Ofcom
Note: This analysis only covers on-screen identities and does not account for merger and acquisition activity between licensees. Nor does it reflect the gradual unification of on-screen identities into ‘ITV1’ over the last few years.

The ITV network today comprises 15 regional licences (see Figure 3.3), with each licensee required to provide regional programming to cater for the interests of viewers in its particular nation or region. Following the merger of Carlton and Granada, and the subsequent creation of ITV Plc the 15 licences are held by just four groups:

- ITV Plc holds 11 licences in England and Wales;
- Scottish Media Group holds the two Scottish licences (STV and Grampian);
- UTV holds the licence for Northern Ireland; and
- Channel Television holds the licence to transmit in the Channel Islands.

These four groups collaborate on the development of the schedule to ensure that UK viewers benefit from output relevant to their nation or region, alongside networked output that is transmitted across the whole of the UK.

Figure 3.3 The ITV regions

Source: ITV.com

ITV1 was the first commercial public service broadcaster in the UK and continues to fulfil a range of regional and national investment and output commitments that include:

- half of all investment in networked originations is made wholly or substantially outside London;
- at least 90% of its regional programmes are produced within the region for which they are designed;
- regional/sub-regional News is broadcast across the nations in peak and near-peak times;
- each ITV area provides programming in a range of genres appropriate to its area; and
- inter-regional co-productions are produced according to local interests.

Analysis in the following sections provides a detailed picture of investment, output and compliance with regulatory obligations.

In Wales, the ITV1 licensee is ITV Plc, and a few years ago the service for Wales was re-branded as ITV1 Wales. The service currently provides 9.5 hours of programming specifically for viewers in Wales, including News, Current Affairs and a range of other programmes. ITV Wales' main centre is in Culverhouse Cross near Cardiff, with news centres in Colwyn Bay and at the National Assembly in Cardiff Bay, and journalists based across Wales in Swansea, Carmarthen, Newtown and Wrexham. ITV Wales also operates two satellite news gathering vehicles, one based in north Wales and the other in the south.

3.1.1.3 Sianel Pedwar Cymru (S4C)

Established in 1982, the Welsh Fourth Channel Authority (known in subsequent legislation as the Welsh Authority) has the statutory obligation to provide the S4C service on the fourth analogue channel in Wales, which broadcasts a majority of Welsh language output during peak viewing hours (defined as 6:30pm to 10:00pm). At other times the S4C service rebroadcasts Channel 4 programmes across the parts of the schedule where Welsh language programmes are not carried. The Authority is also responsible for providing the S4C Digital service which only carries Welsh language programmes. This will be the main S4C service when Wales' analogue signals are switched off in 2009.

The S4C analogue service[7] carries around 32 hours of Welsh language programmes per week primarily during peak hours (along with re-scheduled Channel 4 programmes at other times[8]) while the S4C Digital[9] service carries around 80 hours per week of Welsh language programmes.

The Welsh Authority is funded by a grant-in-aid, which in 2006 totalled £90.2m. The authority also derives commercial income on S4C from the sale of advertising spots, from programme sales and through co-productions with other broadcasters.

As a mixed genre network, S4C commissions and broadcasts programmes in a broad range of genres. It was established largely as a commissioning and scheduling body and led to the emergence of an independent production sector to support the production of the channel's output, thereby boosting Wales’ local economy. S4C also benefits from a minimum of 10 hours of output per week, free of charge, supplied from BBC Wales (paid for through the licence fee), which produces a nightly news bulletin, *Newyddion* and a soap opera, *Pobol Y Cwm*. In October 2006, the BBC and S4C announced the formation of a new Strategic Partnership for the development of programming and services for Welsh language television audiences. Along with the independent producers, ITV Wales is also a major supplier of programmes to S4C, on commercial terms.

The Authority is also responsible for providing the digital-only service, S4C2, which broadcasts coverage of the National Assembly for Wales. The Authority recently announced plans to launch a Welsh-language children’s channel by the end of 2007, following a public consultation and subject to approval by the Secretary of State.

[7] Analogue Channel 4 is not available in Wales. In 1982, when the S4C and Channel 4 services first began broadcasting, the fourth analogue channel in Wales was allocated to S4C. Channel 4 first became available in Wales on digital terrestrial television in 1996.
[8] S4C has the right to transmit English language programmes provided by Channel 4 free of charge under Section 58(2), Broadcasting Act 1990.
[9] The S4C Digital service does not carry re-scheduled Channel 4 programmes. The full Channel 4 service is available on all digital platforms in Wales.

S4C has sold Welsh language programming, including the well known children's animation series *SuperTed, Will Cwac Cwac* and *Fireman Sam* to over 80 countries worldwide. SuperTed was the first-ever British animation series to be broadcast by Disney in the USA. S4C's animation continues to be seen by a worldwide audience, with titles such as *Sali Mali* and *Animated Tales of the World* now joined by new productions such as *Hana's Helpline*, produced entirely in Wales. S4C gained two Oscar nominations and a collection of Emmy awards for the animated productions *Famous Fred* and *The Canterbury Tales.* S4C has also received Oscar nominations for the Welsh language made-for-television feature films *Solomon a Gaenor* and *Hedd Wyn*.

3.1.1.4 Scottish Media Group

Scottish Media Group (SMG) is a diverse media business with interests in commercial television, radio, and outdoor and cinema advertising. Its broadcasting business, STV, has new headquarters in Pacific Quay, Glasgow and offers two regionalised services for central and northern Scotland.

SMG's television programming aims to reflect Scotland's political, legal, educational, sporting and cultural affairs, through a range of News/Current Affairs and non-News programming. STV's two regionalised services together produce 15 hours of regional programming per week, and reach over 4.5 million viewers across the nation.

STV's news services, *Scotland Today* and *North Tonight*, are tailored to the different regions. The non-News programming is broadcast nationally and combines a mix of productions from each region. STV, which was launched in 1957 in Central Scotland, produces a variety of genres, including Drama, Sports and Documentaries. Recent productions include *Home for the Holidays*, *High Times* and *Scotsport*. Its North of Scotland service was launched in 1961, and has the largest transmission area of any ITV licence. Recent productions include *Beyond Explanation*, *Unsolved* and *Seeing Scotland*.

SMG Productions is the television production arm of SMG Plc. Along with its sister company, Ginger Productions, it specializes in Drama, Factual, Factual Entertainment, Entertainment and Children's programming. Notable networked programmes from SMG include *Taggart, Rebus*, and *Goodbye Mr. Chips*. Its programmes are sold to over 100 territories in the international market.

3.1.1.5 Gaelic Media Service

The Gaelic Media Service (Seirbheis nam Meadhanan Gaidhlig) (GMS) is a corporate body, which serves the Gaelic-speaking community in Scotland. It is funded by payments from the Scottish Executive.

GMS was constituted by the Communications Act 2003 to replace the Gaelic Broadcasting Committee. The Act stipulates that "the functions of the Service shall be to secure that a wide and diverse range of high quality programmes in Gaelic are broadcast or otherwise transmitted so as to be available to persons in Scotland."

GMS funds programme production and development, training and research. It has been given new powers to make, schedule and commission programmes, as well as the authority to seek a broadcast licence. As such, GMS is not a channel but rather a financer of programming on other channels, although that is scheduled to change with the planned launch of a Gaelic Digital Service.

In 2005/06 GMS allocated the bulk of its budget for TV programmes and programme development grants to independents (54%), the BBC (39%) and ITV (7%). It provided funding to broadcasters/producers for 91 hours of television and 15 hours of radio in 2005/06. This funded productions in a broad range of genres, and productions of note include *1, 2, Strì; Comadaidh Òir; Dè A-Nis?; Ealtainn, Feuch E!* and *Eòrpa.*

3.1.1.6 The UTV Group[10]

The UTV Group is based in Northern Ireland and is a part of the ITV network. Like SMG, it operates across a range of media markets, including television, radio and new media services.

The group's turnover grew by 60% from £35.6m in 2005 to £57.1m in 2006, and its operating profit rose by 30% from £9.6m in 2005 to £12.4m in 2006. This was led by significant growth in profit from radio and minimal growth in new media. Operating profit for television declined from £7.3m to £5.6m over the year with TV advertising revenue falling by 6%.

UTV commissions and produces regional television programmes. It reaches over 90% of the population in Northern Ireland – more than any other channel. In 2005, UTV was also the most-watched television channel in Northern Ireland with a 34% share of peak-time viewing. The channel is available to over 63% of homes in the Republic of Ireland.

3.1.1.7 TG4 and the Irish Language Broadcast Fund

Irish language programming is available to viewers in Northern Ireland primarily via Telifís na Gaeilge (TG4), which broadcasts from the Republic of Ireland (RoI), but can be accessed as an analogue service through cross-border spill-over, from a relay on the Divis transmitter and on digital television through Sky or via Virgin Media's cable network. TG4 was established in 1996 and is based in the Connacht Gaeltacht (Irish speaking area); it has been operating since that time under RTÉ's (the Republic of Ireland's licence-fee funded broadcaster) statutory umbrella, but since April 2007 has been an independent statutory body. It is funded by the RoI with grant aid of €30m (for 2007). It also raises revenue from the sale of advertising air time, programme sponsorship and programme sales.

Furthermore, it receives 365 hours of programming each year from RTÉ free of charge. The broadcaster attracts 800,000 viewers a day and has a 3.5% audience share. This share has grown steadily since its inception. As a publisher/broadcaster with an annual commissioning budget of €20m (not including funding from the ILBF), TG4 is estimated to support 350 jobs in the independent production sector.

TG4's six hours of daily Irish language programming include Children's/youth programming that puts younger people in contact with the Irish language. The channel also offers a range of other genres, including Music, Documentaries, Sports, Children's and News, both in Irish and in other languages. Two of its most popular programmes are the soap *Ros na Rún,* and the daily news service *Nuacht TG4*.

As part of the Belfast/Good Friday Agreement of 1998 the UK Government agreed to "explore the scope for achieving more widespread availability of Telifís na Gaeilge (TG4) in Northern Ireland. Broadcasting TG4 from the Divis transmitter, which makes the channel available to an estimated 200,000 homes in the Belfast area, is one way in which this is being achieved; another is the agreement to find space for the channel on one of the DTT multiplexes after digital switchover after 2012.

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[10] http://www.utvplc.com/uploads/statements/UTV-ANNUAL-PROGRAMME-STATEMENT-2006-AND-PROGRAMME-REVIEW-2005.doc

The Government also made a commitment to provide financial support for Irish language production in Northern Ireland. The result was the establishment of the Irish Language Broadcast Fund (ILBF) in June 2005, which received funding from the Northern Ireland Department of Culture, Arts and Leisure of £12m, spread over four years, to commission Irish language programming for Northern Ireland viewers (see later analysis for a genre breakdown). It is able to provide up to 85% of the cost of commissioned programmes; broadcasters provide the rest.

In 2005 it commissioned 63.5 hours, of which 51 hours were broadcast by TG4, 10 by BBC NI and 1.5 by RTÉ. In 2006 it commissioned 81.5 hours, of which 25.5 hours have so far been broadcast by TG4, 2.5 hours by BBC NI, 3 hours by RTÉ, as well as 3 hours and 1.3 hours respectively by local television stations: Channel 9 (Derry/Londonderry) and NVTV (Belfast).

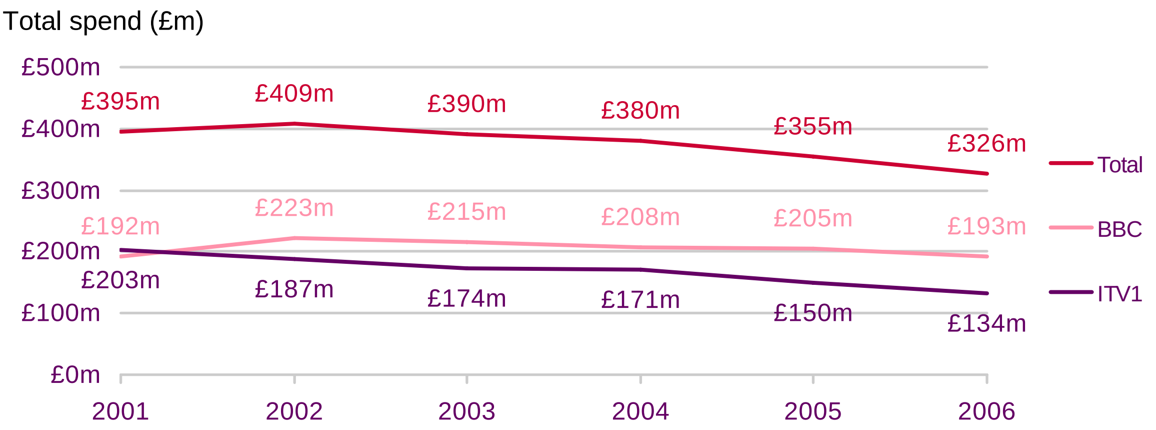
3.1.2 Investment in nations and regions television output

3.1.2.1 Investments made by nation

Total spend by the BBC and ITV1 in English language television output commissioned for viewers in a nation or English region amounted to £326m in 2006 (see Figure 3.4). This represented a 17% (or £69m) total reduction on the 2001 figure of £395m. Investment in programming in other languages comes from a variety of sources: S4C and the BBC invest in Welsh language output, and the Gaelic Media Service funds commissions from STV and the BBC for Gaelic language programming. In Northern Ireland, the Irish Language Broadcast Fund commissions Irish language programming, primarily for broadcast on TG4, the Republic of Ireland's Irish language channel, which can be received by many viewers in Northern Ireland. BBC Northern Ireland also spends some of its budget on Irish language programmes.

By broadcaster, BBC spend on nations and regions television output overtook that of ITV1 in 2000. By 2006 the margin had widened to almost £60m; the BBC's budget stood at £193m in that year compared to ITV1's £134m. ITV1's budget contracted at an average annual rate of 8.0% between 2001 and 2006 while the BBC's remained largely static over the period, although there was a peak in spend (of £223m) in 2002.

Figure 3.4 Total spend on nations and regions output



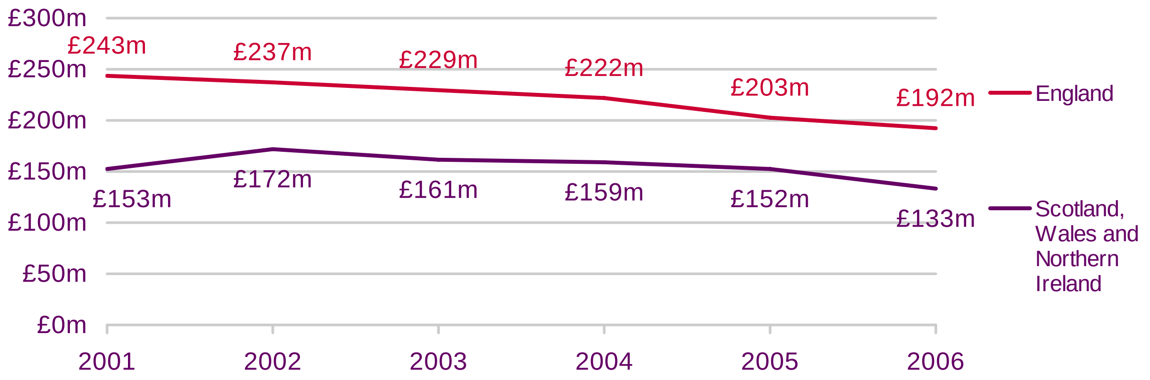
Source: Broadcasters, 2006 prices

Within the total ITV1 and BBC nations and regions commissioning budget of £326m for 2006, there were significant differences in levels of spend by nation. The English regions together benefited from the single largest spend on regions' output, totalling £192m in 2006, although this has fallen at an average annual rate of 4.6% from the 2001 figure of £243m.

Total spend on output commissioned for viewers in Scotland, Wales and Northern Ireland stood at £133m in 2006, down from a peak of £172m in 2002 and from £153m in 2001 – an annual average reduction over five years of 2.8%. (Figure 3.5)

Figure 3.5 Spend on nations and regions output in England

Total spend (£m)



Source: Broadcasters, 2006 prices

Of the £133m invested in nations output in Scotland, Wales and Northern Ireland, Scotland benefited from spend on originated output in 2006 totalling £63m. Commissions in Wales and Northern Ireland totalled £37m and £33m respectively. Budgets fell for all three nations in the five years to 2006, falling by 5.0% and 3.8% per annum in Northern Ireland and Wales respectively; in Scotland it fell by 0.6%. (Figure 3.6)

Figure 3.6 Spend on nations and regions output in Scotland, Wales and N Ireland

Total spend (£m)

Source: Broadcasters, 2006 prices

3.1.2.2 Investment in nations and regions output by genre

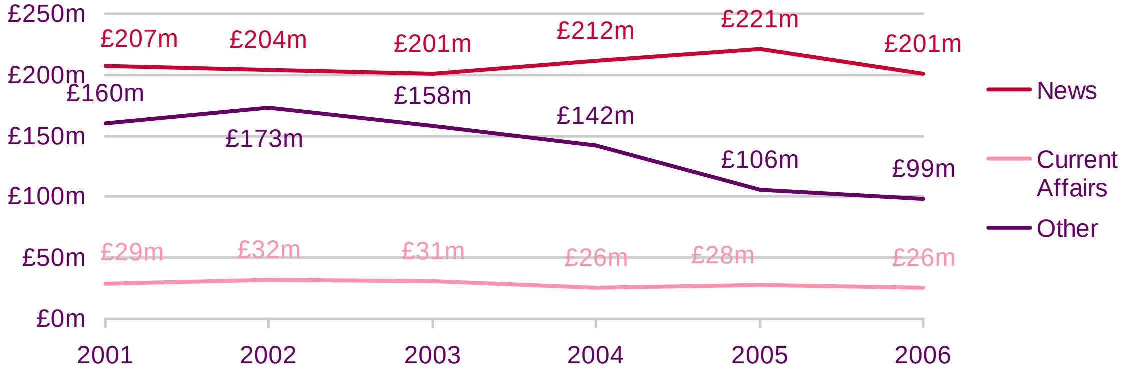
Across the four UK nations, News attracted the largest proportion of total spend in 2006 (£201m), with 'Other' as the second largest genre (£99m). Current Affairs came third with a total spend of £26m in the same year, reflecting the lower regulatory quotas applied to this genre.

The three genre categories for nations and regions output
There are three genre categories to which the BBC and ITV1 allocate investments made in programmes for viewers in England, Scotland, Wales and Northern Ireland – News, Current Affairs and 'Other'. The latter category includes all non-News and Current Affairs programmes that are commissioned for just one nation.

Over the last five years there have been substantial changes in the pattern of spend between the three genres (Figure 3.7). Most significant has been the large reduction in spend on 'Other' regional output, which fell by £74m or 43% between its 2002 peak and 2006, driven primarily by ITV's reduced spend on that genre. There were, however, signs that between 2005 and 2006 reductions in 'Other' spend had plateaued. Investment in nations and regions News and Current Affairs output painted a different picture, with levels of spend remaining largely static between 2001 and 2006.

Figure 3.7 Total spend on nations and regions output by genre

Total spend (£m)



Source: Broadcasters, 2006 prices

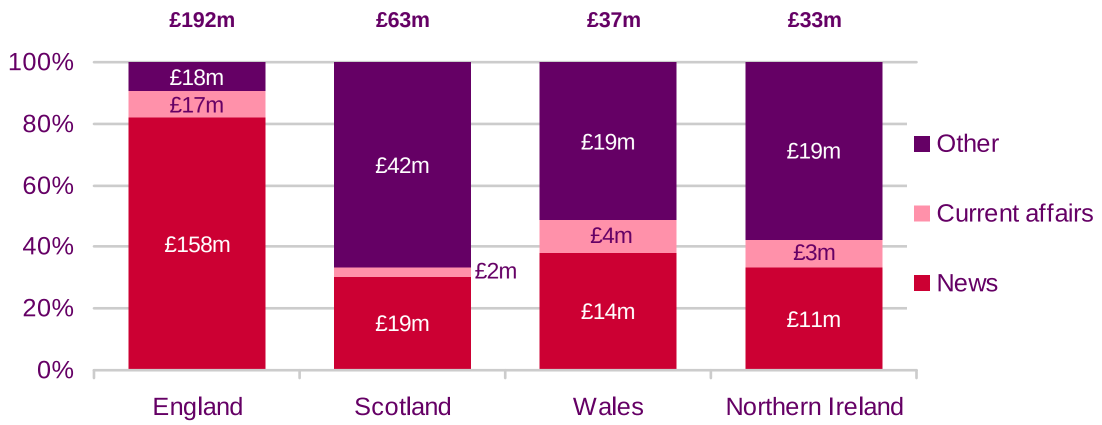
Analysis of regional spend in 2006 by nation reveals that over £158m or 80% of all spend in the English regions was devoted to News output in 2006 (Figure 3.8). Together 'Other' and Current Affairs accounted for the remaining £35m.

The picture of spend in the remaining three nations was quite different. In Scotland commissions of 'Other' output took the majority of total funding, with £42m or 67% of all spend funding programmes including the Scottish soap *River City* from the BBC. A large proportion of the remaining spend was taken by News (including *Scotland Today* from STV and *Reporting Scotland* from the BBC).

In Wales and Northern Ireland in 2006, spend was spread more evenly between News and 'Other' genres, reflecting the higher quotas applied to non-News and Current Affairs output outside England. 'Other' took £19m or 51% of all spend in Wales during 2006 and £19m or 58% in Northern Ireland. 'News' meanwhile accounted for £14m (38%) and £11m (33%) respectively. (Figure 3.8)

Figure 3.8 Total spend on nations and regions output by genre in 2006

Proportion of total spend (%)

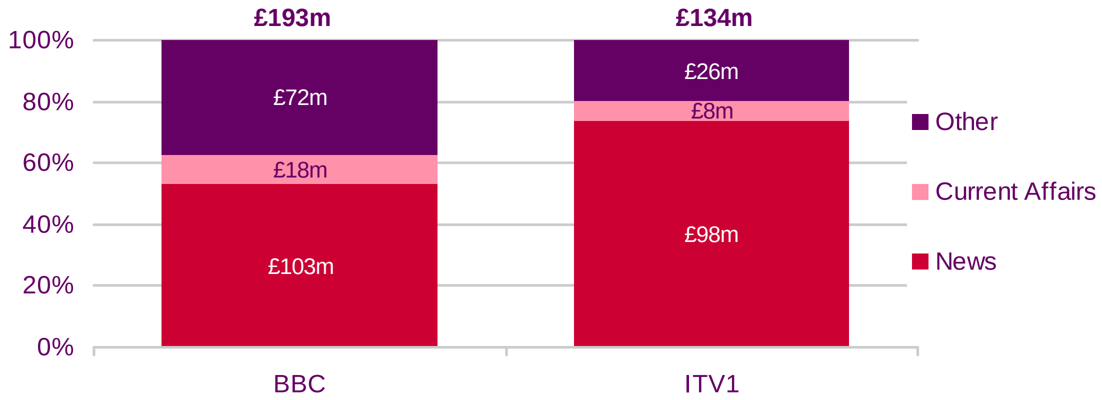


Source: Broadcasters, 2006 prices

The distribution of spend between the genres varied significantly by broadcaster in 2006 as Figure 3.9 illustrates. The majority of spend incurred by ITV1 went on local News services, amounting to £98m or 73% of its 2006 budget; a further 19% was devoted to 'Other' output and the remainder to Current Affairs. Commissions from the BBC showed a different distribution of spend with local News accounting for 53% of its spend, and 'Other' taking 37%.

Figure 3.9 Distribution of ITV1 and BBC nations and regions spend, 2006

Proportion of expenditure (%)



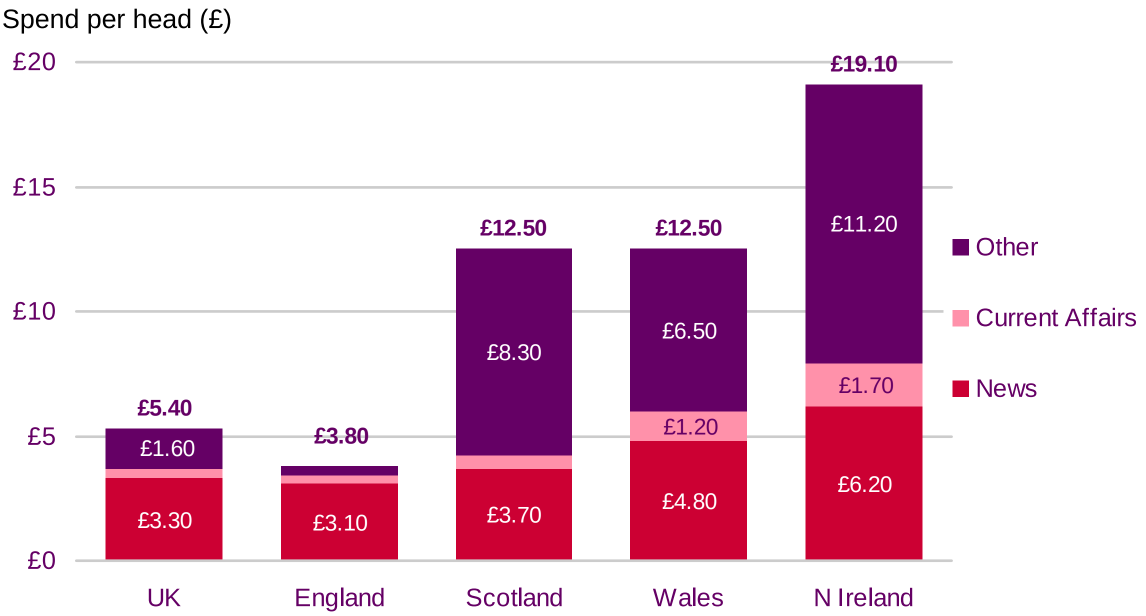
Source: Broadcasters, 2006 prices

Adjusting for population sizes across the four nations reveals different per-capita patterns of spend by nation (Figure 3.10).

Overall, the UK population as a whole benefited from spend totalling £5.40 per head of population in 2006. On a nation-by-nation basis, Northern Ireland attracted the highest level of spend at £19.10 per head in 2006. Welsh and Scottish spend per head stood at £12.50, with £3.80 per head in England. With programme production costs being relatively fixed, per-capita figures can appear higher in nations with smaller populations. These figures must also be considered in conjunction with the (much larger) spend on in network output, much of which is produced in England (see later analysis for network production in the nations and regions).

By genre, the ‘Other’ category attracted the highest investment per head across Northern Ireland, Scotland and Wales, at £11.20, £8.30 and £6.50 respectively.

Figure 3.10 Nations and regions spend per head by genre, 2006



Source: Broadcasters, Ofcom estimates

In England, ITV1 and the BBC made roughly equal contributions to regional output in 2006, equating to approximately £2.00 each per person (Figure 3.11). The pattern elsewhere was different, however, with the BBC accounting for the majority of spend in Scotland (85%) and a substantial proportion of the investments made in Wales and Northern Ireland (67% and 79% respectively).

Figure 3.11 ITV1 and BBC nations and regions spend per head, 2006

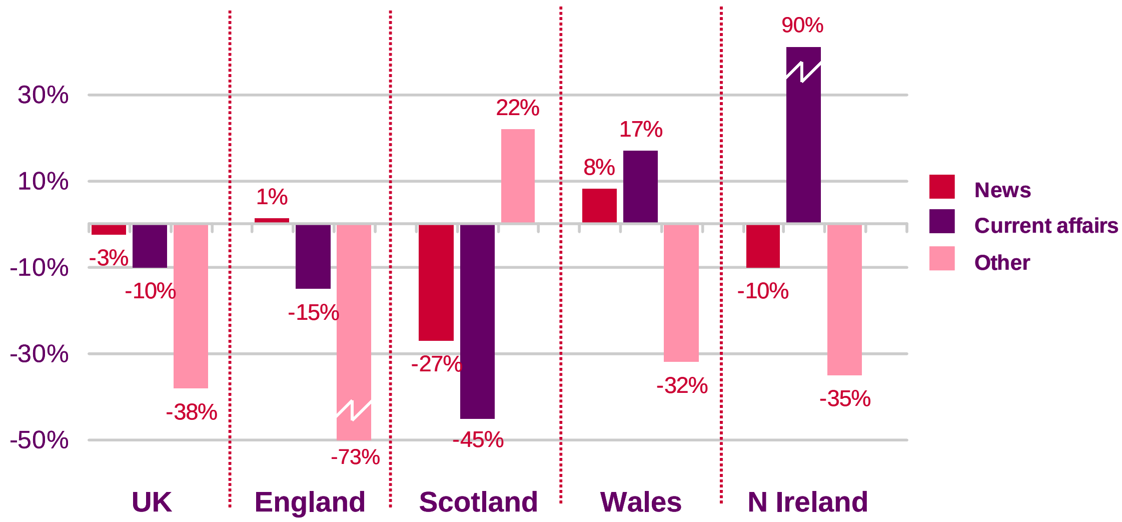
Source: Broadcasters

With non-News and non-Current Affairs output bearing the largest share of the overall reductions in nations and regions commissioning, Figure 3.12 shows that spend on ‘Other’ programmes fell by 38% in real terms in the five years to 2006. The English regions saw the greatest reduction (73%); Wales and Northern Ireland went down by 32% and 35% respectively, while Scotland benefited from an increase of 22% over the same period.

Investment in nations and regions News, by contrast, remained flat overall across the five-year period, but with substantial variation across the nations. News investment in Scotland fell by 27% in the five years to 2006, with reductions in Northern Ireland amounting to 10%. By contrast, Wales and England benefited from increases in News budgets of 1% and 8% respectively.

Figure 3.12 Change in spend on nations and regions output, 2001 - 2006

Growth (%)



Source: Broadcasters and Ofcom analysis

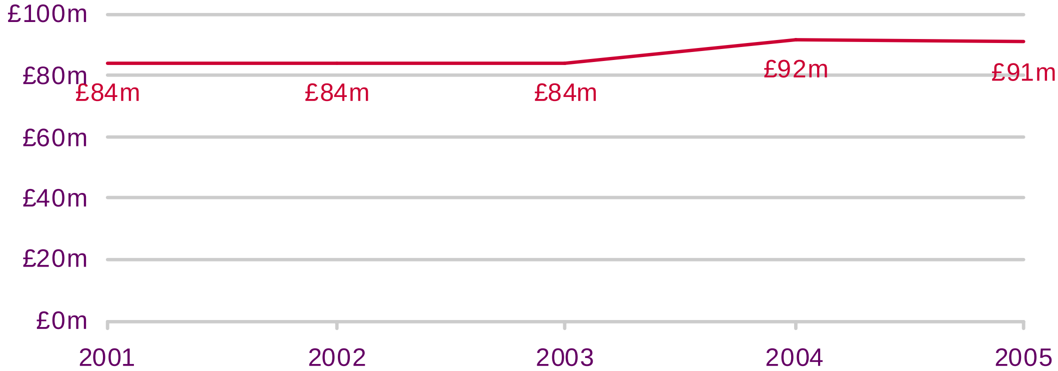
3.1.2.3 Investment in Welsh, Gaelic and Irish language programming

Sianel Pedwar Cymru (S4C) is the channel in Wales dedicated to Welsh language programming, broadcasting on the fourth analogue channel in Wales and on all digital television platforms. Funded by a mixture of government grant, advertising revenue and programme sales, the BBC is also required by statute to produce, free of charge, ten hours a week of Welsh language programming for the channel.

In 2005, S4C's Annual Review reported total income of £91m, up by £7m since 2001. The vast majority of that income comes in the form of a grant issued by the DCMS. (Figure 3.13)

Figure 3.13 S4C total income, 2001 – 2005 (£m)

Investment (£m)

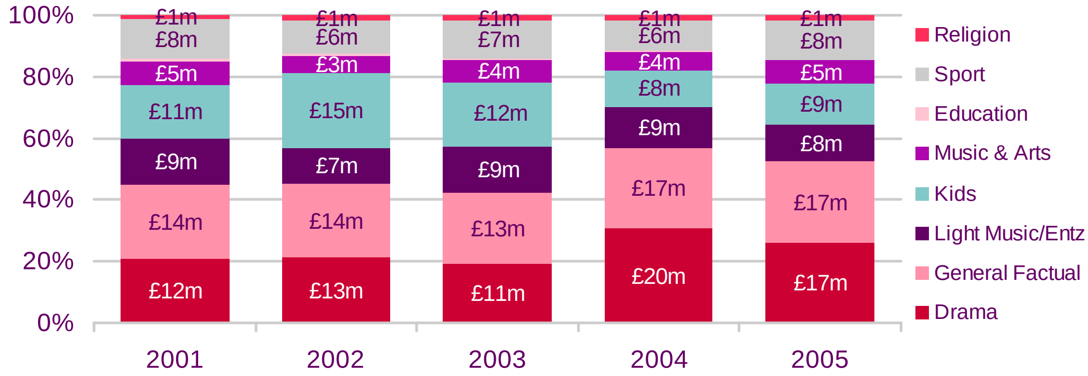


Source: S4C Annual Report and Accounts; Note: Figures in this chart are nominal

S4C commissions content across a wide range of programme genres, mostly from the independent sector. In 2005 the largest investments, of £17m each, were on Drama and General Factual output. Investment in Drama has risen by nearly 42% or £5m since 2001. With Light Music/Entertainment (£8m) and Children's output (£9m), these four genres accounted for 78% of all commissions, measured by spend. (Figure 3.14)

Figure 3.14 Investment in Welsh language programming by genre

Proportion of total investment (£m)

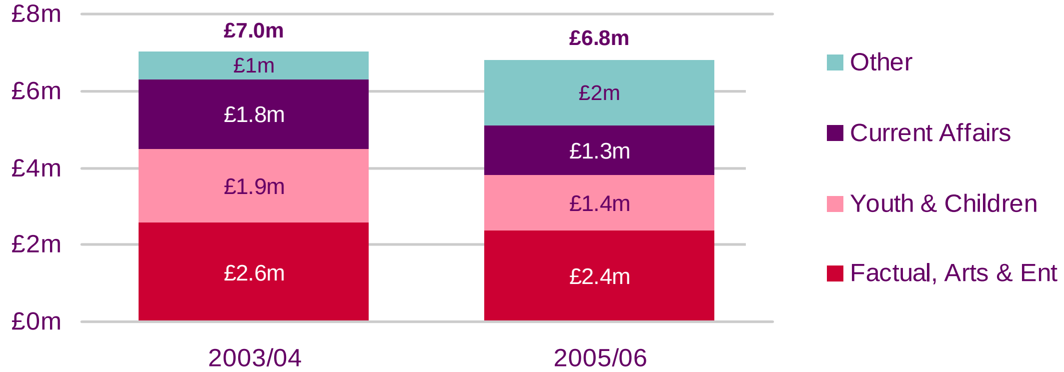


Source: S4C Annual Report and Accounts
Note: this chart excludes spend on acquisitions, repeats and BBC statutory hours. Figures in this chart are nominal

The Gaelic Media Service (GMS) funds Gaelic language programmes produced and broadcast by the BBC and STV. It also makes grant-aid funding available to independent producers. In 2005/06 its programming budget totalled nearly £7m of which 73% was spent on commissions in the Factual, Arts, Entertainment, Children's and Current Affairs genres (Figure 3.15).

Figure 3.15 Investment in Gaelic language programming by GMS

Investment (£m)



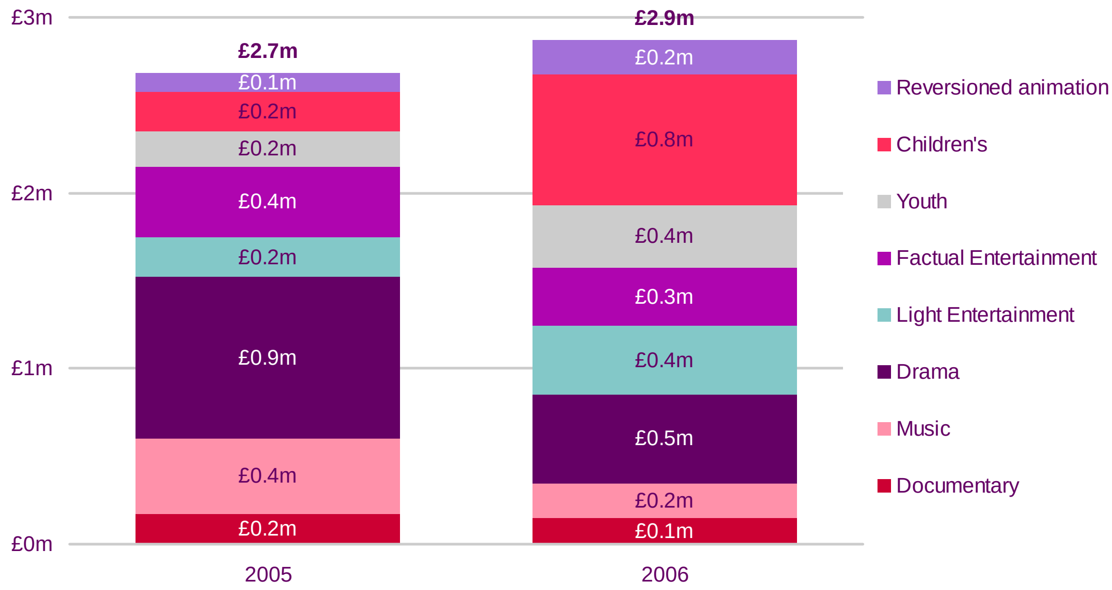
Source: Gaelic Media Service Annual Reports
Note: Figures are nominal

The Irish Language Broadcast Fund (ILBF) was established in June 2005 with a budget of £12m over the four-year period from to 2009) provided by the Northern Ireland Department of Culture, Arts and Leisure. The ILBF has two core aims – to fund the production of high-quality Irish language programmes and to foster the Irish language independent production sector in Northern Ireland. Specifically, the ILBF's remit is to deliver at least 90 hours of Irish language TV programming per year to an audience of 25,000 people in Northern Ireland by

2007/08. It also provides training for Irish language speakers in production and broadcasting skills.

Figure 3.16 Irish language programme investment by the ILBF

Investment (£m)



Source: ILBF

3.1.3 Volume of nations and regions television output

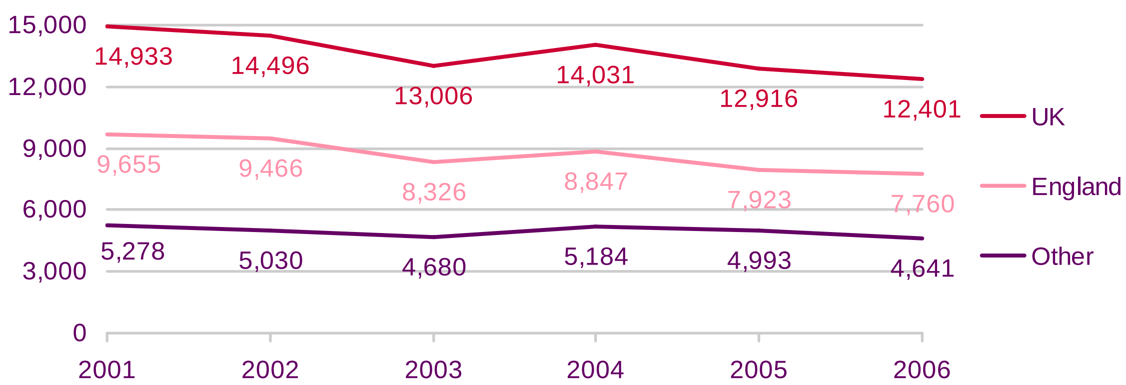
3.1.3.1 Hours of output of nations and regions programming

Across the UK, the BBC and ITV1 produced 12,401 hours of programming for the nations and regions in 2006, down 17% (2,532 hours) on 2001. With 7,760 hours of output, England programmes accounted for 63% of all hours in 2006 and also shouldered the greatest proportion (75%) of the total reduction in hours since 2001.

The remaining nations accounted for 4,641 hours of output in 2006, with reductions since 2001 amounting to about 12% or 637 hours (Figure 3.17).

Figure 3.17 Total hours of nations and regions output by nation, BBC and ITV1

Hours of output



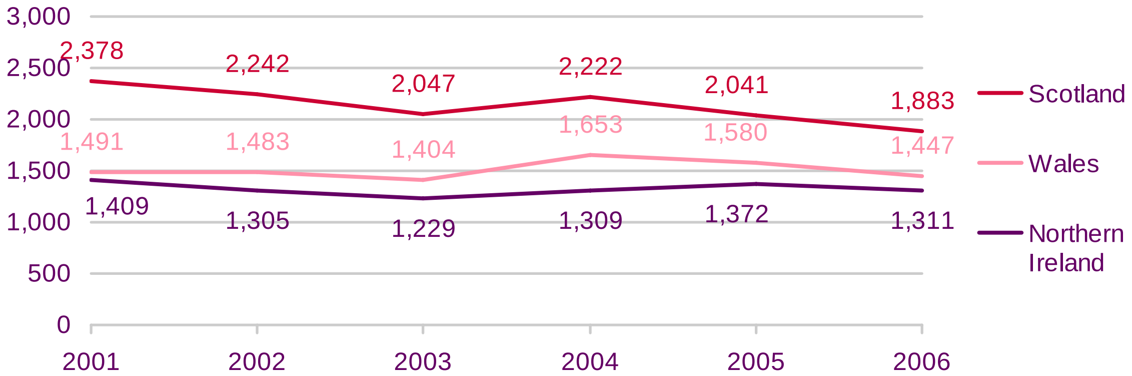
Source: Broadcasters

Outside England, hours of output by nation varied with 1,883 hours in Scotland, 1,447 hours in Wales and 1,331 hours in Northern Ireland.

All three nations saw reductions in hours between 2001 and 2006 – 21% in Scotland, 3% in Wales and 7% in Northern Ireland (Figure 3.18).

Figure 3.18 Hours of output in Scotland, Wales and Northern Ireland, BBC and ITV1

Hours of output

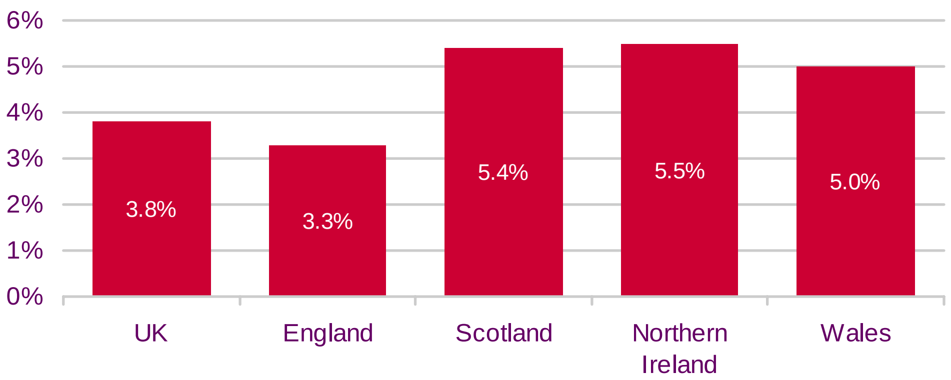


Source: Broadcasters

As a proportion of all PSB output from ITV and the BBC, nations and regions programming volumes varied significantly. On average, around 3.8% of ITV and BBC schedules were regional in 2006, but in the nations, this varied from 5.5% in Northern Ireland to 3.3% in England (Figure 3.19).

Figure 3.19 Nations & regions output as a proportion of ITV & BBC hours, 2006

Proportion of all television output

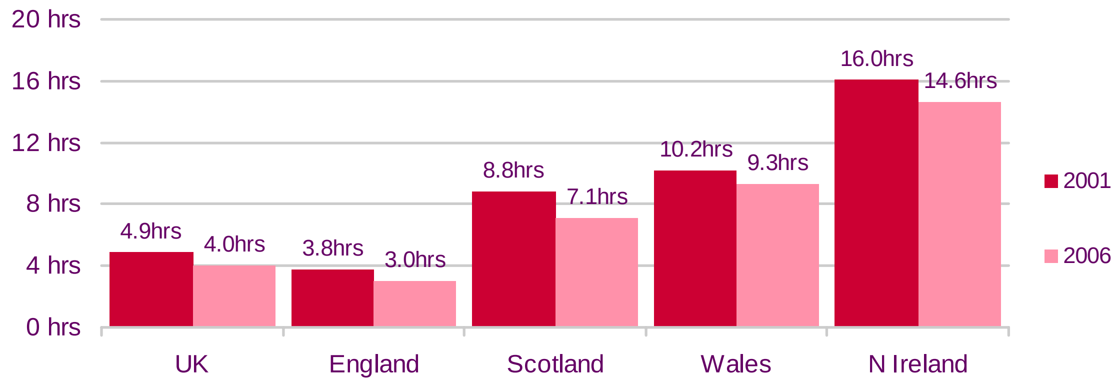


Source: Broadcasters and Ofcom calculations

When output is adjusted for population size, hours of output across the UK fell from 4.9 hours per million of population in 2001 to 4.0 in 2006. Viewers in Northern Ireland benefited from the highest output with 14.6 hours per million of population in 2006. The equivalent figures for Wales, Scotland and England were 9.3 hours, 7.1 hours and 3.0 hours respectively, against the UK average of 4.0 hours (Figure 3.20).

Figure 3.20 Total hours of nations and regions output, 2006

Hours per million of population

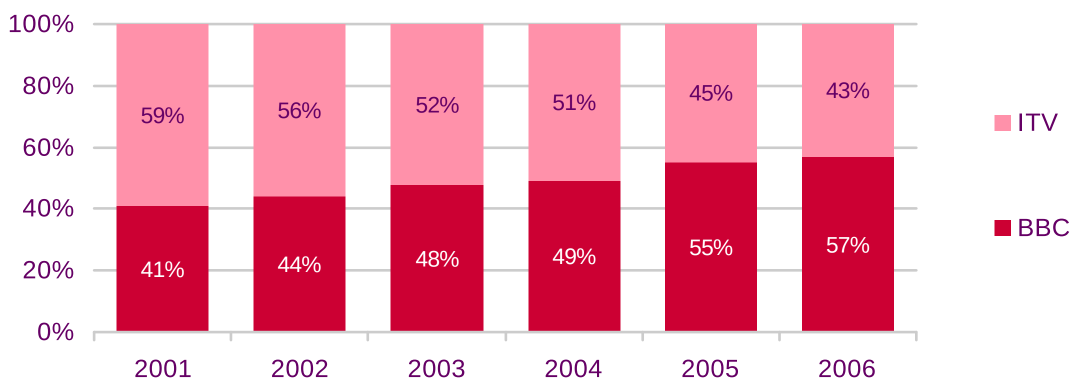


Source: Broadcasters and Ofcom calculations

Historically, ITV has been the dominant supplier of nations and regions output. As recently as 2001, it accounted for more than 59% of all hours of nations and regions commissions. Since then, and following Ofcom's relaxation of regional quotas on ITV1, together with an increased commitment by the BBC to regional output, ITV1's share of total nations and regions output has fallen. By 2006 it accounted for 43% of all regional hours (Figure 3.21).

Figure 3.21 Nations and regions output, by supplier

Proportion of nations and regions output (%)



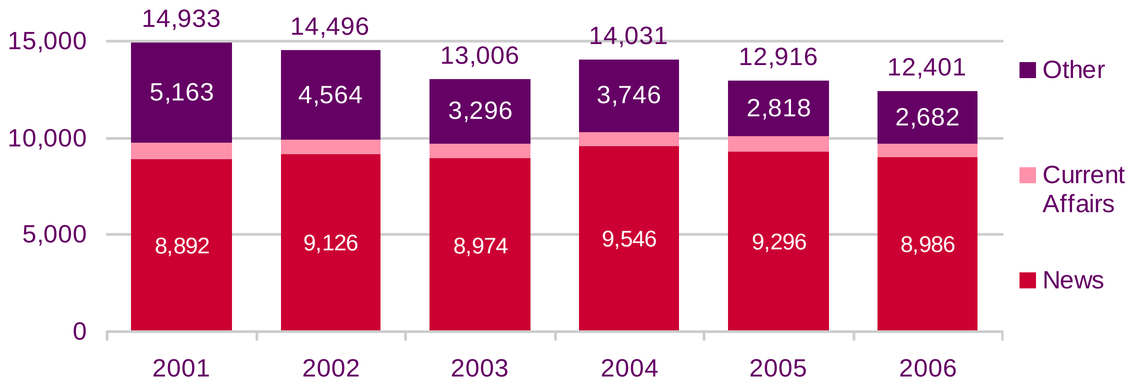
Source: Broadcasters and Ofcom calculations

3.1.3.2 Hours of output of nations and regions programming, by genre

Reflecting patterns of expenditure, News was the dominant genre across nations and regions in 2006, accounting for 72% (or 8,986 hours) of all hours. News volumes remained largely static between 2001 and 2006 (but spiked in 2004 at 9,500 hours). The volume of 'Other' output – in line with investment – fell over the same period by 49% (or 2,500 hours), taking total hours down to under 2,700 by 2006 (Figure 3.22).

Figure 3.22 Total nations and regions output, by genre, 2006

Hours of output from the BBC and ITV1

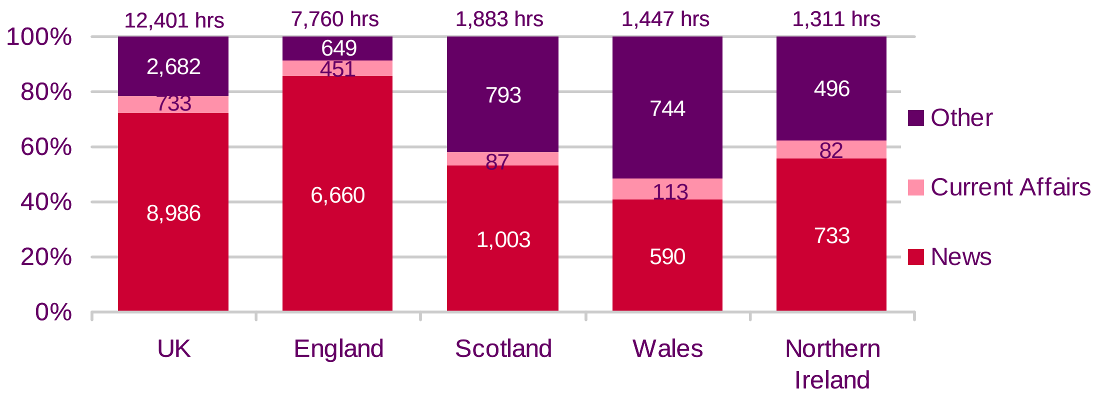


Source: Broadcasters

The mix of hours by genre varied substantially across nations. In line with investment patterns, News was the dominant regionalised genre in England. By contrast, News and ''Other'' together dominated in Scotland, Wales and Northern Ireland, reflecting the fact that quotas for 'Other' are set higher in the nations outside England (Figure 3.23).

Figure 3.23 Total hours of nations and regions output, by genre, 2006

Proportion of output (%)

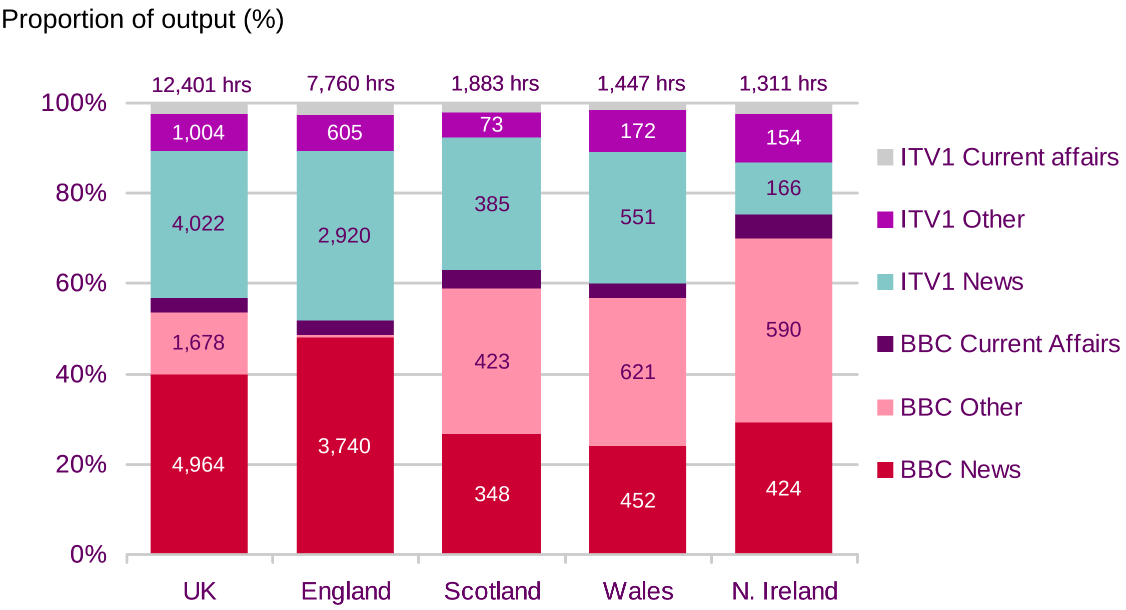


Source: Broadcasters

On a UK-wide basis, ITV and the BBC provided similar levels of nations and regions News in 2006, with the former broadcasting 4,964 hours and the latter 4,022 hours; this was also true in the individual nations, with the exception of Wales, where the BBC carried 424 hours of News in 2006 while ITV broadcast 154 hours.

The picture for 'Other' output was, however, different. While ITV was the major contributor in England, with 605 hours of output in 2006 (compared to the BBC's 44 hours), the situation was quite different in the remaining three nations. There, the BBC's contribution of hours in the 'Other' genre outstripped that of ITV by a factor ranging from 3.6 in Northern Ireland to 5.8 in Scotland (Figure 3.24).

Figure 3.24 Nations and regions output by nation, genre and broadcaster, 2006



Source: Broadcasters

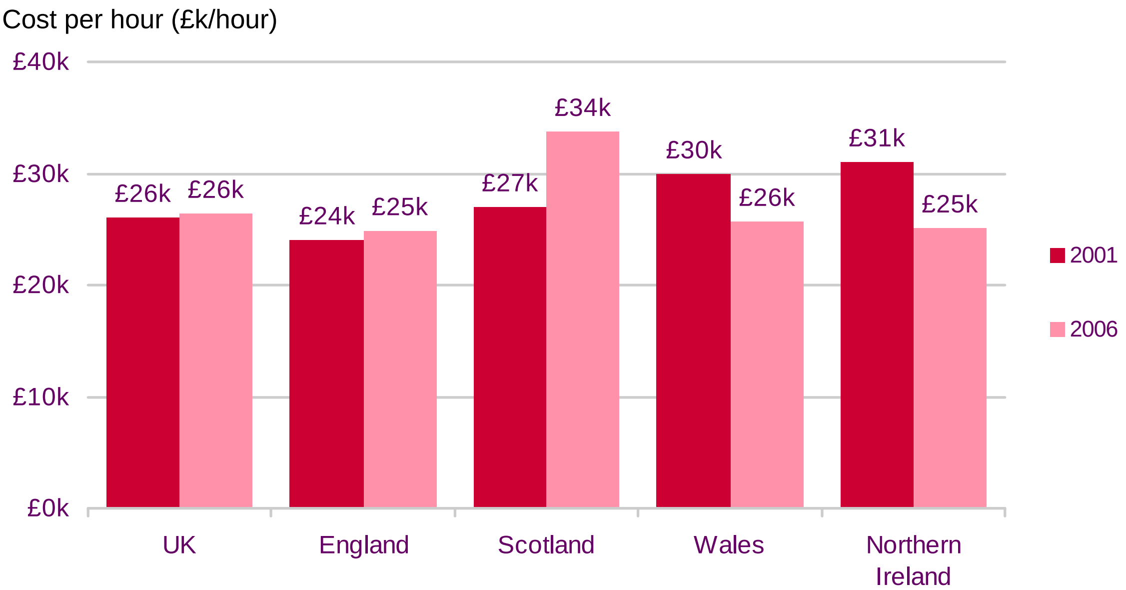
3.1.3.3 Cost per hour of nations and regions output

Regional output cost £26k per hour in 2006

The average cost per hour of regional output across all genres and all nations stood at £26k in 2006. At £25k per hour, English and Northern Ireland regional output was the cheapest of the four nations. Scotland emerged as the nation with the highest hourly cost at £34k per hour because the more expensive 'Other' genre was dominant in Scottish regional output (see below for an analysis of the relative costs per hour of regional genres).

Between 2001 and 2006 costs of production per hour in England and Scotland rose, by 4% and 26% respectively, while the opposite was true in Wales and Northern Ireland, where, costs per hour contracted by 3% and 19% respectively (Figure 3.25).

Figure 3.25 Cost per hour per nation for all genres, 2001 – 2006



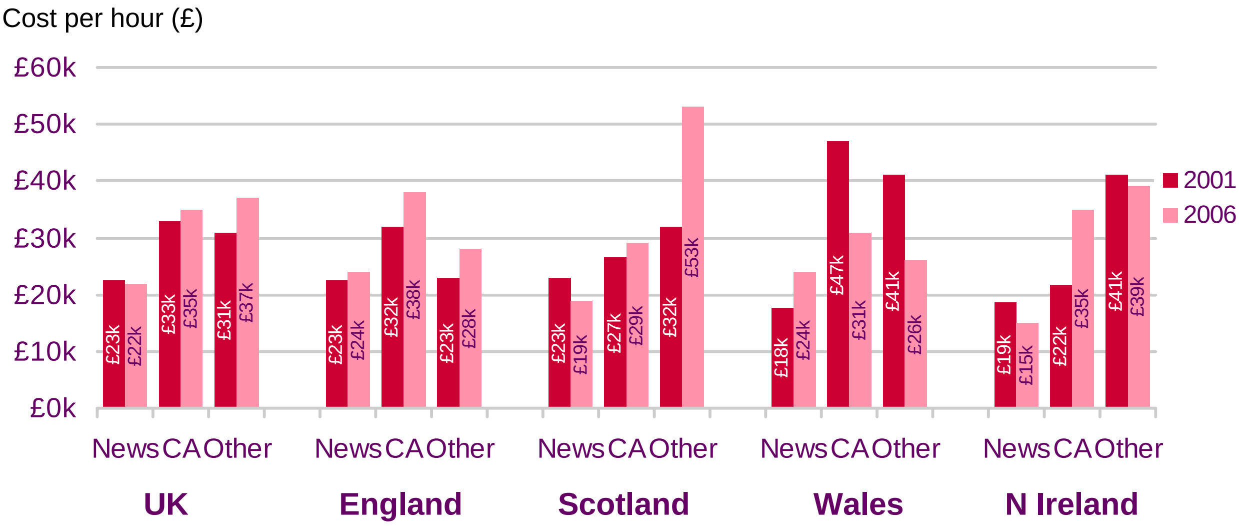
Source: Broadcasters and Ofcom calculations

By genre, 'Other' output was the most costly to produce on a UK-wide basis in 2006, coming in at £37k per hour. That was followed by Current Affairs (£35k) and News (£22k). Across the four nations News costs were broadly similar, ranging from £15k/hr to £24k/hr; the same was true of Current Affairs (£29k/hr - £38k/hr).

The greatest variation on a cost-per-hour basis in 2006 was found in 'Other' output, which ranged from £53k per hour in Scotland to £26k/hr in Wales and £28k/hr in England.

Over time, there were significant changes in the levels of funding invested in genres on an hourly basis. The most substantial was found in 'Other' output in Scotland, which increased by 65% between 2001 and 2006; Current Affairs output in Northern Ireland benefited from a 60% increase over the same period. Conversely, cost per hour for Welsh Current Affairs and 'Other' output fell by 34% and 37% respectively (Figure 3.26).

Figure 3.26 Cost per hour by nation and genre, 2001 – 2005 (£k/hr)

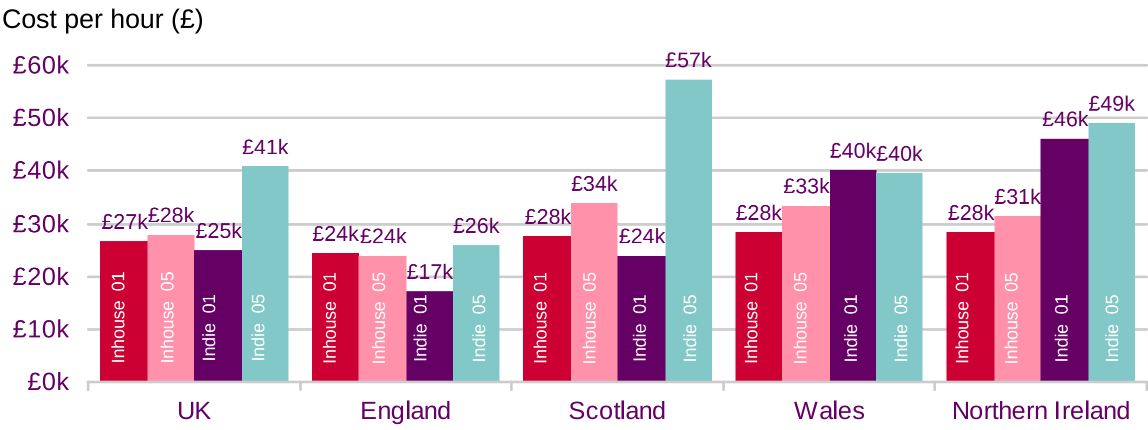


Source: Broadcasters and Ofcom calculations

Commissioning budgets by producer type (in-house vs. independent production) varied little in 2001, at £27k/hr for in-house production and £25k/hr for independent production. By 2005, however, regional production budgets on a per-hour basis had increased significantly for independent producers, resulting in a substantial gap opening up between the cost of in-house and independent production (£28k/hr vs. £41k/hr).

Breaking down spend by nation reveals that Scotland accounts for much of this shift with independent production increasing from £24k/hr in 2001 to £57k/hr in 2005. Independent productions in the other nations also rose over the same period, but by a smaller margin (Figure 3.27).

Figure 3.27 Cost per hour of regional output by nation and genre, 2001 – 2005



Source: Broadcasters and Ofcom calculations
Note: All figures are in 2006 prices, although 2006 figures were not available at the time of writing

3.1.4 Performance against regional regulatory obligations

3.1.4.1 Network production in the nations and regions

Recognising that London has always dominated television production in the UK, attempts were made in the 1990s to encourage production from other centres, such as Manchester, Glasgow, Leeds, Liverpool, Bristol and Birmingham. This initiative began with Channel 4 and a commitment was made to commission a rising proportion of its output from outside the London area. A voluntary target was agreed with the regulator that by 2002 Channel 4 would earmark 30% of its annual programme budget for producers based outside the M25. Formal quotas were subsequently agreed with Channel 4, as well as with ITV and Five, while the BBC, in its Statement of Programme Policy for 2002/03, made a commitment to spend a third of its network programme budget outside London and the South East.

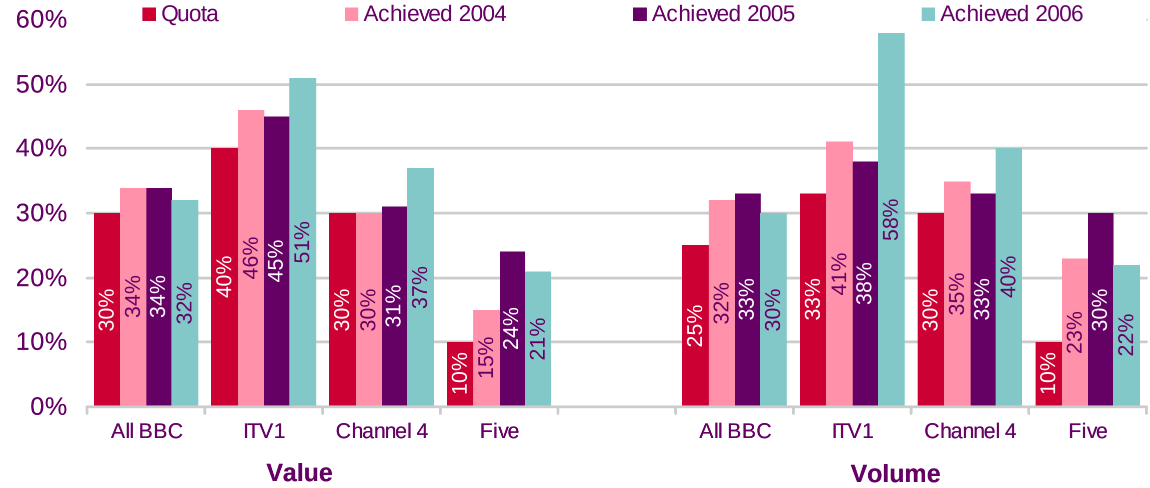
The regulatory obligation became enshrined in the Communications Act of 2003 which stipulates that a proportion of all PSB programme hours must be produced outside London and that a proportion of the programme budget must be spent outside London. The requirement covers programmes made by independents, as well as in-house productions from broadcasters' regional centres. Ofcom agreed a suitable working definition with broadcasters (see Appendix) and sets the levels for the quotas, which differ for each broadcaster.

Over the last three years, all broadcasters have exceeded their out-of-London production requirements in terms of volume and value (Figure 3.28). ITV1 is the channel with the highest targets as a result of its regional production roots and of the Ofcom PSB Review which recommended an increase in the quotas to 50% from 2005. Although missing this target in 2005, ITV1 has significantly improved its performance in 2006, achieving 51% by value and 58% by volume of network productions from outside the M25. However, most of this increase in hours produced outside London was explained by the introduction of late night quiz shows. Channel 4 also increased its out-of-London production share in 2006 compared with previous years, achieving 37% by value and 40% by volume against quotas of 30%, which may be as a result of increases in the volume of game shows such as *Deal or No Deal*.

The BBC quotas of 30% by value and 25% by volume apply across all the BBC's public service channels. The proportions achieved in 2006 were slightly lower than 2004 and 2005 levels, but are still ahead of target. This was also the case for Five, although the proportions achieved, at over 20%, were more than double the quotas, which are set at 10% for both volume and value.

Figure 3.28 Broadcasters' performance against regional production quotas

Proportion of network production (%)

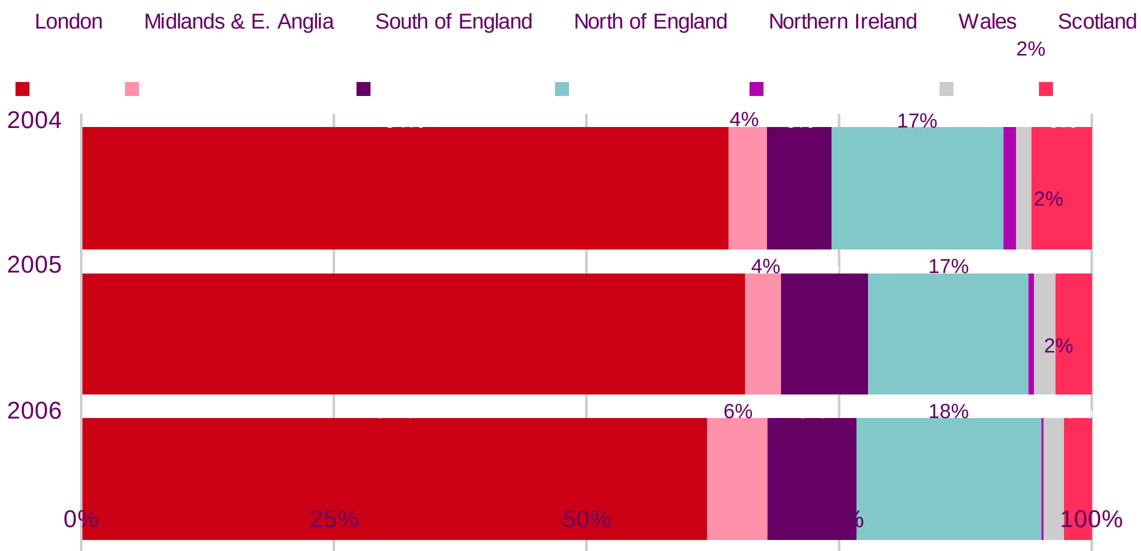


Source: Broadcasters

Given that programme production outside London is often concentrated in a relatively small number of production centres, the geographical spread around the nations and regions is also monitored carefully to encourage broad regional representation. Figure 3.29 and Figure 3.30 show the breakdown of production by value and volume by macro region for all public service broadcasters (PSBs) taken together. In the last three years broadcaster spend and hours of production have been increasingly concentrated in the English regions.

Figure 3.29 Value of network originations for all PSBs by macro region.

Proportion of all investment (%)

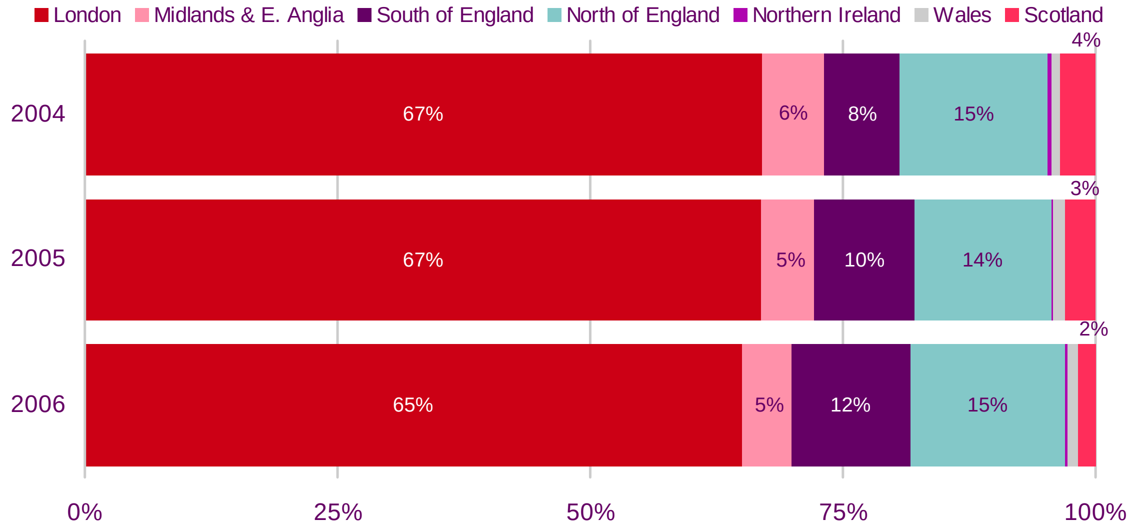


Source: Broadcasters

The pattern is similar when considering the volume of production by macro region (Figure 3.30).

Figure 3.30 Volume of network originations by all PSBs by macro region

Proportion of all output (%)

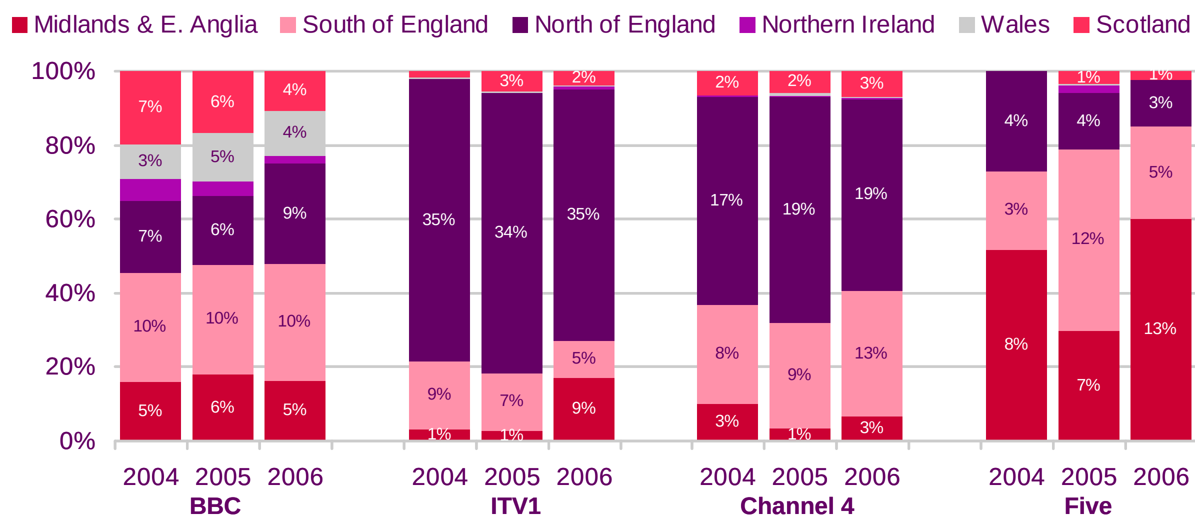


Source: Broadcasters

Figure 3.31 compares spend on regional production outside London, by broadcaster. This again demonstrates that most broadcasters have allocated a relatively small proportion of production spend to the nations. The exception is the BBC where almost 12% of programmes by value were made in the nations both in 2004 and 2005, but even this fell to only 8% in 2006. In ITV1's case, the majority of programmes from outside the M25 are made in the north of England – mainly in Manchester and Leeds – reflecting the regional production strengths of the Granada and Yorkshire bases. On the other hand, only a small proportion (less than 3%) comes from Scotland, Wales and Northern Ireland.

Figure 3.31 Spend on network originations by broadcaster and macro-region

Proportion of expenditure (%)

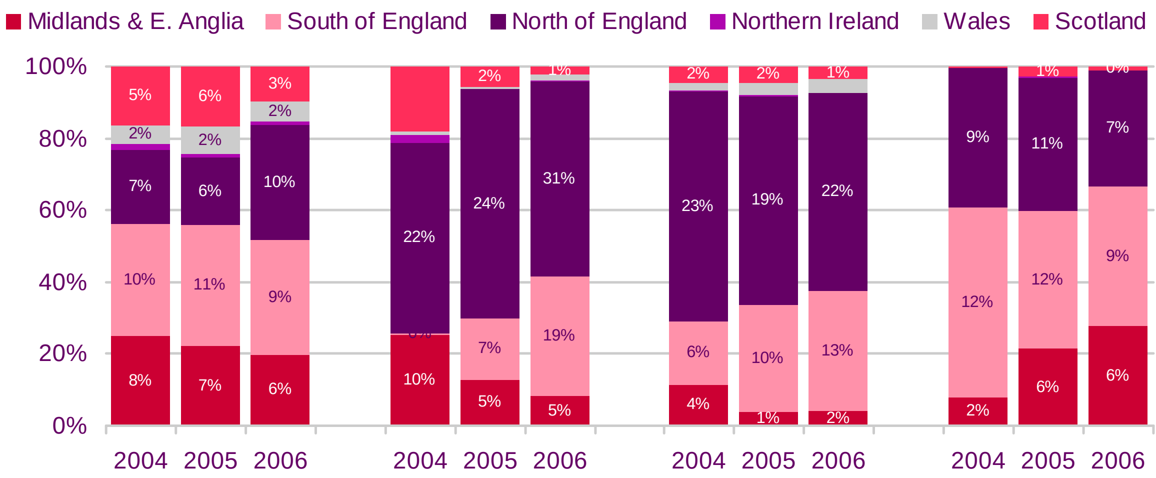


Source: Broadcasters

Breaking production volumes down by macro region (Figure 3.32) shows a similar picture to the expenditure split, with ITV and Channel 4 concentrating production in the north of England. The proportion of programme hours produced in the nations by the BBC is significantly lower than the proportion by spend – less than 5% of hours in 2006, compared with just over 8% of spend.

Figure 3.32 Network originations volumes, by broadcaster and macro-region

Proportion of output (%)



Source: Broadcasters

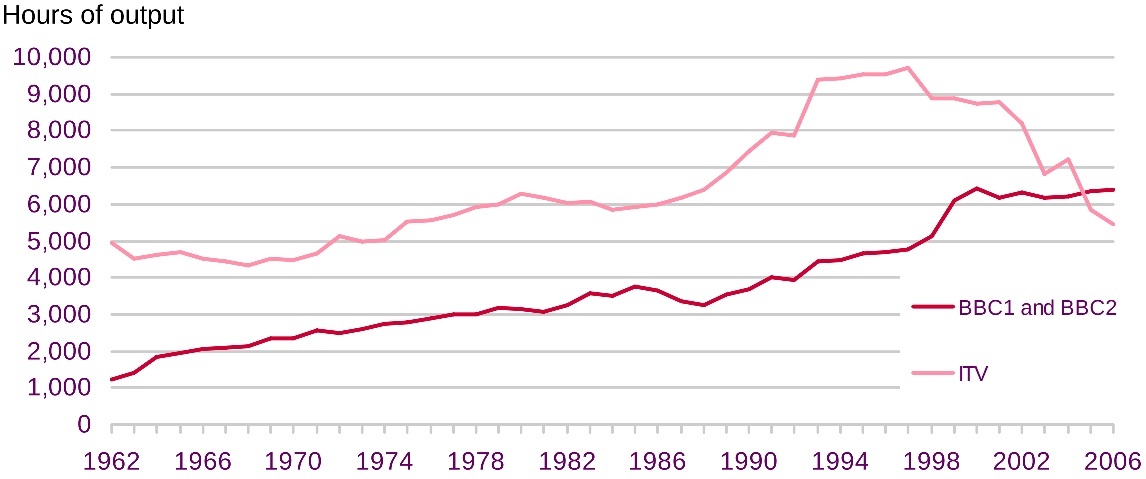
3.1.4.2 Regional programmes

Regional programme obligations apply to ITV1 and the BBC (BBC One and Two) but not to the national network broadcasters Channel 4 and Five.

ITV was founded on a system of separate franchises, consisting of independent companies, located within the nations and regions, with specific requirements to make and broadcast programmes for their own local audiences. From such a strong regional basis, ITV has historically produced and commissioned the lion's share of regional programmes in the UK, underpinned by specific quotas laid down by the regulator. That long-standing commitment to the nations and regions has recently undergone a process of change as a result of increasing market pressures. With the consolidation of ITV's English regions, growing financial imperatives and changing audience preferences, the regulatory burden of regional programme quotas on ITV has been relaxed in recent years. While the levels of regional News and Current Affairs programmes have been largely maintained, cutbacks have centred on other types of (non-News) regional programmes and on those broadcast outside peak time.

By contrast, the BBC's commitment to regional programming has strengthened over the years. Initially BBC One was established as a nationwide UK broadcaster but in the late fifties, greater funding was allocated to the regions and a regional service was introduced. Figure 3.34 shows how the BBC has steadily expanded the amount of regional programmes over the last 44 years, from a low of around 1,200 hours in 1962, to over 6,000 hours in 2006; it became the majority provider of regional programmes for the first time in 2001 (Figure 3.33).

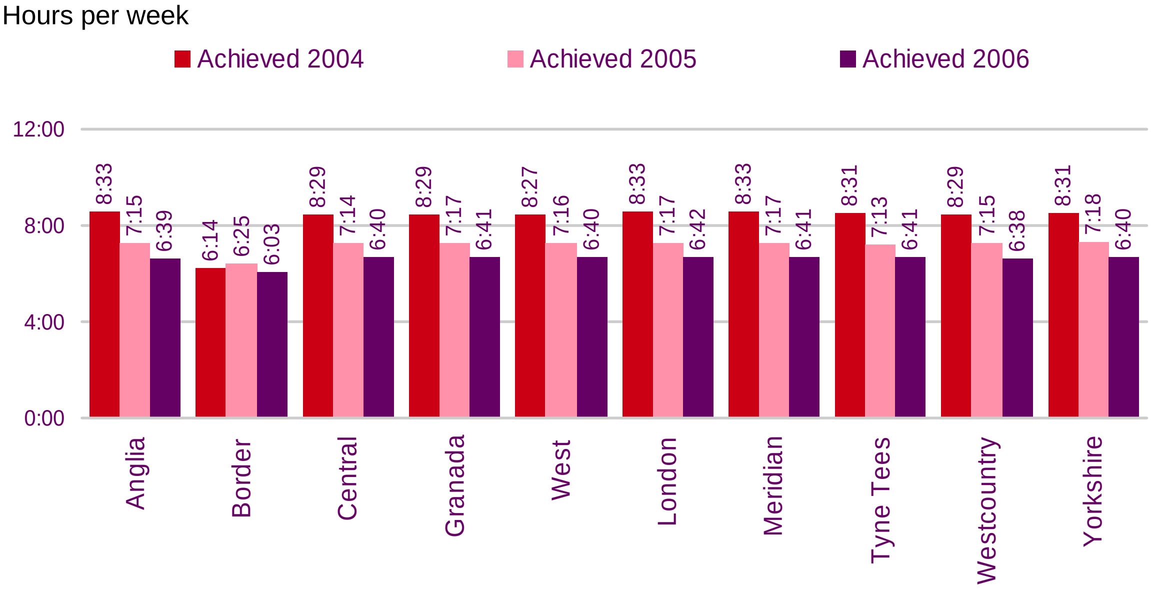
Figure 3.33 Total regional output, BBC and ITV1



Source: Broadcaster returns and Ofcom estimates

During the same period, ITV's regional output increased from almost 5,000 hours in 1962 to a peak of 9,700 hours in 1997, reducing to 5,400 hours by 2006. The regional programming requirements were reduced in 2005 and again in 2006, with the result that the number of hours shown in an average week has fallen below seven in each of the English regions (Figure 3.34).

Figure 3.34 ITV1 licensees' performance, England

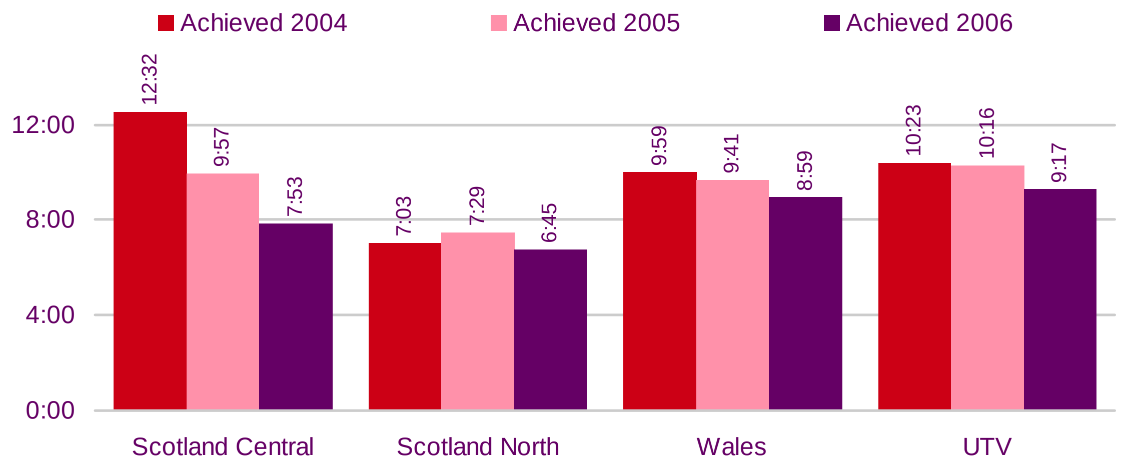


Source: Broadcasters

This was also reflected in the figures for Scotland, Wales and Northern Ireland. The decline in regional programming in central Scotland is more pronounced than elsewhere, showing almost five hours fewer per week in 2006 than two years earlier (Figure 3.35).

Figure 3.35 ITV1 licensees' performance, by nation

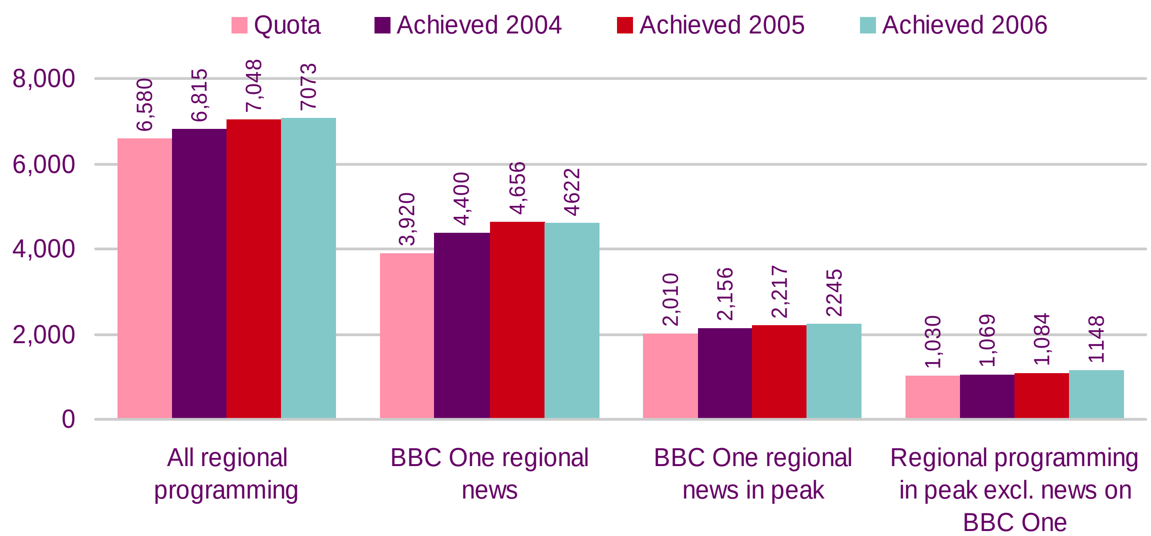
Hours per week



Source: Broadcasters

The BBC is not bound by the regional quotas imposed by Ofcom. Under the BBC Agreement, the BBC Trust imposes certain requirements upon the BBC in consultation with Ofcom. The BBC is subject to annual quotas for the amount volumes of regional programmes shown on BBC One and BBC Two, but unlike the ITV licensees, does have individual quotas for each region or quotas by genre, although its regional output must include a range of genres, including News (Figure 3.36).

Figure 3.36 BBC's performance against regional programming quotas



Source: Broadcasters

3.1.4.3 Remaining regulatory requirements

Within the overall regional quotas, the obligations include stipulations on the scheduling of regional programmes to make sure that they are broadcast at reasonable times when viewers are likely to watch. The ITV licensees are committed to 78 half-hour slots a year of programmes in peak time on weekdays (between 6pm and 10.30pm) and 26 hours in "near-peak" slots (an hour each side of peak time) over and above the 2 ½ hours a week of regional news in peak time. The BBC also has specific requirements – BBC One must show at least 2,010 hours per year of regional news programmes in peak time, 1,030 hours of non-news programmes in peak times and a further 355 hours in near-peak time.

'Made in the nation/region' quota
A further obligation ensures that almost all regional programmes are produced in the region for which they are commissioned. At least 90% of regional output on ITV1 and 95% on BBC channels must be made in the relevant nation or region.

Sub-regional quotas
Some regions are further divided into sub-regions or provide opt-out services enabling regional News programmes, in particular, to be more closely targeted to viewers in different parts of the region. This allows the broadcasters to cover more local news stories which tend to be of greater relevance and interest to viewers in the sub-regions.

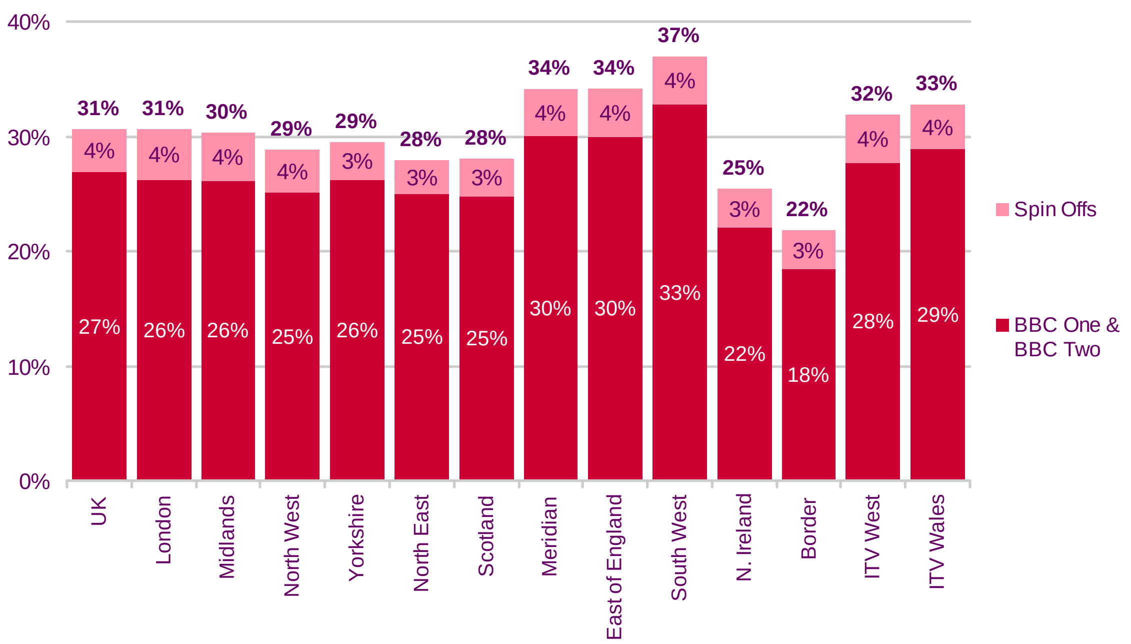
3.1.5 Broadcaster market shares

Channel 4 spin-off channels made the biggest impression on the portfolio in Scotland
The BBC's portfolio share in multichannel homes averaged 31% in 2006 – with the five percentage point reduction in the shares of BBC One and BBC Two offset by the share contributions made by the digital-only spin-offs BBC Three, BBC Four, CBeebies, CBBC, BBC News 24 and BBC Parliament.

Across viewing regions, the contribution made by the BBC's spin-offs was relatively consistent, attracting between three and four percentage points in 2006. Regional variations in portfolio share were driven more by the share taken by BBC One and BBC Two. The portfolio as a whole attracted its highest share in the South West, East and Meridian regions (33%, 30% and 30% respectively) and its lowest in the Border region and Northern Ireland (22% and 18%) (Figure 3.37).

Figure 3.37 BBC portfolio share in multichannel homes, 2006

Audience share(%)

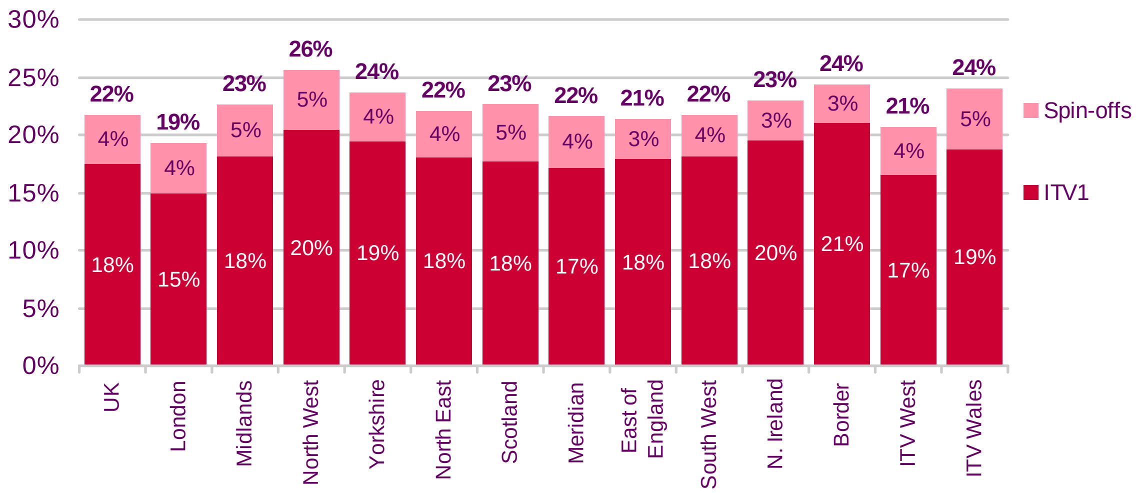


Source: BARB
Note: The BBC's spin-offs are BBC Three, BBC Four, CBeebies, CBBC, News24 and BBC Parliament

ITV's portfolio share as a whole stood at 22% in 2006 in multichannel homes, with variations from 25% in the North West region to 19% in the London region. ITV's digital-only spin-off channels delivered additional share to the portfolio of between four and five percentage points (the exceptions being in the Border region and Northern Ireland where they attracted just three percentage points). Much of the portfolio share variation by region (in common with the BBC) was explained by variations in viewing of ITV1 (which varied from 21% in the Border region to 15% in London) (Figure 3.38).

Figure 3.38 ITV portfolio share in multichannel homes, 2006

Audience share (%)

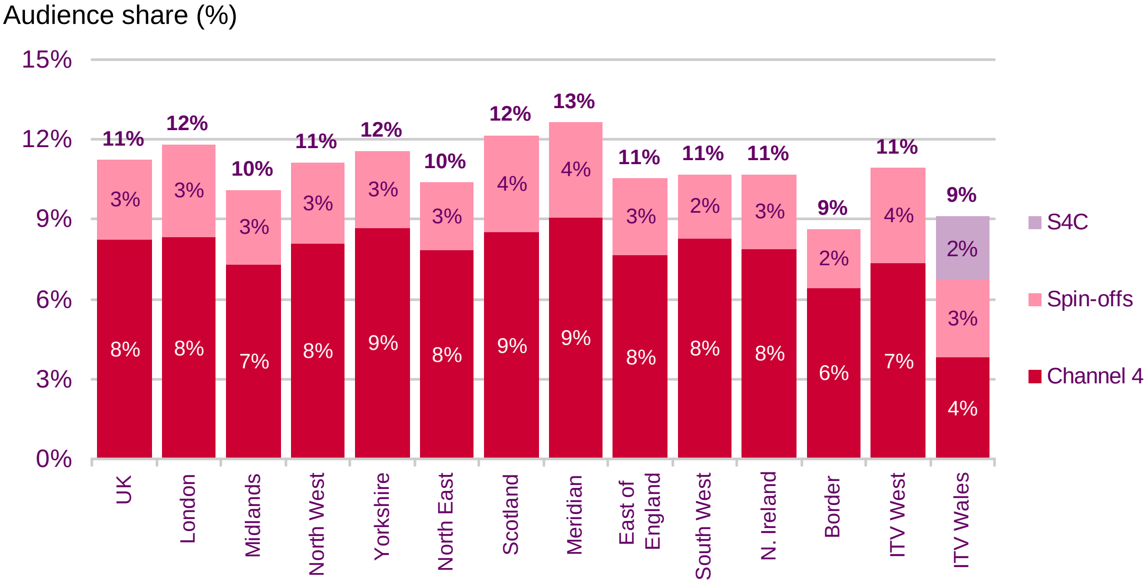


Source: BARB; Note: ITV's spin-offs ITV2, ITV3, ITV4, Men & Motors and ITV Play

Channel 4's portfolio share in multichannel homes stood at 8% in 2006. The 'spin off' channels E4, More4 and Film4, proportionally speaking, had a greater impact in sustaining share when compared to those of the BBC or ITV, contributing an average of three percentage points of additional share in multichannel homes. The spin-off channels were least popular in the South West and Border regions (attracting two percentage points of additional share), while in Scotland, the Meridian region and ITV West, they proved more popular, with four percentage points each).

Across the nations and regions, Border and ITV Wales stood out as the regions with the lowest level of Channel 4 portfolio share. Viewers in the Meridian region spent the greatest proportion of their viewing time watching the Channel 4 portfolio in 2006, with a total share of 13% (vs. 11% for the UK as a whole) in that year (Figure 3.39).

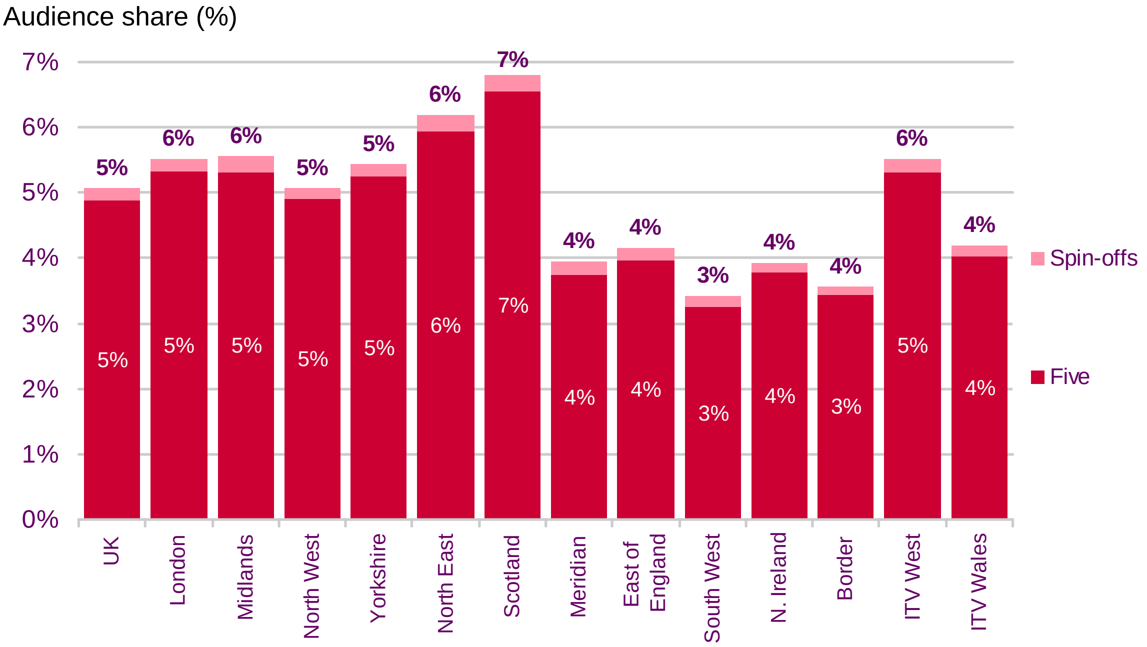
Figure 3.39 Channel 4 portfolio share in multichannel homes, 2006



Source: BARB
Note: Channel 4's spin-offs are E4, More4 and Film4 (plus time-shifted versions)

In multichannel homes, Five achieved an average share of 5% in 2006, but there was significant variation by nation and region. Scotland was notable for a 7% share while the South West and Border regions delivered share of just 3% (Figure 3.40).

Figure 3.40 Five portfolio share in multichannel homes, 2006



Source: BARB
Note: Five's spin-off channels are Five Life and Five US

The five terrestrials lost most share in multichannel homes in Wales and the Border region

The share taken by the five main channels in multichannel homes has fallen over the last four years, fuelled by the increasing availability of channels in multichannel homes. This has been somewhat offset by the share attracted by digital spin-off channels from the BBC, ITV, Channel 4 and Five.

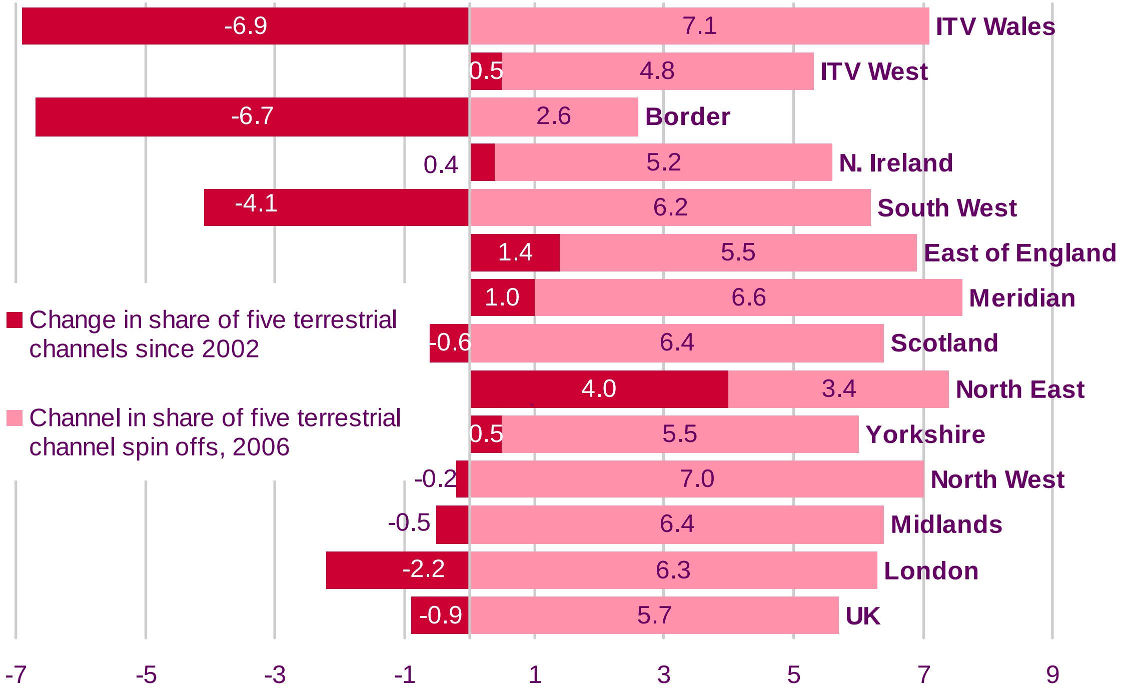
On average, the five terrestrial channels lost around one percentage point of share between 2002 and 2006 in multichannel homes, which was more than compensated for by the six percentage point increase in share gained by their spin-off channels over the same period.

There were, however, substantial regional variations in share over the period. In the North East the five main networks gained four percentage points of share, compared to a national average reduction of one percentage point. By contrast, viewers in the ITV Wales and Border regions recorded the largest reductions in market share for the five main networks, at seven percentage points each.

The PSB spin-off channels, meanwhile, built their largest shares in the North West, ITV Wales and Meridian regions, where each attracted seven percentage points more share in 2006 when compared to 2002. The channels fared least well in the Border region, where their market share increase was just three percentage points (compared to the national average of six percentage points) over the same period (Figure 3.41).

Figure 3.41 Share changes across five PSBs & spin-offs, MC homes, 2002 - 2006

Change in audience share (percentage points)



Source: BARB
Note: Changes to the BARB panel were made in 2002 and as a result some regional multichannel figures should be treated with caution.

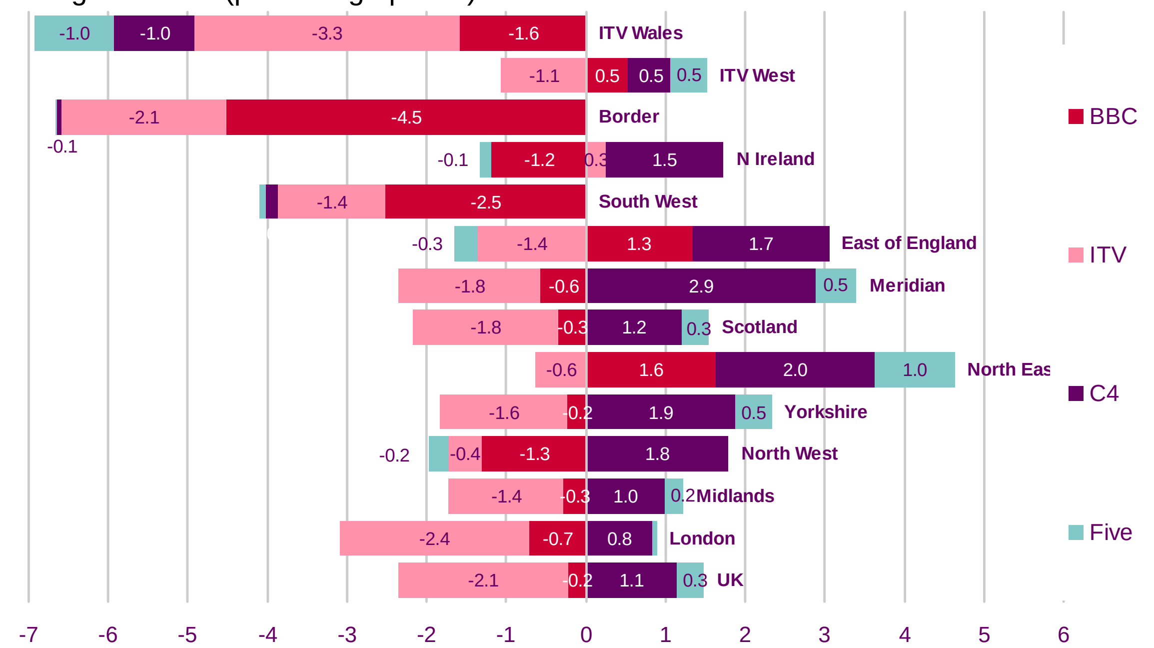
ITV1 Wales share reduction the greatest of any terrestrial channel
Turning to the five terrestrial channels and their spin-offs to examine which fared best in the four years to 2006, there was a consistent pattern of share losses for ITV1 across the whole of the UK, with the exception of Northern Ireland. An average share loss of two percentage points included share losses as great as three percentage points in the ITV Wales region; in Northern Ireland the networks' share gained 0.3 percentage points.

At the opposite extreme, Channel 4 recorded share gains in almost every ITV region during this period. Viewers in the Meridian region showed the highest level of renewed interest in the channel, resulting in an increase in share of 2.9 percentage points between 2002 and 2006. The worst performing region for the channel was Border, where share remained static.

The BBC's channels over the same period showed no consistent pattern of market share growth or contraction. An average national reduction of 0.22 percentage points included increases of 1.6 and 1.3 percentage points respectively in the North East and East of England. At the opposite extreme, share in the South West for BBC One and BBC Two fell by 4.5 percentage points, and reduced by 2.5 percentage points in the Border region.

Five, meanwhile, saw its greatest increase in market share in the North East (one percentage point .compared to a national average of 0.3) and a reduction of one percentage point in the ITV Wales region (Figure 3.42).

Figure 3.42 Changes in the share of the five terrestrial channels in multichannel homes, 2002 – 2006



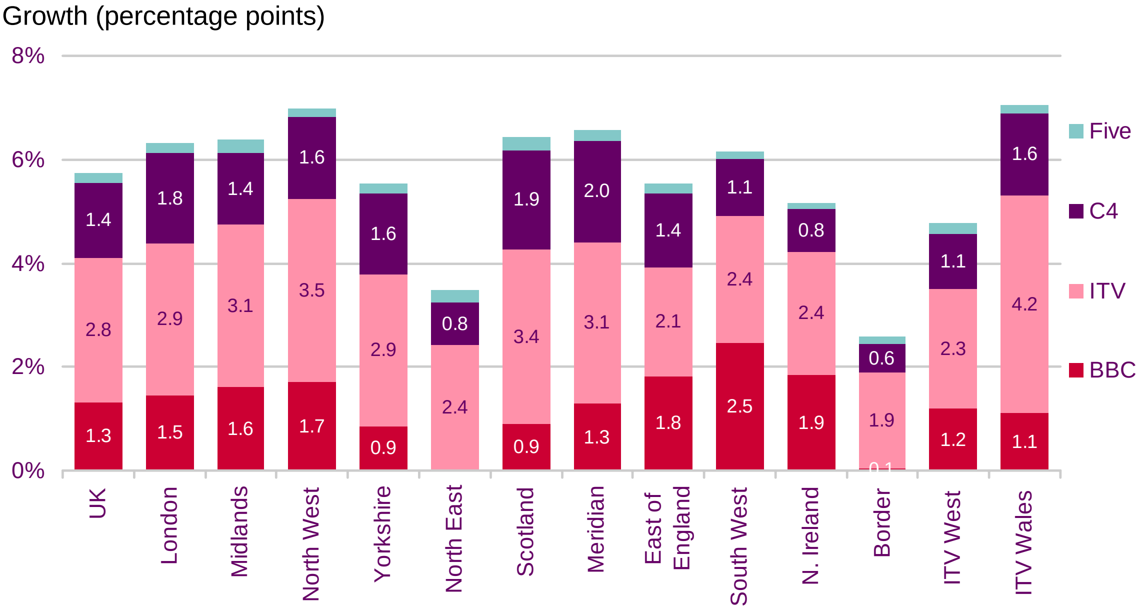
Source: BARB

ITV digital portfolio grew between 2002 and 2006
Of the five terrestrial portfolios, ITV's digital spin-offs delivered the greatest increase in share over the period 2002 – 2006, averaging a 2.9 percentage point gain. The portfolio enjoyed its largest increase in the ITV Wales region (4.2 percentage points) and even in the worst performing territory (Border), the channels still put on 1.9 percentage points.

Channel 4's spin-off channels also performed consistently well across ITV regions between 2002 and 2006. With an average share increase of 1.4 percentage points, the largest increase came from Scottish viewers (1.9 percentage points) while, once again, even in the weakest performing region of Border, viewers still delivered market share growth of 0.6 percentage points.

Border was also the weakest performing area for the BBC's digital portfolio, where there was no detectable increase in digital channel market share in 2006 compared to 2002 (relative to a national average increase of 1.3 percentage points). Viewers in the South West of England delivered the strongest additional market share to the BBC, with a full 2.5 percentage points over the four years to 2006 (Figure 3.43).

Figure 3.43 Growth in share of the five terrestrial channels' spin-offs, 2002 – 2006



Source: BARB

Non-PSB channels performed best in 2006 in Welsh homes

The market share captured by the non-PSB digital-only channels varies significantly by region. Figure 1.45 illustrates the aggregate share of a selection of key channel groups for those channels that appear in the top 20 channels in multichannel homes.

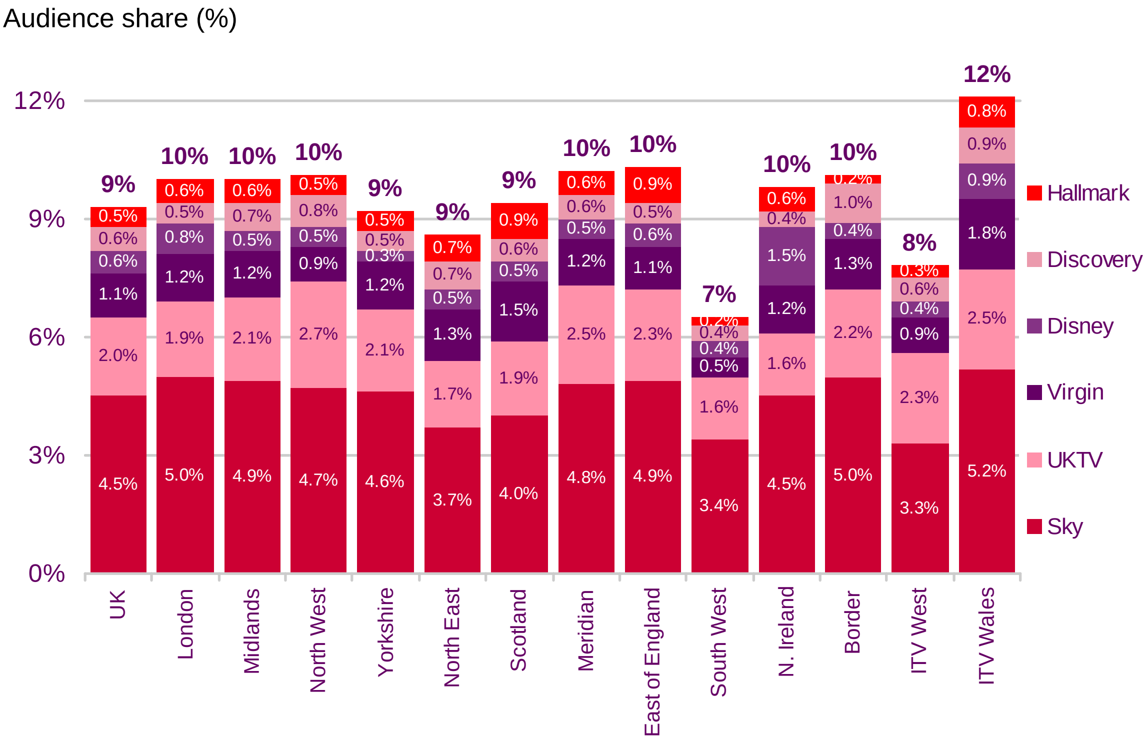
Among the non-PSB operators, Sky consistently takes the highest share across all nations and regions. With Sky One, Sky News, Sky Sports 1 and Sky Sports News featuring in the top twenty channels in multichannel homes, their aggregate share averaged 4.5% in 2006, but it rose as high as 5.2% in the ITV Wales region (where digital television penetration is highest) and 5.0% in the London region. Its channel performance was weakest in the South West region, where it stood at 3.4% - an area where PSB share is high, even in multichannel homes.

UKTV Gold and UKTV History featured regularly in the top twenty channels in multichannel homes, with the result that UKTV's 2006 share for the top twenty stood at 2%. Its highest reach was achieved in the North West region (2.7%), followed by the Meridian and ITV Wales regions (2.5% each). In common with Sky, viewers in the South West delivered UKTV's weakest performance (a share of 1.6% in 2006), along with viewers in Northern Ireland (1.6%).

The only Virgin Media channel to feature in the top twenty in multichannel homes is Living. The channel attracted an average market share of 1.1% in 2006, with a peak market share of 1.8% in the ITV Wales region. Once again, its performance was weakest in the South West, with a share of just 0.5% - in line with other multichannel services.

Finally, the Disney channel attracted an average share of 0.6% on a national basis but was notable for the substantially higher share it attracted in Northern Ireland, at 1.5%.(Figure 3.44)

Figure 3.44 Non-PSB group shares from top twenty channels in multichannel homes, 2006



Source: BARB

3.1.6 The production sector

3.1.6.1 Production in the nations and regions

Several television production bases have been established across the UK
The preceding analysis highlighted the investment per head that was made by the BBC and ITV in producing programmes for audiences in the UK's nations. Broadly speaking, these programmes tended to be produced in the nation where they were broadcast and therefore contributed to the funding of that nation's production industry. Those industries can also benefit from investment made by commissioners on programmes that are 'networked' or broadcast across the UK. This combination of regionalised and network programme production has led to the development of a number of television production centres around the UK.

ITV Plc's main production centres are in London, Manchester, Leeds and Norwich; it also has regional centres responsible for local news-gathering and bulletin production. The BBC has network television production bases in London, Bristol (for natural history), Birmingham (concentrating on daytime output) and Manchester (producing Entertainment and Religious programming). It has its English regions headquarters in Birmingham and television centres in London, Manchester, Leeds, Bristol, Hull, Newcastle upon Tyne, Nottingham, Norwich, Tunbridge Wells, Plymouth and Southampton.

Production in Northern Ireland is centred in Belfast. The city benefits from BBC and ITV (UTV) regional production and also houses about 40 independent production companies, which have created programmes including *The Afternoon Show* and *The Brendan Courtney Show*. Cardiff is the centre of television production in Wales, where the BBC produces *Dr. Who* and *Torchwood*. Cardiff also houses the independent producers Boomerang, Opus and Green Bay Media, which produce *Bandit*, *Cowbois ac Injans*, and *Through Children's Eyes*.

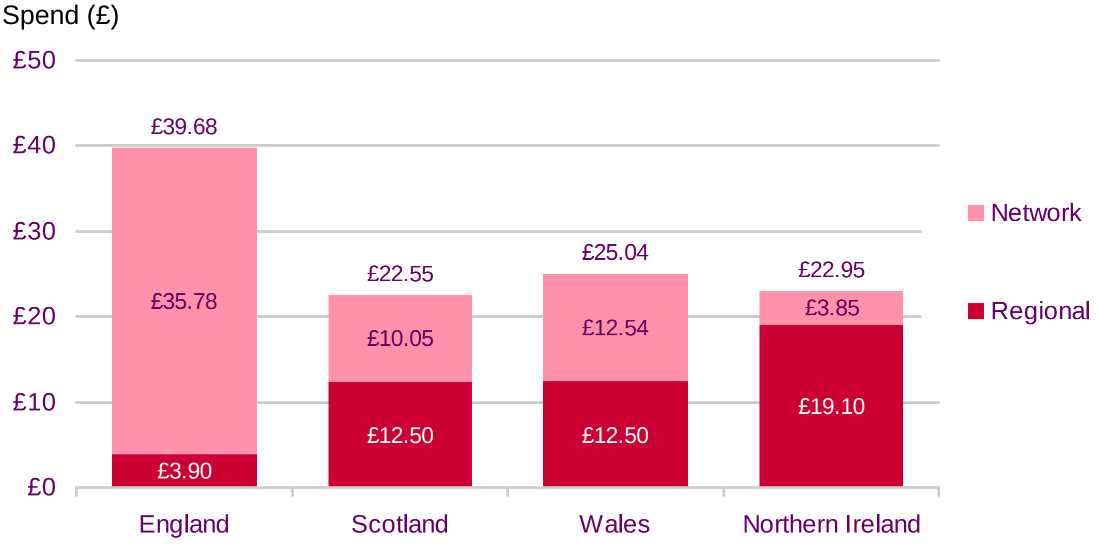
Glasgow is the largest television production centre in Scotland. It houses the headquarters of SMG Productions, producing such shows as *Taggart, People's Court* and *Sùgh an Eòrna*, and independent producers including The Comedy Unit, which produces *The Karen Dunbar Show* and *Still Game*.

England benefits from more network television production than any other nation
The preceding analysis has shown that on a per-capita basis, Northern Ireland benefited from the highest programme spend of all the nations, at £19.10 in 2006. Scotland and Wales both saw spend of £12.50 a head; England's output was £3.90 per head.

Taking account of spend on networked production, however, changes the picture (Figure 3.45). On a per-capita basis, Northern Ireland benefited least from investment in networked programme production (£3.85 per head in 2006); Scotland and Wales were broadly similar with £10.05 and £12.54 respectively. But England was by far the greatest beneficiary of networked programme production in 2006, with £35.78 per head spent by the five terrestrial broadcasters in 2006.

The effect of increased investment in networked production in 2006 was to put England into the number one position when both regional and network investment were taken into account at £39.68 per head. Scotland, Wales and Northern Ireland all had similar levels of total production spend at £22.55, £25.04 and £22.95 per head respectively (Figure 3.45).

Figure 3.45 Spend on nations, regions & networked production per head



Source: Broadcasters and Ofcom calculations

3.1.6.2 Selected independent producer profiles

According to the annual survey by *Broadcast*, turnover of independent production companies based outside the London area increased in 2006. *Broadcast* reported that the top 30 regional independent producers' volume of business increased from a combined turnover of £140.15m in 2005 to £223.19m in 2006. Of the 50+ regional companies surveyed, the majority, 61.3%, claimed to have experienced a rise in income over the period, while 32.3% reported a decline. Twenty-five per cent stated that they had a "more successful year in 2006 than in 2005", compared with only 17% of London-based indies.

There is continued concern among regional independent producers about competition from London-based indies and the larger 'super-indies', that attract a substantial proportion of all commissioning spend. *Broadcast* reported that the top ten independent producers (excluding holding companies)[11] accounted for the bulk of independent revenue – they had a combined turnover of £936m, compared with a total turnover of £1.45bn for all independent producers included in the survey. Furthermore, out-of-London indies are also facing increasing competition from the 29% of London-based companies that have opened regional offices.

Despite this, independent production centres are relatively well established in the nations and regions. Eight out of the top 50 regional indies are based in Bristol or Bath, with seven in Wales. After that, the main centres are Scotland and Manchester with five companies each, Brighton with four and Northern Ireland, Plymouth and Devon with three.

The following section reviews a sample of independent producers from across the nations and regions which have made significant contributions to television and the production market in their locations – it does not aim to provide a comprehensive picture of independent producers in each nation.

IMG Media – London
IMG Media, which is owned by TWI. IMG has a full-time staff of 689 and a reported turnover of £200.2m (July 2005 – June 2006). Over the period, it had 235 commissions and produced 6,911 hours of programming in a range of genres including Comedy, Sports, Docudrama, Documentary, Science, History, Children's, Wildlife, Lifestyle and Film. Some of its key shows include *The Catherine Tate Show* (BBC Two), *I Shouldn't Be Alive* (C4/Discovery) and *All Star Cup* (Sky One).

The company acquired Darlow Smithson in April and Tiger Aspect in June 2006. The organisation also acquired a number of other companies such as Nunet AG in January 2007 (a mobile television supplier) and Art + Commerce in February 2007 (a management agency dealing with photographers, stylists, creative directors, etc.).

Red Productions – Manchester
Red Production Company, based in Manchester, first went into production in spring 1998. It has a reported turnover of £10m (July 2005 – June 2006). Over the period it had four commissions and produced 16 hours of programming. Televisual ranked the indie 27th in the UK in 2006 (based on highest turnover).

The company produces films and television dramas, such as *Queer as Folk* (Channel 4), *Clocking Off* (BBC One), *Now you See Her (Sky One), Linda Green* (BBC One), *Bob & Rose* (ITV), *Sparkhouse* (BBC), *Conviction* (BBC), *Legless* (Channel 4), *New Street Law* (BBC One),and *Jane Hall* (ITV).

Maverick Television – Birmingham
Maverick Television was launched in 1994 with headquarters in Birmingham and recently opened an office in London. The company has a full-time staff of 50 and a reported annual turnover of £7.2m (July 2005 – June 2006), which puts it 38th in the UK according to Televisual's 2006 rankings. Over the period it had 24 commissions and produced 69 hours of programming, concentrating on Factual and Factual Entertainment genres; it has recently added Drama to its slate. Its programmes include: How to Look Good Naked (Channel 4), *Trade Secrets* (BBC Two*), Fat Chance* (ITV 1), *10 Years Younger* (Channel 4) *Ten Things You Didn't Know...* (Bravo), *Weapons Of World War II* (Five), *Gail Porter Laid Bare* (BBC One) and *VEETV* (Channel 4).

[11] (excludes the holding companies IMG, Endemol, All3Media, RDF Media Group, Shine, Tinopolis, Shed Productions, Ten Alps, DCD Media and Southern Star.

Maverick has also worked with organisations such as Channel 4, the University of Central England and the University of Birmingham to provide informal training schemes to promote production work experience.

Tinopolis – Llanelli
The Tinopolis Group, based in Llanelli, is one of the largest production companies in the UK with a full-time staff of 450. The Group has operations in television, animation and new media. Independent production companies within the group include Tinopolis, Mentorn, Welsh Productions, Music Box, Folio, Sunset and Vine, Daybreak Pictures and Redback. In January 2006 Tinopolis acquired The Television Corporation Plc. ("TV Corp"). It sold its subsidiary Hawkeye for £4m.

Tinopolis produces over 2,500 hours of television programming per year across a mix of genres, such as Drama, Current Affairs, Factual, Entertainment and Sport. Some of its popular programmes are *The Boy Who Gave Birth to His Twin*, *Half Ton Man, Question Time, Britain's Worst…, Traffic Cops, Dal :Yma / Nawr* and *Lahore Law*.

In 2006 it had a turnover of £47.3m, up 355% from 2005 (£10.4m). Its profit (before tax) was £1.06m, up 23% from the previous year (£0.86m). Televisual ranked the company 5th in the UK for highest turnover. Excluding the acquisition of TV Corp, the core Tinopolis business grew by 15% (to £12m) and its operating profit rose by 10% (to £1.24m).

The Comedy Unit – Glasgow
The Comedy Unit, based in Glasgow, was founded in 1996 and became part of the RDF Media Group in August 2006. The company has a full-time staff of 20 and a reported turnover of £6.5m (July 2005 – June 2006). Over the period, it had 13 commissions and produced 15 hours of programming.

The Comedy Unit produces a range of television and radio programmes for transmission in Scotland and across network and satellite channels. It specialises in scripted comedy and has a talent management arm which supports Scottish comedians. The organisation also produces Entertainment and Children's programmes. Its television productions include: *Still Game* (BBC Two), *Tank Commander* (Channel 4), *Rab C Nesbitt, Chewin' the Fat, The Karen Dunbar Show* (BBC Scotland), *Offside, Only An Excuse* (BBC Scotland) and *Comadaidh Òir* (BBC Scotland, in Gaelic). It produces radio content for broadcasters such as BBC Radio Scotland, Radio Four and Radio Five Live. It is also working with the DVD distribution company 2Entertain.

Green Inc Film & TV – Belfast
Green Inc. Film and Television was formed in 1996 and has its headquarters in Belfast and offices in Dublin. It has a full-time staff of 58 and reported turnover of £2.5–3m between July 2005 and June 2006 with profits of £250k. Over the period it had seven commissions and produced 287 hours of programming. Televisual ranked it 68th among UK indies in 2006.

Green Inc. has produced approximately 600 hours of programming since it was established, across the Entertainment, Factual Entertainment and Comedy genres. These include such programmes as*: Patrick Kielty Almost Live* for BBC One, *Red Bull Music Academy, Last Chance Lottery* and *Gas* for Channel 4, *A Queer Life for the Straight Guy* and *Teenage Kicks* for BBC Northern Ireland, *It's A Family Affair, DIY Dads* and *Afternoon Cooks* for RTE, and Irish language programmes for TG4.

3.2 The television viewer

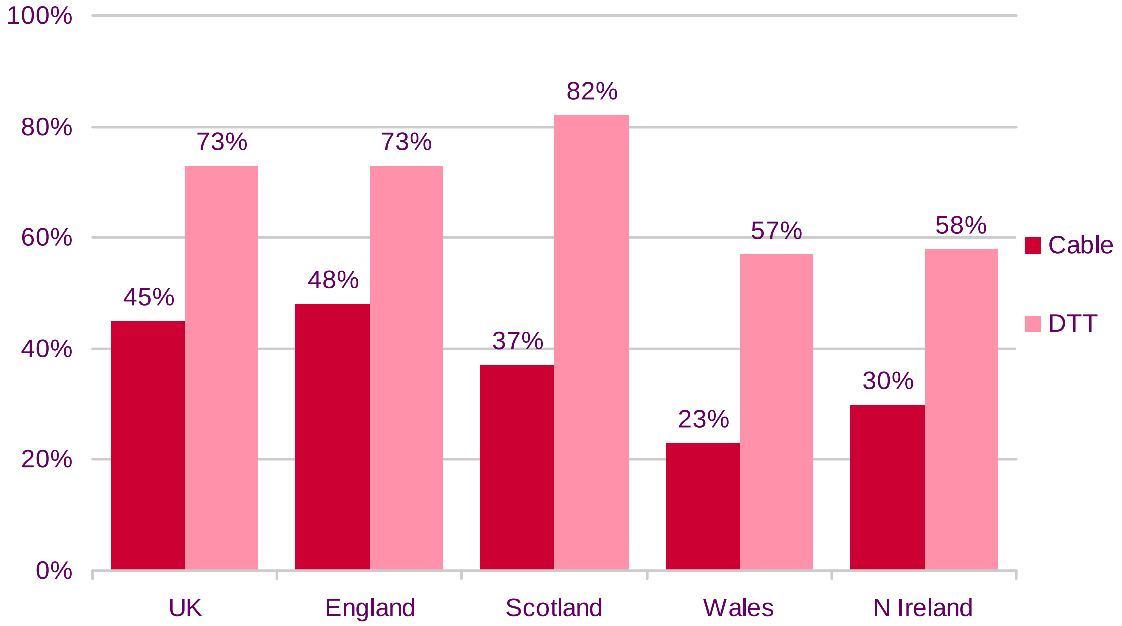
3.2.1 Platform availability

Digital television platform availability has not changed materially since the 2006 report. Digital satellite services are available to a large proportion of the UK population – with coverage compromised only by, for example, geographic characteristics and tall buildings. Freeview coverage remained at 73% of the UK population in 2006, and will do so until digital switchover begins in 2008. It was at its highest in Scotland in 2006, where 82% of the total population were able to receive services from all six Freeview multiplexes. It was lowest in Wales, where coverage extended to 57% of the population and in Northern Ireland where it stood at 58%.

Digital cable coverage across the UK, meanwhile, stood at 45% of the UK-wide population in 2006. Homes passed by digital cable were at their lowest in Wales, where just 23% of homes were able to access the service. In Northern Ireland, the figure rose to 30% and to 37% in Scotland. Coverage was at its highest in England, where 48% of homes could access a cable connection (Figure 3.46).

Figure 3.46 Digital terrestrial television and digital cable television coverage, 2006

Proportion of homes (%)



Source: Ofcom

3.2.2 Platform take-up

Ofcom’s communications tracking survey and DTV take-up

The Communications Tracking Survey takes place each month and provides Ofcom with continued understanding of consumer behaviour in the UK communications markets. It helps to monitor change and assess the degree of competition. For the purposes of this report the 2006 data has been annualised to provide a consolidated picture of the communications market across the nations and regions. Using annual data also allows analysis of robust base sizes in each of the nations and regions that would not be possible if a shorter period of time was used. It is worth noting therefore, that data presented in this document will not be the same as that presented in other Ofcom Communications Market Reports, which tend to be based on quarterly results rather than annual figures.

The survey breaks down England’s results into eight English regions, reflecting local government regions.. These acronyms are used to denote the regions

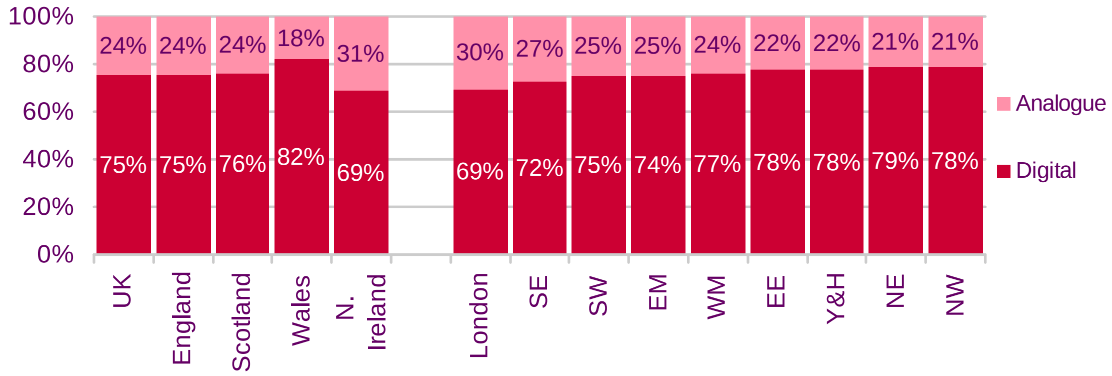
SE = South East	EE = East of England
SW = South West	Y&H = Yorkshire and the Humber
EM = East Midlands	NE = North East
WM = West Midlands	NW = North West

DTV take-up highest in Wales & North East; lowest in Northern Ireland and London
Wales is the nation with the largest proportion of individuals claiming to have taken up DTV, with a conversion level of 82% in 2006, perhaps driven by the difficulty in receiving terrestrial signals in more remote regions. This compares to 76% in Scotland, 75% in England and 69% in Northern Ireland.

In the English regions, against the national average take-up of 75% in 2006, London emerged as the region with the lowest proportion of people who access DTV, at just 69%. The North East was the region with highest take-up in England, at 79% (possibly driven by increasing take-up in Border, the first ITV region to switch over to digital), with similar levels of take-up in the East, the North West and Yorkshire/Humberside (78% each) (Figure 3.47).

Figure 3.47 Proportion of individuals with DTV, 2006

Proportion of homes (%)

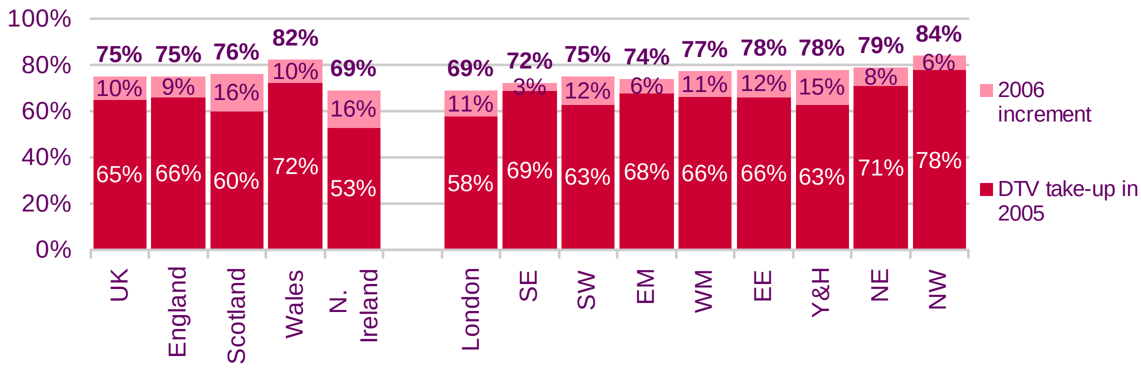


Source: Ofcom research

Figure 3.48 shows that the gap between the parts of the UK with the highest and lowest DTV penetration narrowed to 13 percentage points in 2006, down substantially from the 19 point gap a year earlier. This can be explained by substantial growth in DTV penetration in the nations that lagged behind in 2005 – notably Scotland and Northern Ireland, each of which saw growth of 16 percentage points over the last 12 months. Among the English regions, growth was highest in the Yorkshire and Humberside region at 15 percentage points (a 24% increase in 12 months) with the result that, having lagged behind many English regions, it emerged as one of the leaders in 2006.

Figure 3.48 DTV penetration in 2006 and growth since 2005

Proportion of homes (%)



Source: Ofcom research

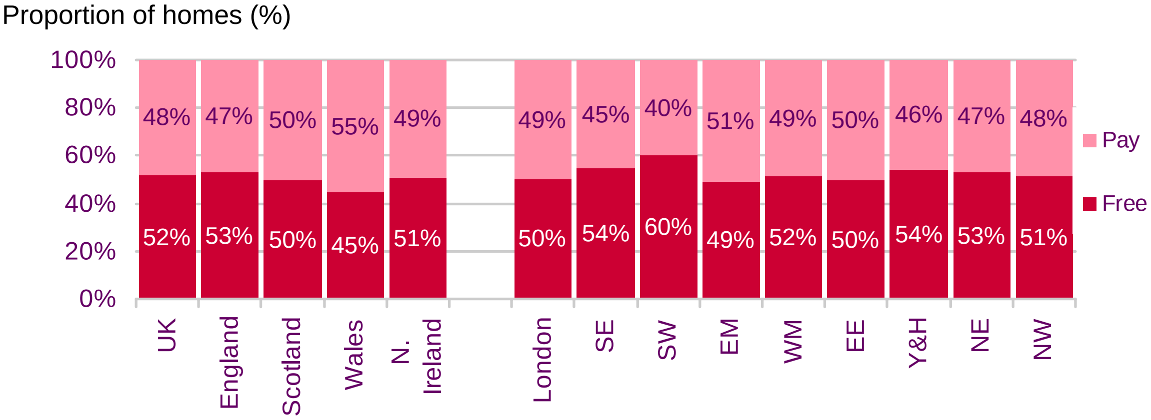
Note: the 2005 survey results cover the second and third quarters of 2005, while the 2006 survey covered the four full quarters of that year

Viewers in the South West least likely to pay for television services

English people have opted for the 'free' TV route to a greater degree than any other nation, with 53% of homes taking Freeview or staying with analogue television. This compares to 50% of Scottish individuals, 51% in Northern Ireland and 45% in Wales, perhaps reflecting the lower levels of cable and/or Freeview availability in those countries.

Among the English regions, 60% of individuals in the South West have opted for 'free' TV (against an England average of 53%), followed by the South East (54%) and Yorkshire & Humberside (54%). The highest levels of pay television were found in the East Midlands (51%) and East of England (50%) (Figure 3.49).

Figure 3.49 Proportion of individuals with free TV and pay TV, 2006



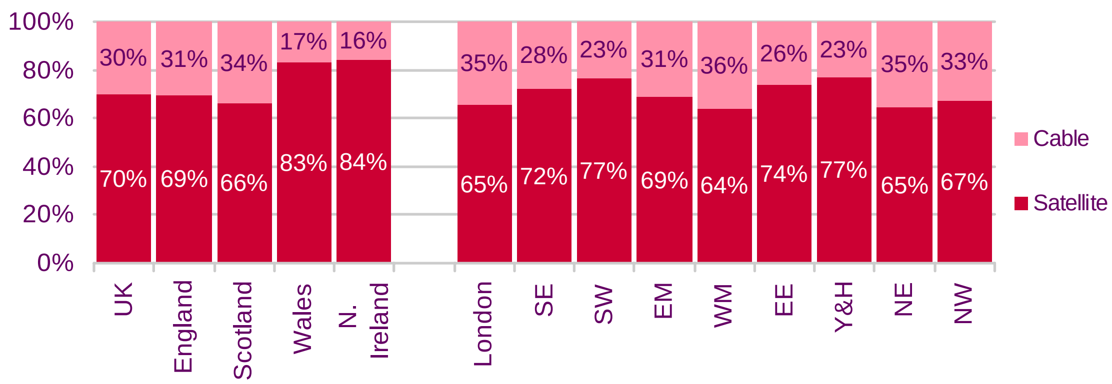
Source: Ofcom research

Pay-TV subscribers in Northern Ireland and Wales tend to choose satellite
For those that do opt for pay TV, the degree to which they can access satellite or cable is driven by a number of factors including availability. As the preceding analysis has shown, satellite is available to the vast majority of homes in the UK while digital cable availability stood at 43% of homes in 2006. In Wales and Northern Ireland a high proportion of those who took pay TV services claimed to subscribe to satellite (83% and 84% of all subscribers respectively). This is likely to have been driven by the lower level of cable network availability in those nations.

At 69% and 66% of subscribers respectively, the English and Scottish television subscriber bases were more evenly split between satellite and cable, though satellite was still the preferred pay TV platform for the majority.

Within the English regional total, satellite subscribers made up 77% of all DTV subscribers in the South West and Yorkshire & Humberside regions (compared to the England average of 69%). Satellite took its lowest share of all pay TV homes in the West Midlands (64%), London (65%) and the North East (65%) (Figure 3.50).

Figure 3.50 Proportion of pay TV homes taking satellite or cable services, 2006 (%)



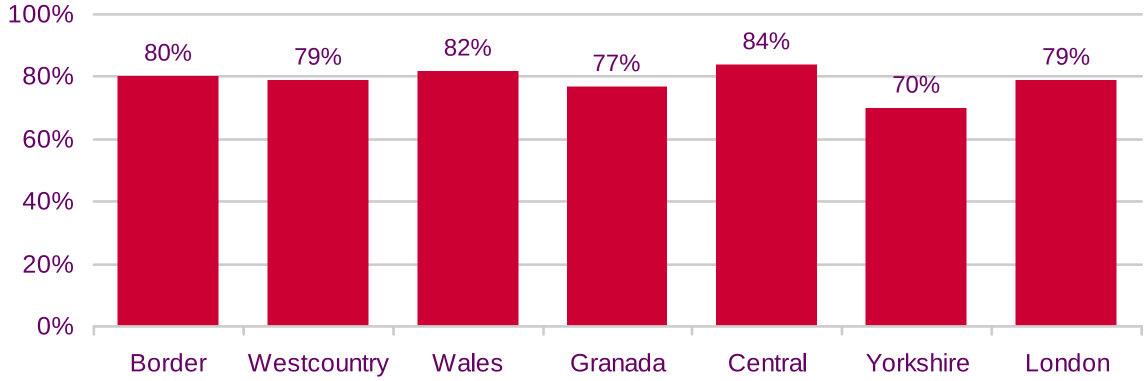
Source: Ofcom research

DTV viewers in the Central region most satisfied with digital TV
Recent joint research between Ofcom and Digital UK (DUK, the independent organisation responsible for managing the transition to digital television), has examined consumer satisfaction with DTV services. For those ITV regions where statistically robust figures could be derived, the figures revealed that DTV viewers in the Central region had the highest

levels of satisfaction, at 84%, followed by viewers in the Wales region (82%) and in Border (80%). Yorkshire viewers recorded the lowest levels of satisfaction, at 70% (Figure 3.51).

Figure 3.51 Satisfaction with DTV services, Q4 2006

Proportion of respondents (%)



Source: Joint Ofcom/DUK tracking study, 2006

3.2.3 The journey to switchover

The timetable for digital switchover (DSO) has now been set, with a regionalised approach to DSO that will begin in the Border region in 2008 and will be complete by 2012. (Figure 3.52). DUK has already launched its campaigning in the first ITV region to switch, Border.

Figure 3.52 The DSO regionalised timetable

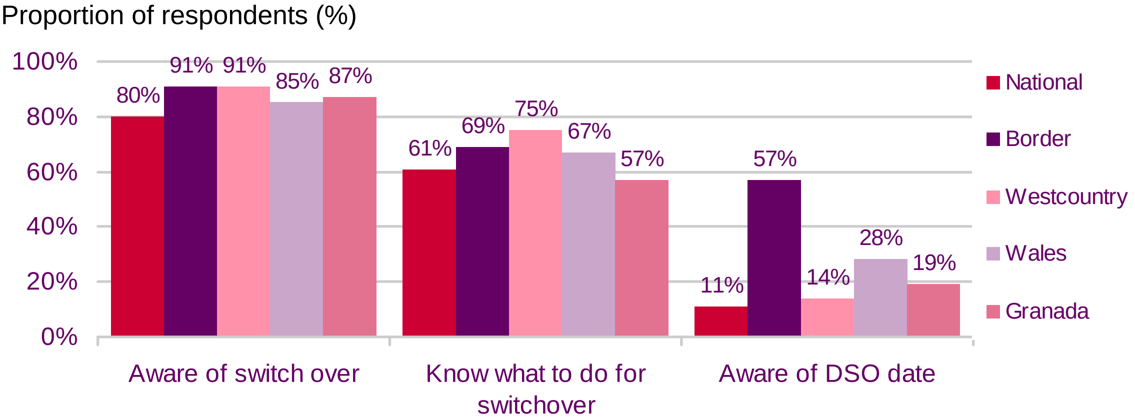
Source: Digital UK

Recent attitudinal research, undertaken jointly by DUK and Ofcom, revealed that awareness of DSO is highest among people in the Border region (91% awareness, driven by its earlier switch-over date of 2008), along with those in the Westcountry and Granada regions (91% and 87% respectively, both switching in 2009).

There was less clarity among respondents when it came to knowing what to do about DSO. Highest levels of positive response came from people in the West Country and Central regions (75% and 74% respectively) followed by Border (69%).

Respondents showed a limited knowledge of the DSO date, with the exception of the Border region (where 57% of respondents knew the DSO date) (Figure 3.53).

Figure 3.53 Results from the joint Ofcom/DUK DSO tracking study



Source: Ofcom research

3.2.4 Consumption

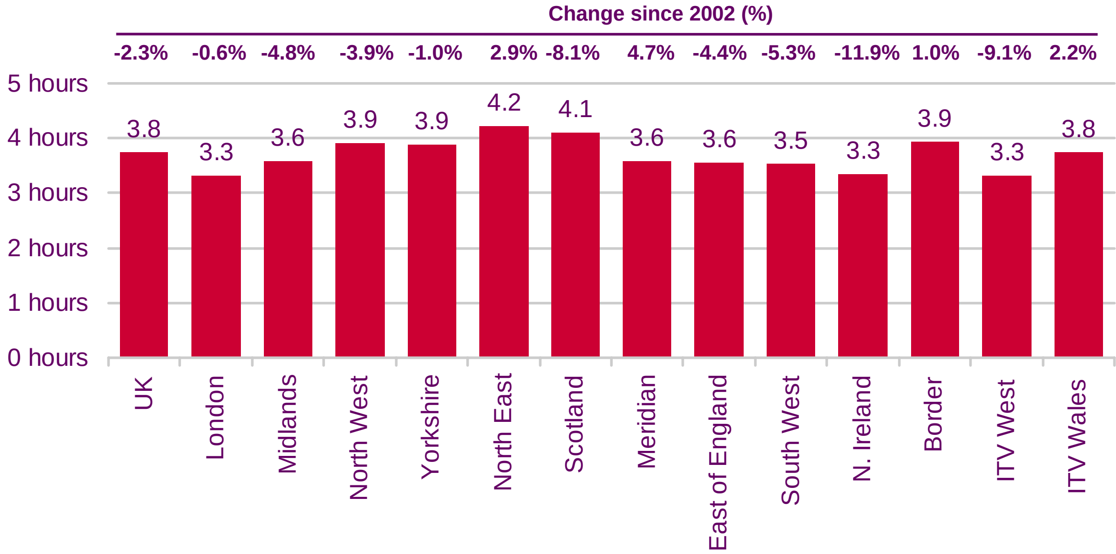
3.2.4.1 Hours of consumption of television

Viewers in the North East and Scotland watch the most television
On average, UK viewers watched 3.8 hours of television each day in 2006. Londoners, viewers in Northern Ireland and ITV West viewers watched the least television, chalking-up 3.3 hours per person per day each. People in the North East were the most enthusiastic TV consumers, at 4.2 hours per day, followed by viewers in Scotland with 4.1 hours.

When compared to 2002, viewers in Northern Ireland and Scotland have reduced their television consumption to the greatest extent – by 11.9% and 8.1% respectively. Consumption in the Meridian region and in the East of England rose most over the same period, with increases of 4.7% and 4.4% respectively (Figure 3.54).

Figure 3.54 Hours of television viewing per day in 2006 and changes since 2002

Audience share (%)

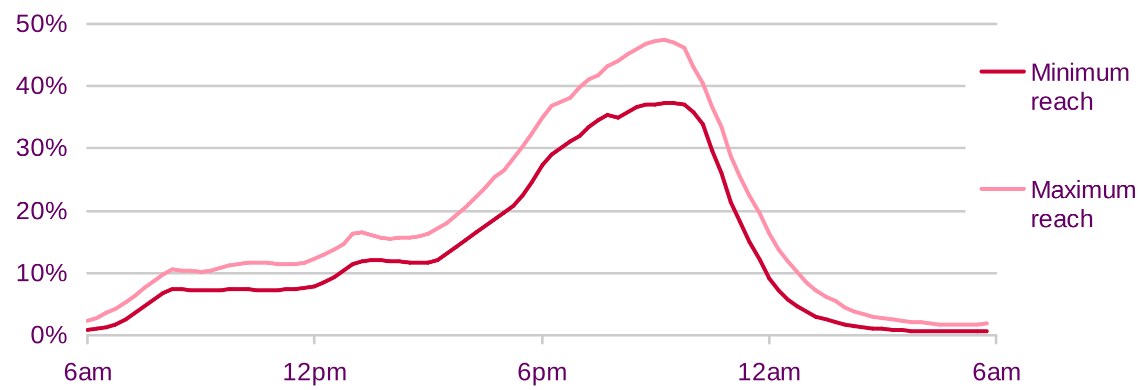


Source: BARB

Not only did total levels of television viewing vary by UK region in 2006 – so did patterns of viewing across the day. Figure 1.56 illustrates the maximum and minimum viewing 'envelope' of TV reach across every 15-minute interval of the day in 2006. It shows that the envelope was at its widest at 21:15 when reach in the North East stood at 47.4%, but only 37.4% of viewers in Northern Ireland were watching TV. Across peak time, reach was generally highest in the North East of England throughout peak time, with Northern Ireland recording the lowest reach in early peak and ITV West in late peak. Later at night, reach was highest in Scotland and lowest in the South West of England. The timing of peak-time viewing varied somewhat by nation and region; at 20:45 for the North West, Border and ITV Wales & West and 21:15 for the remainder of the UK (Figure 3.55).

Figure 3.55 Maximum and minimum TV reach by day-part, 2006

Audience reach by daypart (%)

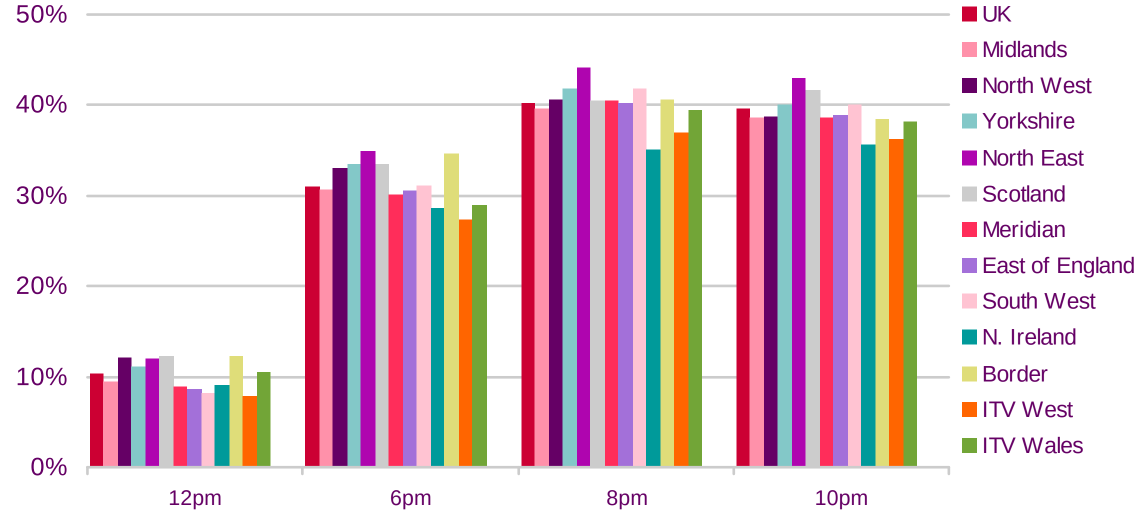


Source: BARB

Figure 3.56 takes four sample time points across an average day in 2006 to illustrate further variations in reach by day-part. At 12pm, reach was highest in the North West, North East, Scotland and Border regions of the UK. By 6pm, Border took first place; by 8pm reach was highest in the North East and by 10pm the North East was joined by Scotland as the highest reach regions. Reach was lowest in Northern Ireland at all times except 12pm (when reach was lower in the South West). This may be explained by the high proportion of young people in Northern Ireland, since younger people tend watch less television.

Figure 3.56 Reach to viewers by region for four sample time points, 2006

Reach by time of day (%)



Source: BARB

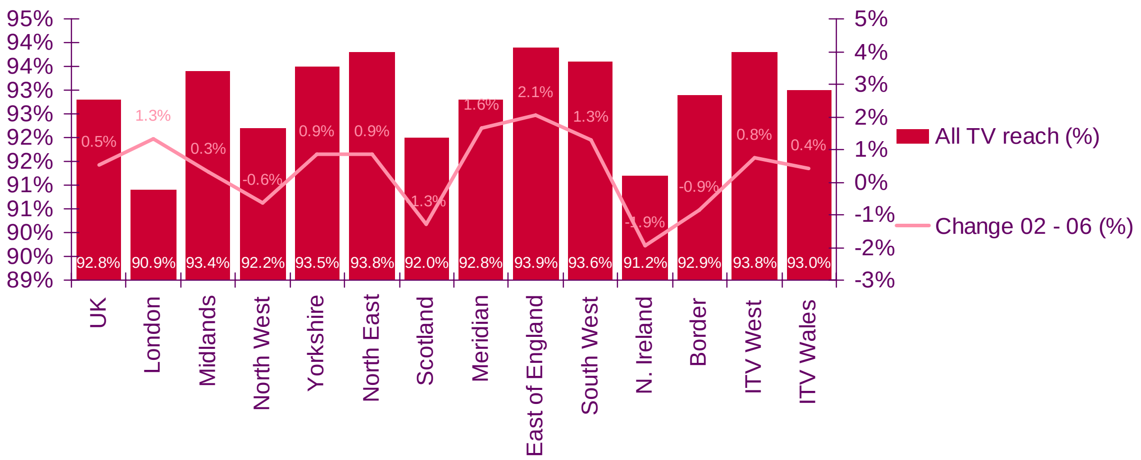
3.2.4.2 Television reach

Fifteen-minute all-television weekly reach across the whole of the UK averaged 93% in 2006. Across television regions, the figure varied by just three percentage points from 90.9% and 91.2% in London and Northern Ireland respectively to 93.9% in the East of England.

Comparing 2006 with 2002, TV reach rose by just 0.5% on a UK-wide basis. There were some variations to that figure by region; reach rose furthest (by 2.1%) in the East of England, and contracted most in Scotland and Northern Ireland (-1.3% and -1.9% respectively) (Figure 3.57).

Figure 3.57 15-minute weekly TV reach, all homes 2006 and change since 2002

Fifteen minute consecutive reach (%)



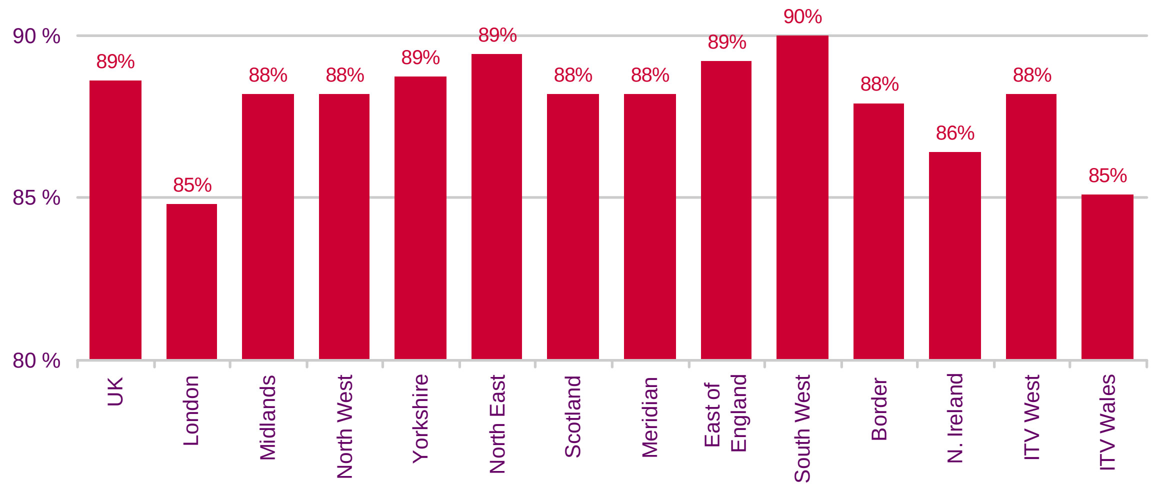
Source: BARB

There were more substantial regional variations in the reach of the five main terrestrial channels. Against a network average of 89%, five-network reach was lowest in London, the

ITV Wales region and Northern Ireland with 85%, 85% and 86% respectively. The East of England, North East and South West topped the list with 89%, 89% and 90% (Figure 3.58).

Figure 3.58 15-minute weekly reach of the five main networks, 2006

Fifteen minute consecutive reach (%)



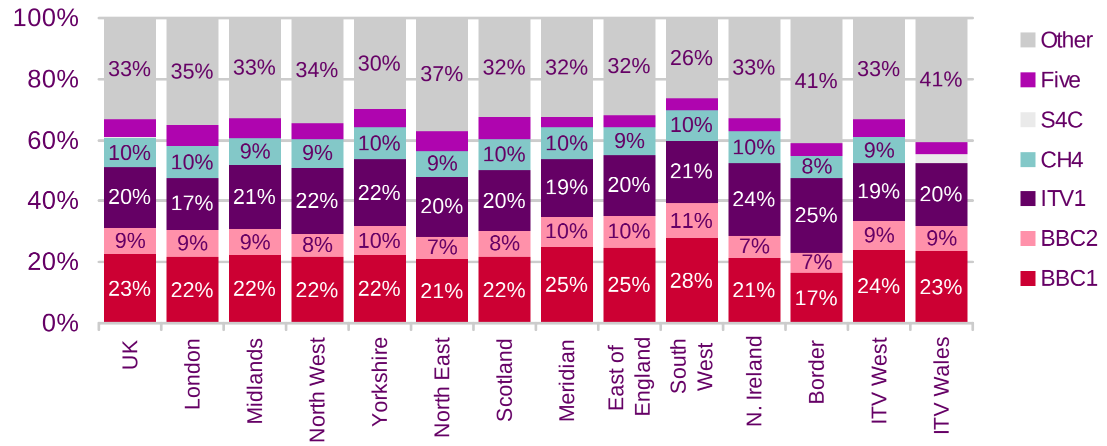
Source: BARB

3.2.4.3 Television viewing share

Viewers in the South West of England showed a marked preference for the five main terrestrial networks in 2006, as evidenced by their combined 74% audience share in 2006. Loyalty to the five networks in 2006 was weakest in the Border and ITV Wales regions, where the digital-only channels took a combined share of 41% (Figure 3.59).

Figure 3.59 Share of the five main networks in all homes, 2006 (%)

Audience share (%)



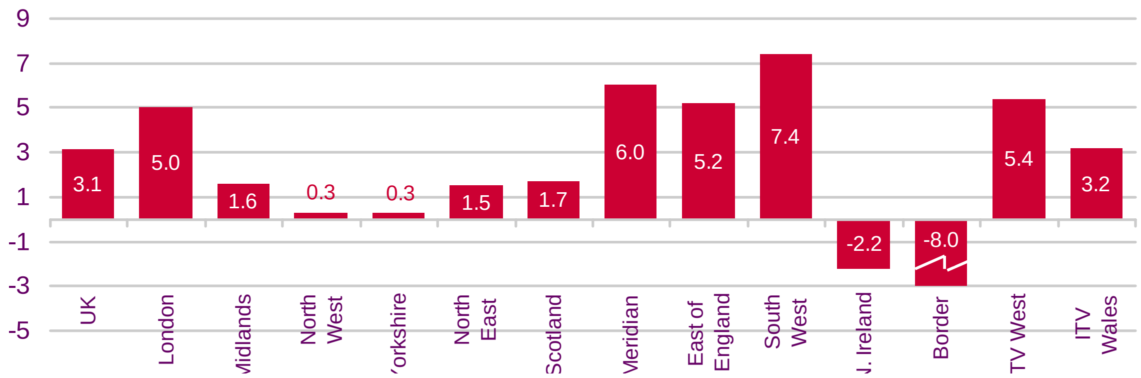
Source: BARB

The use of BARB in analysing audience share
BARB is the data source for the audience share analysis in this section (and the preceding market shares section). The labels in these charts are taken directly from BARB except in the case of Northern Ireland (which would otherwise be 'UTV'). It has not been possible to derive an 'all England' audience share figure, owing to limitations on what can be done with the data.

By and large, BBC One was the most popular channel in every ITV region with the exception of Northern Ireland and Border. With an average network lead over ITV1 of 3.1 percentage points in 2006, its regional lead was greatest in the Meridian and South West regions of England, where it widened to 6.0 and 7.4 percentage points respectively. ITV1 was ahead in Northern Ireland and the Border regions, where its percentage point margins over BBC One stood at 2.2 and 8 respectively (Figure 3.60).

Figure 3.60 BBC One share lead over ITV1, all-day, all homes 2006

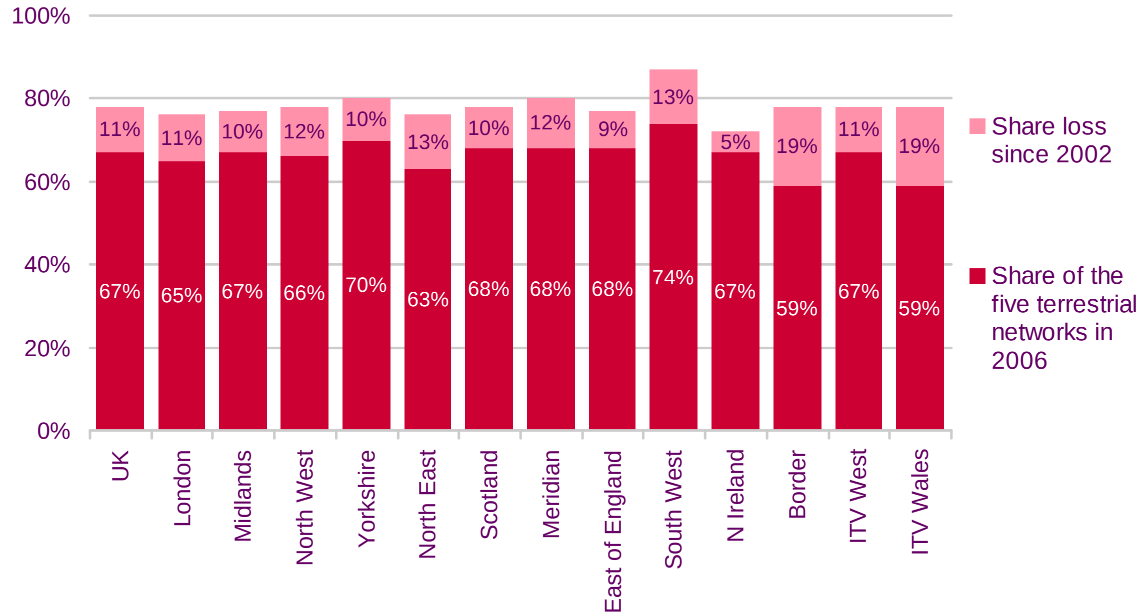
Share margin (percentage points)



Source: BARB

Comparing PSB share in 2006 with that in 2002 shows that, on average, the five main networks lost 11 percentage points of share in all homes. The greatest loss was felt in the Border and ITV Wales regions (19 percentage points each) while combined share fell least in Northern Ireland (albeit from a low base) (Figure 3.61).

Figure 3.61 PSB all-day share in 2006 and reduction from 2002, all homes

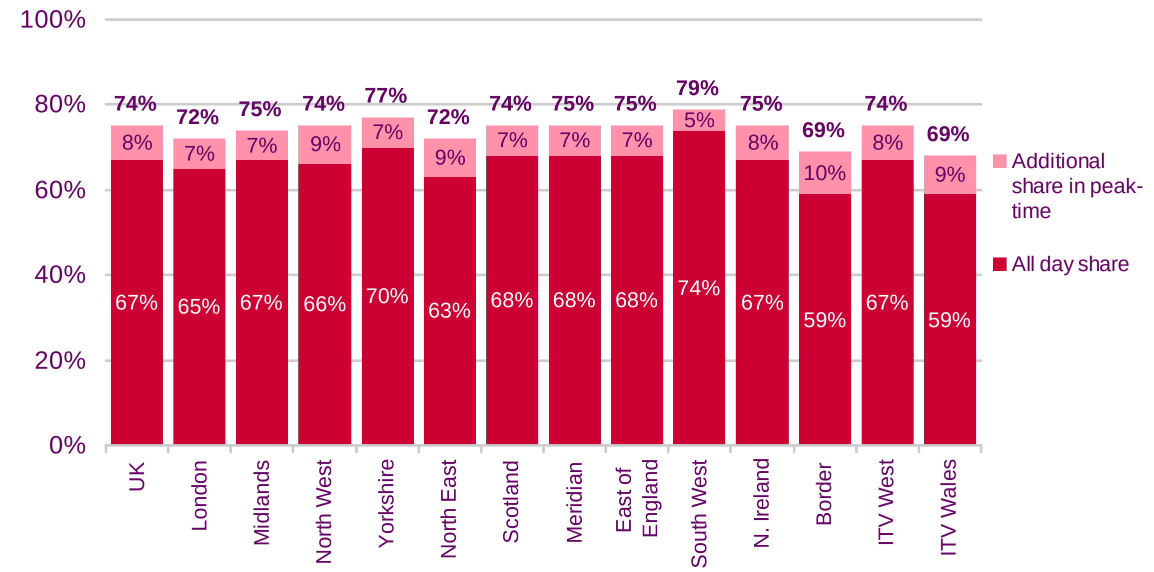


Source: BARB

An analysis of peak-time viewing (18:00 – 22:30 for the purposes of this analysis) illustrates that viewers still turn to the five main networks for evening viewing more than on an all-day basis; total PSB share rose from 67% all day to 74.2% in peak time during 2006.

The peak-time ‘increment’ (that is, the additional share that a channel attracts in peak time versus its all-day share) was greatest in the Border region (10 percentage points), and lowest in the South West region (though all-day share was already high in this region) (Figure 3.62).

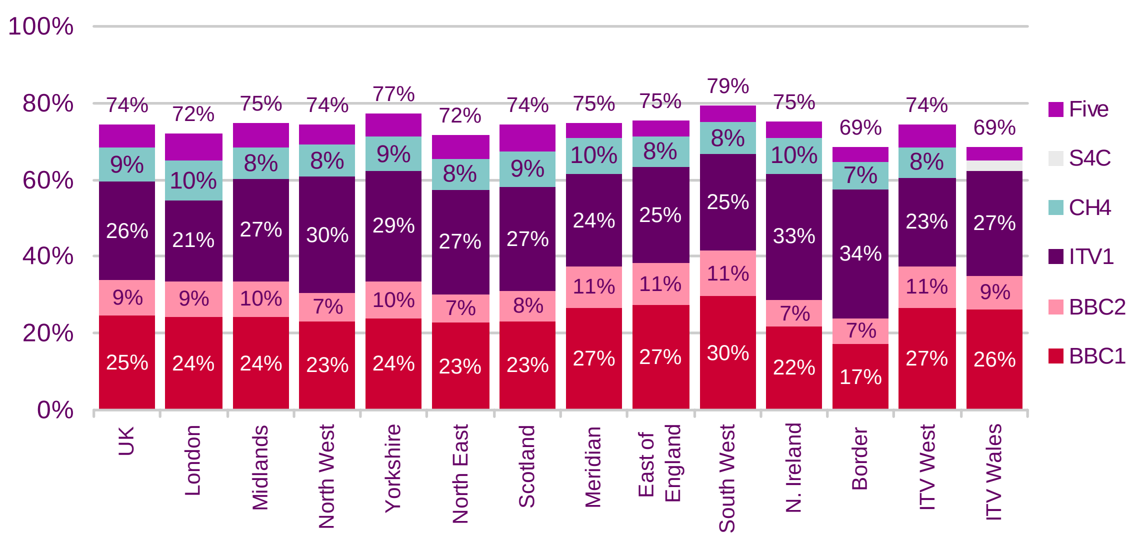
Figure 3.62 All-day and peak-time share increment in all homes, 2006



Source: BARB

An analysis of share by PSB channel in peak time shows that, once again, BBC One and ITV1 were well ahead of other PSB networks in 2006. ITV1's share in peak time was highest in the Border region and in Northern Ireland, where it reached 33.7% and 32.9% respectively; and the channel proved least popular in the London region (21.2%). Conversely, BBC One's weakest performance was in the Border region (17.3% vs. network average of 24.6%), while in the South West the channel achieved its highest regional share of 29.9% (Figure 3.63).

Figure 3.63 Peak-time share of viewing in all homes, 2006

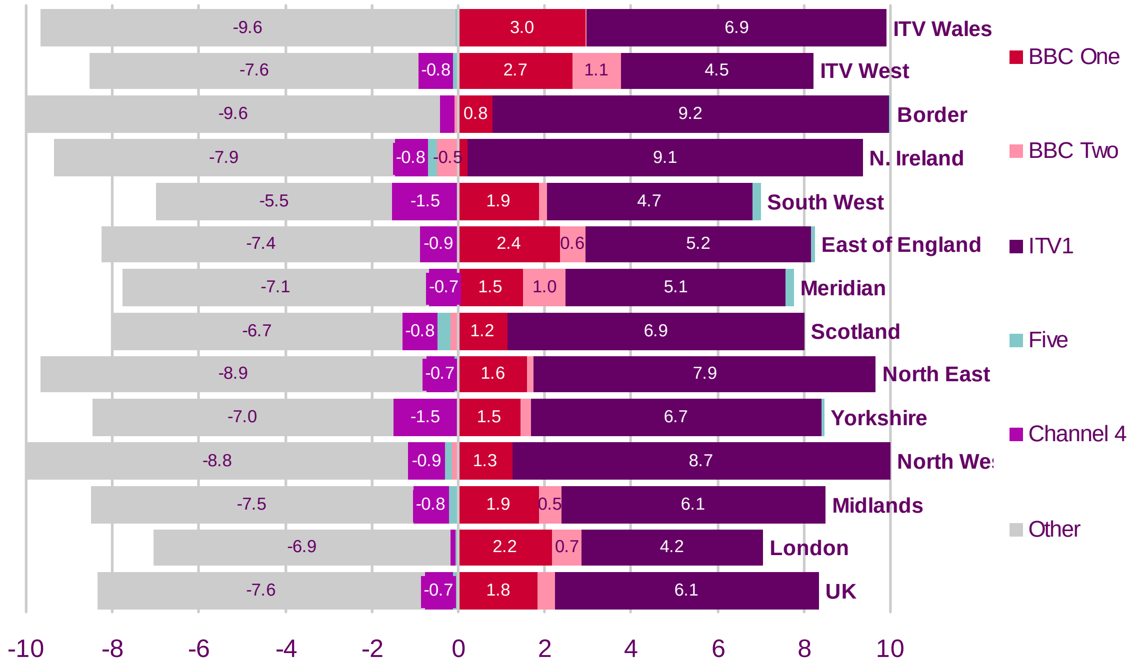


Source: BARB
Note: This chart does not include Channel 4's share of viewing in Welsh digital homes.

Figure 3.64 illustrates that the ITV1 peak-time increment averaged 6.1 percentage points in 2006, varying from 9.1 and 9.2 percentage points in Northern Ireland and the Border region to 4.2 percentage points in the London region. BBC One's peak-time increment was substantially lower than that of ITV1, averaging 1.8 percentage points in 2006 and ranging from 3.0 percentage points in the ITV Wales region to 0.2 percentage points in Northern Ireland.

Figure 3.64 Peak-time vs. all-day share increments, 2006

Change in share (percentage points)

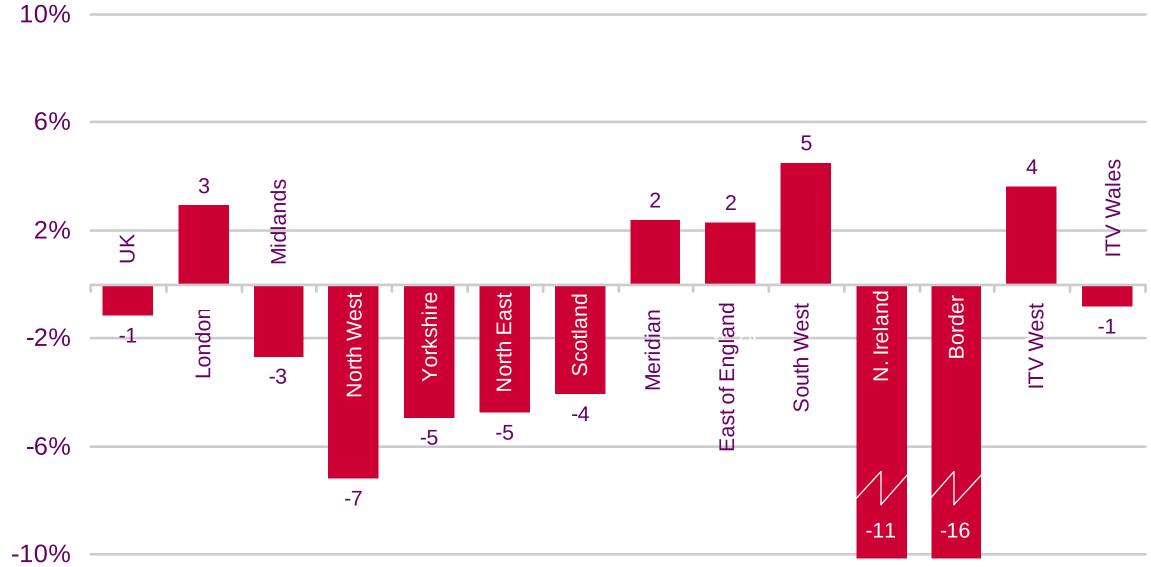


Source: BARB

ITV1's stronger performance in peak time overturned the largely consistent lead on share that BBC One enjoyed on an all-day basis in 2006, as illustrated in Figure 3.65. On a national basis, ITV1 led BBC One in peak time by just over a percentage point in 2006 (compared to a BBC One lead of three percentage points on an all-day basis). Its lead was greatest in the Border region and Northern Ireland, with a share margin of 16 percentage points in the Border region and 11 percentage points in Northern Ireland. BBC One did manage to maintain its lead over ITV in London, Meridian, the East, South West, ITV West and ITV Wales regions. Its lead was greatest in the South West region, where it delivered an audience share 4.5 percentage points ahead of ITV1.

Figure 3.65 BBC One share lead over ITV1 in peak time, all homes 2006

Difference in peak-time share (percentage points)



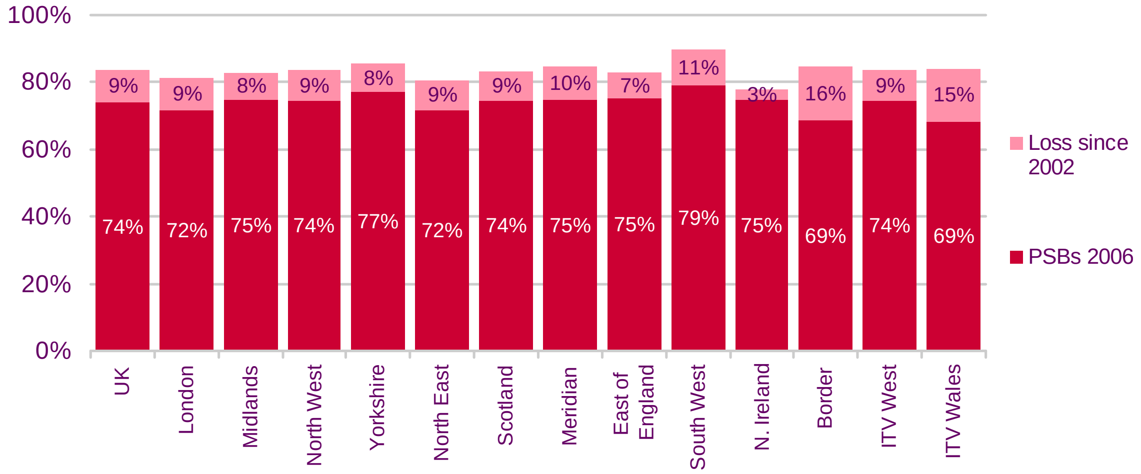
Source: BARB

In the four years to 2006, the non-PSB channels have gained nine percentage points of share in all homes, thanks to the increasing penetration of multichannel television and the widening range of channels available to those homes.

On a nations and regions basis, however, that share gain was not evenly distributed. It was lowest in Northern Ireland, where the non-PSB channels put on just three percentage points between 2002 and 2006 (perhaps reflecting the lower level of digital television penetration in that region). It was highest in the Border and ITV Wales regions, where viewing share of digital-only channels rose by 16 and 15 percentage points respectively (Figure 3.66).

Figure 3.66 Peak time PSB share loss in all homes, 2002 – 2006 (%)

Share (%)

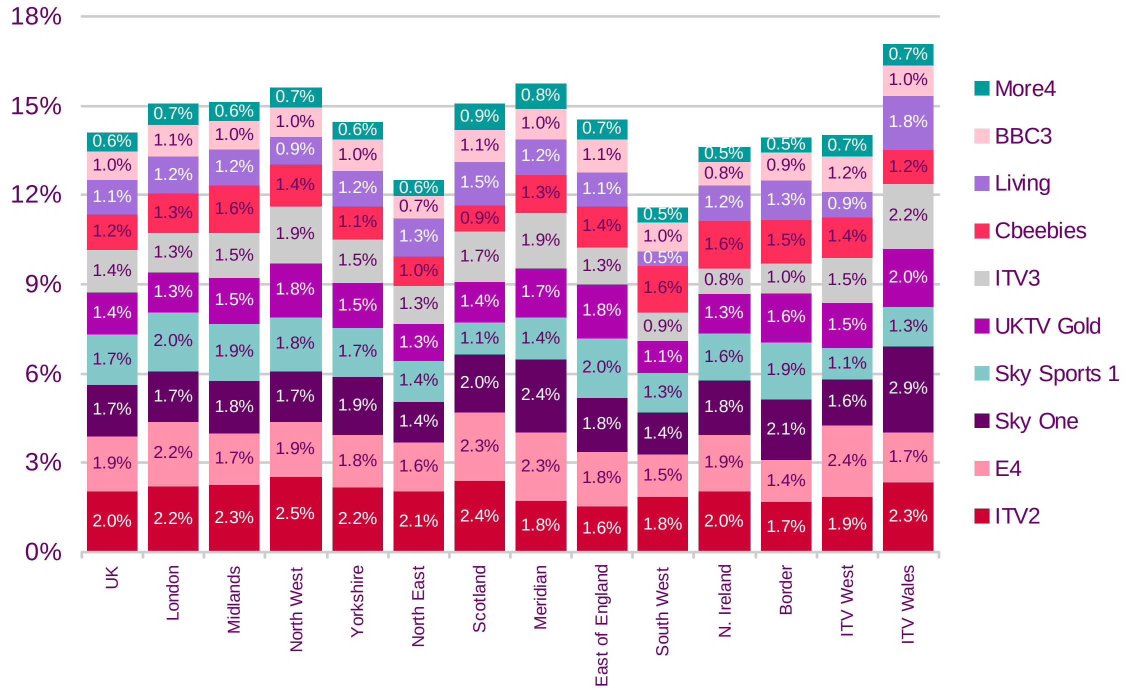


Source: BARB

Turning to the viewing of non-PSB channels in multichannel homes, Figure 3.67 illustrates the share of those non-PSB channels that appeared in the top ten most popular channels on a national basis. The PSBs' spin-off channels feature prominently in the top ten, and the only regions where a non-PSB spin-off did not take the top slot were Meridian (Sky One), East of England (Sky Sports 1) and the Border region (Sky One).

Figure 3.67 Top ten digital-only channels' share in multichannel homes, 2006

Audience share (%)



Source: BARB

The rankings of the top five channels in multichannel homes in 2006 varied significantly by nation and region, as illustrated in Figure 3.68. By and large, ITV2 appears in the top slot (although it did not make it in to the top five in the East of England region).

Sky One and E4 tended to appear in the top three in 2006 with UKTV Gold frequently appearing fourth or fifth, although CBeebies and Living made occasional appearances in these slots too. ITV3's popularity was more mixed in 2006 – it ranked as high as number two (in the North West), but more typically took the third or fourth spot.

Figure 3.68 The top five non-PSB channels in multichannel homes, 2006

	Network	Border	East	HTV Wales	HTV West	London	Meridian	Midlands	North East	North West	Scotland	South West	N. Ireland	Yorkshire
ITV2	1	3	5	2	2	1	4	1	1	1	1	1	1	1
Sky One	3	1	2	1	3	4	1	3	3		3	4	3	2
E4	2		3		1	2	2	4	2	3	2	3	2	3
Sky Sports 1	4	2	1			3		2	4	4		5	5	4
Cbeebies		5				5		5				2	4	
ITV3	5			3	4		3			2	4			
UKTV Gold		4	4	4	5		5			5				5
Living				5					5		5			

Source: BARB and Ofcom analysis

3.2.4.4 Top ten programmes by nation and region in 2006

Unsurprisingly in a World Cup year, football featured prominently in the top ten most popular shows of 2006 – although not consistently across all nations and regions. On average, six out of the top ten programmes in each nation were World Cup matches, but this ranged from just one in Northern Ireland, two in Scotland and Border and five in Wales to eight in London and the East of England.

Aside from football, soaps were – as in 2005 – strong performers, typically taking between one and three of the top ten slots (*Coronation Street, Eastenders* and *Emmerdale*). There also appeared, unsurprisingly, to be some preference for soaps set in the North of England among viewers in the North and Scotland, and conversely for viewers in Southern England (Figure 3.69).

Figure 3.69 Top ten programmes of 2006 in all homes by region

All homes	London	Midlands
WORLD CUP 06: ENG V SWE	WORLD CUP 06: ENG V SWE	WORLD CUP 06: ENG V SWE
WORLD CUP 2006: ENG V ECU	WORLD CUP 2006: ENG V POR	WORLD CUP 2006: ENG V ECU
WORLD CUP 2006: ENG V POR	WORLD CUP 2006: ITA V FRA	WORLD CUP 2006: ENG V POR
WORLD CUP 2006: ITA V FRA	WORLD CUP 2006: POST-MATCH	WORLD CUP 06: ENG V TRI
WORLD CUP 2006: POST-MATCH	WORLD CUP 2006: ENG V ECU	WORLD CUP 2006: ITA V FRA
WORLD CUP 06: ENG V TRI	WORLD CUP 2006: ENG V PAR	WORLD CUP 2006: POST-MATCH
CORONATION STREET	WORLD CUP 06: ENG V TRI	CORONATION STREET
THE VICAR OF DIBLEY	WORLD CUP 06: POST-MATCH	LEWIS
EASTENDERS	EASTENDERS	STRICTLY COME DANCING
STRICTLY COME DANCING	WORLD CUP 2006: BRA V CRO	DANCING ON ICE - THE SKATE OFF
North West	**Yorkshire**	**North East**
WORLD CUP 06: ENG V SWE	WORLD CUP 06: ENG V SWE	WORLD CUP 2006: ENG V ECU
CORONATION STREET	WORLD CUP 2006: ENG V ECU	WORLD CUP 06: ENG V SWE
WORLD CUP 2006: ENG V ECU	WORLD CUP 2006: ENG V POR	WORLD CUP 2006: POST-MATCH
WORLD CUP 2006: ENG V POR	CORONATION STREET	CORONATION STREET
WORLD CUP 2006: POST-MATCH	THE VICAR OF DIBLEY	EASTENDERS
WORLD CUP 06: ENG V TRI	DANCING ON ICE - THE SKATE OFF	WORLD CUP 2006: ENG V POR
EASTENDERS	WORLD CUP 06: ENG V TRI	WILD AT HEART
EMMERDALE	WORLD CUP 2006: POST-MATCH	WORLD CUP 2006: ITA V FRA
THE X FACTOR RESULTS	WORLD CUP 2006: ITA V FRA	EMMERDALE
WORLD CUP 2006: ITA V FRA	EMMERDALE	WORLD CUP 06: ENG V TRI
Scotland	**Meridian**	**East of England**
STILL GAME	WORLD CUP 06: ENG V SWE	WORLD CUP 06: ENG V SWE
ONLY AN EXCUSE?	WORLD CUP 2006: ENG V POR	WORLD CUP 2006: ENG V POR
CORONATION STREET	WORLD CUP 2006: ENG V ECU	WORLD CUP 2006: ENG V ECU
DANCING ON ICE - THE SKATE OFF	WORLD CUP 2006: POST-MATCH	WORLD CUP 06: ENG V TRI
WORLD CUP 06: ENG V SWE	WORLD CUP 06: ENG V TRI	WORLD CUP 2006: POST-MATCH
THE VICAR OF DIBLEY	WORLD CUP 2006: ITA V FRA	THE VICAR OF DIBLEY
WORLD CUP 06: POST-MATCH	STRICTLY COME DANCING	STRICTLY COME DANCING
EMMERDALE	EASTENDERS	WORLD CUP 2006: ENG V PAR
DANCING ON ICE	THE VICAR OF DIBLEY	WORLD CUP 2006: ITA V FRA
EASTENDERS	LEWIS	WORLD CUP 06: POST-MATCH
South West	**Northern Ireland**	**Border**
WORLD CUP 06: ENG V SWE	CORONATION STREET	WORLD CUP 06: ENG V SWE
THE VICAR OF DIBLEY	EMMERDALE	EMMERDALE
WORLD CUP 2006: ENG V ECU	THE X FACTOR RESULTS	CORONATION STREET
EASTENDERS	THE X FACTOR	HEARTBEAT
STRICTLY COME DANCING	EASTENDERS	DANCING ON ICE
WORLD CUP 2006: ENG V POR	WORLD CUP 2006: ITA V FRA	WILD AT HEART
CORONATION STREET	I'M A CELEBRITY - GET ME OUT OF HERE!	THE ROYAL
WILD AT HEART	STRICTLY COME DANCING	DANCING ON ICE - THE SKATE OFF
DOC MARTIN	HEARTBEAT	THE X FACTOR
WORLD CUP 06: ENG V TRI	DANCING ON ICE - THE SKATE OFF	WORLD CUP 06: POST-MATCH
ITV West	**ITV Wales**	
WORLD CUP 06: ENG V SWE	WORLD CUP 06: ENG V SWE	
WORLD CUP 06: ENG V TRI	WORLD CUP 2006: ENG V ECU	
WORLD CUP 2006: ENG V ECU	WORLD CUP 2006: ENG V POR	
WORLD CUP 2006: ENG V POR	THE VICAR OF DIBLEY	
EASTENDERS	CORONATION STREET	
WORLD CUP 2006: POST-MATCH	RUGBY SIX NATIONS	
PLANET EARTH	EASTENDERS	
WORLD CUP 2006: ENG V PAR	LEWIS	
WORLD CUP 2006: ITA V FRA	WORLD CUP 2006: ITA V FRA	
STRICTLY COME DANCING	WORLD CUP 2006: POST-MATCH	

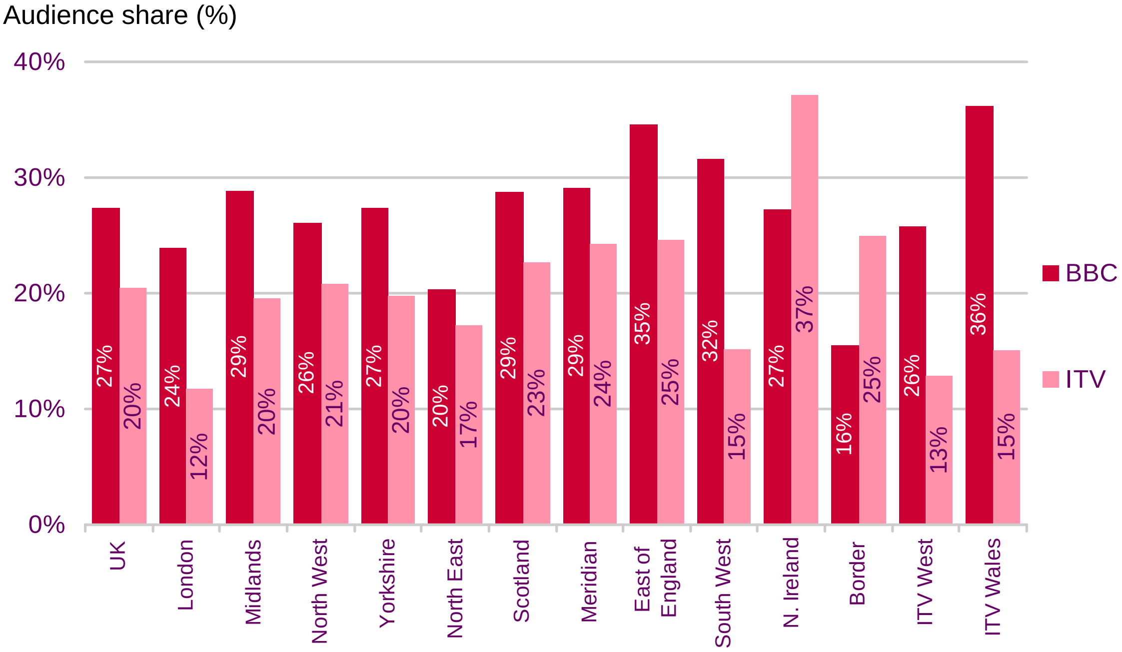
Source: BARB

3.2.4.5 Consumption of local news

Local news bulletins from the BBC and ITV1 most popular in Northern Ireland
The local bulletins from the BBC and ITV1 proved most popular in Northern Ireland, where they attracted shares of 27% and 37% respectively; they were also popular in the East of England (35% and 25%). Viewers in the London region were least attracted to local news, with shares of just 24% and 12% for BBC One and ITV1; the same was true in the North East (20% and 17% respectively).

On a UK-wide basis, the BBC managed to attract an audience share of 27% for its early evening local news bulletins in 2006. This compared to 20% for the equivalent local evening news from ITV1. At the regional level, the BBC's bulletin led the equivalent ITV1 programme in all ITV regions except Northern Ireland and the Border region. The margin was greatest in the ITV Wales region, where the BBC One bulletin took a share of 36% while ITV1 attracted just 15%. The margin in the South West of England was also substantial, with BBC One attracting a 32% share while ITV1 came in with 15%. It was narrowest in the North East of England, with BBC One share of 20% and ITV1 not far behind with 17% (Figure 3.70).

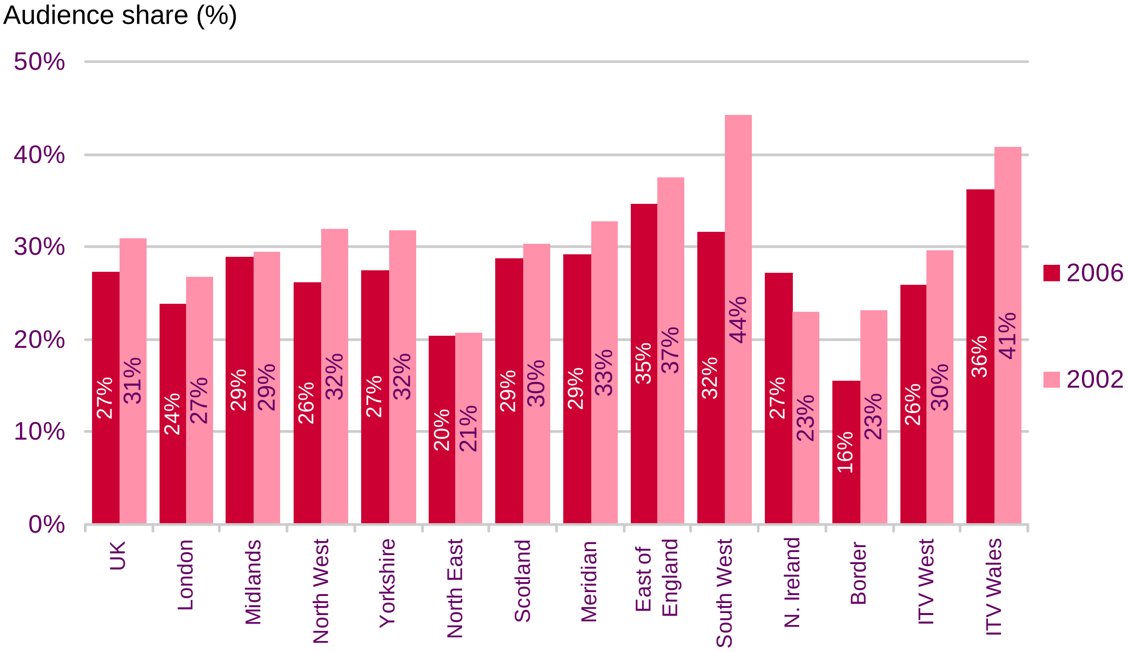
Figure 3.70 Audience share for the BBC One and ITV1 early evening local news bulletins



Source: BARB

Between 2002 and 2006, the BBC One early evening local news shed four percentage points of share, amounting to 13% of the 2002 total. The share reduction was greatest in the South West region of England, where BBC One evening local news dropped by nearly 13 percentage points over the period; proportionally, the BBC's local news in the Border region lost the greatest share (33%). By contrast, more viewers in Northern Ireland turned on to the BBC's local news bulletin, with a gain of four percentage points (18%), since 2002 (Figure 3.71).

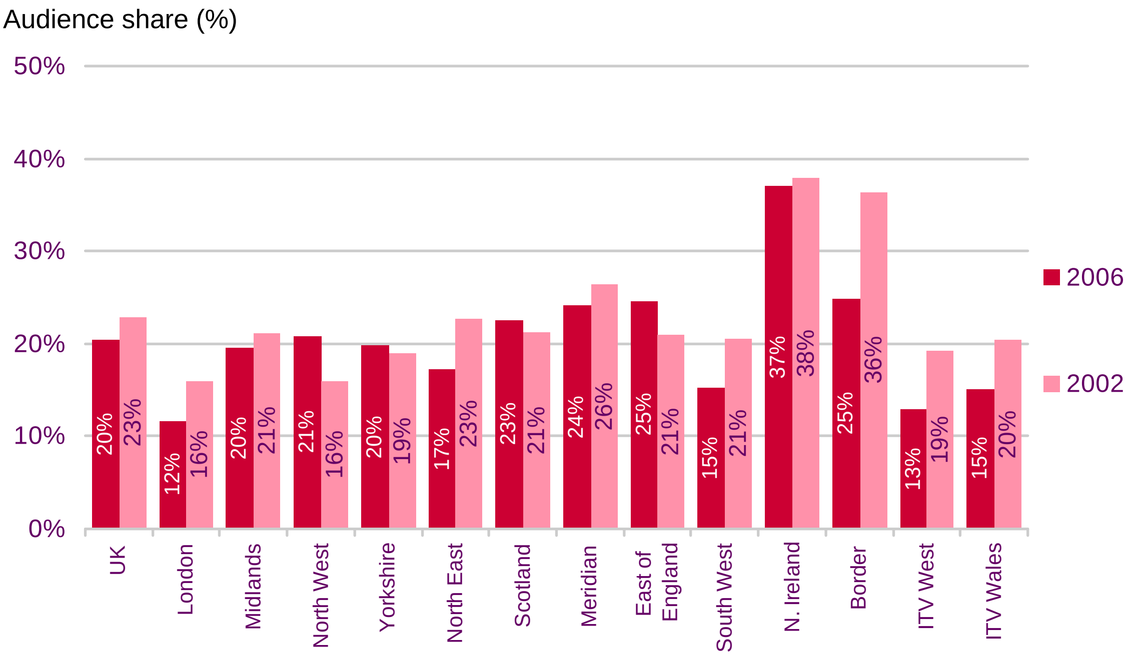
Figure 3.71 BBC One's early evening local news share in 2002 and 2006



Source: BARB

The audience share for ITV1's early evening local news bulletin on a national basis fell by three percentage points between 2002 and 2006. The reduction was greatest in the Border region with a drop of 11 percentage points although this was partly offset by gains in the North West, Yorkshire, Scotland and the East of England (5,1,2 and 4 percentage points respectively) (Figure 3.72).

Figure 3.72 Share for ITV1's early evening local news bulletin in 2002 and 2006

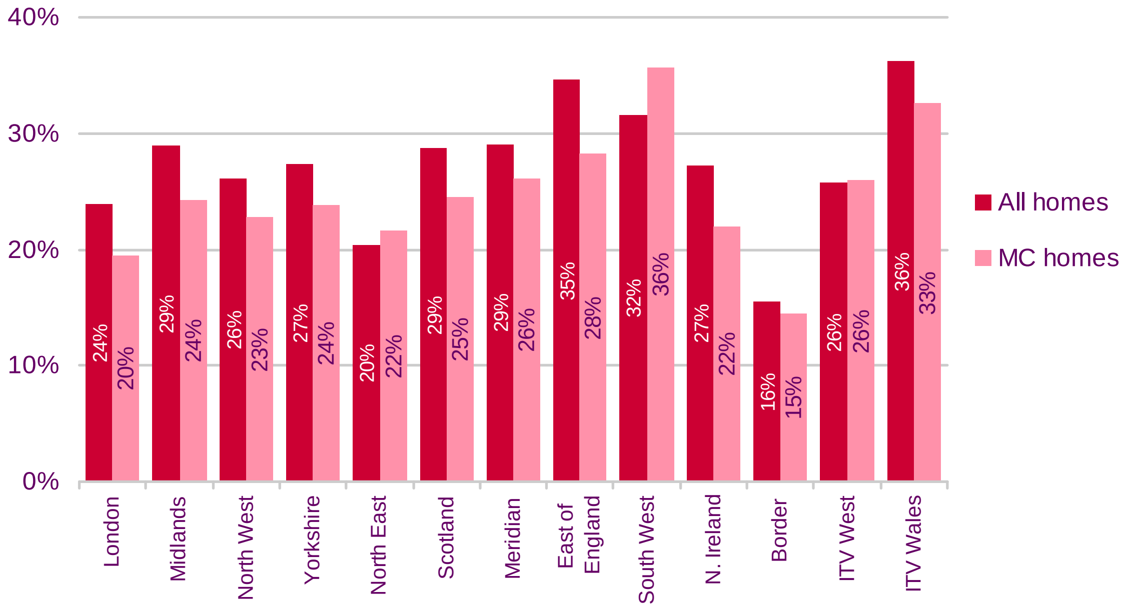


Source: BARB

The impact of multichannel television on viewing of local news bulletins when a home acquires multichannel television varies substantially by network and region. For the BBC, multichannel audience share for early evening regional news bulletins rose when compared to all-homes share in the South West and North East of England – by four and one percentage points respectively (13% and 6% higher than the all-homes total). Elsewhere, BBC regional news suffered reductions in share, the greatest of which were in Northern Ireland (19%), the East of England (18%) and the London region (18%) (Figure 3.73).

Figure 3.73 Impact on BBC early evening regional news share of multichannel television, 2006

Audience share (%)

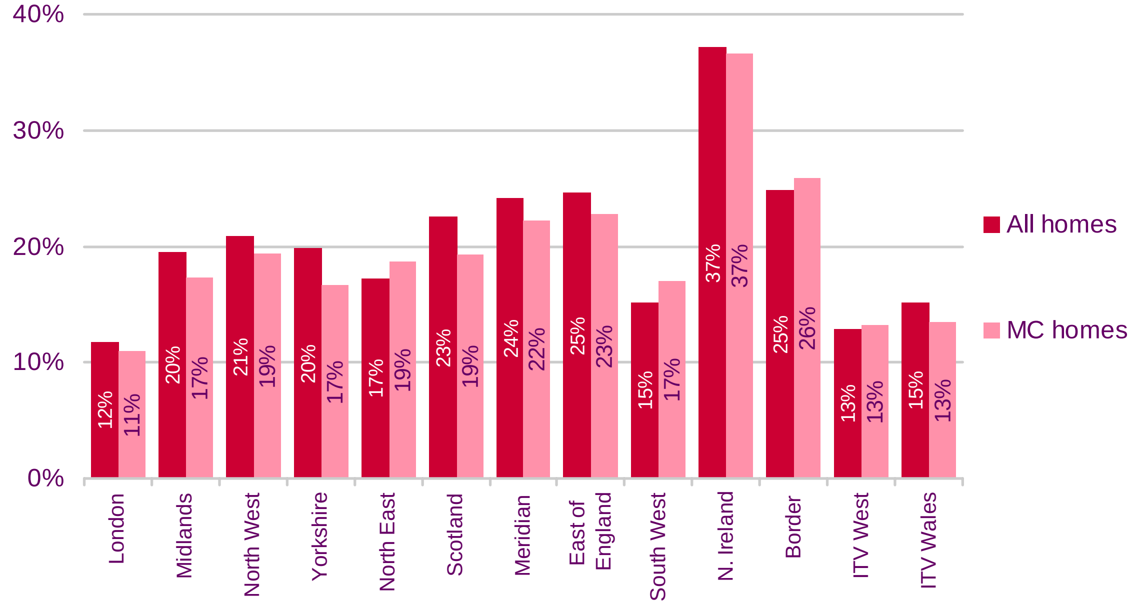


Source: BARB

For ITV1, the move to multichannel television increased regional news share in the North East, South West and the Border region by two, two and one percentage points respectively (9%, 12% and 5% higher than the all-homes total respectively). The greatest reductions were in the Yorkshire region and Scotland of three percentage points each (16% and 14% respectively) (Figure 3.74).

Figure 3.74 Impact of multichannel television on ITV1 early evening regional news share, 2006

Audience share (%)

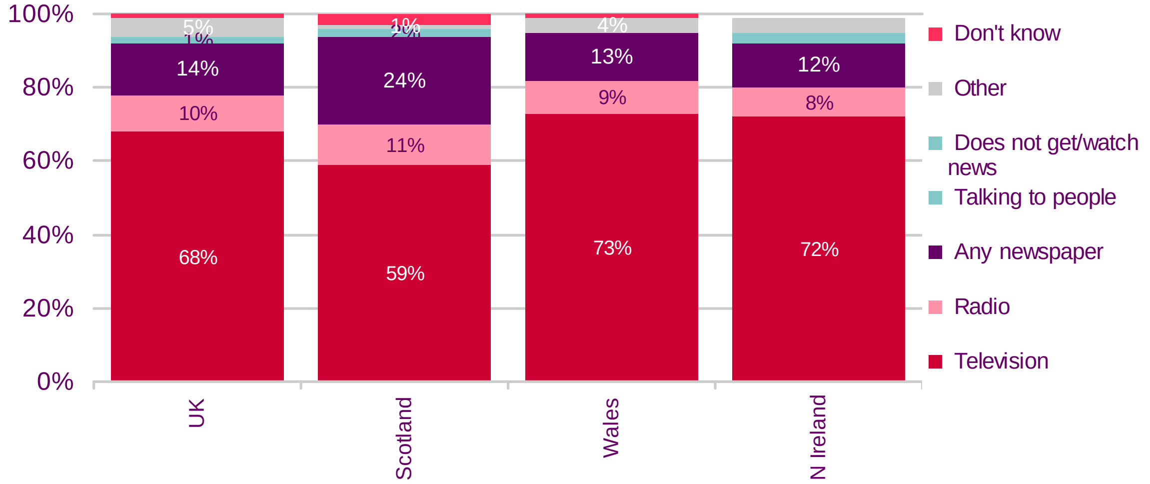


Source: BARB

Ofcom's communications tracking study questions respondents on their preferred sources for national and local news. The study revealed that in 2006 people across all nations relied most heavily on television as their main source of national news, particularly in Wales, where 73% did so. Scotland, however, relied less on TV (59%), owing to a greater reliance on newspapers (34%) and radio (11%) (Figure 3.75).

Figure 3.75 Sources of national news for each nation

What is your main source of news about what is going on in the nation?
Proportion of respondents (%)



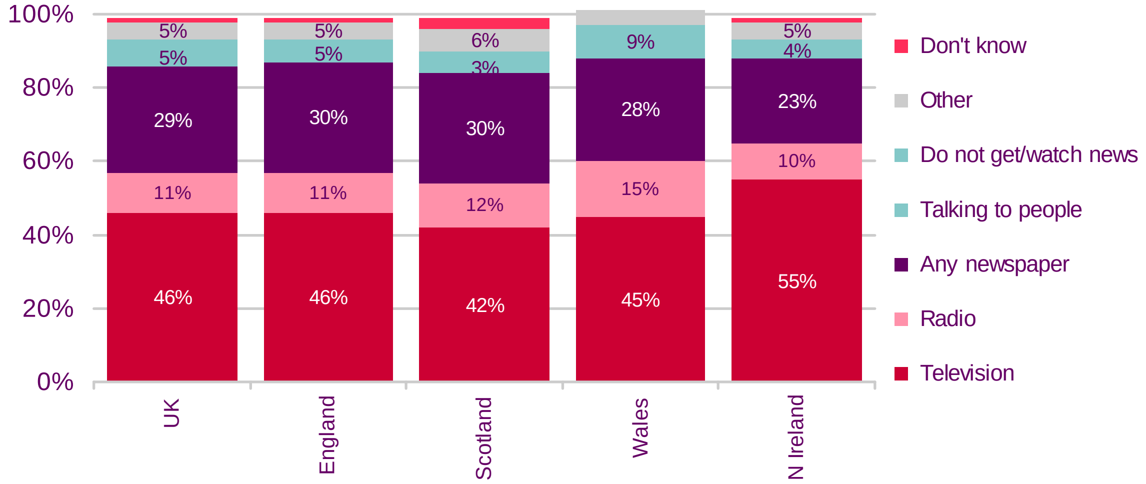
Base: All adults 15+
Source: Ofcom research, 2006

When asked about local news, viewers in all the nations also relied more heavily on television than on newspapers or the radio although the difference was less pronounced than for national news. People in Northern Ireland were most likely to cite television as their primary source for local news (55%) and least likely to mention newspapers (23%). Conversely, the Scottish relied more on newspapers (30%) when compared to the population as a whole and less on television (42%) (Figure 3.76).

Figure 3.76 Sources of local news for each nation

What is your main source of news about what is going on in your local area?

Proportion of respondents (%)



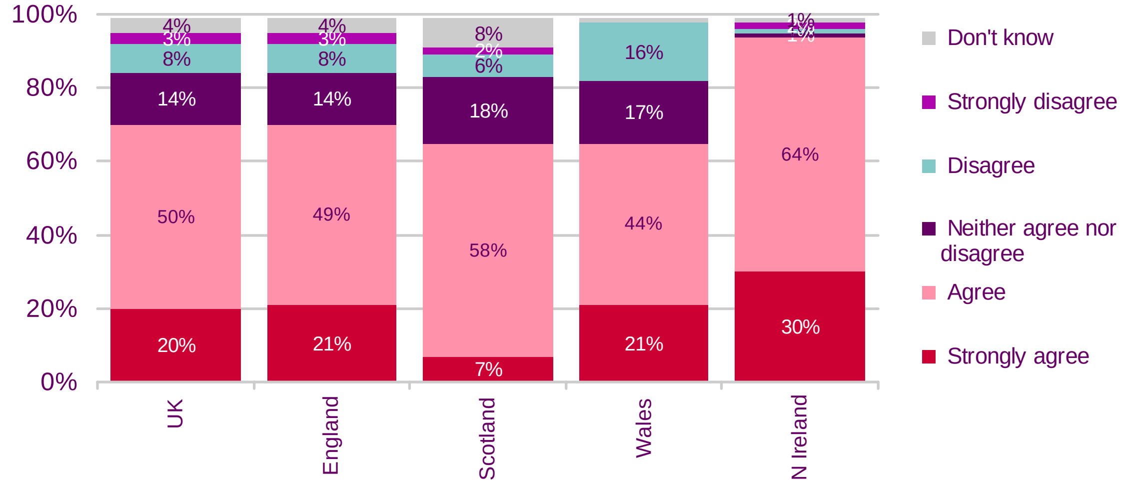
Base: All adults 15+
Source: Ofcom research, 2006

The majority of respondents across the nations agreed/strongly agreed that their local/regional news was well reported. Ninety-four per cent of respondents in Northern Ireland, 70% in England, and 65% in Scotland and Wales supported the statement. Conversely, the Welsh appeared least satisfied with the quality of their local news, as 16% disagreed that it was reported well (compared to 11% in England and 8% in Scotland) (Figure 3.77).

Figure 3.77 Agreement whether local/regional TV company reports local news well

Please tell me whether or not you agree with the following statement: My local/regional TV company reports well on events and news in my local area

Proportion of respondents (%)

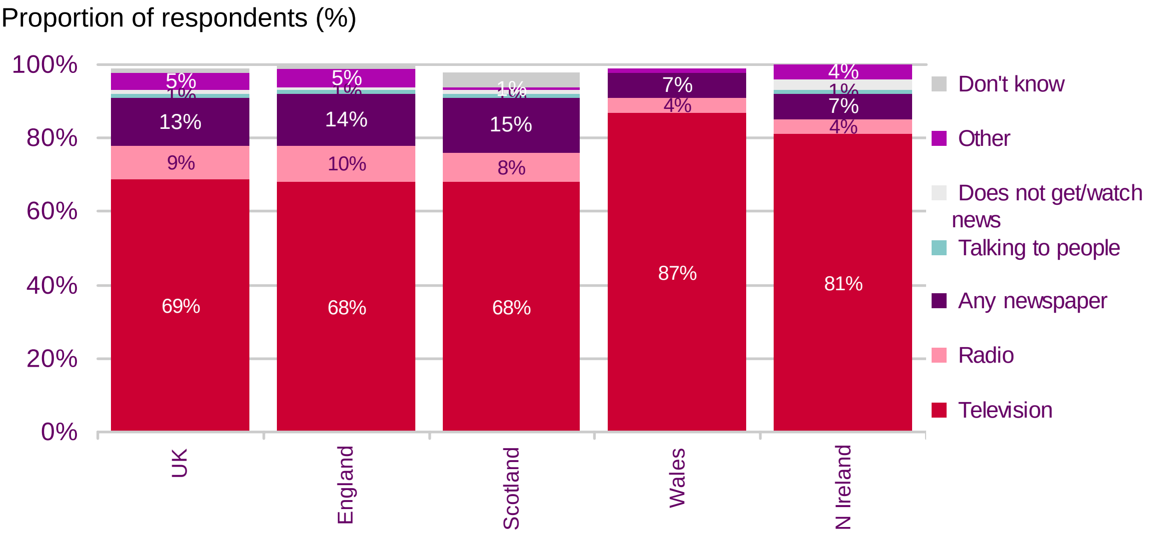


Base: All adults 15+ with a TV
Source: Ofcom research, 2006

For news about the UK as a whole, television was the most widely used source across the nations, ranging from 68% in England and Scotland to 87% in Wales. Individuals in Scotland (14%) and England (15%) relied more heavily on newspapers than those in Wales (7%) and Northern Ireland (7%) (Figure 3.78).

Figure 3.78 Sources of UK news for each nation

What is your main source of news about what is going on in the UK?

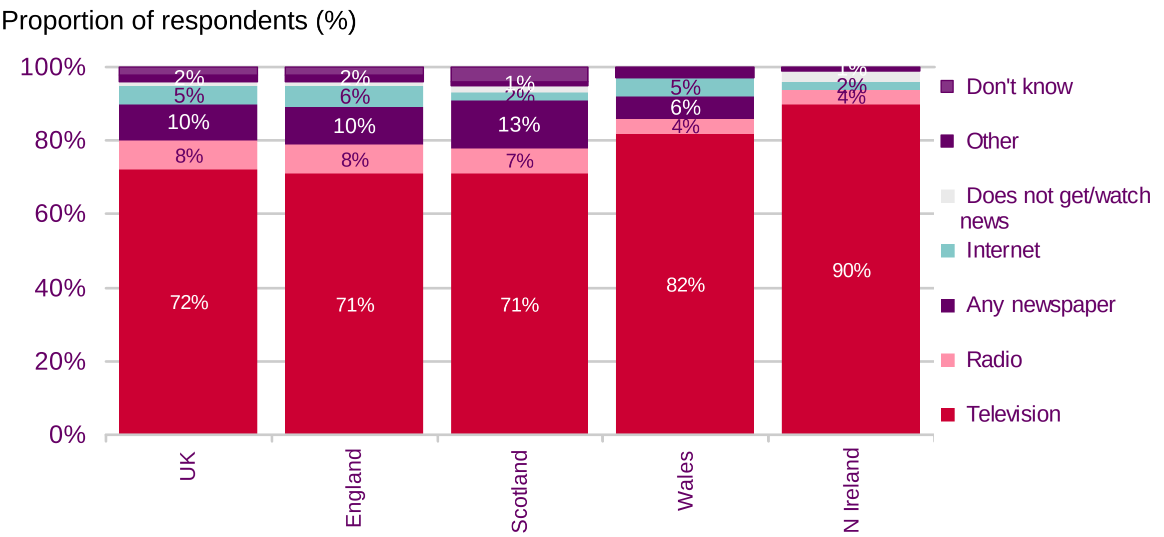


Base: All adults 15+
Source: Ofcom research, 2006

When questioned about world news, respondents across all the nations relied most on television as their main source of world news, especially in Northern Ireland where 90% cited it as their main source (Figure 3.79).

Figure 3.79 Sources of world news for each nation

What is your main source of news about what is going on in the world today?



Base: All adults 15+
Source: Ofcom research, 2006

The large majority of respondents across the nations believed that news should be impartial across all media platforms. In the UK, impartiality was considered most important in television (93%), then radio (88%), newspapers (84%) and online news (70%). Uniquely, respondents from Northern Ireland placed equal importance on the impartiality of television and newspaper news (92%), and placed the greatest importance of all the nations on the impartiality of online news (90%) (Figure 3.80).

Figure 3.80 Percentage of consumers who think it is important that news should be impartial, by different news sources

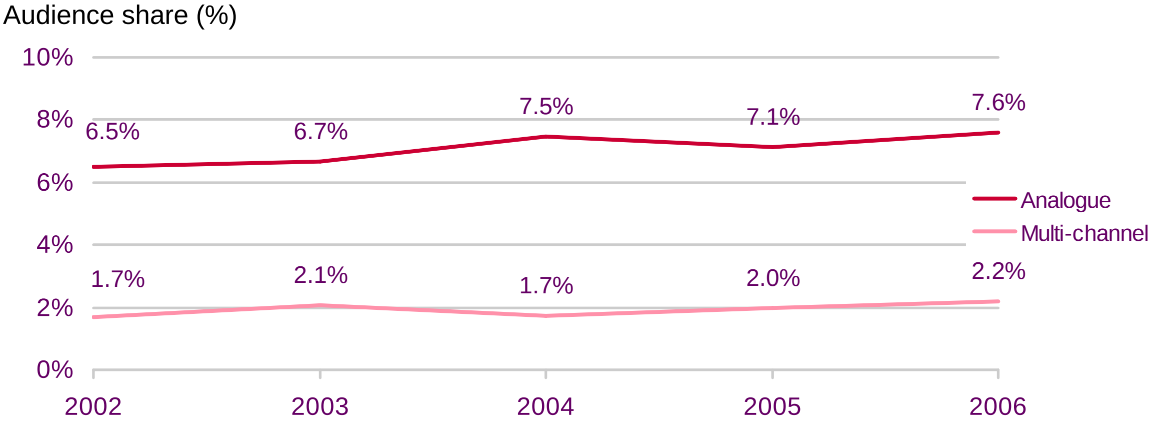
How important do you think it is that news from each of these sources is impartial?
Proportion of respondents (%)

Base: All adults 15+
Source: Ofcom research, 2006

3.2.4.6 Northern Ireland viewing of RTÉ

In Northern Ireland, television viewers have access to the Republic of Ireland's channels RTÉ One and RTÉ Two, through analogue cross-border transmissions, and via digital satellite and digital cable platforms. These channels attracted a substantial viewing share in 2006, amounting to 7.6% in analogue television homes (up by 17% or 1.1 percentage points on 2002). In multichannel homes, their share was substantially lower owing to greater channel competition, standing at 2.2% in 2006, still up by 30% or 0.5 percentage points on 2002 (Figure 3.81).

Figure 3.81 Viewing of RTÉ television channels in Northern Ireland



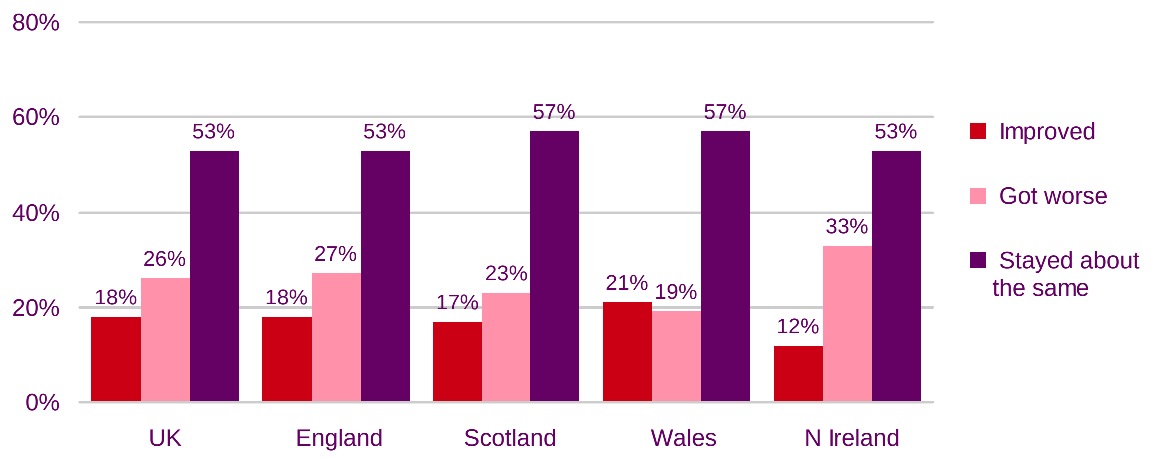
Source: BARB

3.2.5 Attitudes towards television

When respondents to Ofcom's Communications Tracking Survey were asked if they felt that the quality of television programmes had improved, worsened or stayed the same over the past year, a majority (between 53% and 57%) felt that it had stayed the same. Approximately one-third of respondents from Northern Ireland, however, believed that it had worsened while just 19% of Welsh respondents held the same view. The smallest numbers believing standards had improved were found in Northern Ireland (12%) and Wales (21%). (Figure 3.82)

Figure 3.82 Opinions about the changing quality of television programmes

Do you feel that over the past year, television programmes have improved, got worse, or stayed the same?

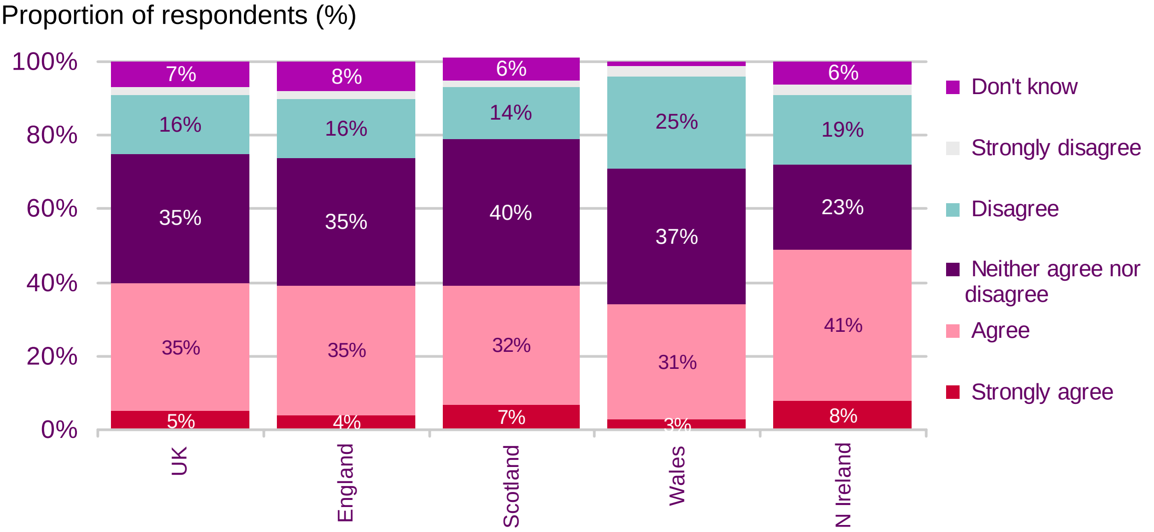


Base: All adults 15+
Source: Ofcom research, 2006

Forty-nine per cent of people in Northern Ireland agreed/strongly agreed that television programmes showed unfair treatment of people or organisations, followed by 39% in England and Scotland, and 34% in Wales. A smaller proportion of people across the nations (between 16% in Scotland and 28% in Wales) disagreed/strongly disagreed that they showed unfair treatment (Figure 3.83).

Figure 3.83 Belief that TV programmes shows unfair treatment to certain groups

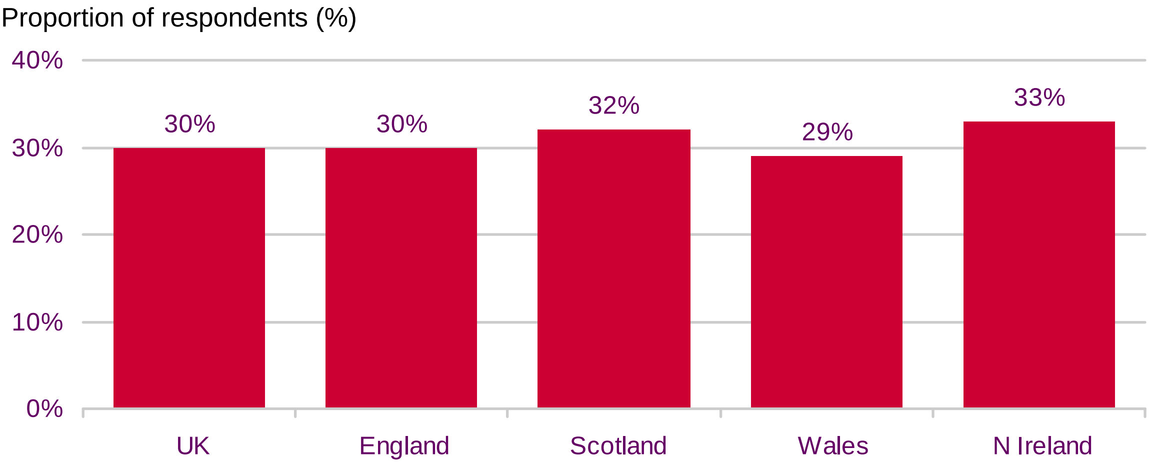
Some people say certain television programmes show material containing unfair treatment of people or organisations. To what extent do you agree or disagree with this?



Base: All adults 15+ who have a TV
Source: Ofcom research, 2006

Roughly one-third of respondents across the nations claim to have been offended by something they have seen on television at some point in their lifetimes. The figures did not vary significantly across the nations (Figure 3.84).

Figure 3.84 Respondents who have ever found anything on television offensive

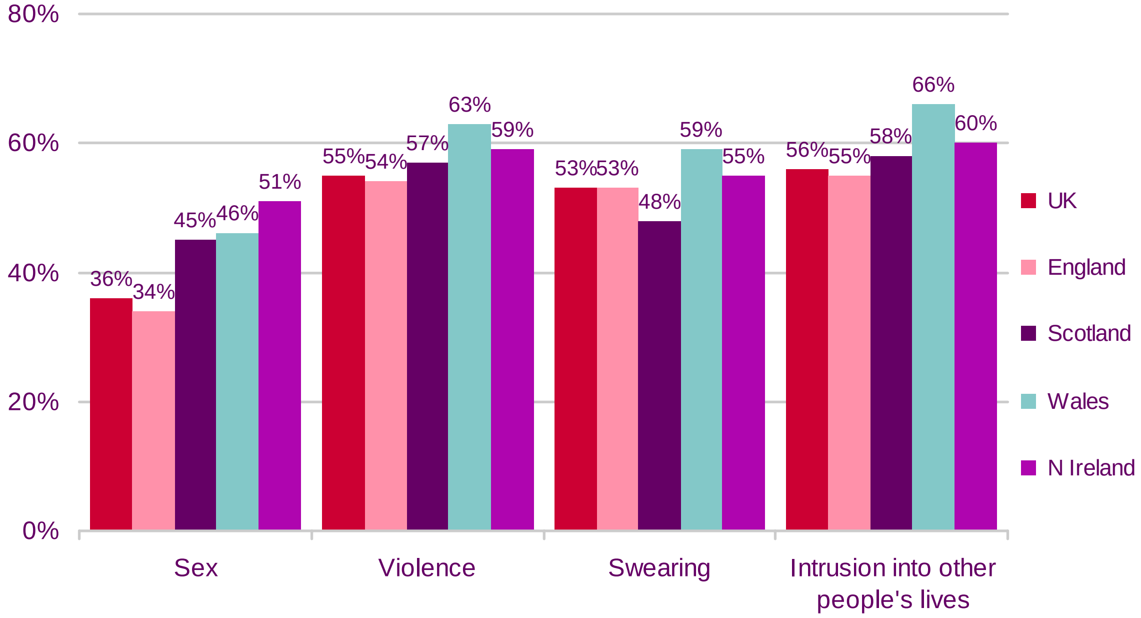


Source: Ofcom research, 2006

People in Northern Ireland were most likely to believe that there was too much sex on television (51%), followed by Wales (46%), Scotland (45%) and England (34%). People in Wales expressed the greatest levels of opposition to violence (63%), swearing (59%) and intrusion into other people's lives (66%) (Figure 3.85).

Figure 3.85 Belief that there is too much sex, violence, swearing and intrusion on television

Proportion of respondents (%)



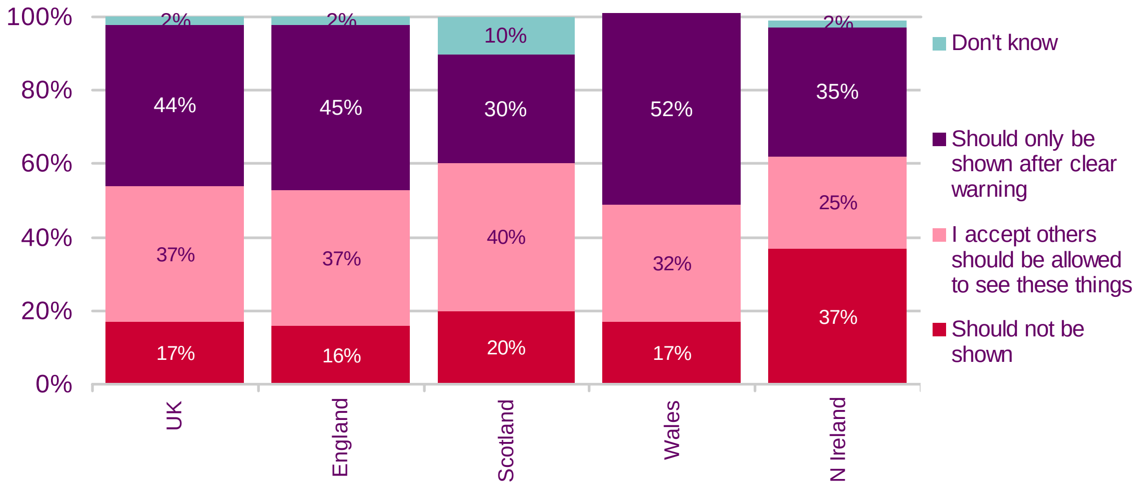
Base: All adults 15+ who have a TV
Source: Ofcom research, 2006

A significant proportion of respondents believed that some offensive content could be shown on television provided it was accompanied by clear warnings (ranging from 30% in Scotland to 52% in Wales). Between 25% and 40% believed that others should be allowed to see some offensive content (Figure 3.86).

Figure 3.86 Attitudes toward whether offensive material should be shown

Which one of these statements best describes your attitude towards things which have offended you on TV?

Proportion of respondents (%)



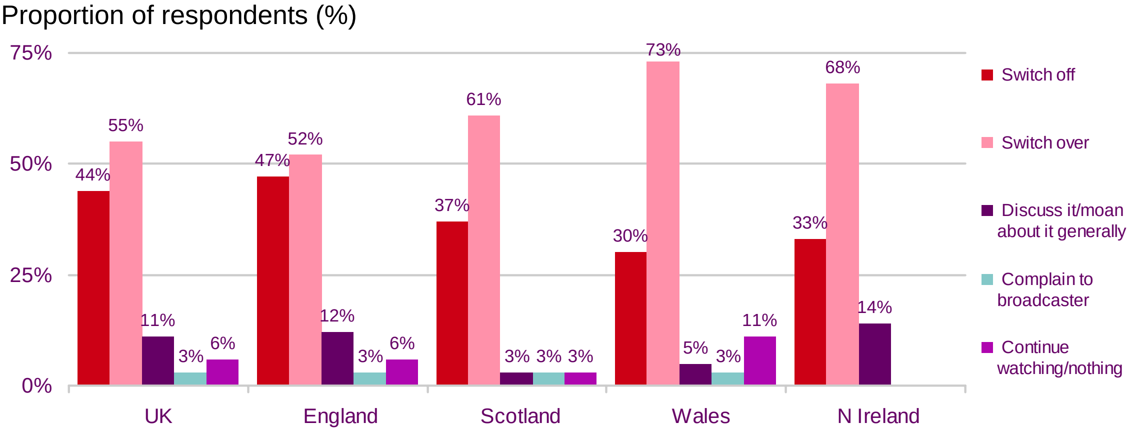
Base: All who have seen/heard offensive things on TV
Source: Ofcom research, 2006

The majority of viewers who saw or heard something offensive (ranging from 52% for England to 73% for Wales) switched channel when offended by television content. The next highest proportion of individuals switched off the television (between 30% for Wales and 47% for England). Between 3% (Scotland) and 11% (Wales) of individuals stated that they generally continued to watch the programming or did nothing.

Comparatively few individuals across the nations (3%) stated that they would complain about offensive content. This indicates that viewers are more likely to make passive responses to offensive content (continuing to watch/doing nothing or switching over or off the channel) than proactive responses (complaining to broadcasters) (Figure 3.87).

Figure 3.87 Viewers' reaction when offended by television content

How do you generally react when you are offended by what you hear or see on television? In other words what do you do?



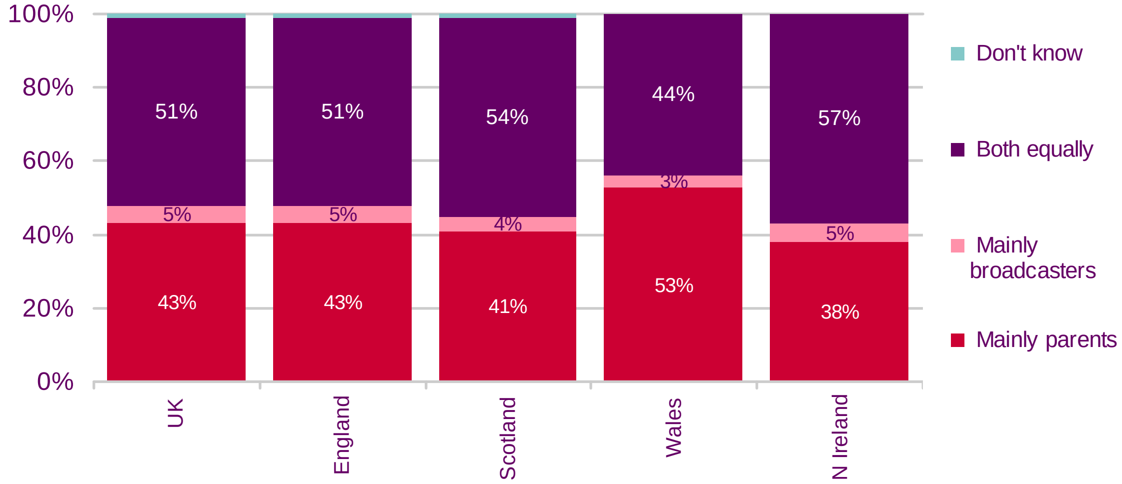
Base: All who have seen/heard offensive things on TV
Source: Ofcom research, 2006
Note: This is a multiple response question and therefore responses do not sum to 100%.

Over half of the respondents in England, Scotland and Northern Ireland believed that broadcasters and parents are equally responsible for ensuring that children do not watch unsuitable programmes. The next largest proportion of individuals, between 38% (Northern Ireland) and 53% (Wales), believed that it was parents' responsibility to oversee their children's television viewing. Among the nations, only people in Wales placed more responsibility on parents than on parents and broadcasters. Only a comparatively small proportion of people across all nations (between 3% and 5%), believed that it was solely the broadcasters' responsibility (Figure 3.88).

Figure 3.88 Responsibility for ensuring that children don't watch unsuitable programmes

Do you think it is mainly the responsibility of parents, broadcasters or both equally, to make sure that children don't see unsuitable programmes?

Proportion of respondents (%)



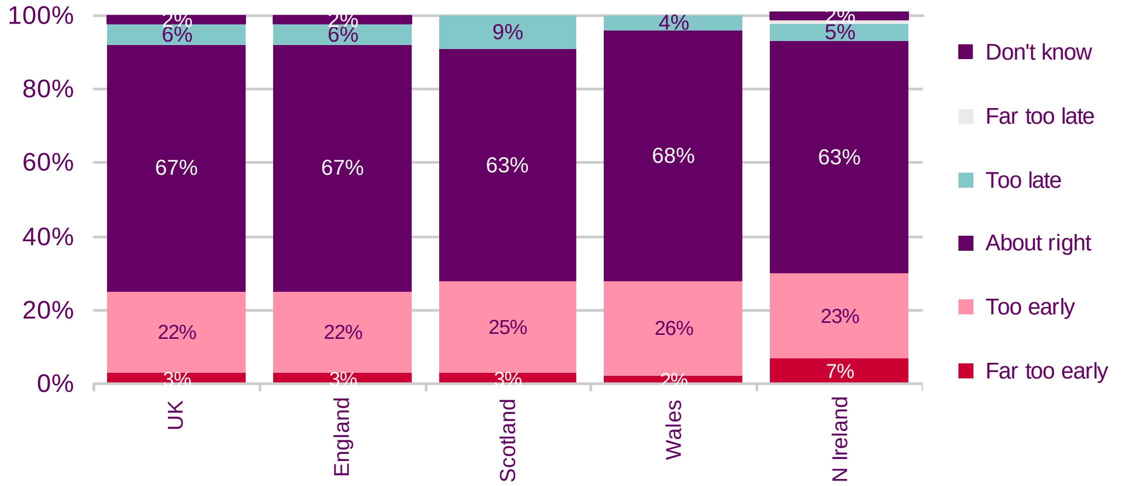
Base: All adults 15+ with a TV
Source: Ofcom research, 2006

There was general agreement across the nations (between 63% and 67%) that the 9pm watershed is timed "about right" with around two thirds agreeing. A significant minority (22%) of respondents in the UK, however, felt that it was too early (Figure 3.89).

Figure 3.89 Opinions about the 9pm watershed

On terrestrial TV channels, the time after which these programmes may be shown is 9pm. Do you think this is too early, too late or about right?

Proportion of respondents (%)



Base: All adults 15+ with a TV
Source: Ofcom research, 2006