

# **Reshaping television for the UK's nations, regions and localities**

**Ofcom review of public service television broadcasting – Phase 2**



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## 1. Executive summary

- 1.1 Regional television<sup>1</sup> was introduced with the Television Act of 1954, and has been an important part of the UK's TV landscape over the last half century. Both ITV1 and the BBC steadily expanded their regional and national services for most of that period, S4C launched to provide a dedicated Welsh service and Channel 4 and Five contributed to the regional production industry through voluntary out-of-London production quotas. Devolution has refocused attention on the importance of reflecting the different identities and communities of the UK, and of providing a diversity of services that meet their different needs.
- 1.2 In recent years, though, this model has come under growing pressure. The footprint of regional television is to some extent an artificial construct, dictated by the 1950s TV transmission map, not by recognised regional and local community boundaries. Although regional news remains a valued and vital part of the schedule, it does not secure the audiences it once did, especially among younger viewers and in multichannel homes. It faces criticism from some – particularly in the English regions – for being insufficiently local.
- 1.3 Non-news programming for the nations and regions, of which ITV1 has historically been the main provider, faces commercial challenges. It is significantly more expensive to the network than other kinds of similar programming, simply because the network has to make 15 programmes to fill a single half-hour slot.
- 1.4 Viewers in England are often unaware of the programming that is provided for them. Our research shows that many people in England believe there should be dedicated TV made in and for the different regions of the UK, but when asked to make tough decisions about scheduling and allocation of broadcast resources, they felt that there could be a reduction in its frequency. They liked regional programming using mainstream genres like docusoaps, but are aware of the funding constraints and the challenging scheduling that characterises much regional output.
- 1.5 In the devolved nations, the issues are rather different. Viewers tend to be more aware of dedicated national programming, they are more likely to believe it is important than their counterparts in the English regions, and the most successful programmes are as popular and well-known as their network equivalents. But the commercial challenges are the same, and the Scottish, Welsh and Northern Ireland Channel 3 licensees find it increasingly difficult to find slots in peak time where viewers can most easily access the output produced for them.
- 1.6 Looking to the future, changes in technology and audience needs will create different and potentially better opportunities for serving audiences in the nations and regions. Transmission and licensing conditions are not ideal for local TV in an analogue broadcasting environment, but hold much more promise in the digital age. They have the

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<sup>1</sup> Note that in the interests of brevity we use 'regional programming' as a shorthand to refer to programming for both the devolved nations and the English regions throughout this report. This does not imply and should not be interpreted as implying that audience needs are the same throughout the UK, nor that the issues posed are the same from nation to nation; neither of these assertions are true

potential to use a range of new technologies to deliver news and information at the most relevant and attractive level for viewers, to exploit fully the interactive and participatory opportunities of digital TV, and to truly reflect the diversity of the UK – not just the artificial agglomerations of some of the existing TV regions. In addition new broadband and online services potentially open up the market to a variety of programme and content suppliers, using new interactive formats and mixtures of text, audio and visual content.

- 1.7 The time is therefore right for a review of the way the benefits of local, regional and national programming are delivered to viewers. We have an historic opportunity to refit programming for the nations and regions for a digital future. We need to do so in a clear-sighted way that recognises and seeks to protect the strengths of the current system, while preparing for the future.
- 1.8 Our analysis suggests four strands to a strategy for the next five to ten years. First, we should use the period preceding digital switchover to explore and help develop different models of local provision, using the potential of digital technologies to deliver services that are truly valued and widely used. Alongside this, as part of our wider proposals for new PSB provision (see our main report on Phase 2 of the PSB review) we should examine the scope for new funding of content for the nations and regions, aimed equally at distribution via new delivery platforms, such as broadband.
- 1.9 Second, while local services are still in their infancy and relatively untested, we should maintain a robust service for the nations and regions that retains the strengths of the current model and enhances plurality where possible, while recognising that the current system will not be sustainable to switchover. The priorities should be continued delivery of regional news and non-news programming in peak time. The BBC should play a greater role, particularly in the English regions, to ensure a proper level of public funding for services that are not sustainable for commercial operators. Scotland, Wales and Northern Ireland have distinct and varying requirements that will continue to need to be met in any PSB system, although the current model is as unsustainable in the devolved nations as it is in England; a new framework for programming for the nations needs to be developed.
- 1.10 Third, we should explore options to secure an economically sustainable future for sufficient Welsh and Scottish Gaelic language services, using digital transmission capacity and access to adequate public funding. This should include evaluation of possible futures for S4C. In the case of Northern Ireland we will follow how the arrangements for broadcasting the Irish language and, indeed, Ulster Scots develop.
- 1.11 Finally, we should seek to secure a continuing and important role for ITV1 in the reflection of regional stories, characters, places and issues on its main network, with a high proportion of original production made outside London, including in the devolved nations. This kind of 'regionalised' programming is not a replacement for dedicated programming for regional audiences, but it is complementary to it: it communicates the diversity of the UK to a UK-wide audience, is often valued by local audiences, and helps maintain clusters of creative talent that will support the further development of dedicated regional and local services into the digital age.

## 2. Introduction

- 2.1 In Phase 1 of our review of public service television broadcasting (PSB), we identified programming for the nations and regions as an area that required further investigation. Our preliminary assessment suggested that it received mixed reviews: many people felt it was important, but there was evidence that audiences did not engage much with regional programming other than regional news. In addition, viewers and broadcasters appeared to be uncertain about the role of programmes for the English regions, other than in news. We undertook to carry out more detailed research and evaluation in Phase 2 of the review.
- 2.2 The consultation on Phase 1 identified some common themes, and some areas that provoked more debate. Several respondents presented arguments in favour of increased production outside London and increased representation of different regions within network programming. Others advocated development of more local services. The principle of regional plurality – both in production and in broadcasting – was held to be important.
- 2.3 There was more variance of opinion about the value of non-news regional programming, especially in the English regions. Some agreed that the existing levels of non-news programming would not be sustainable in the longer term, particularly given the comparatively high costs they impose on ITV1. Others were far from convinced that regional programming quotas should be reduced, and argued that a lack of audience engagement in non-news regional programming tends to result from poor quality provision and unhelpful scheduling, rather than a lack of demand from audiences.
- 2.4 It was more generally agreed that viewers in the devolved nations should benefit from a larger quantity of local programming than those in the English regions. However there were concerns about how the higher costs of such provision could be met – one suggestion was that a new fund needed to be set up for this purpose.
- 2.5 Since the Phase 1 report was published, we have carried out substantial further analysis. We have looked in more detail at the major broadcasters' output of and investment in programming for the nations and regions, and their level of production outside London – another important aspect of the regional story. We have assessed the commercial implications of ITV1's regional commitments, and their sustainability as we approach switchover.
- 2.6 We have also looked in more detail at viewer attitudes and behaviour. We have carried out further regional analysis of the large-scale survey of viewers conducted for Phase 1, to tease out the differences in attitude between different parts of the UK. We have commissioned additional original qualitative and quantitative research into people's degree of attachment to different geographical units, and their interest in news, information and entertainment about each of those areas. And we have looked at viewing of over 220 regional series (excluding news) broadcast by ITV1 over the last three years, and 33 series broadcast in the nations by the BBC, to provide an authoritative assessment of how well regional programming fares compared to network output.
- 2.7 We have also reviewed the previous literature on regional broadcasting, published by the

Independent Television Commission (ITC), Broadcasting Standards Commission (BSC) and other bodies. We have benefited from the input of the broadcasters who have given us access to some of their own research in this area, and we are grateful to the BBC, the Channel 3 licensees and S4C for their assistance.

### **Note on terminology**

- 2.8 We recognise that audience needs in the devolved nations of the UK are different from those in the English regions, and that the issues posed are also different from nation to nation. Nonetheless 'programming for the nations and regions' is a clumsy and repetitive usage. We therefore use 'regional programming' to refer to both programming for the devolved nations and for the English regions, except where we refer specifically to the English regions or the nations, by which we mean the devolved nations of Scotland, Wales and Northern Ireland.
- 2.9 This should not be understood to imply that the same issues arise in all regions and nations equally, nor that the nations are just further regions of the UK. Indeed, one of our main conclusions is that at network level there needs to be greater acknowledgement of the existence of Scotland, Wales and Northern Ireland as distinct political and cultural entities.
- 2.10 It is also important to clarify our usage of 'ITV', 'ITV1' and 'ITV plc'. References to 'ITV' should not be interpreted as implying that we have forgotten the existence of independent licensees in Scotland, Northern Ireland and the Channel Islands. Where we refer to 'ITV1', 'the ITV network' and occasionally just 'ITV', we generally refer to the services provided by **all** Channel 3 licensees, through the established networking arrangements and regulatory framework. Where our analysis applies only to ITV plc, or to its licences (the English, Welsh and Scottish Borders licences), we refer specifically to 'ITV plc'.
- 2.11 'Regional programming' covers a wealth of different kinds of output, encompassing drama, entertainment, current affairs, factual and documentary programming, quiz shows, sport and arts, as well as news. We use 'non-news regional programming' to refer to the full range of regional content outside news, including current affairs. However we often break current affairs out from the non-news total, for which the Channel 3 licensees have separate quotas; in this case we use 'non-news and current affairs' (non-NCA) programming to refer to the difficult-to-define collection of highly diverse content that does not fit into either of these specific genres.

### **About this report**

- 2.12 The first section following this Introduction, *An evolving model*, summarises the evolution of regional programming from the 1950s to today, and describes how we expect the model to continue to evolve in future. It sets out the wealth of possibilities presented by local TV in a digital environment, while recognising the challenges the current system faces today.
- 2.13 The following section, *Value and impact*, describes the findings of audience research and measurement of viewing into the value and impact of both news and non-news regional programming. It also describes the distinct requirements of the nations, and the role of

network programming produced in the regions in meeting the purposes of regional PSB.

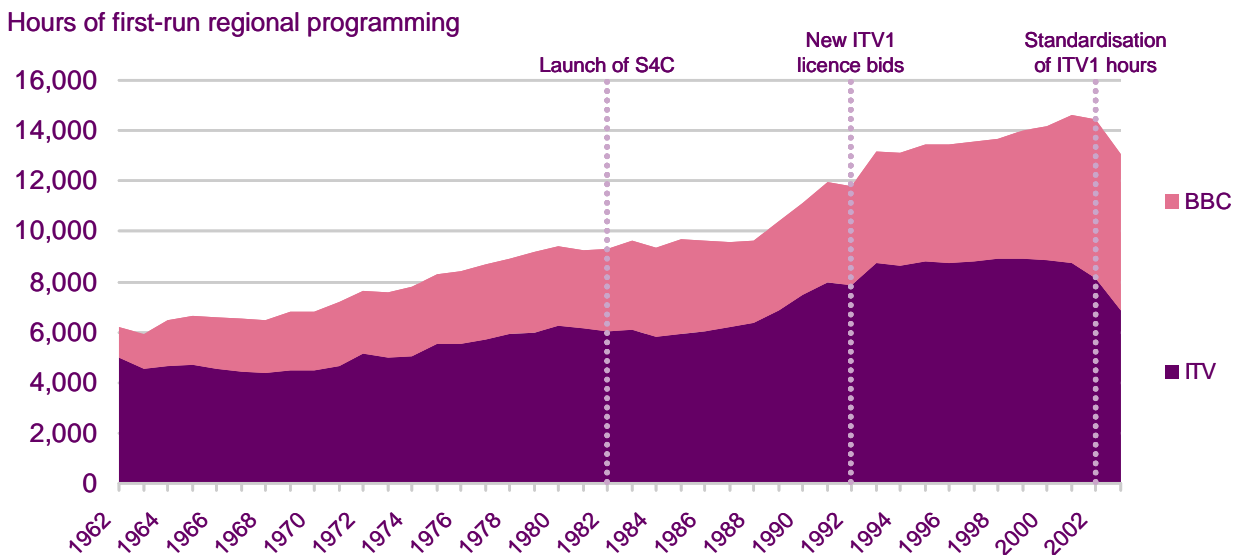
- 2.14 The final section, *Redefining local and regional TV*, sets out our preliminary vision for the future, and the conclusions of our analysis. Two appendices follow, the first detailing the requirements that apply to the broadcasters under the 2003 Communications Act and the Agreement between the BBC and the Secretary of State for Culture, Media and Sport, and the second providing sample weekly schedules of non-news regional programming for several of the ITV1 licensees.



### 3. An evolving model

- 3.1 Regional television on a large scale began with the launch of ITV in 1955. ITV was created as a federal system, to prevent a monopoly in the airtime sales market as well as to provide dedicated local television services. The 1954 Television Act stipulated that each station should broadcast “a suitable proportion of matter calculated to appeal specially to the tastes and outlook of persons served by the station.” Over time the network grew to a total of 15 separate regional companies with their own studios, offices and broadcast arrangements. The BBC started providing short regional news bulletins in 1957, which expanded to become full news magazines in 1962.
- 3.2 Since then the hours of programming for the nations and regions broadcast by the two main broadcasters increased substantially, particularly as a result of the Channel 3 licence auctions introduced by the 1990 Broadcasting Act, before falling back since 2001 (Figure 3.1). Nonetheless, more national and regional programming was broadcast in the UK last year than in any year before 1993.

**Figure 3.1: Total hours of original programming for the nations and regions on the BBC and ITV1, 1962-2003**



Source: Ofcom - data provided by licensees

- 3.3 If anything, regionality is more important now than it has been for some time. Devolution in Scotland, Wales and Northern Ireland has created powerful administrative and, to varying degrees, policy-making centres responsible for billions of pounds of public spending. Proposals for elected English regional assemblies remain under consideration. Many of the UK's cities, including Belfast, Cardiff, Glasgow, Newcastle, Birmingham, Sheffield, Leeds and Liverpool, have enjoyed something of a renaissance fuelled by new investment, redevelopment of the local infrastructure, vibrant social and cultural life and a reassertion of local identity.
- 3.4 New quantitative research conducted by Ofcom for Phase 2 of the PSB review showed that people feel most 'attached' to their local neighbourhood, town or city, closely followed

by their nation; but at the same time they do identify with the counties and regions in which they live.<sup>2</sup> The ITC and BSC carried out research in 2002 that found that viewers retain a strong sense of both regional and national identity, and that regional TV can help to keep these identities alive.<sup>3</sup> Regional news was perceived to be the most important factor, but viewers also believe that the broadcasters should show other kinds of regional programming; although as we shall see later, they do not attach a particularly high priority to it.

- 3.5 The future offers significant potential for enhanced local and regional TV services, provided on a commercial basis and delivered through a wide range of media. Digital spectrum may be available for widely accessible local services delivered to a high transmission standard. Broadband enables the provision of highly sophisticated content services that fully exploit the interactive potential of new technologies. Currently TV at a local level is limited by the difficulties of broadcasting to a relatively small and tightly-defined area, but this will change: we may see a plethora of services delivering a mix of TV, mobile and information services at a more local level than broadcast TV can compete with.
- 3.6 Services such as Italy's FastWeb, which is already serving a low but rapidly growing subscriber base, demonstrate the potential for high quality TV and video services delivered over the Internet. BBCi Hull, the BBC's trial of local interactive TV, saw two-thirds of all viewers in the catchment area using the service on a monthly basis, exceeding the performance of interactive services on other digital platforms.<sup>4</sup> The BBC has expressed its intention to develop 50-60 local services providing "ten minutes an hour of genuinely relevant local news and information,"<sup>5</sup> initially over broadband but potentially later on digital TV.
- 3.7 Nonetheless such services remain several years away from widespread commercial rollout and from robust and sustainable business models. It is not clear at this stage what level of public intervention, if any, will be required to support local TV in a digital environment.
- 3.8 The question to be addressed in the meantime is what level of programming for the nations and regions should there be on conventional TV, and how is it best provided? We start by assessing how well the current regional broadcasting ecology meets the needs of the nations and regions, looking specifically at the contribution of ITV, the BBC, S4C and local services, before turning to the sustainability of the current model over the next five to ten years.

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<sup>2</sup> Source: Ofcom/IPSOS UK – Phase 2 Research

<sup>3</sup> *Pride of Place: What viewers want from regional television*, Independent Television Commission/Broadcasting Standards Commission, 2002

<sup>4</sup> *BBCi Hull: Key findings from the BBC's broadband television trial*, BBC, 2003

<sup>5</sup> *Building Public Value*, BBC, 2004



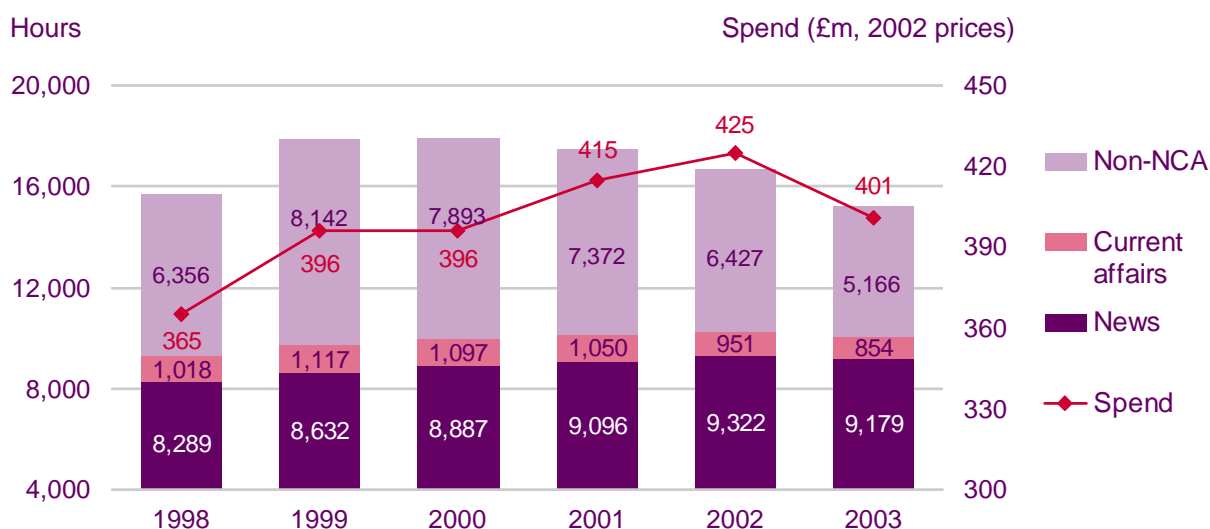
## The effectiveness of the current system

### Summary

3.9 The terrestrial broadcasters (including S4C) produced over 15,000 hours of original first-run programming for the nations and regions in 2003 at a combined cost of over £400m.<sup>6</sup> The BBC and ITV1 both spent around 16 per cent of their total programme spend on programming for the nations and regions. But in most regions, regional originations filled only around five to six per cent of scheduled programme hours.

3.10 Total output of original first-run programming for the nations and regions has been in steady decline since 1999 (Figure 3.2). Between them, the BBC, ITV and S4C broadcast 15,200 hours of originations in 2003 – a nine per cent decline on 2002. Spend fell by slightly less (six per cent) – from £425m to just over £400m in 2002 prices.

**Figure 3.2: Total output and spend on regional programming by the BBC, ITV and S4C**

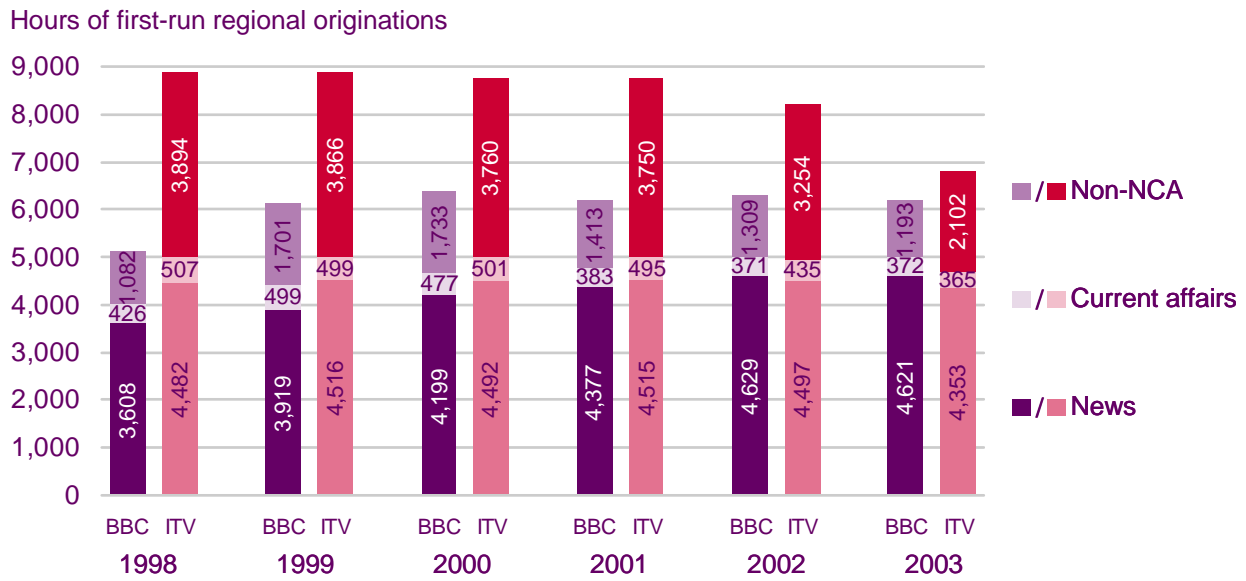


Source: Ofcom - data provided by licensees

3.11 Most of the decline over this period came in non-news output, and particularly non-news provision on ITV1 (Figure 3.3). ITV still produces more regional output than the BBC, but the gap has narrowed significantly. However, ITV is by no means the only broadcaster whose production of non-news programming has fallen in recent years. Both the BBC and S4C also have reduced their volume of non-news original programming for the nations and regions since 1999.

<sup>6</sup> Note that all financial data in this report are in constant 2002 prices, for consistency with our phase 1 report on PSB

**Figure 3.3: Total regional output on the BBC and ITV1, by genre**



Source: Ofcom - data provided by licensees

3.12 Over the same period, spending on regional programming increased, before falling back in 2003. This is largely due to significant increased investment by the BBC, particularly in programming for the nations. ITV's spend has declined, although not as much as its broadcast hours, and since 2002 the BBC has spent more than ITV on its nations and regions output (Figure 3.4).

**Figure 3.4: Total regional expenditure by the BBC and ITV1, by genre**



Source: Ofcom - data provided by licensees

**ITV**

3.13 The ITV licensees provide both news and non-news across the regions and nations of the UK, as a condition of their broadcast licences. Most licensees are required to provide at

least 5.5 hours of regional news per week, with full sub-regional opt-outs in Anglia, Central and Meridian, and partial opt-outs in Border, Tyne Tees, Westcountry and Yorkshire. In addition most English regional licensees are required to provide three hours per week of non-news programming, including half an hour of current affairs; Ulster Television (UTV) and ITV Wales are committed to providing 4.5 hours of non-news, and Scottish Television to just over four. The smallest licensees (Grampian, Border and Channel) have lower commitments. Appendix 1 details the quotas that apply to all Channel 3 licensees; by way of illustration of what they deliver, Appendix 2 contains non-news regional programming schedules for sample weeks for eight services.

3.14 Although the Channel 3 licensees continue to meet their licence obligations, their output of non-news regional programming steadily declined in recent years, with particularly steep drops in 2002 and 2003 (Figure 3.5). In part this is due to the ITC's 2002 agreement with the licensees to standardise their regional hours, with a commitment to increase their spend per hour on the remaining hours. The aim was to provide more on-screen value to viewers, with fewer programmes, but more investment in them, and slots in or near peak. Spend and output of regional news remained broadly constant over the last six years.

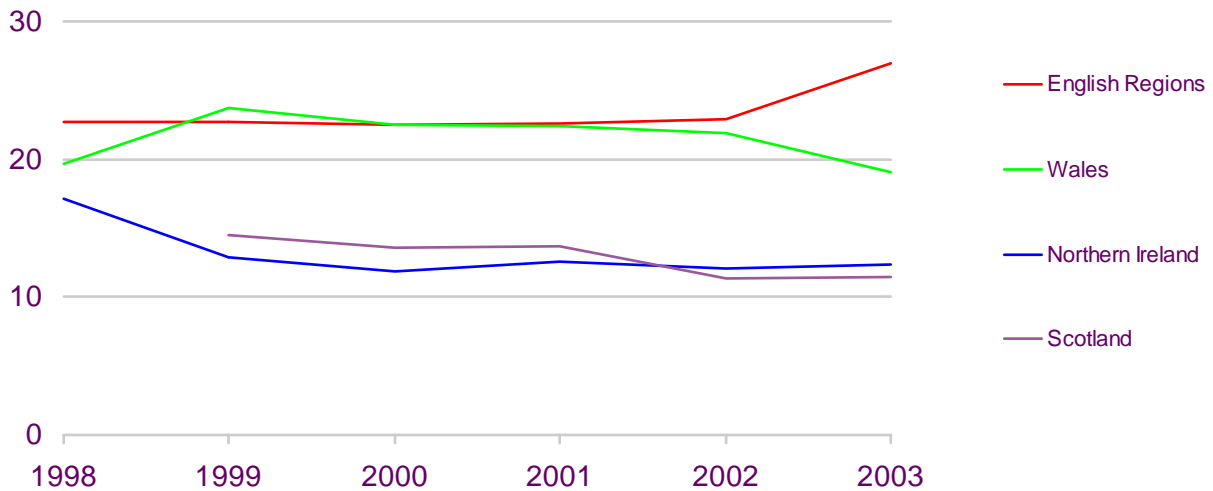
**Figure 3.5: ITV1's total output and spend on programming for the nations and regions**



Source: Ofcom – data provided by ITV licensees

3.15 Figures 3.7 to 3.10 show that all four nations faced cuts in non-news programme output and spend over the past six years, but generally maintained levels of output and investment in news. The reduction in hours was greatest in England and Scotland, while the reduction in spend was most significant in Scotland and Northern Ireland. Figure 3.6 shows that as a result of the ITC's revised settlement with ITV in 2002, spend per hour did increase in the English regions between 2002 and 2003.

**Figure 3.6: ITV's average spend per hour on programming for the nations and regions, by nation**  
Spend per hour (£000s, 2002 real prices)



Source: Ofcom – data provided by ITV licensees. Data not available for Scotland for 1998

3.16 ITV1's hours of non-news programming in the English regions almost halved between 1998 and 2003, largely as a result of the standardisation of regional licensees' hours in 2002. Spend in England also declined, but not by as much (18 per cent over 1998-2003 period).

**Figure 3.7: ITV1's output and spend on programming in England**



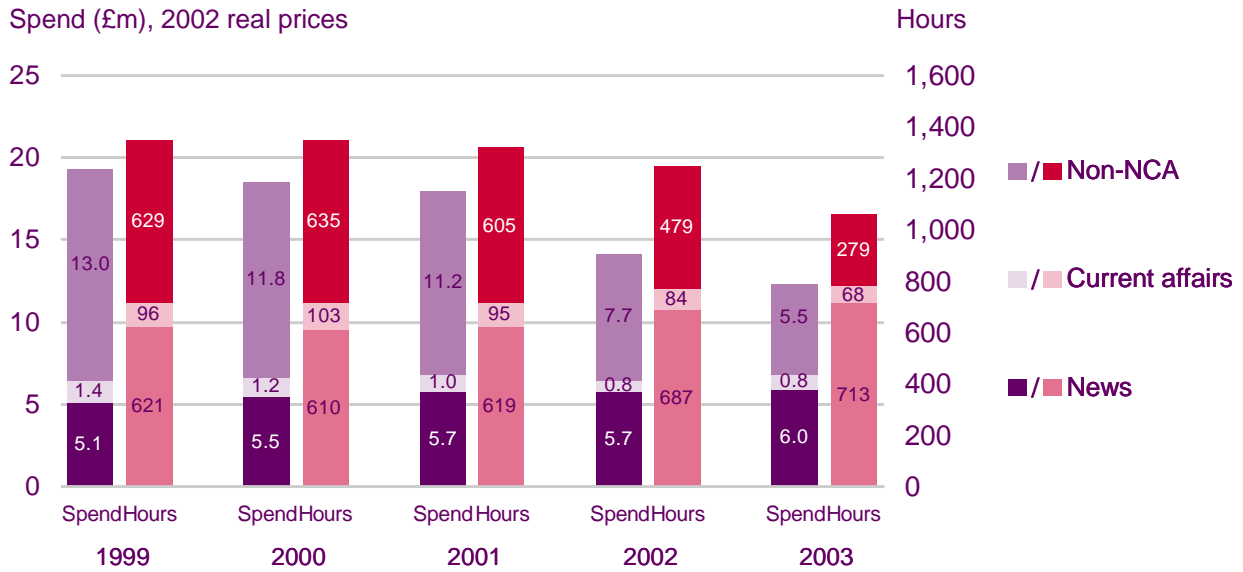
Source: Ofcom – data provided by ITV licensees

3.17 Changes in Scotland were more dramatic. While hours and spend on news by the two Scottish licensees<sup>7</sup> increased steadily, reductions in non-news output more than offset the increases. Both spending and broadcast hours of non-news output more than halved

<sup>7</sup> Border is included in the England totals for the purposes of this analysis

between 1999 and 2003.

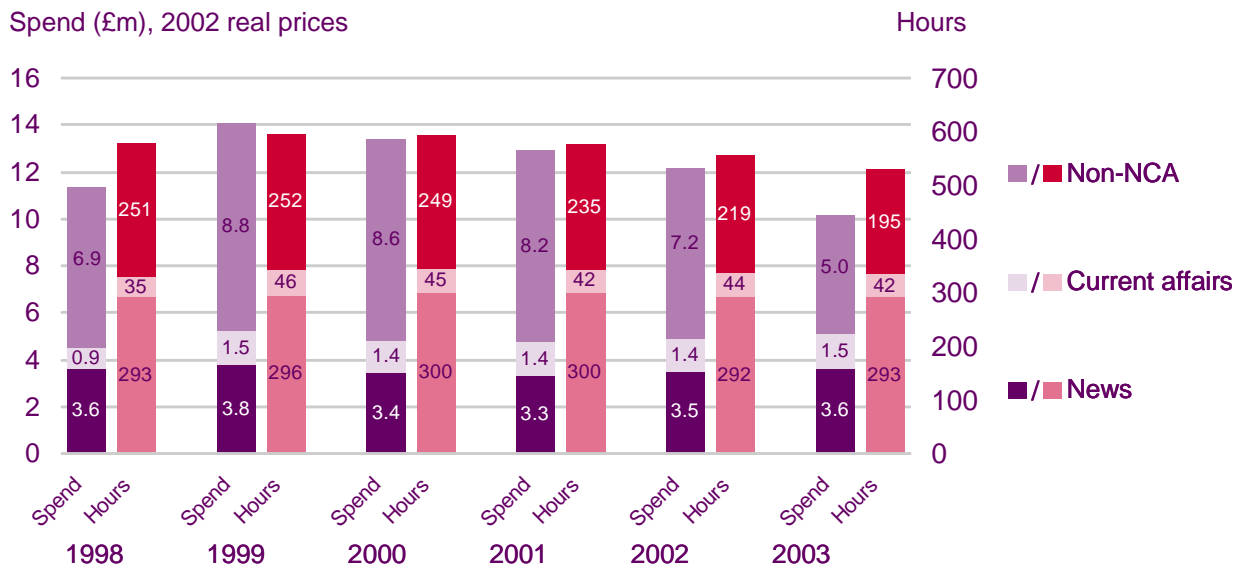
**Figure 3.8: ITV1's output and spend on programming in Scotland**



Source: Ofcom – data provided by ITV licensees. Data not available for Scotland for 1998

3.18 In Wales, news output and spend was relatively constant, and expenditure has increased over the last couple of years. Again it was non-news output that declined.

**Figure 3.9: ITV1's output and spend on programming in Wales**



Source: Ofcom – data provided by ITV licensees

3.19 UTV maintained its hours of non-news output over this period, but has found it increasingly difficult to maintain levels of spending. Overall, its spend on non-news output fell by 44 per cent between 1998 and 2003, against a reduction in hours of 22 per cent.

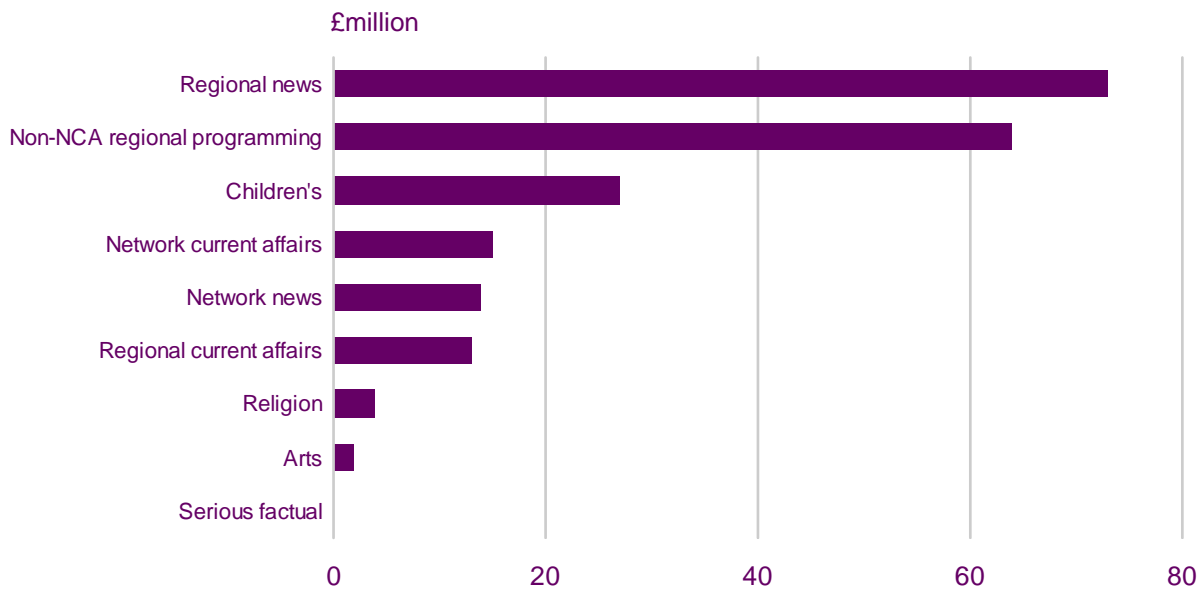
**Figure 3.10: ITV1's output and spend on programming in Northern Ireland**



Source: Ofcom – data provided by ITV licensees

- 3.20 The story of declining investment and increasing pressure on budgets was also expressed to us by interviews with practitioners. Several producers said that ITV plc's regional budgets were half to two-thirds of the fees paid in the late 1990s. They felt that advances in technology were reducing costs, but not enough to offset this growing pressure on budgets.
- 3.21 The pressure on investment revealed by this analysis reflects the increasingly competitive TV marketplace and the relative cost of regional programming. The ITV network's regional output is its largest item of PSB cost by a significant margin; the combined cost of regional news and non-news output is estimated to represent around two-thirds of the total cost of ITV1's PSB activities. The ITC carried out analysis in 2002 (Figure 3.11) that suggested that regional commitments represented the greatest opportunity cost of all the ITV network's PSB programming, taking into account both the increased cost to the network of making regional programming and lost revenue that could be generated by putting more popular content in its place.

**Figure 3.11: Estimated opportunity cost per annum by genre on ITV1, 2002**

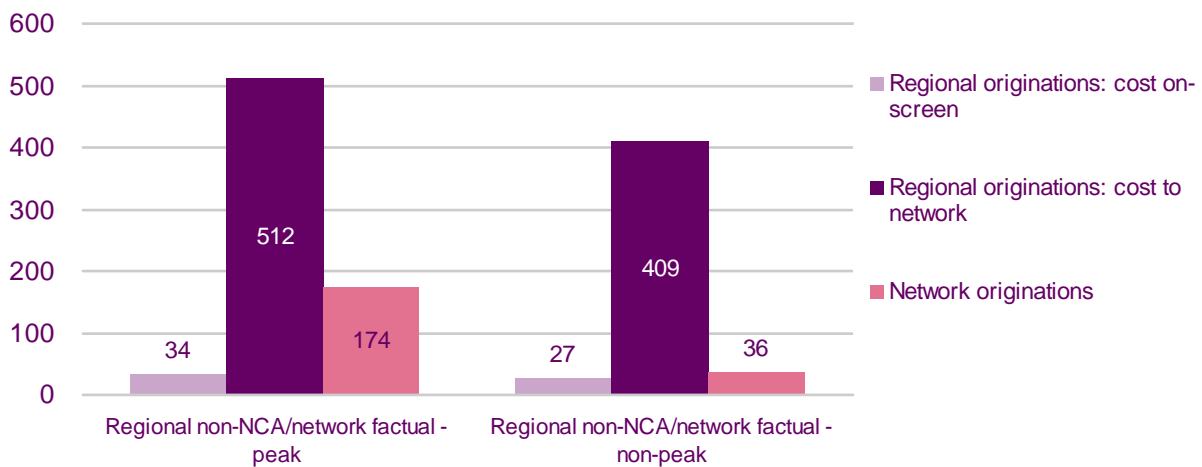


Source: ITC

3.22 Programming for the nations and regions is more expensive to the ITV network than other kinds of output, simply because of the need to make fifteen different programmes to fill one half-hour slot. Even given low average budgets for regional output, non-news programming still costs at least three times across the network as much as similar network programming does in the same slot (Figure 3.12). As a result, we estimate typical costs per viewer hour for non-news regional programming to be in the region of 13p per viewer hour, compared to an average of 4.6p per viewer hour for ITV1 as a whole.<sup>8</sup>

**Figure 3.12: Cost to ITV1 of regional and network non-news programming**

Average cost per hour of non-news originations to the ITV network in 2003, £000s (2002 real prices)



Source: Ofcom – data provided by ITV licensees. Comparison is between non-news and current affairs regional and factual network programming, since most regional non-news programming is factual

<sup>8</sup> Source: Ofcom, based on audiences for 84 ITV1 regional non-news series, and average cost per broadcast hour for ITV1's regional non-news output

- 3.23 These commercial pressures affect the scheduling and formats of programming for the nations and regions. The Channel 3 licence terms require a certain proportion of news and non-news to be scheduled in or near peak, but the peak-time non-news slots are almost invariably against *EastEnders*, which consistently accounts for around 50 per cent of the viewing audience, and the remaining content has tended to be scheduled in late night or daytime slots (this can be seen in the sample schedules in Appendix 2). Partly because of this scheduling, audiences tend to be relatively low compared to the network schedule as a whole.
- 3.24 Regional programming has widened its focus in recent years: docusoaps, 'blue-light' documentaries based on CCTV footage, property or lifestyle shows and travel programmes have all been aired under a regional flag. There has been some criticism that this has reduced the distinctly regional flavour of the output, although our most recent qualitative research found that some viewers like this use of a more diverse range of formats in regional programming.<sup>9</sup> Co-productions, although a rational response to the economic pressures facing regional programming, have also reduced regional specificity and diluted the ability of individual licensees to reflect fully the particular issues and identities of their region.
- 3.25 To some extent the issues are different in the nations. Audiences in the nations are more aware of dedicated programming for them, and value it more. But the economic pressures remain: the national licensees, Scottish Media Group (SMG) and UTV, receive only a small proportion of network advertising revenue, and it is significantly cheaper to broadcast network output that they have already paid for than it is to deliver new regional programming. Their budgets are heavily constrained, just as ITV plc's licensees are.
- 3.26 National licensees are also under increasing pressure not to opt out of the peak-time network schedule to show regional programmes, from a variety of sources: from the network centre (which needs to maximise the impact of its flagship programming), from audiences (who do not wish to be deprived of network output) and from the nature of the networking arrangements. Licensees' share of network costs are not reduced, and they may reduce their share of advertising revenue, if they opt out of popular network output to show regional programming that may not achieve a similar audience.
- 3.27 Although UTV and SMG are able to find more slots in peak than ITV plc's licensees, these arguments apply to them as much as to ITV Wales and the English licensees. Following publication of our Phase 1 report on PSB, several respondents identified a need for greater autonomy in commissioning and scheduling decisions at the national level, and in particular for greater flexibility in the Channel 3 networking arrangements.

### **The BBC**

- 3.28 It is perhaps surprising to note that the BBC does not provide more for the nations and regions, given its unique status as the UK's leading public service TV broadcaster. Since 2002, the BBC has spent slightly more than ITV1 on regional programming, but it continues to provide fewer hours of output in total (see Figures 3.3 and 3.4).

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<sup>9</sup> Research on valuing PSB, carried out by MORI on Ofcom's behalf as part of the phase 2 analysis



3.29 Nonetheless, it has strengthened its delivery in certain areas. In the nations, it now provides a diverse range of output including drama (for example, *River City* in Scotland) and entertainment (*Chewin' the Fat* in Scotland, and *Give My Head Peace* and a small amount of Irish language and Ulster Scots programming in Northern Ireland), as well as a wide range of current affairs, documentary, arts and sports output. Of course not all this output has been consistently successful in reaching a large audience. But since it is not constrained by commercial networking arrangements, the BBC's national services find it easier to opt out of network programming and experiment with different kinds of programming than their Channel 3 equivalents, and they frequently do so to provide dedicated programming in a range of peak-time or near-peak slots.

3.30 Figure 3.13 shows that the BBC's hours of output increased significantly in 1999, when it expanded both its regional news and non-news broadcasting. After that, its news output steadily increased, as did its total spending. However its non-news hours actually declined, although it is spending considerably more on what is left (note that all BBC financial data in this report refers to spend on TV only). It relocated regional current affairs from BBC TWO to BBC ONE during this period, with the debut of *Inside Out* on BBC ONE in September 2002.

**Figure 3.13: The BBC's total output and spend on programming for the nations and regions**

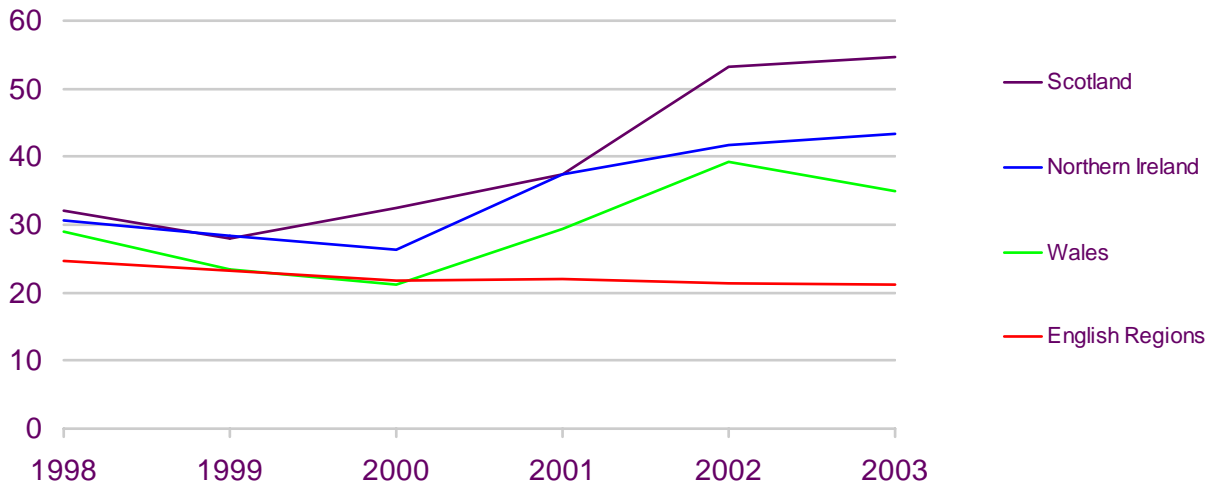


Source: Ofcom – data provided by BBC

3.31 The nations have benefited most from the BBC's increased investment, particularly Scotland and Northern Ireland (Figure 3.14). Its spend per hour in Scotland has almost doubled since 1998.

**Figure 3.14: The BBC's average spend per hour on programming for the nations and regions, by nation**

Spend per hour (£000s, 2002 real prices)



Source: Ofcom – data provided by BBC

3.32 The balance of the BBC's programming for the different nations of the UK is very varied. Virtually all its English output over the last six years was news; its hours of news output have increased since 1998, although total spend was more or less constant. Most non-news programming over the last few years has consisted of one-off documentaries, with the exception of *Inside Out* and a regional component in *The Politics Show*.

**Figure 3.15: The BBC's output and spend on programming in England**

Spend (£m), 2002 real prices

Hours



Source: Ofcom – data provided by BBC

3.33 In the nations, the BBC's non-news output is much more significant, and has increased as the BBC's investment in the nations has increased. By 2003, BBC Scotland's non-news output exceeded 50 per cent of its total regional broadcast hours, and accounted for

significantly more of its expenditure. BBC Scotland delivers a mix of popular drama, entertainment and sport on BBC ONE, with more specialist programming on BBC TWO *River City*, BBC Scotland's home-grown soap, launched in 2002; it had an initially mixed reaction, but achieved a fairly stable share around 24 per cent by the second half of 2003.

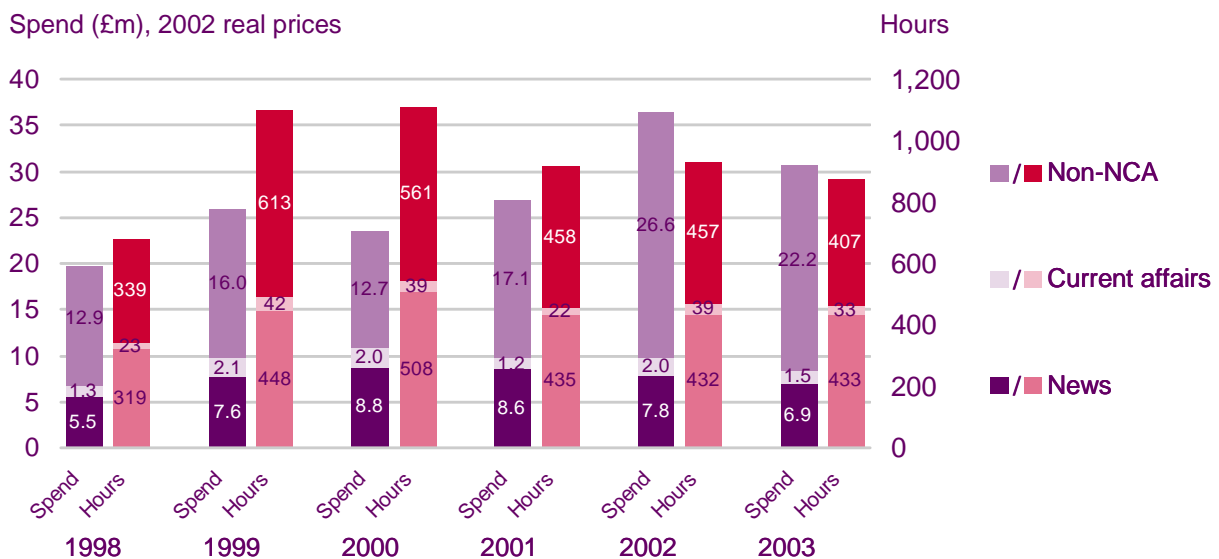
**Figure 3.16: The BBC's output and spend on programming in Scotland**



Source: Ofcom – data provided by BBC

3.34 BBC Wales chose to invest its increased budget in a new digital channel rather than a dedicated soap. It launched BBC 2W as a service carried on the space allocated for BBC TWO on all digital platforms, broadcasting mainly between 20:00 – 22:00 on weekdays. Nonetheless it was also able to increase investment substantially on the two analogue services, particularly in its non-news programming. However its hours of non-news output (excluding the digital service) fell over the last few years.

**Figure 3.17: The BBC's output and spend on programming in Wales (analogue channels only)**



Source: Ofcom – data provided by BBC

3.35 The BBC's spend in Northern Ireland increased significantly after 2000, although it dropped back slightly in real terms in 2003. Most of the additional investment was devoted to news and current affairs. BBC Northern Ireland's hours of non-news and current affairs output have declined slightly in recent years, and it provided less non-news output than the BBC in Scotland or Wales in 2003.

**Figure 3.18: The BBC's output and spend on programming in Northern Ireland**



Source: Ofcom – data provided by BBC

3.36 Despite its increased commitment to programming for the nations, the BBC is not entirely immune to the scheduling pressures experienced by ITV1. It also tends to schedule its peak-time regional output against the soaps, and has occasionally scheduled its regional programmes head-to-head against ITV1's: for example, in spring 2004 it broadcast its series *Fishlock's Sea Stories* in Wales directly against ITV Wales' regional documentary about the 1984 miners' strike, *Rock Solid*, and in the weeks immediately following ITV Wales' *Fishlock's Wild Tracks*, featuring the same popular local presenter.

**S4C**

3.37 In Wales, the fourth analogue channel is allocated to S4C, which is regulated by the Welsh Fourth Channel Authority and funded by a mix of public funding, in the form of an annual grant from the UK Government, and advertising revenue. Around ten hours per week of programmes, including the channel's news service, are provided through the licence fee by BBC Wales. Members of the Welsh Authority are appointed by the Government.

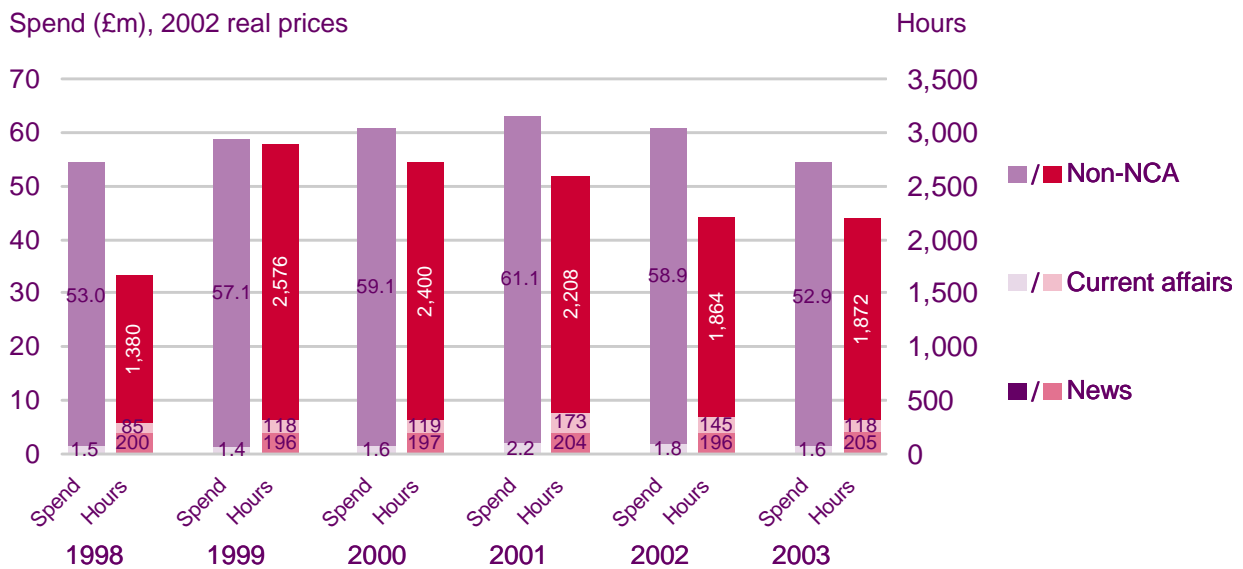
3.38 S4C must provide a broad range of high quality programming in Welsh. It broadcasts around 37 hours of Welsh language programming per week, mostly in peak time. At other times it transmits rescheduled Channel 4 programmes. In addition, it provides two digital services: S4C Digital, broadcasting over 80 hours of programmes in Welsh each week, including a simulcast of S4C analogue when it is broadcasting Welsh language

programmes; and S4C-2, which provides bilingual coverage of proceedings from the National Assembly for Wales in partnership with the BBC, and is funded by S4C's wholly-owned commercial subsidiary, S4C Masnachol.

3.39 S4C faces significant challenges in an increasingly digital environment. Its finances have been strained by its commitment to its new digital services. Its funding has not kept pace with the expansion of its activities, and in fact fell fractionally in real terms over the last couple of years.<sup>10</sup>

3.40 This pressure on its funding has fed through into its output. Figure 3.19 shows that its broadcast hours steadily declined between 1999-2003, specifically its non-news output, although it continues to broadcast more hours than it did in 1998. Its spending on its core service also fell over this period, although not as significantly.

**Figure 3.19: S4C's analogue output and spend**



Source: Ofcom – data provided by S4C. News spend not available as S4C news is provided free of charge by BBC

3.41 Perhaps more importantly, growing digital take-up has also significantly impacted its audience share. S4C suffers disproportionately from increasing digital take-up; it experiences fragmentation of its audience in the same way as the other analogue terrestrial broadcasters, but digital take-up is even higher in Wales than in the rest of the UK.<sup>11</sup> Many digital viewers watch Channel 4's main schedule, which is not otherwise available to viewers receiving Welsh transmissions, in preference to S4C.

3.42 As a result S4C's audience share in Wales declined from just under nine per cent in 1996 to 4.3 per cent in 2003, with the departing viewers tending to be younger and from higher socio-economic grades than those that remain.<sup>12</sup> This has reduced its advertising revenue, which has further constrained its capacity to deliver high quality programming that meets

<sup>10</sup> Based on annualised inflation rates; S4C's grant is fixed in real terms to its share of UK advertising revenue in 1997, based on the percentage increase in the retail price index from November to November each year

<sup>11</sup> Source: *Driving Digital Switchover*, Ofcom, 2004

<sup>12</sup> Source: BARB

the needs of the Welsh-speaking audience. Its ability to deliver a younger audience, in particular, seems to have significantly diminished.

- 3.43 We have delayed our full assessment of Welsh language broadcasting to allow us to absorb the findings of the independent review of S4C carried out by Prof Roger Laughton on behalf of the DCMS earlier in 2004.<sup>13</sup> The Laughton review assessed the efficiency with which S4C uses its resources, explored the potential of other funding sources and efficiency savings to make a greater contribution, evaluated the effectiveness of S4C's strategic plan and examined the implications for it of an increasingly digital world. The review concluded that S4C is delivering its remit more efficiently and effectively than before, and that it is achieving the basic public service objectives identified by the 2003 Communications Act.
- 3.44 We welcome Prof Laughton's valuable report, which has identified several important issues to be addressed, including the impact of S4C's digital services on the funding of its core programme service, the need for a review of S4C's ongoing partnership with the BBC and the likely long-term decline of its advertising revenue. However the Laughton review was not intended to provide a comprehensive assessment of S4C's ability to provide a valued and cost-effective service in the long run, in an increasingly fragmented, digital age. We will carry out further work on future options for Welsh language broadcasting in Phase 3.

### Delivery of network programmes produced outside London

- 3.45 All the main five channels have some level of out-of-London production quota for their main network schedules. The 2003 Communications Act requires both that a suitable proportion of programmes are made outside the M25, and, separately, that a suitable proportion of **expenditure** must relate to production outside the M25. Figure 3.20 shows the quotas that will apply in 2004, and the levels the channels achieved in 2003 (before these quotas took effect).

**Figure 3.20: Regional production quotas for 2004, and channel performance in 2003**

	BBC channels	ITV1	Channel 4	Five
<b>2004 quota</b>				
% hours	25%	33%	30%	10%
% spend	30%	40%	30%	10%
<b>2003 delivery</b>				
% hours	31%	51%	28%	30%
% spend	33%	51%	34%	14%

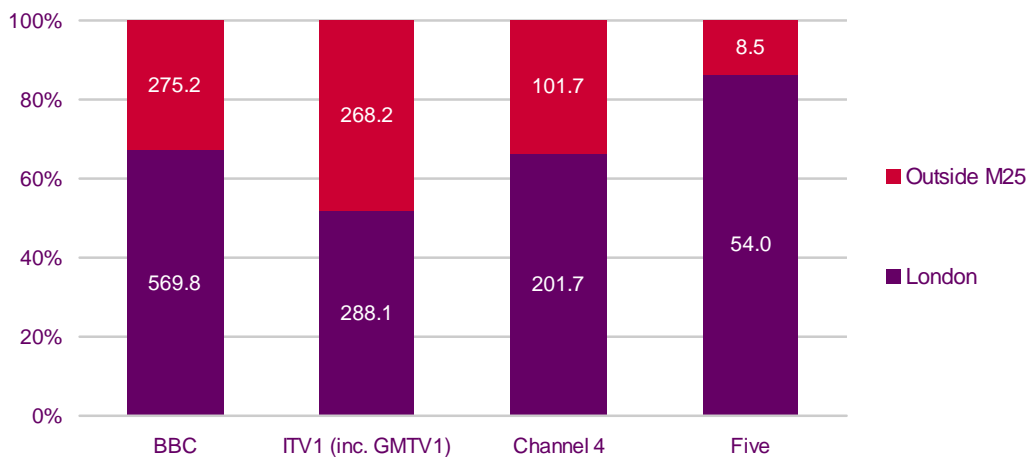
Source: Ofcom

<sup>13</sup> S4C: *An Independent Review*, DCMS, July 2004. Available at [http://www.culture.gov.uk/global/publications/archive\\_2004/S4Creview.htm](http://www.culture.gov.uk/global/publications/archive_2004/S4Creview.htm)

3.46 In 2003 a total of £1,767 million was spent on originated programmes (excluding news and sport) by the five main channels (including GMTV and the BBC's digital-only channels). £654 million, 37 per cent, was outside London. Regional expenditure by ITV1 was higher than any other broadcaster, both in amount and in percentage terms, accounting for almost 51 per cent of ITV1's total originated spend (Figure 3.21). BBC ONE was the second-highest. Overall about a third of the BBC's programme spend was from outside the M25.

**Figure 3.21: Spending on production for the networks in the nations and regions – all hours, 2003**

Expenditure (£m) in the nations and regions, 2002 prices

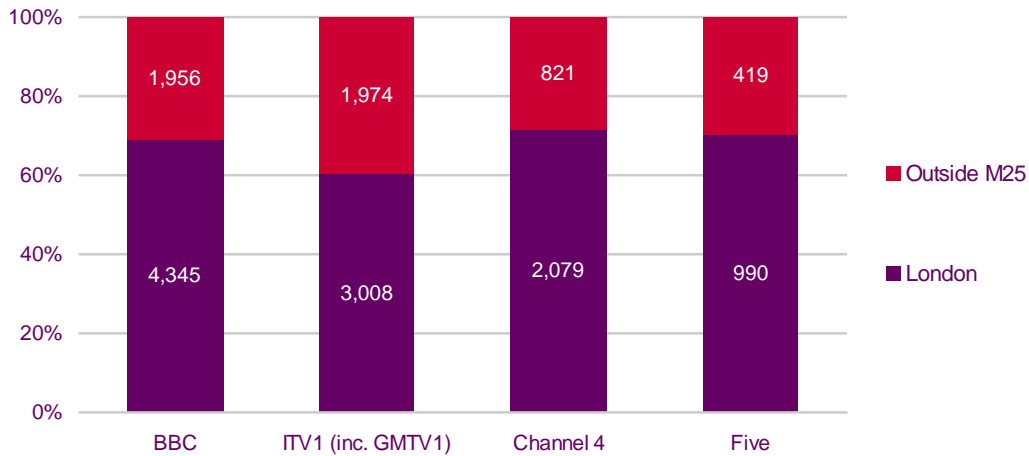


Source: Ofcom - data provided by licensees

3.47 The results in terms of the number of **hours** produced outside London followed a similar pattern in 2003. A total of 15,592 hours were made or commissioned by the five broadcasters, of which 33 per cent or 5,170 hours came from outside the M25. Again, ITV1 recorded the highest out-of-London figure at 51 per cent (falling to 40 per cent when GMTV1 is included), followed by BBC ONE at 41 per cent, Five at 30 per cent, Channel 4 at 28 per cent and BBC TWO at 28 per cent. The total distribution of production by broadcaster (combining the BBC channels and ITV1 with GMTV1) is shown in Figure 3.22.

**Figure 3.22: Hours of production for the networks in the nations and regions – all hours, 2003**

Hours produced (all hours output)

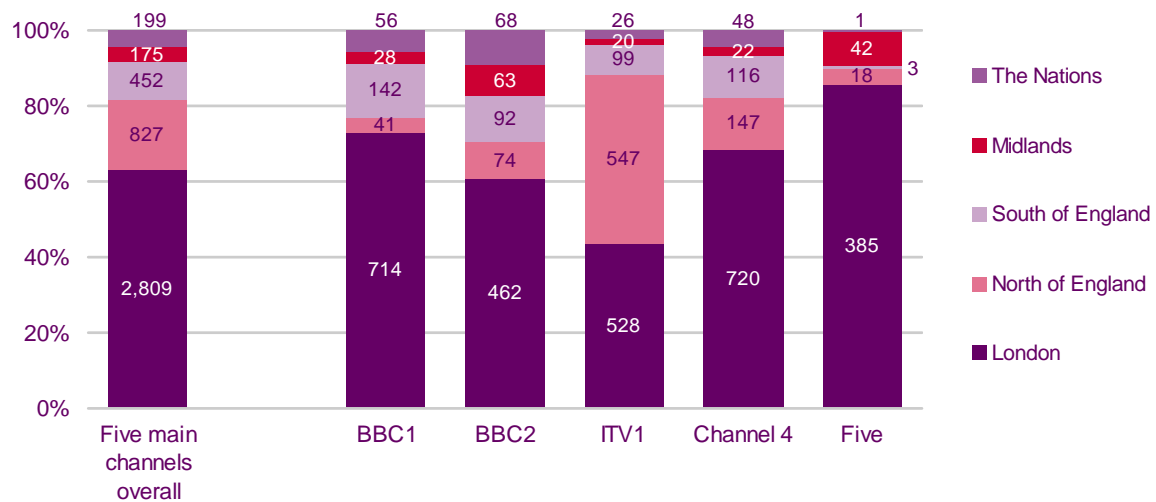


Source: Ofcom - data provided by licensees

3.48 Provision from the various nations and regions varies hugely from region to region (Figure 3.23). In particular, very little peak-time output is currently produced in the nations, on any of the main five channels – only 199 hours out of a total of more than 4,400 hours of originations broadcast in peak.

**Figure 3.23: Regional distribution of original network production on the main five channels in peak, 2003**

Hours of peak-time network origination



Source: Ofcom - data provided by licensees

3.49 This unequal distribution of regional production creates two problems. First, network output on the main five channels cannot adequately reflect the full cultural diversity of the UK when so little output is produced in the nations. Secondly, the development of effective local services in the long term may rely on the existence of creative clusters of production



and technical talent throughout the UK. Network production in the regions, as well as dedicated regional programming, is essential to ensure creative stimulation and cross-fertilisation of ideas from the coming together of a variety of TV services. It may also be necessary to communicate to creative and technical staff that they can build a career in the regions and that local TV can be a stepping stone to other opportunities as well as a desirable destination in its own right.

- 3.50 ITV established a Regional Production Fund in 2002, as part of its agreement with the ITC over standardisation of regional hours. It was intended to create opportunities for in-house and independent producers outside the M25 who would not normally pitch for network commissions, and involved the setting aside of dedicated slots, initially out of peak. The scheme was deemed a success and brought back for a second year; it could provide a model for future initiatives, across the UK, possibly extending opportunities to peak-time output.

### **Local television**

- 3.51 Currently, local TV is provided by 18 restricted service licences (RSLs), broadcasting on analogue frequencies that will cease to be available after switchover, and isolated examples on cable or satellite TV. Most of these services are based around urban areas (Leicester, Oxford, Manchester, Londonderry/Derry), although a community service operates on the Isle of Wight.
- 3.52 The analogue broadcasting environment holds considerable disadvantages for delivery of local TV. The only frequencies available are often 'out of group', removed from the frequencies used by the main terrestrial channels, so viewers often need to install new aerials to receive local output. Uncertainty over digital switchover has made long-term business planning difficult. And existing services have struggled to secure advertiser interest because of the lack of a reliable audience measurement system, and so in turn have had limited funds to invest in original programming to attract a larger audience. Several services launched but then folded (Northampton, Dundee); others did not make it onto air at all (Chichester).
- 3.53 But new technologies may offer significantly greater scope for local services combining audiovisual, text and interactive content delivered through digital TV or via broadband. There have been several successful trials of broadband services (such as BBCi in Hull and Carpenters Connect in Stratford, which delivers a very local service to an east London estate). The BBC has expressed its intention to develop 50-60 local services providing "ten minutes an hour of genuinely relevant local news and information,"<sup>14</sup> initially over broadband but potentially later on digital TV.

### **Future sustainability**

- 3.54 We expect the new Charter for the BBC to require more of the BBC, following its own lead in this area. It has signalled its intention to maintain its investment in regional programming in the nations, and to significantly expand its contribution to the English

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<sup>14</sup> *Building Public Value*, BBC, 2004

regions, should its Charter be renewed and the licence fee retained.

- 3.55 ITV's commitment is more vulnerable. In the transition to digital switchover, traditional programming for the nations and regions on commercial TV faces increasing challenges. The amount of PSB programming we can expect ITV1 to provide will steadily reduce as switchover approaches (see our main report on Phase 2 of the PSB Review for a detailed analysis), and regional programming is its most expensive PSB commitment. Gaelic coverage also represents a substantial opportunity cost to the Scottish licensees.
- 3.56 S4C's service also faces challenges. It is likely to continue to suffer from falling audiences (as digital take-up continues) and declining advertising revenues, and its ability to secure additional revenues from its digital services will be limited. Moreover, it is not clear that it can continue to rely on real-terms increases in its Government grant – it needs to demonstrate that it is providing a service, and reaches an audience, that justifies public funding in excess of £80m a year.

### **Conclusion: A system under stress**

- 3.57 The current model of regional programming is already under pressure in several critical respects and will face further challenges in future.
- 3.58 ITV1's contribution has steadily fallen over the last few years, and its opportunity costs are high. S4C's resources are also increasingly stretched.
- 3.59 The BBC has stepped in to partially fill the gap, at least in the nations, but contributes very little beyond news in the English regions.
- 3.60 Local TV has potential for the future but is currently far from established.

## 4. Value and impact

4.1 The current model of programming for the nations and regions is expensive to deliver, and under increasing pressure – but does it provide value to audiences? This section looks at the citizen-consumer perspective on regional programming. This is a complex issue, with mixed messages, and different responses to different kinds of programming and in different regions. We have used the available evidence to try to answer three questions:

- Do viewers value regional programming?
- Are they satisfied with current provision?
- Do they watch current output?

4.2 We begin by looking at attitudes towards programming for the nations and regions in general, before moving onto regional news, before finishing by assessing the value and impact of non-news programming.

### ***The concept of regional programming: valued, although not a priority***

4.3 In our Phase 1 survey, we asked viewers across the UK about the importance they attached to programmes that reflect the needs of regional communities. This kind of research can be problematic, because qualitative evidence suggests that viewers may not know what is specifically 'regional programming;' they often don't know that non-news programming is even available.<sup>15</sup> To try to circumvent this, we gave viewers in our Phase 1 survey a list of examples of non-news regional programmes broadcast in their region or nation.

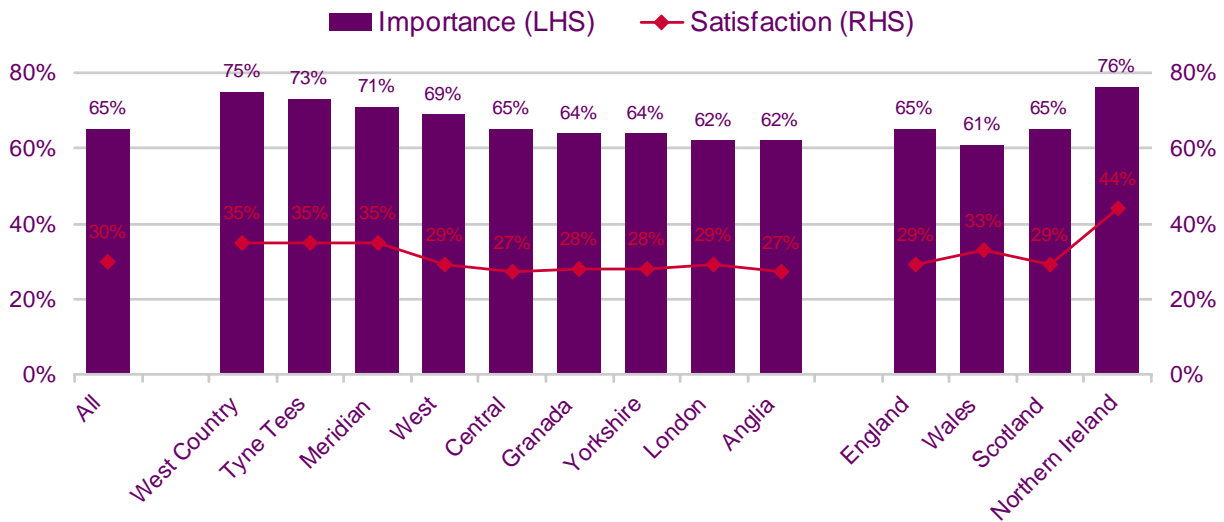
4.4 This research found that many viewers agree with the principle of regional programming and think it important that their region is reflected on-screen (Figure 4.1). However, they are not particularly satisfied by current provision.

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<sup>15</sup> *Pride of Place*, ITC/BSC, 2002

**Figure 4.1: Importance attached to the needs of the nations and regions**

How important do you think it is for the main channels to provide programmes that reflect the needs of different regional communities? How well do they satisfy your requirement?

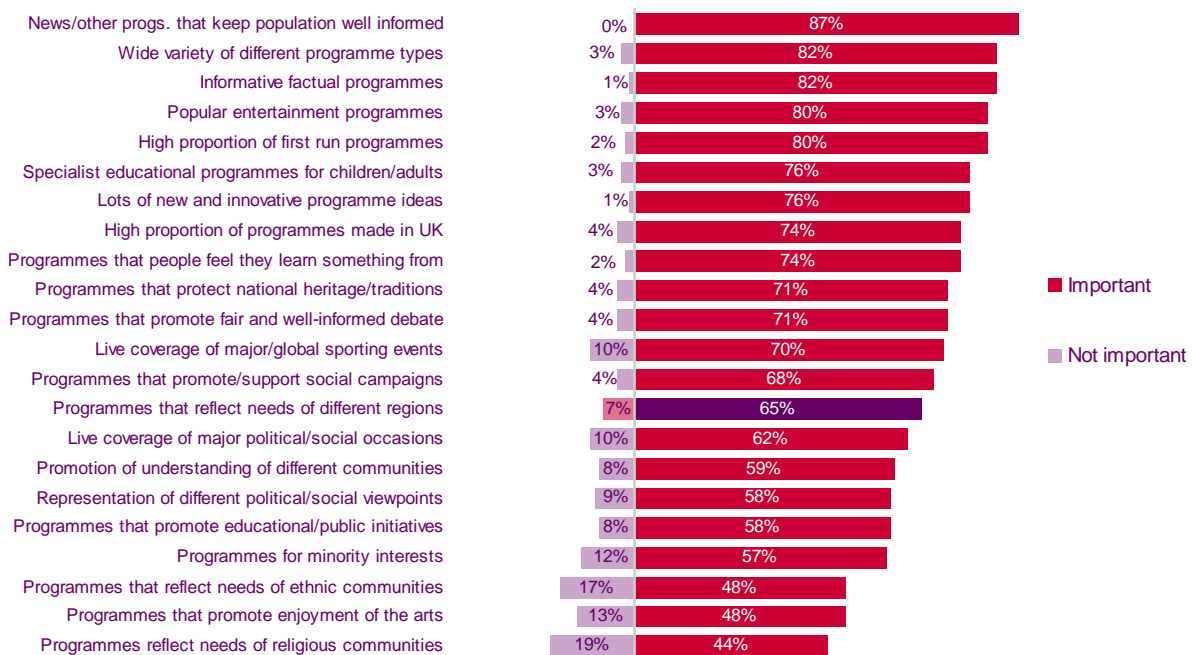


Source: Ofcom/IPSOS UK – Phase 1 Research  
 Note Border excluded due to small sample size

4.5 Regional programming is not seen to be as important as other dimensions of public service broadcasting, including factual and entertainment programmes, educational programmes, sports, and programmes that promote social campaigns (Figure 4.2).

**Figure 4.2: Importance attached by viewers to different dimensions of public service broadcasting**

How important do you think it is for the main terrestrial television channels to provide each of the following?

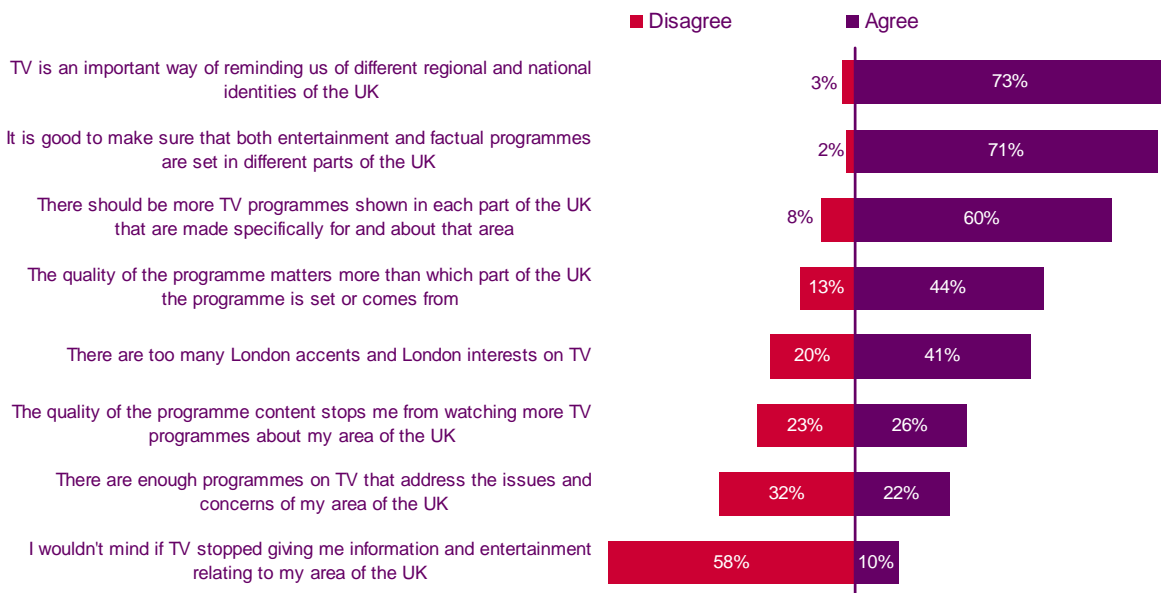


Source: Ofcom/IPSOS UK – Phase 1 Research  
 Note not all categories listed

4.6 We carried out further research in Phase 2 to understand what people were looking for with respect to programming for and about their region and nation. We sought to discover what in particular it was that people valued about regional representation, how important it was to them and whether they were satisfied with the way regional and national needs were met at present. Our Phase 2 survey of just over 4,000 viewers provides rich feedback (Figure 4.3). The most commonly-held views are that TV is an important way of reminding us of the diverse identities of the UK, and that both entertainment and factual programmes should be set in different parts of the UK; this may indicate support for regional representation in network output, as much as for dedicated regional programming. However 60 per cent want more TV made specifically for and about their region. Over 30 per cent disagree with the view that there are enough regional programmes in the schedule already (although over 20 per cent agree).<sup>16</sup>

**Figure 4.3: Attitudes to regional programming and regional representation**

How much do you agree or disagree with the following statements?



Source: Ofcom/IPSOS UK – Phase 2 Research

4.7 Opinion about the desirable level of regional programming varies by region and nation. Scotland (69 per cent) and Tyne Tees (68 per cent) are most keen that there should be more television programmes shown in each part of the UK that are made specifically for and about that area, with London, HTV West (52 per cent) and Northern Ireland (56 per cent) least keen. In the latter cases, it is not clear from this research whether this reflects lower interest in regional programming or simply greater satisfaction with current provision, but we found in Phase 1 that viewers in Northern Ireland were more satisfied with their regional services than viewers elsewhere.

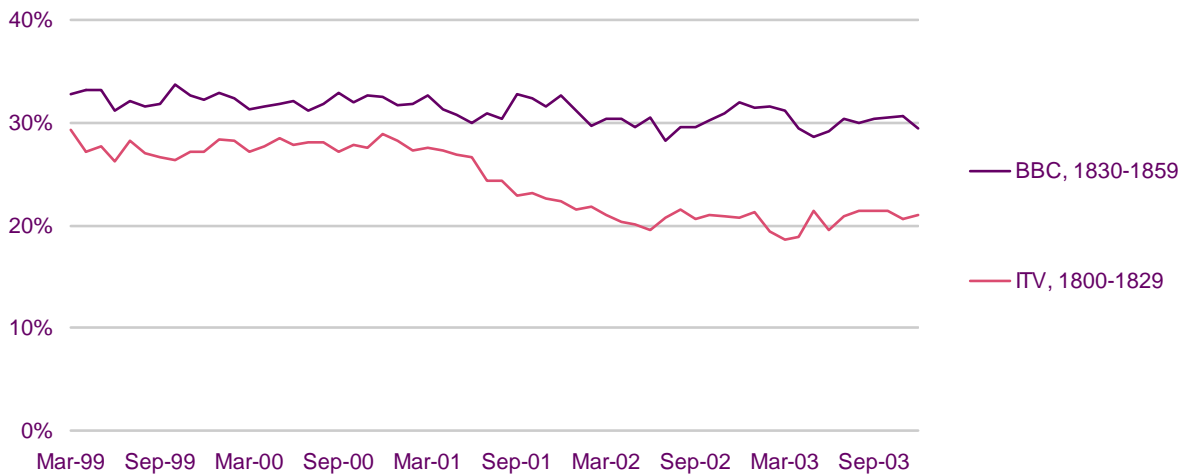
<sup>16</sup> Source: Ofcom/IPSOS UK – Phase 2 Research

### Regional news: a valued service

4.8 Despite coming under pressure in recent years, regional news remains a central element of many people's daily viewing, and is consistently placed amongst viewers' priorities in audience research. The BBC 18:30 regional news slot is the most watched news programme in the UK. And ITV1's regional news share, although it has struggled over the past few years (Figure 4.4), has begun to pick up: its audience has increased by around three share points in most areas in 2004.<sup>17</sup>

**Figure 4.4: Viewing of regional news, 1999-2003**

Audience share

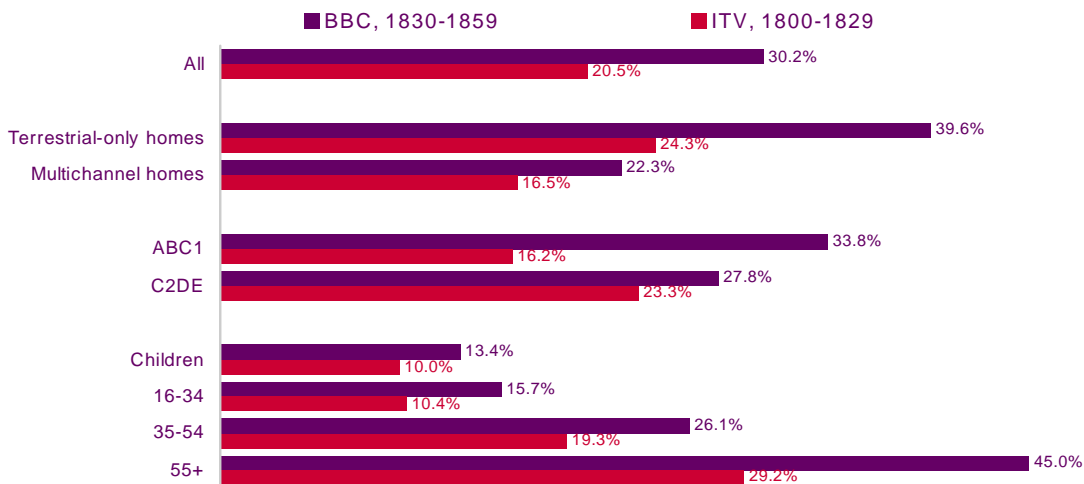


Source: BARB

4.9 Audiences for regional news services tend to be older and from lower socio-economic grades, for both the main bulletins (Figure 4.5). Viewing is also significantly lower in multichannel homes.

**Figure 4.5: Viewing of the main regional news bulletins, 2003**

Average monthly audience share in 2003



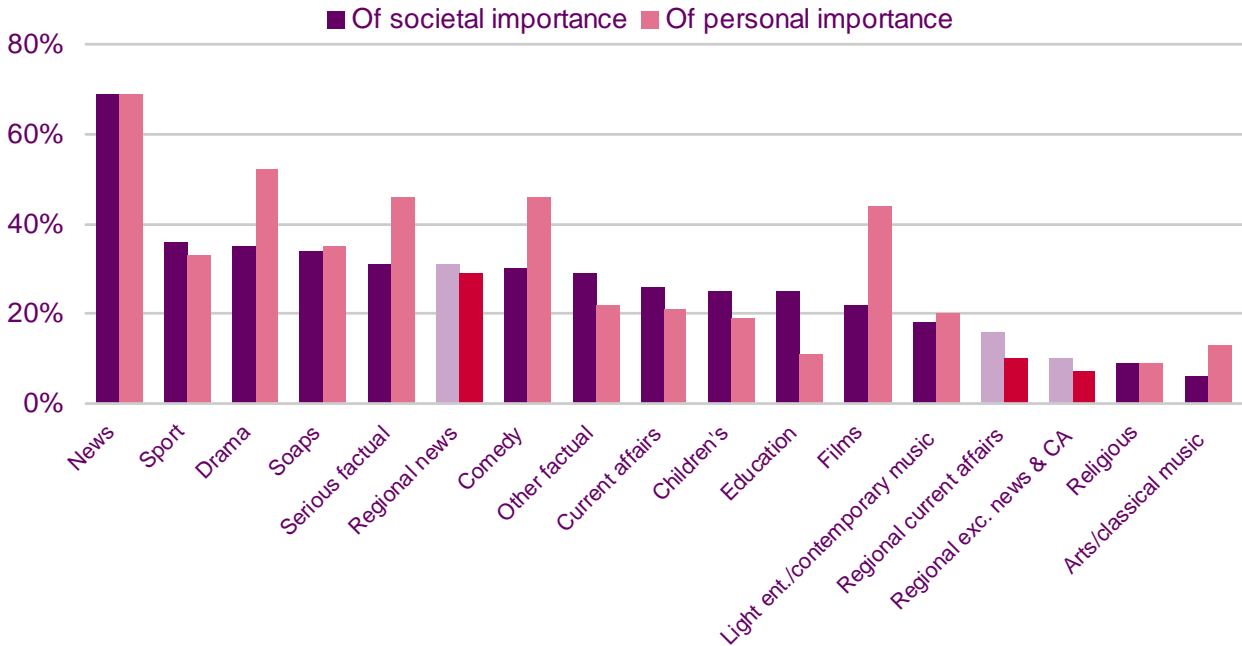
Source: BARB

<sup>17</sup> Source: ITV, based on BARB analysis

4.10 Even if viewing has declined over the last few years, viewers still say that regional news is important to them. In our large-scale survey of viewers for Phase 1 of the PSB review, 30 per cent put regional news in their 'top five' most important TV genres, both for them personally and for society as a whole (Figure 4.6).

**Figure 4.6: Personal and social importance of a range of TV genres (regional genres highlighted)**

Which are the top five types of programmes whose presence on the main terrestrial TV channels you consider to be valuable to you personally/important for the good of society as a whole?



Source: Ofcom/IPSOS UK – Phase 1 Research

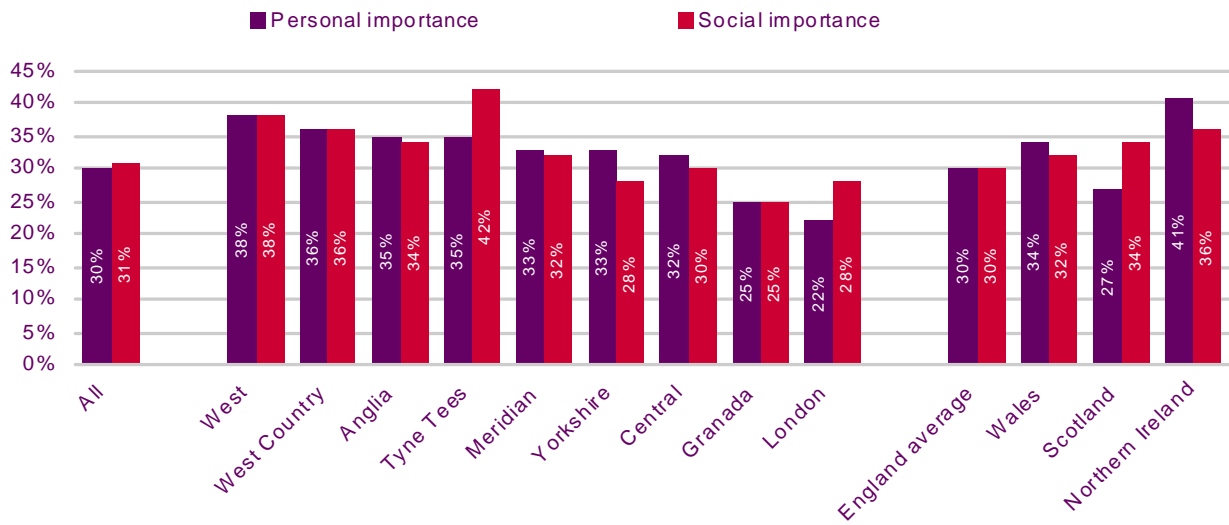
4.11 In the nations, a host of specific issues contribute to the importance of regional TV news. Network news has been somewhat slow to respond to the challenge of reporting devolved politics in a UK-wide bulletin, frequently failing to explain how issues have different connotations in the different nations and often covering stories that only apply to England as if they apply more widely. Wales lacks strong indigenous press coverage, with London newspapers accounting for 85 per cent of daily newspaper sales and only eight per cent of Welsh households seeing one of the two main regional titles (both of which are owned by Trinity Mirror).<sup>18</sup> And in Northern Ireland, the generally perceived impartiality of the TV broadcast news was critical to ensuring the continued provision of trusted news and information throughout periods of conflict.

4.12 Figure 4.7 suggests that the specific requirements of Wales and Northern Ireland are reflected in the increased personal and social importance viewers attach to regional news in those nations. It is seen as less important in Scotland, possibly reflecting the fact that it has the strongest and most competitive local newspaper market outside London.

<sup>18</sup> Source: ABC

**Figure 4.7: Personal and social importance of regional news across the UK**

Which are the top five types of programmes whose presence on the main terrestrial TV channels you consider to be valuable to you personally/important for the good of society as a whole?

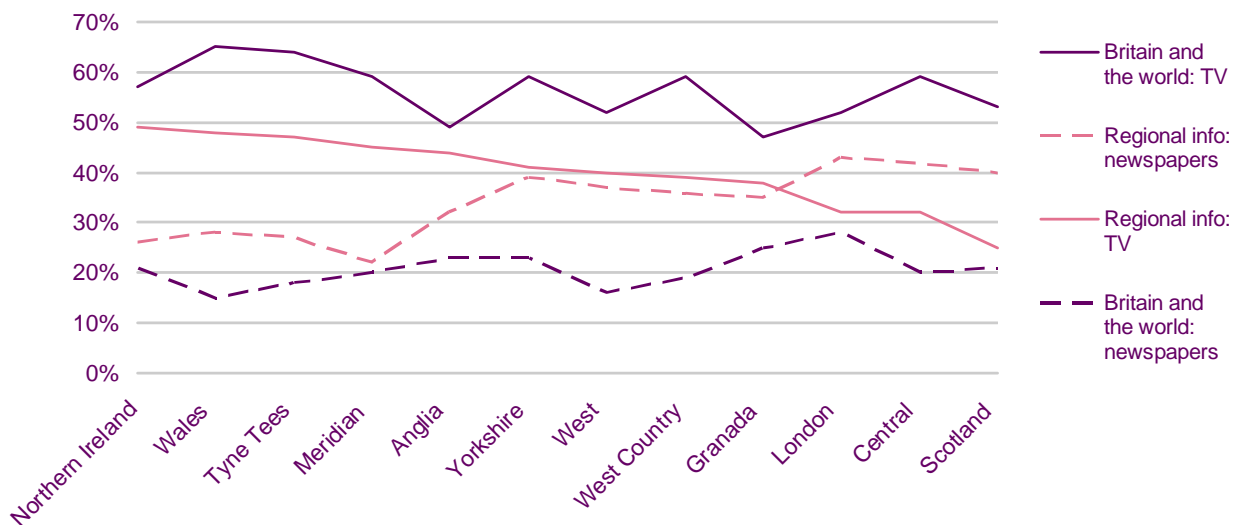


Source: Ofcom/IPSOS UK – Phase 1 Research  
 Note Border excluded and Scottish regions combined due to small sample sizes

4.13 Reinforcing this, viewers in Wales and Northern Ireland describe TV as their main source of information about their local area, as do those as in the north-east and south of England (Figure 4.8). Those in London, the Central region and Scotland are more likely to rely on newspapers. In general, TV is less important as a source of regional news than as a source of information about Britain and the world.

**Figure 4.8: Sources of regional, national and international information**

Which of the different media available to you would you say is your main source for: information about your area/region; and news about Britain and the world?



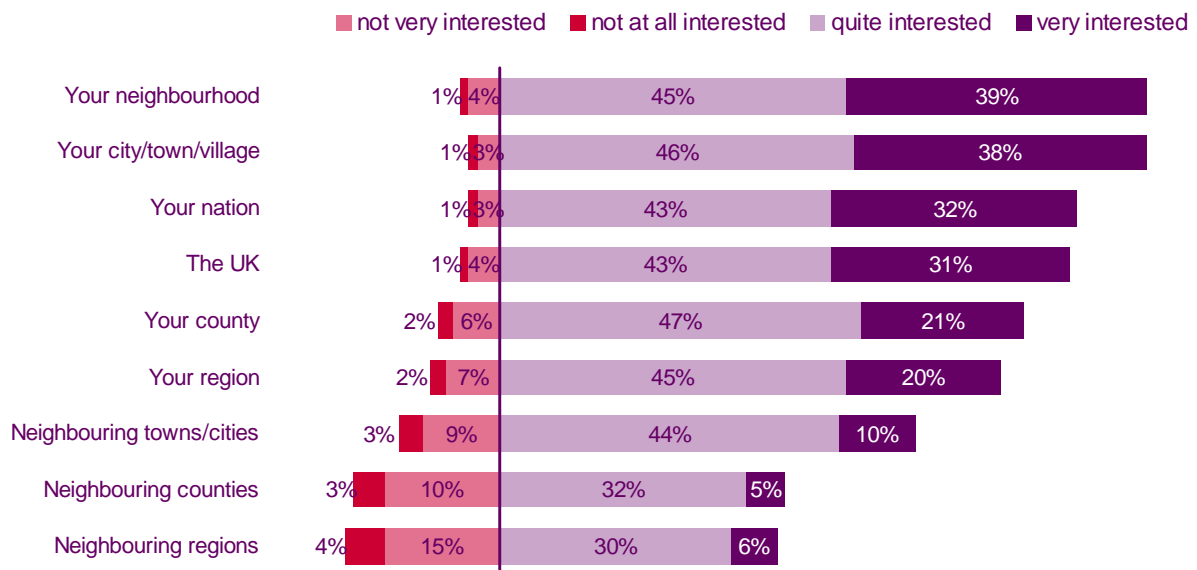
Source: Ofcom/IPSOS UK – Phase 1 Research  
 Note Border excluded and Scottish regions combined due to small sample sizes



- 4.14 Despite the continued importance viewers attach to regional news, it does face some challenges. Viewers complain that it is not sufficiently local, particularly those who live on the fringes of the TV regions; news at regional level can mean hearing about issues and events more than 100 miles away. The ITC's research in 2002 found that people felt least well informed about their own localities. The ITC pointed to "an emerging crisis of local news infrastructures," suggesting that TV regions were unable to deliver truly local, relevant information.<sup>19</sup> Similarly, the BBC's research in Scotland found strong demand for five to ten minutes of local news within the 18:00-18:59 news hour on BBC ONE. Two-fifths of viewers felt BBC Scotland was too focused on the central belt at the expense of the rest of the country.<sup>20</sup>
- 4.15 Our Phase 2 survey found that people are most interested in receiving news about their neighbourhood and local area (Figure 4.9), followed by their nation and the UK as a whole; their county or region, although still important to a majority of people, were slightly less engaging. We used both 'county' and 'region' in order to allow for any regional or national difference in understanding and describing boundary systems, and gave respondents a 'not applicable' box to tick. However, most respondents answered both questions, rather than using the terminology most closely connected to their area of the UK.

**Figure 4.9: Interest in place**

How interested are you in hearing about issues and what's going on in...?



Source: Ofcom/IPSOS UK – Phase 2 Research

<sup>19</sup> *New News, Old News*, ITC, 2002

<sup>20</sup> *BBC Scotland Journalism Review 2003*, BBC, 2003

### Non-news programming: important in the nations, but less so in England

4.16 Our initial hypothesis in Phase 1 of the PSB review was that viewers do not value non-news programming as much as news, and rarely engage with it. We have carried out further research and analysis to explore this assessment in more detail, and to investigate differences between the English regions and the devolved nations.

#### A limited citizenship case in England

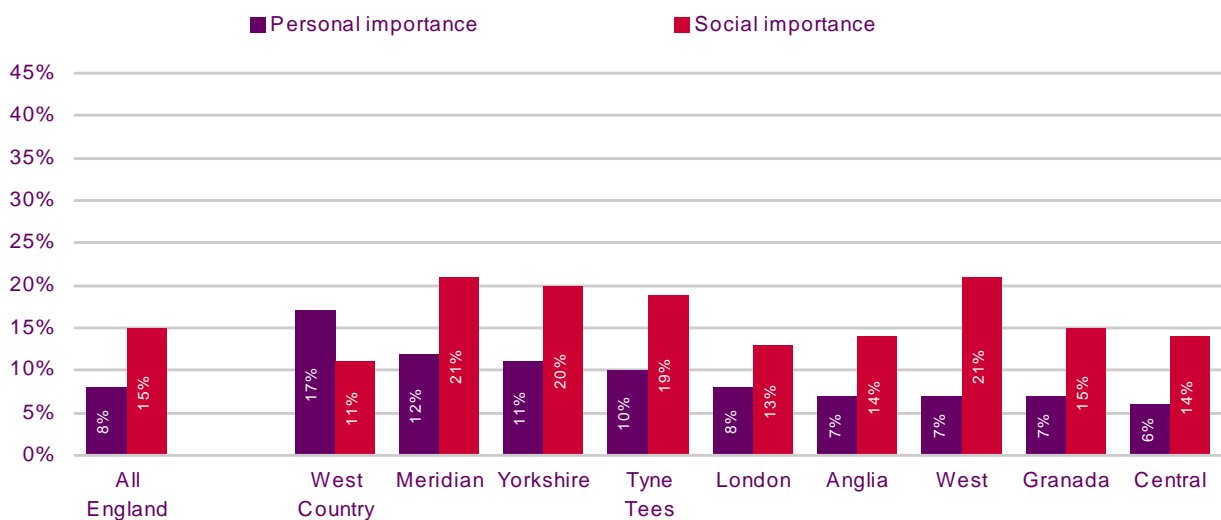
4.17 Our analysis confirms that many viewers in England do not appear to attach particularly high importance to non-news regional programming. In choosing their top five most important broadcast genres, fewer than ten per cent of English viewers picked regional current affairs, and even fewer picked other examples of regional programming (Figures 4.10 and 4.11).

4.18 Viewers tend to ascribe more social than personal importance to this output, although the differences are relatively small. This seems to suggest that people in England feel regional non-news programming should be provided as a public service, for those that want it – but in fact very few of them attach much personal significance to it.

4.19 Such a conclusion is echoed by qualitative research carried out as part of our Phase 2 analysis. When given hard resourcing and scheduling choices, viewers argued that while non-news regional provision was a valuable public service, and therefore should be retained in the schedules, it was acceptable to reduce the frequency of its provision given the competing pressures of other programming.

**Figure 4.10: Importance attached to regional current affairs programming in England**

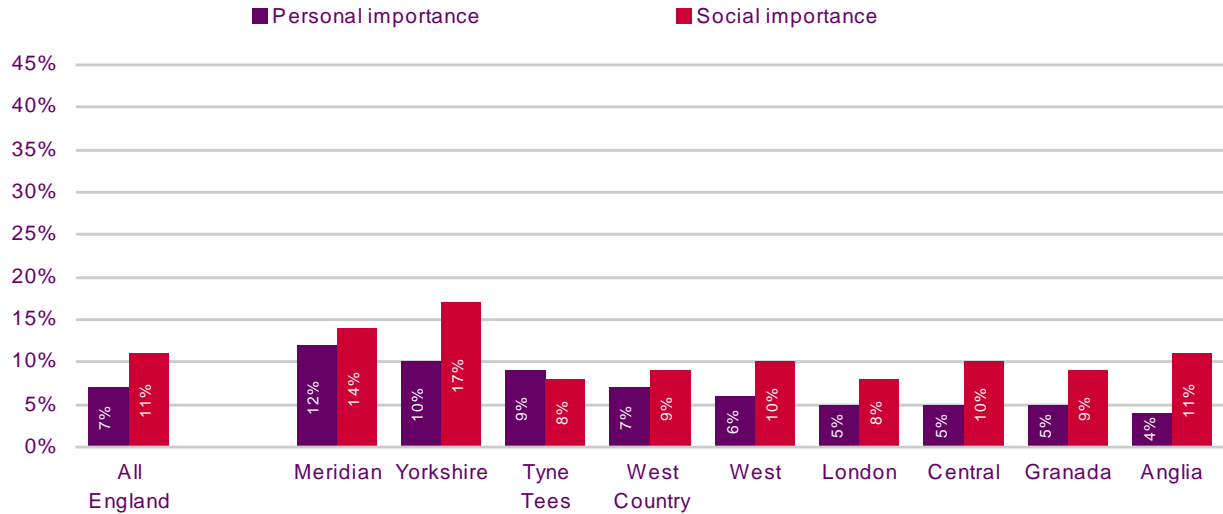
Which are the top five types of programmes whose presence on the main terrestrial TV channels you consider to be valuable to you personally/important for the good of society as a whole?



Source: Ofcom/IPSOS UK – Phase 1 Research  
Note Border excluded due to small sample size

**Figure 4.11: Importance attached to examples of regional non-news and current affairs programming in England**

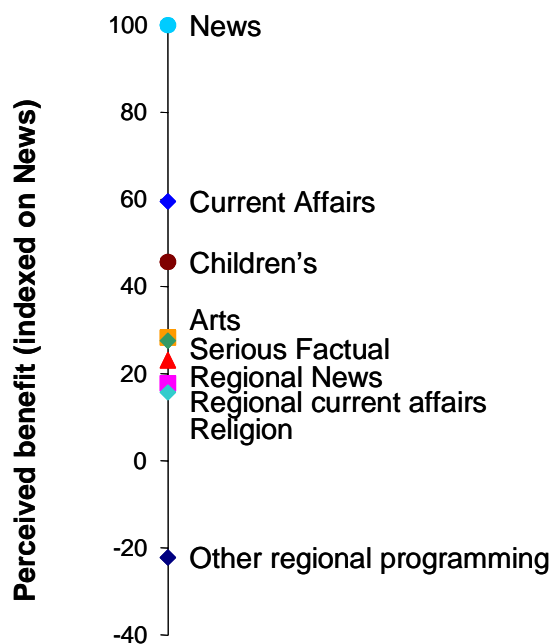
Which are the top five types of programmes whose presence on the main terrestrial TV channels you consider to be valuable to you personally/important for the good of society as a whole?



Source: Ofcom/IPSOS UK – Phase 1 Research  
 Note Border excluded due to small sample size

4.20 The ITC carried out trade-off research in 2003 to assess viewers' programme priorities. The research gave viewers various bundles of PSB programme examples and asked them to choose between them. Conjoint analysis was carried out on the results to assess the relative benefit delivered to viewers by different kinds of programming, based on how they would change that provision if they had to choose (Figure 4.12). This research found that regional non-news programming (other than current affairs) was frequently dropped from viewers' bundles of programmes, and that this output represented a disbenefit to some consumers when given the choice to put something different in its place.

**Figure 4.12: Relative benefits of PSB genres based on viewer choices**



Source: ITC

4.21 This relatively low priority is supported by several qualitative studies, which gave viewers more detailed information about non-news and current affairs regional programming, and in some cases showed them examples of the programmes involved.<sup>21</sup> These studies suggest that viewers feel it is desirable that non-news programming is provided, as a public service principle. However, given scheduling constraints, they feel it is acceptable to reduce the amount of output – especially given the option of a quid pro quo of raising the budget and consequent production values. Quality is more important than quantity: most viewers would prefer to have less, but better resourced, regional programming than more hours but limited budgets.<sup>22</sup>

### **Reflecting and reinforcing cultural identity in the nations**

4.22 The value attached to non-news programming in the devolved nations is rather different. Previous research has found that Welsh, Scottish and Northern Irish viewers are more aware of programmes made for them and attach a different significance to them: qualitative work carried out by the ITC found that the primary purpose of regional programming was seen by participants in the north of England to be delivery of local news, whereas for those in Wales, it was much more to do with reflecting and reinforcing the national identity, and promoting Welsh culture, heritage and language.<sup>23</sup> For many viewers, it seems that non-news programming is an important part of developing and preserving the stronger local identities of the nations, just as much as news programming is vital for informing people of important local issues of politics and policy.

<sup>21</sup> For example, *Pride of Place, Regionality: Views from the nations and regions*, ITC/Opinion Leader Research, 2003, and recent research on valuing PSB carried out by MORI on behalf of Ofcom for phase 2

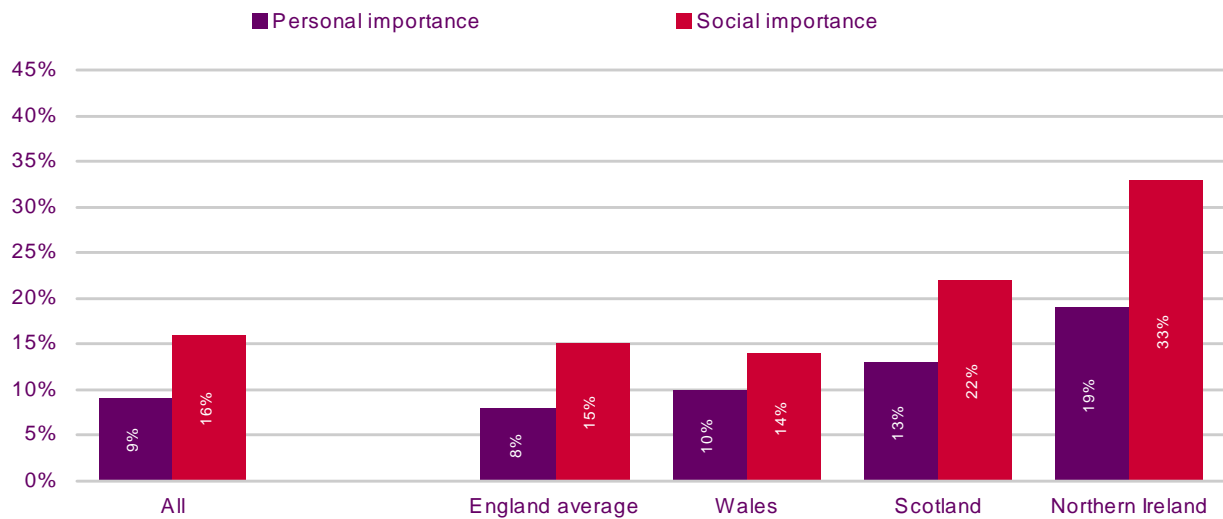
<sup>22</sup> *Pride of Place*, ITC/BSC, 2002

<sup>23</sup> *Television in the nations and Regions*, ITC, 2002

4.23 This is borne out to some extent by the audience research carried out for Phase 1 of the PSB review. Viewers in the nations attach more importance to regional current affairs, both personally and for society as a whole, and slightly more to general non-news regional programming (Figures 4.13 and 4.14). However the differences are relatively small, at least in Wales and Scotland, and we should be careful not to overstate this. Scotland provides an instructive example: when *Question Time* is scheduled on BBC ONE against local current affairs on ITV1, viewers tend to turn to *Question Time* rather than the Scottish alternative.<sup>24</sup> In Northern Ireland, more importance is attached to local current affairs programming than in the rest of the UK.

**Figure 4.13: Importance attached to regional current affairs programming in the nations**

Which are the top five types of programmes whose presence on the main terrestrial TV channels you consider to be valuable to you personally/important for the good of society as a whole?

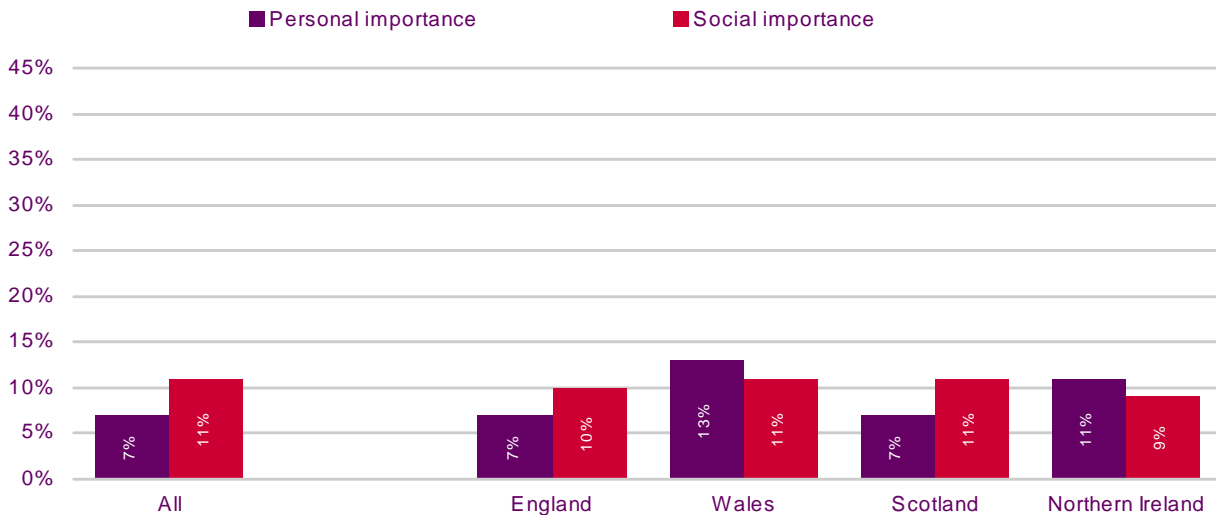


Source: Ofcom/IPSOS UK – Phase 1 Research

<sup>24</sup> Source: BARB, Jan-Jun 2004

**Figure 4.14: Importance attached to examples of regional non-news and current affairs programming in the nations**

Which are the top five types of programmes whose presence on the main terrestrial TV channels you consider to be valuable to you personally/important for the good of society as a whole?



Source: Ofcom/IPSOS UK – Phase 1 Research

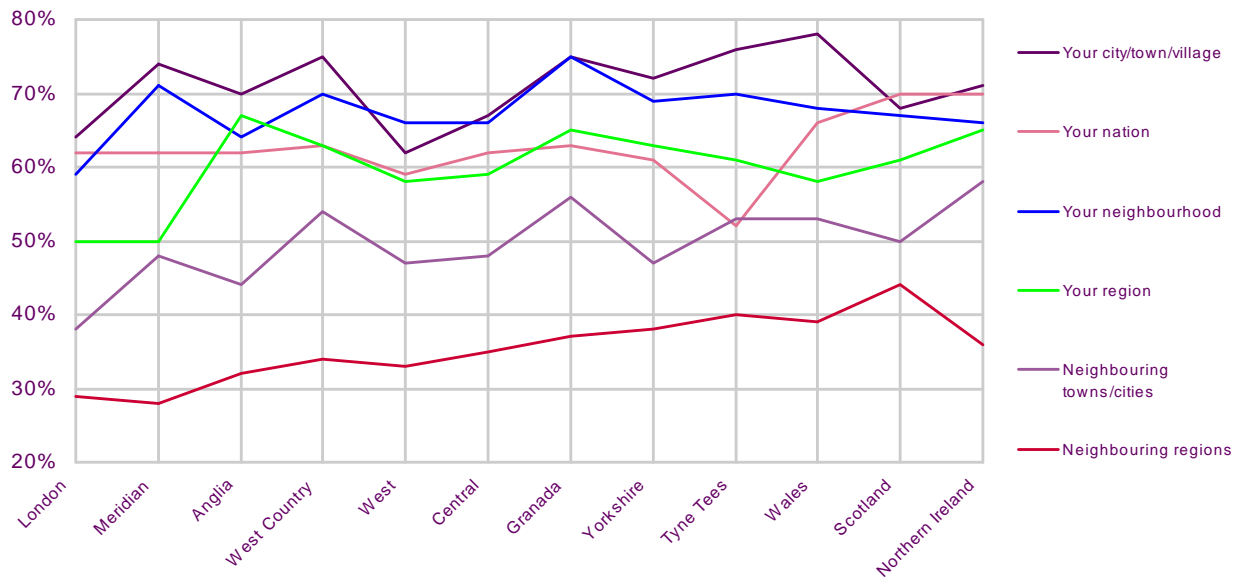
4.24 There are of course a variety of reasons for the relatively limited increase in importance ascribed to non-news programming for the nations, which does not seem to square fully with qualitative findings. Part of the explanation, at least in Scotland and Wales, could be that viewers are relatively dissatisfied with current provision of regional programming, and therefore not particularly motivated to value it highly, although this applies equally well to England. A unique problem for Wales is that many Welsh residents receive their TV signals from English transmitters, and therefore do not have access to dedicated programming for Wales; the transmission overlap area covers around 40 per cent of the Welsh population, compared to under three per cent of the Scottish population, due to Wales' long border with England and the proximity of a large minority of its population to the border.<sup>25</sup>

4.25 We carried out more research in Phase 2 of the PSB Review to attempt to clarify the issues around delivery of non-news programming for the nations, including a quantitative survey of 4,000 viewers with robust samples in each of the nations. This study confirmed that viewers in the nations are more keen to watch programmes that reflect their nation than people in the English regions (Figure 4.15). It is also of note that the further north people live, the more interested they are in programming about *neighbouring* regions.

<sup>25</sup> Talfan Davies, Geraint, *Not by Bread Alone: Information, media and the national Assembly*, Wales Media Forum, 1999

**Figure 4.15: Levels of interest in geographic focus of programmes**

Broadly, how interested would you be in watching TV programmes that reflect the following?



Source: Ofcom/IPSOS UK – Phase 2 Research

- 4.26 Viewers in the nations also appear to be more aware of, and appreciate, network programming on television that reflects different regional identities. When asked whether it was “good to make sure that both entertainment and factual programmes are set in different parts of the UK”, strongest support came from Northern Ireland (84 per cent) and Scotland (81 per cent) – although it should be noted that weaker support came from Wales (65 per cent, compared to the total of 71 per cent in favour).
- 4.27 A distinct citizenship requirement of programming for the nations is provision of content in regional languages. Welsh is relatively well catered for by S4C, which serves the estimated 30 per cent of the population who have some degree of fluency and understanding of the language. But there is less provision for Gaelic in Scotland, and for Irish and Ulster Scots in Northern Ireland.
- 4.28 At present Scottish viewers can see around two hours of Gaelic programming per week on Scottish and Grampian Television, including both that provided by the licensees themselves as part of their licence conditions, and the hours provided by the Gaelic Media Service (which the broadcasters are required to screen). The Westminster government has pledged to find additional finance for an enhanced Gaelic service. BBC Northern Ireland provides some content in Irish; there is no requirement on UTV to provide Irish language programming. However the Good Friday Agreement of 1998 committed the Government to exploring the scope for achieving more widespread coverage of TG4, the Irish language service in the Republic of Ireland, which can already be received by more than half the Northern Irish population. The European Charter for Regional or Minority Languages was ratified by the UK Government in 2001, and an independent committee of experts concluded that its requirements had not yet been fulfilled with respect to TV broadcasting in Irish.

4.29 Digital services may offer the potential for rich, comprehensive services in certain regional languages; we will do more work to evaluate the relative costs and benefits of alternative models of delivery.

### Viewer appeal

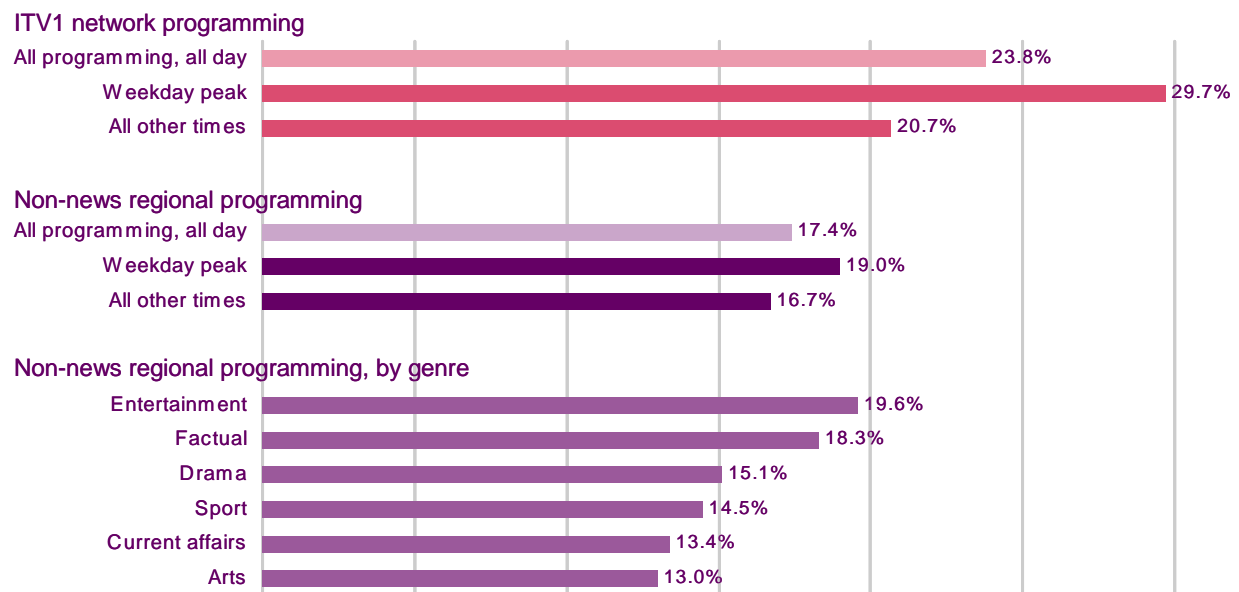
4.30 Viewers' attitudes only tell one aspect of the story. What they actually watch is the other. We analysed viewing of 225 non-news regional series on ITV1 and 33 BBC non-news series, all screened between 2002 to 2004, to try to establish how popular regional programming is on screen, and what kinds of programming work best.

#### ITV1

4.31 ITV1's non-news output does not secure audiences as large as ITV1's average network audience. The average share across all series in all regions was 17.4 per cent, compared (by way of illustration) with overall network share of 23.8 per cent in 2003. Nonetheless some programming does fare well; the most successful series achieved an average share over 30 per cent. The most successful genres were entertainment and factual programming (Figure 4.16), although note that there was very little regional drama and entertainment output broadcast except in the devolved nations in the period under consideration.

**Figure 4.16: Viewing of ITV1's network and regional programming, by genre**

#### Audience share



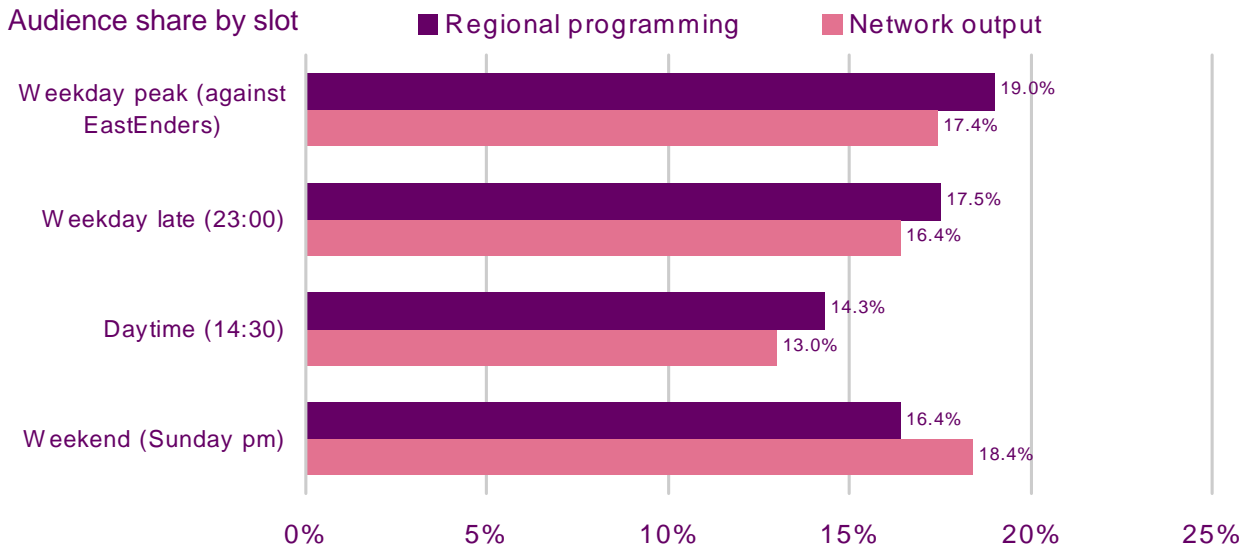
Source: BARB

4.32 However, we also need to take into account the nature of the slots in which regional programming is typically scheduled, which tend to be difficult slots against stiff competition such as *EastEnders*, late at night or in the middle of weekday afternoons. To get a better picture of the relative performance of regional output, we compared its audience share



with that achieved by ITV1 network output scheduled in comparable slots. On this basis, regional output performs slightly better than network programming in similar slots, except in Sunday afternoon slots (Figure 4.17).

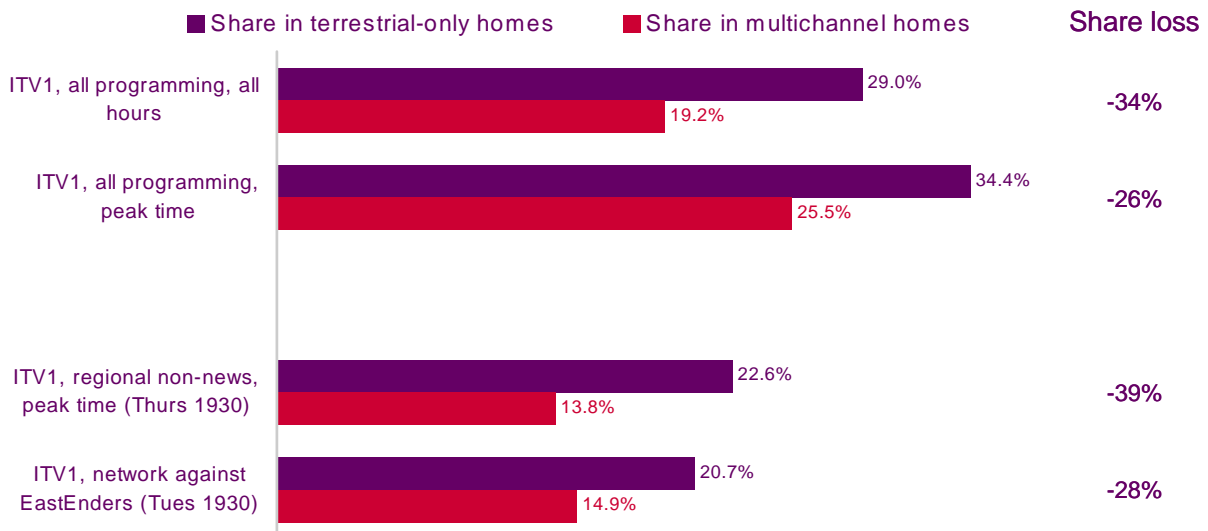
**Figure 4.17: Viewing of ITV1 non-news regional programming compared with network output in similar slots**



Source: BARB

4.33 Regional non-news programming fares less well in multichannel homes: the loss of audience share in multichannel homes for regional output in peak time, when ITV1 usually maintains its multichannel audience most effectively, is significantly greater than for other kinds of peak-time programming, suggesting that when viewers have a choice, many of them choose to go elsewhere (Figure 4.18).

**Figure 4.18: Viewing of ITV1 programming in terrestrial-only and multichannel homes in 2003**

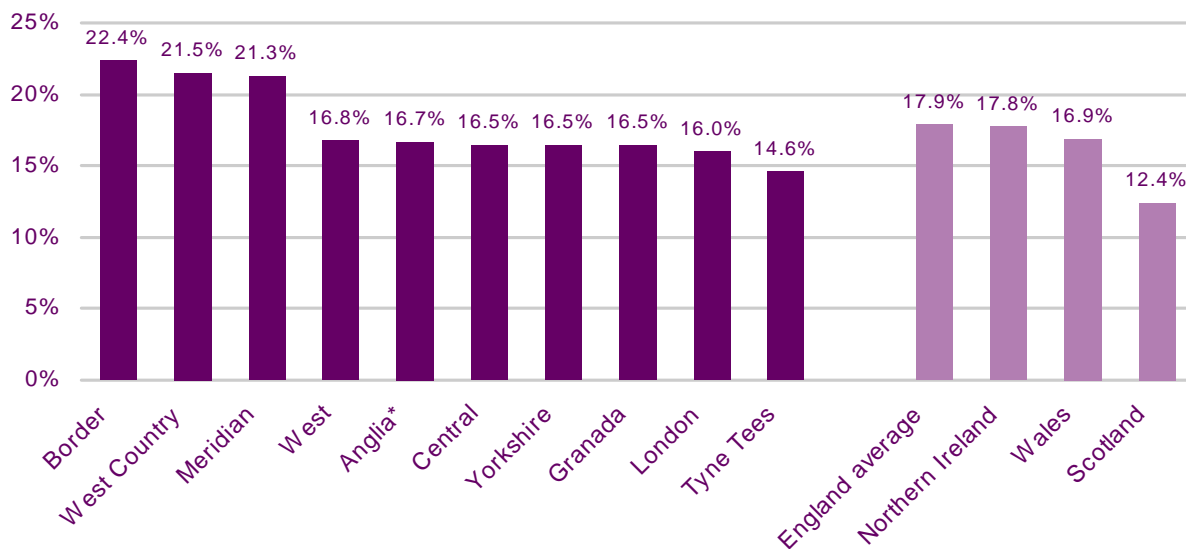


Source: BARB. 'Share loss' is defined as the difference between share in terrestrial and multichannel homes, as a proportion of terrestrial share

4.34 In terms of differences between the nations and the English regions, we might expect programming in the nations to perform even better than the average, since there is some evidence that viewers in the nations attach more value to it. Surprisingly, Figure 4.19 shows this does not seem to be the case. The regions with greatest audiences for regional programming are Border, Westcountry and Meridian; audiences in the nations are generally similar to the average for England, with the exception of Scotland, where audiences for regional output are lower than average.

**Figure 4.19: Viewing of non-news programming by region**

Average audience share



Source: BARB

4.35 We need to be careful about interpreting this analysis. ITV1 output in the nations tend to include more serious current affairs programming, which struggles to find a large audience anywhere (network, national or regional) and therefore drags the average down to some extent. And these samples are not complete; each region is represented by at most around twenty series, and in some cases the basis for analysis is significantly smaller than that. In particular, Scotland's sample of 15 series (divided between Scottish and Grampian) include three current affairs series that averaged below seven per cent share in the period under consideration in late night or Sunday lunchtime slots; such programming is important in a devolved polity, even if audiences are not particularly high.

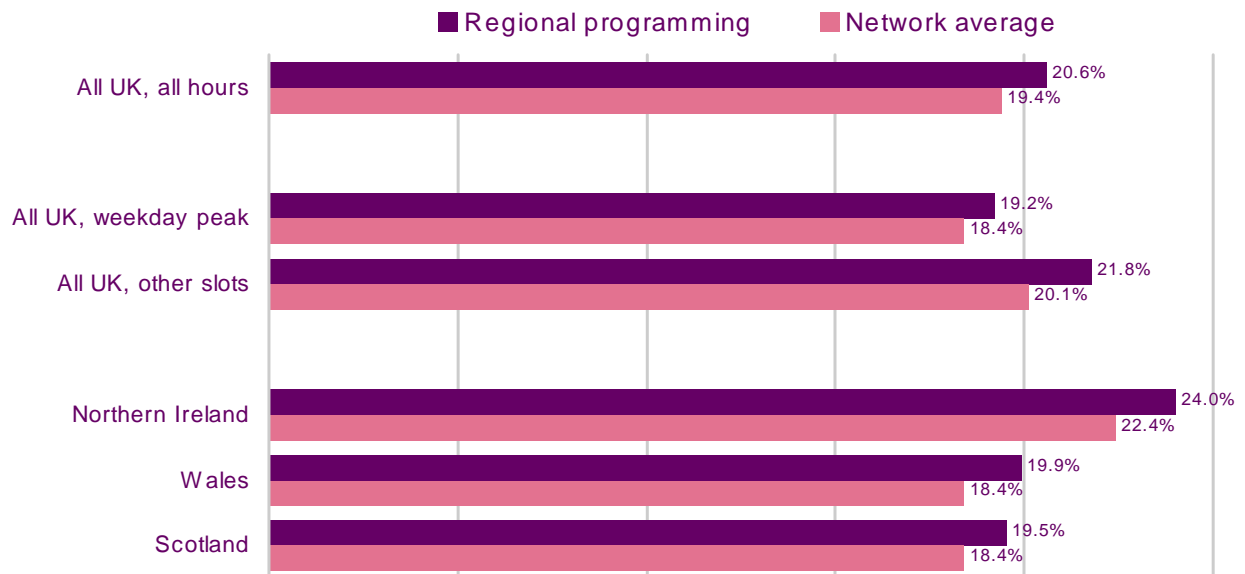
4.36 But even taking these qualifications into account, there is no evidence from our analysis that non-news programming for the nations performs consistently better than that for the English regions.

### The BBC

4.37 Partly to get another perspective on these issues, we analysed BBC output in the nations, based on data provided to us by the BBC. This paints a similar picture: programming for the nations outperforms the network average in similar slots, although only by one to two

percentage points. As with ITV1 output, audiences are higher in Northern Ireland than in the other nations. Note that the averages shown in Figure 4.20 include a mix of BBC ONE and BBC TWO series.

**Figure 4.20: Viewing of the BBC's network and regional programming**



Source: Ofcom/BBC

## What works?

- 4.38 Demographic analysis suggests that the audience for non-news programming for the nations and regions tends to be older than the norm. We conducted more detailed analysis of 73 series, including ITV1 and BBC series. For these series, the all-ages audience share was 16.7 per cent, but this fell to 10.4 per cent of children and 10.5 per cent of 16-24 year-olds, and rose to 22.4 per cent amongst over-55s.<sup>26</sup> This is reflected in audience research, which has found that younger people are generally less interested in regional issues and the local community,<sup>27</sup> less concerned about seeing different regions reflected on-screen,<sup>28</sup> and less interested in regional programming with a few notable exceptions (*Give My Head Peace* for BBC Northern Ireland, *Five Go Mad In...* for Granada, *The People Show* in Scotland).<sup>29</sup>
- 4.39 With this in mind, what kind of programming performs best? Different regions have taken different approaches to meeting their regional remit, and the nations in particular broadcast a more diverse portfolio than the English regions on both the BBC and ITV1. Our analysis and accompanying audience research suggests there are three flavours of regional programming that are most appreciated:

<sup>26</sup> Source: BARB

<sup>27</sup> Source: *Pride of Place*, ITC/BSC

<sup>28</sup> Source: Ofcom/IPSOS UK – Phase 1 Research

<sup>29</sup> Source: BARB

- 'Pastoral programming,' on heritage, tradition and countryside themes, targeted particularly at an older audience. ITV1 examples include *The New Forest* (Meridian), *Rural Lives* (Border), *Dales Diary* (Yorkshire and Tyne Tees) and *Lesser Spotted Ulster* (UTV); the BBC is represented by *Scotland on Film* and *Iolo's Wild Winter* (Wales)
- Crime and docudramas, including "blue-light" series and shows based on CCTV footage. *Crimefighters* was one of ITV1's most successful UK regional shows in our sample, achieving audience share around 30 per cent in Granada, Border and Meridian. Observational documentaries about local institutions (*Ninewells* on BBC ONE Scotland, *Hospital* on BBC ONE Wales), and hard-edged consumer shows (*The Ferret* from ITV Wales) also perform well
- Entertainment and comedy shows with a strong and distinctive cultural identity, particularly in the nations. The BBC is better represented here than ITV1, with shows such as *Give My Head Peace* in Northern Ireland, and *Chewin' the Fat* and *Still Game* in Scotland, although UTV's *Kelly* also achieves good audiences. Shows such as these reflect the audience back to itself, communicating a sense of identity and location through personality rather than physical presence.

4.40 In general, industry practitioners stress the importance of developing a targeted offering that provides a real alternative to the other channels in the slot in question. Regional programming represents an opportunity to develop a complementary, rather than competitive schedule; for example, output scheduled against *EastEnders* tends to focus on an older audience that is not always well served by other channels in peak time. Younger viewers are better reached in late evening slots, although the other channels will also tend to be pursuing that audience at those times.

4.41 What is also clear is that viewers will not tolerate reduced levels of quality, simply because a programme has a regional provenance. The ITC's research found that viewers expect consistent standards on the main five channels and are often aware of the limitations of dedicated regional programming. They are sophisticated TV consumers, able to spot differences in quality and investment, and damning in their criticism of output that doesn't make the grade.<sup>30</sup> Our Phase 2 survey showed a significant minority (26 per cent) agreeing that "the quality of the programme content stops me from watching more TV programmes about my area of the UK", while 23 per cent disagreed and nearly half (43 per cent) were unsure.

## Rethinking regionality

4.42 This analysis has so far focused on audience evaluation of regional programming as it is currently provided. But several responses to the consultation to the Phase 1 report pointed out that the TV regions do not map particularly well onto the actual regional identities of the UK. Individual regions often comprise a host of different communities, often with quite

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<sup>30</sup> *Pride of Place*, ITC/BSC and *Regionality*, ITC/Opinion Leader Research

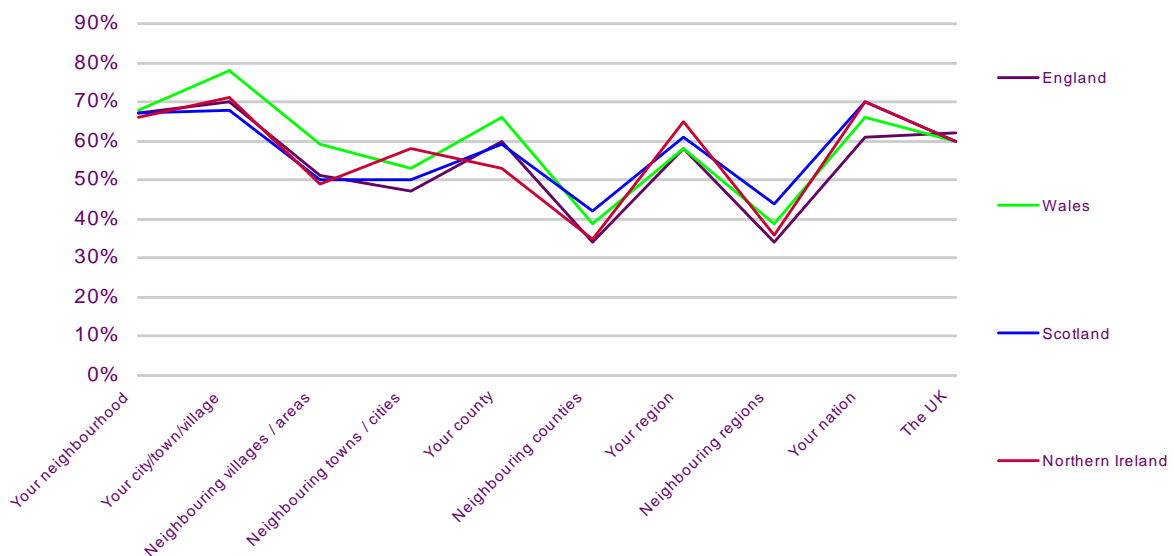
different perspectives and needs, and often characterised by more or less friendly rivalry. If we were starting to develop regional programming from scratch, what geographical units would make most sense? And can we learn anything from this for the future of regional programming in the UK?

- 4.43 Our Phase 2 research assessed levels of attachment and interest in broadcasting for different geographical areas. We found that people's attachment is greatest to their own neighbourhood, the settlement they live in (village, town or city), or to their nation as a whole, and that regional attachments, while present, are relatively weak (strongest in the south west and the north east of England).
- 4.44 We also found that people are most interested in watching TV programmes about those same geographical units – neighbourhood, city/town/village or nation – and that regional and county attachments are less strong (see Figure 4.21). These responses were consistent across the four nations, although as noted above those in Scotland, Northern Ireland and Wales were more interested in programming for their nation than those in England.

**Figure 4.21: Interest in TV at different geographical levels**

Broadly, how interested would you be in watching TV programmes that reflect the following?

% saying 'very or fairly interested'



Source: Ofcom/IPSOS UK

- 4.45 This is supported by independent research carried out by The Future Foundation, which suggested that people have a 'portfolio' approach to identity that draws on a wide range of attachments, activities and environments.<sup>31</sup> This research found that people have a sense of belonging at both local and regional levels, but that the former was stronger than the latter. More importantly, what people understood to be 'their region' was actually a

<sup>31</sup> *Redefining Regions: Exploring regional and local identity*, The Future Foundation, 2003

relatively small area, defined in terms of their day-to-day lives and typically covering an area within 14 miles radius of their homes. Other studies have variously placed the most relevant area for news provision between 20-26 miles of people's homes.<sup>32</sup>

- 4.46 Whatever the specific distances involved, it is clear that the English TV regions as currently defined are far too large to map onto the geographical units that people feel most attached to and interested in. Meridian, for example, stretches from Weymouth to Essex and covers a population twice that of the whole of Denmark.
- 4.47 This aggregation of diverse communities into a single licence area no doubt partly explains the perception, described above, that regional news is not local enough. Both our qualitative and quantitative research suggests that people identify most strongly with their neighbourhood, town and city, particularly in England: if there were ways of delivering good quality, cost-effective TV services at this level, we believe they would be significantly more compelling than current regional provision. The national services have more resonance, although more local attachments are still very important. We return to the possibilities offered by local TV in the final section.

### **Representing the regions in network programming**

- 4.48 Regional representation is not just about dedicated programming for the regions and nations. It is also about adequate reflection of the diversity of the UK in network programming. Viewers tell us that this is important to them – 73 per cent agree that TV is an important way of reminding us of the different regional and national identities of the UK, rising to 83 per cent in Northern Ireland; 77 per cent agree that the BBC and ITV1 should reflect the regional diversity of the country.<sup>33</sup> They like seeing their own region reflected, hearing different accents and seeing different communities represented on screen.<sup>34</sup> *Restoration* is an example of a programme that helped to spark local interest in their community and its history – the BBC's research found that 47 per cent of viewers said that the programme made them more aware of local history, and local editions of the show consistently boosted audiences in every area except the south east of England.<sup>35</sup>
- 4.49 The importance of regionality in network programming is also reflected in viewing share – programmes with a distinctive regional flavour typically perform particularly well in the regions in which they are set. Of eight drama case studies we looked at, five achieved their highest audience share in the regions in which they are set, or with which they are associated (Figure 4.22). Simply being produced in a particular region is not enough to enhance audience share – our analysis of non-drama regional productions suggests that programmes have to have at least some demonstrable and distinctive connection to a particular location to benefit from this regional premium.

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<sup>32</sup> Source: BBC; *Pride of Place*, ITC/BSC

<sup>33</sup> Source: Ofcom/IPSOS UK – Phase 2 Research

<sup>34</sup> *Television in the nations and Regions*, ITC, 20032

<sup>35</sup> Source: BBC

**Figure 4.22: The impact of regionality on audience share for network output**

Programme	Broadcaster	All UK share, 2003	Region	Regional share
<b>Drama</b>				
EastEnders	BBC ONE	53.5%	London	58.5% (*)
Coronation Street	ITV1	53.8%	Granada	65.4% (*)
Monarch of the Glen	BBC ONE	21.4%	Scotland	26.8% (*)
Taggart	ITV1	29.7%	Scotland	39.2% (*)
Auf Wiedersehen Pet	BBC ONE	16.5%	North East	21.6% (*)
A Touch of Frost	ITV1	32.0%	Yorkshire	32.7%
Emmerdale	ITV1	44.4%	Yorkshire	50.9%
The Royal	ITV1	30.5%	Yorkshire	37.7%
<b>Other</b>				
Trisha	ITV1	29.1%	Anglia	28.2%
Countdown	Channel 4	19.4%	Yorkshire	22.7%
After They Were Famous	ITV1	16.8%	Yorkshire	18.2%
Club Reps	ITV1	20.1%	Scotland	18.1%

(\*) indicates series for which the audience share was highest in the region portrayed. Source: BARB

4.50 Regional representation is not a direct alternative to dedicated regional programming. While positive about network representation of regional identities, viewers also express some concerns about the potential for dilution of regional identities, a reliance on stereotypes, and a possible ‘smoothing’ of distinctive identities to make them more palatable and understandable for a national audience.<sup>36</sup>

### **Conclusion: Regional needs are only partially being met, and non-news programming is not always valued by viewers**

- 4.51 The value attached to programming for the nations and regions by the audience is variable.
- 4.52 Regional news is seen as being important, although not always able to meet needs for more local coverage. But it has faced challenges to its audience, particularly on ITV1.
- 4.53 Non-news programming is believed to be less important, particularly in the English regions. Although viewers support the principle of regional programming, it is not a high priority for them when they are asked to make tough scheduling decisions.
- 4.54 Current affairs is seen as more important than other kinds of regional programming, although current affairs programming on ITV1 often finds it difficult to reach a large audience.
- 4.55 In general, non-news programming for the nations and regions does not get large audiences by ITV1’s standards, particularly in multichannel homes, but it does fare better than network output on a slot-by-slot comparison. It is difficult to disentangle the issues relating to scheduling, production values and audience preference that contribute to its performance.

<sup>36</sup> *Pride of Place*, ITC/BSC

- 4.56 Programmes made in the regions for network distribution can be of value, although they cannot be a replacement for local provision for local audiences. However, not all parts of the UK are well represented. The devolved nations of Scotland, Wales and Northern Ireland are particularly poorly addressed in network output.



## 5. Redefining local and regional TV

- 5.1 The current model of programming for the nations and regions partially meets viewers' needs for high quality originated programming that reflects their diverse interests, cultures and identities. But regional TV, as currently understood, does not tell the whole story; emerging technologies hold rich potential for more local offerings in the future. We expect to see an expansion of dedicated services delivering integrated news, information and entertainment at a more local level than broadcast TV can currently compete with.
- 5.2 Part of this new regional infrastructure might be the development of new digital local TV services, or local content delivered on demand via broadband networks. Viewers tell us that they would prefer more local and/or city-level news to the current model of regional provision, as long as it can be delivered cost-effectively, although news at national level will remain important. The English regions are too large to be relevant to most viewers, who tend to live most of their day-to-day lives within 25 miles of their homes and be most interested in news and community issues within that range.
- 5.3 City TV services supplemented by broader coverage (at, say, county or region level) in more rural areas – along the lines of most local radio stations and newspapers – may prove to be better suited to audience needs, although the business models remain unclear. Estimates of viable market sizes vary widely, but most suggest that commercial services will need to have an addressable market of 200-400,000 households to be sustainable. We may need to consider a range of funding models, including advertorial, sponsorship, partnerships with other local media, teleshopping and interactive services as well as traditional advertising.

### **The technical possibilities**

- 5.4 As we move towards a digital world, more spectrum may be available for widely accessible local services delivered to a high transmission standard. There can be no guarantees of automatic digital licences for local TV at this early stage of switchover planning. However, a range of options exist that enable Ofcom to take a fresh look at both the licensing and spectrum allocation process for local television services. These include:
  - Using one of the slots on a proposed seventh national multiplex to carry local television services in a wide number of locations. A seventh multiplex would be capable of reaching around 75 per cent of UK households if broadcast from 200 transmission sites
  - Allocating a single ultra high frequency (UHF) channel for local TV throughout the UK, which could cover up to 50 per cent of the UK
  - Allocating a low capacity multiplex in designated areas of the UK for local TV, using one interleaved channel from the existing six multiplexes. This could allow most major towns and cities to have one frequency assigned for local TV, and may also facilitate the provision of a Gaelic service in Scotland
- 5.5 In addition, the continued expansion of broadband penetration and the falling cost of high-

speed broadband access make delivery of high-quality multi-media services into homes increasingly cost-effective. By the end of March 2004, around 15 per cent of homes had broadband access, with over 40,000 new connections each week.<sup>37</sup> At the same time, broadband prices have been falling, so that by September 2004 services offering 1 and even 2 MBps were available for the same price as 128 KBps six months earlier. High-speed broadband enables the provision of visual content to an increasingly high standard, opening the door to a wide range of new services bringing together information, audiovisual and interactive content.

- 5.6 Both digital TV and high-speed broadband might facilitate the development of local TV services in specific towns and cities, or parts thereof, without a substantial impact on current plans for digital switchover; although they need to be evaluated in comparison with other possible uses of the spectrum freed up by switchover.

### **The role of local PSB**

- 5.7 What distinctive contribution might new local digital and broadband services make to the delivery of public service broadcasting? Most obviously, they could meet audience demand for more local news services. But they could also play a wider role than this in building well informed and cohesive communities, enabling participation in local decision-making, stimulating interest and involvement in local issues and supporting local entertainment. For example, users of the BBCi Hull service liked local sport and drama (delivered on demand, in instalments) as well as more obvious news and weather services.<sup>38</sup>
- 5.8 The interactive potential of digital and broadband services is important here. The BBC argues that one of the key strengths of BBCi Hull was “the chance for viewers to establish a true two-way dialogue with the BBC – and by so doing allow the BBC to connect more locally with our audiences.”<sup>39</sup> Both BBCi Hull and Carpenters Connect provide opportunities for local people to get involved through video diaries, which proved popular aspects of the service and in some cases established participants as local ‘celebrities’.
- 5.9 Local TV may not work everywhere; for example, audiences in Wales and Scotland, with large areas with relatively dispersed populations, may not be particularly well served by the market alone. But the range of delivery media available and the increasing strength of distribution networks suggest that relatively few locations will be unable to receive a service of one kind or another (unlike, for example, services that rely on digital terrestrial transmission alone). Welsh and Gaelic language needs might be met by some combination of digital TV and broadband services.
- 5.10 The level of public intervention that might be required to deliver local and regional services that meet viewer needs in a digital environment needs further investigation. One possibility would be for the new proposed PSB provider to provide seedcorn funding for new TV and broadband services on a competitive basis.

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<sup>37</sup> *Internet and Broadband Update*, Ofcom, April 2004

<sup>38</sup> *BBCi Jull*, BBC

<sup>39</sup> *Ibid.*

## Our proposals for the transition to the digital age

- 5.11 The prospects for local TV and multimedia content delivered by a range of services and networks, and making full use of interactive technologies, are worth further support and experimentation. In the long run they may represent better, and more cost-effective, ways of delivering benefits to viewers than the current system of regional programming.
- 5.12 In the meantime, that model faces significant challenges. Traditionally, a key PSB role for ITV1 has been to provide programming in and for the nations and regions of the UK. This role will not be sustainable on the current scale through to digital switchover. We should take the current opportunity to determine what elements of that role are valued most by viewers, what we need to do to preserve the elements that are valued and at risk, and who is best placed to deliver the benefits that viewers seek.
- 5.13 Our main conclusions are:
- Regional news, delivered by a plurality of providers, continues to be an essential element of the PSB mix, even if it does not secure the audiences it once did
  - In general, viewers support the principle of non-news regional programming, but they are aware of its current limitations. Much non-news programming is characterised by low production values, challenging scheduling and low audiences. Viewers want to see well-resourced programming, in or near peak when they can watch it, made to a high standard. Quality is at least as important as quantity. Plurality of provision is also important to maintain healthy competition and drive up standards
  - In England, non-news regional programming is not seen as a priority compared to other kinds of PSB programming, although viewers attach more value to regional current affairs than other kinds of non-news regional programming
  - In the devolved nations, viewers are more aware of the non-news programming provided specifically for them, although it does not achieve better audiences on average than non-news programming for the English regions. However it is seen as an important part of reflecting and strengthening powerful local cultural identities. Current affairs output is also vital in keeping viewers informed of political and social issues in the devolved administrations
  - Viewers across the UK believe it is important that **network** programming reflects the entire country's communities and identities, and they value seeing their own region reflected in network output. The devolved nations are particularly under-represented in network output, across all the five main channels
- 5.14 Looking forward, our detailed recommendations (set out in the main Phase 2 PSB report) are guided by several principles, derived from these conclusions. First, we should explore the potential for digital and broadband services to deliver new, more local services that may deliver greater benefits to viewers. This should also include examination of the scope for new funding of content for the nations and regions via a range of new delivery platforms.

- 5.15 Second, while local services are still under development, we should to maintain regional news and non-news programming in peak, delivered by a plurality of suppliers. We have found that the current system is neither sustainable nor desirable in several important respects. The BBC has an important role to play, especially in the English regions. And the nations retain distinctive requirements which need further investigation.
- 5.16 Third, we should ensure a sustainable future for sufficient regional language services, specifically with respect to Welsh and Gaelic. Specifically, we believe the time is right for a full assessment of alternative approaches to the future of Welsh language broadcasting, taking forward the conclusions of the Laughton review, recognising the role of the BBC and commercial services, and evaluating possible options for S4C.
- 5.17 Finally, we believe there is a continuing and important role for all the five main channels in the reflection of regional stories, characters, places and issues on their main networks, with a high proportion of original production made outside London. This is not a replacement for dedicated regional programming, but it is an important aspect of ensuring that TV reflects and responds to all the identities and communities of the UK's increasingly diverse society, and will help to maintain viable creative communities in the nations and regions that can support the further development of regional and local services in the digital age.

## 6. Appendix 1. Regional requirements applying to public service broadcasters

A1.1 This Appendix summarises the main regional requirements which apply to ITV1, Channel 4, Five and Teletext under the Communications Act 2003 (“the Act”) and BBC services under the Agreement between the BBC and the Secretary of State for Culture, Media and Sport (“the Agreement”).

### Regional programmes

A1.2 The Act requires ITV1 to provide a sufficient amount and suitable range of regional programmes, i.e. programmes of particular interest to viewers in a nation or region. Ofcom has issued guidance on which programmes may count as “regional” and set quotas for the minimum amounts of news (and as appropriate sub-regional news), current affairs and other programmes that must be broadcast by each licensee. Regional programmes must be high quality and a suitable proportion (currently at least 90 per cent) must be made in the relevant nation or region. There are also requirements relating to the amounts of regional news and non-news programmes that must be broadcast in and adjacent to peak time (18:00 – 22:30pm).

**Figure A1.1: Regional programming quotas on ITV1**

	Regional hours					Allocation of non-news		
	News	Current affairs	Other	Unallo-cated	Total	In peak (6-10.30pm)	Adjacent to peak (5-6pm and 10.30-11.30pm)	Unallo-cated
<b>English regions (ex. Border and Channel)</b>	5:30	0:26	2:34	-	<b>8:30</b>	0:45	0:30	1:45
Border	4:30	0:08	1:00	-	<b>5:38</b>	0:20	0:20	0:28
Channel	3:09	0:22	2:07	-	<b>5:38</b>	0:20	0:20	1:49
Grampian	5:30	0:25	1:05	-	<b>7:00</b>	0:20	0:20	0:50
Scottish	7:56	0:33	3:31	-	<b>12:00</b>	0:45	0:30	2:49
UTV	5:30	0:26	2:34	1:30	<b>10:00</b>	0:45	0:30	3:15
ITV Wales	5:30	0:47	3:43	-	<b>10:00</b>	0:45	0:30	3:15

A1.3 Similar requirements apply to BBC ONE and BBC TWO under the Agreement and the BBC Governors have set quotas following consultation with Ofcom. These include quotas for regional programmes to be broadcast on BBC ONE and Two together across all nations and regions, and for the proportion (currently 95 per cent) of regional programmes that must be made in the relevant nation and region.

A1.4 Under the Act Ofcom has discretion to set regional requirements for GMTV. Currently GMTV is required to broadcast regional news, weather and traffic opt-outs in the different nations and regions.

A1.5 Teletext is also required to provide an appropriate proportion of regional material in its service and the licence specifies minimum numbers of main pages in different categories.

## **Regional production**

A1.6 The Act requires a suitable proportion and range of network programmes on ITV1, Channel 4 and Five to be made outside the M25, and a suitable proportion of expenditure on network programmes to be referable to programme production at a range of production centres outside the M25. Ofcom has issued guidance on which programmes may count towards these quotas and on how “range” will be assessed. This will come into effect next year. The current quotas are 33 per cent of hours on ITV1, 30 per cent on Channel 4 and 10 per cent on Five; and 40 per cent of expenditure on ITV1, 30 per cent on Channel 4 and 10 per cent on Five.

A1.7 Similar requirements apply across BBC ONE, BBC TWO and the BBC's digital services. At present, quotas have been agreed with Ofcom as follows: 25 per cent of hours and 30 per cent of expenditure.

## **Networking arrangements**

A1.8 The Act requires ITV1 to have networking arrangements in place. By pooling resources in this way, licensees are able to provide network programmes of a much higher value and lower price than if they acted alone or in smaller groups, enabling them to allocate more resources to their regional services. In deciding whether to approve the arrangements Ofcom must consider the likely effect of them on the ability of licensees to maintain the quality and range of regional programmes.

## **Changes of control**

A1.9 The Act provides further protection of regional services when there is a relevant change of control of an ITV company. Ofcom must review the effects or likely effects of the change of control and if it appears prejudicial to the regional service or the regional character of the service, Ofcom must take steps by varying the licence to prevent that from happening.

## **Public service remit**

A1.10 The general public service remit set out in the Act includes provision for public service broadcasters taken together to provide a sufficient quantity of programmes that reflect the lives and concerns of different communities and cultural interests and traditions within the UK and locally in different parts of the UK.

## 7. Appendix 2. Sample regional schedules

- A2.1 The tables below (Figure A2.1) show a sample week's non-news regional schedule in eight of ITV1's 16 regional services (the four licensees in the devolved nations and a cross-section of English licensees, including Border, one of the smaller licensees).
- A2.2 The week in question, 12-18 April 2004, is typical in the sense that it includes about the amount of non-news programming required, in an average week, by the current licences. (A different week has been used for Grampian TV, 24-30 May 2004, since the week used elsewhere was unusually low on programming in Grampian in that particular week, and would have been unrepresentative.)
- A2.3 Note that this sample does not include any daytime regional programming. Most of ITV1's daytime regional output is scheduled in 'strips', between 14:30-15:00 every day for two or three weeks. Including one of these weeks as a sample would, of course, have given a very unrepresentative picture of the amount of regional non-news programming in a typical week.
- A2.4 We have not included all ITV1's English licensees. But most licensees run similar schedules in any given week, using the same slots, although of course the programmes will differ.

**Figure A2.1: Sample schedules of regional non-news programming**

**Scottish TV: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1100-1130 Eikon (religion)  1130-1200 Eye to Eye (religion)  1200-1230 Seven Days (current affairs)  1400-1500 Scotsport Rugby (sport)  1700-1810 Scotsport (sport)
Peak				1930-2000 7.30 for 8 (reality)			
Late night					2335-0005 Moviejuice (entertainment)		

**Grampian TV: regional non-news schedule, 24-30 May 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							
Peak				1930-2000 Cop College (documentary)			
Late night		2335-0005 Ar Duthaich (Gaelic)		2310-2355 Politics Now (current affairs)			

**ITV Wales: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1200-1230 Waterfront (current affairs) 1230-1300 Soccer Sunday (sport) 1600-1630 Jacob's Ladder (children's drama) 1745-1815 Coast to Coast (nature)
Peak				1930-2000 Beacons (documentary)			
Late night				2300-2330 A Promised Land (history)	2310-2340 On the Edge (current affairs)		

**UTV: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1700-1730 School Around the Corner (children's chat show) 1800-1810 UTV Sport on Sunday (sport)
Peak				1930-2000 Home Sweet Home (factual)	2100-2200 Kelly (entertainment)		
Late night							

**ITV Anglia: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1200-1230 Artyfacts (arts) 1230-1300 Soccer Sunday (sport) 1745-1815 Victorian Winter (documentary)
Peak				1930-2000 Maxwell's Hidden Treasures (documentary)			
Late night				2300-2330 Pilau Talk (entertainment) 2340-0010 Late Night Check Out (current affairs)	2340-0010 The Price of Fish (quiz)		



**ITV Border: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1655-1700 What's On (entertainment)  1700-1705 Border Sports Results (sport)  1730-1735 The Nitty Gritty Club (children's)
Peak				1930-2000 Homegrown (factual)			
Late night							

**ITV Central: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1200-1230 Central Newsweek (current affairs)  1230-1300 Soccer Sunday (sport)  1745-1815 TV Gold
Peak				1930-2000 Sky High (factual)			
Late night				2300-2330 30 Minutes (current affairs)  2330-0000 Kicking it Around (sport)	2330-0000 Music Uncovered (entertainment)		

**ITV Meridian: regional non-news schedule, 12-18 April 2004**

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Daytime							1200-1230 Off the Record (current affairs)  1230-1300 Soccer Sunday (sport)  1745-1815 A Brush with the Wild (nature)
Peak				1930-2000 Country Ways (documentary)			
Late night				2300-2330 My Way – Aitken (interview show)	2340-0010 The Big Story (current affairs)		