

## 2 Television and audio-visual content

### 2.1 Recent developments in Wales

#### ITV Cymru Wales

ITV launched a new HD channel, ITV Cymru Wales HD, in time for the 2015 Rugby World Cup. ITV Wales used the broadcast rights acquired by ITV to provide extended coverage of the Welsh team's progress in the World Cup. The move to HD has had a positive effect on audience figures, and the share for ITV Wales is now the fourth highest share of viewing of all the ITV regions. Since moving to its new HD-capable broadcast centre in Cardiff Bay in June 2014, securing the investment needed for HD transmissions across Freeview, satellite and cable has been a key priority for ITV Wales.

ITV Wales has been operating under a stand-alone licence for Wales. It is required to produce four hours of news and 90 minutes of non-news programming per week.

ITV's acquisition in 2015 of Welsh production company Boom Cymru, which produces content for S4C, BBC and ITV Wales, has significantly strengthened ITV Plc's programme base in Wales.

#### Programming

Highlights of ITV Wales' coverage during the year included the Rugby World Cup 2015, while ITV's securing of rights to televise the Six Nations Rugby Championship for the next six years helped to enrich ITV Wales' sports news coverage with two special match preview programmes.

ITV Wales provided extensive coverage of the National Assembly for Wales Election in May 2016, producing dedicated programming under the banner *Wales Decides 2016*. The schedule included a seven-and-a-half-hour overnight election results programme with reporters stationed at 16 locations across Wales.

ITV Cymru Wales has announced the production of special programmes to commemorate the 50th anniversary of the Aberfan disaster, to be shown in autumn 2016, in addition to an eight-part series looking at how police solved infamous Welsh crimes.

#### **BBC Wales**

The BBC Trust approved the extension of S4C's remaining on iPlayer until the end of the next licence fee period in 2021/22. This follows a successful pilot period that started in December 2014. The BBC also continues to provide Welsh language content on its BBC Cymru Fyw webpage. Alongside the on-demand TV content on iPlayer and the Welsh language content on the website, BBC Radio Cymru announced its intention to pilot a digital 'pop-up' service to broaden the choice of content it can offer audiences, particularly younger ones.

Construction started on the new BBC Wales building in Central Square, Cardiff. An independent report from BOP Consulting suggested that this would result in a £1bn economic benefit for the region over the next ten years, as it would encourage the wider regeneration of this high profile city centre site.

## Programming

The share of BBC One and Two Wales-opted programming remained strong: programmes about Wales added an average of 1.5 points to the share of the corresponding displaced network programmes. BBC Wales-opted programming reached around a third of people in Wales each week – a slightly lower figure than last year. This programming included news, live sport, current affairs and a range of factual documentaries and series including *Real North Wales* and *Live Longer Wales*.

Highlights of the past year included coverage on TV, radio and online of the National Assembly election, and comprehensive coverage on Radio Wales and Radio Cymru of the Wales football team's success in reaching the Euro 2016 finals.

Drama highlights included *Hinterland* for BBC One Wales and *Pobol y Cwm* for S4C.

BBC Wales also sought to portray a more contemporary, diverse Wales with programmes such as *Young, Welsh and Pretty Skint* and *Body Matters*, while the Tower project focused on the lives of people who live in and around the tower blocks in Butetown, once known as Tiger Bay.

Network television production by BBC Wales included *War and Peace* and *A Midsummer Night's Dream*.

### **Channel 4 out-of-England production quota**

The Channel 4 quota for programming outside England (in Scotland, Wales and Northern Ireland combined) is currently set at 3% by volume and spend, rising to 9% from 2020. The channel gained some ground in 2015 with the success of *Educating Cardiff*. The series performed particularly well for children aged 10-14, the 16-24s and for viewing in Wales, with share figures far higher than the slot average.

Channel 4 reports to the Wales Advisory Committee on an annual basis. We welcomed Channel 4 to the Ofcom Advisory Committee for Wales meeting in November 2015, at which members of the committee were updated on C4's progress towards meeting its increased quota which will apply from 2020.

### **Local TV to get greater prominence on Freeview**

Digital UK has announced its decision to give Welsh local TV a more prominent position on the Freeview TV guide. The changes follow BBC Three's move online, and will enable current and future Welsh channels to move from channel 23, where they currently are on the EPG, to channel 8 on Freeview.

Cardiff's local TV station, Made in Cardiff, is now being managed by the Bristol office of the Made TV Group, following the resignation of the Cardiff station manager in January 2016. In September 2015 Ofcom granted Made in Cardiff's request to keep its weekly hours of first-run local programming, and of first-run local programming in peak-time, at the existing Year 1 commitment levels. Ofcom decided that these changes would not affect the station's overall character of service.

Two other local TV services are due to launch in Wales. Ofcom has granted extensions to the launch dates of both operations, Bay TV Clwyd and Bay TV Swansea, from their initial target date of January 2016.

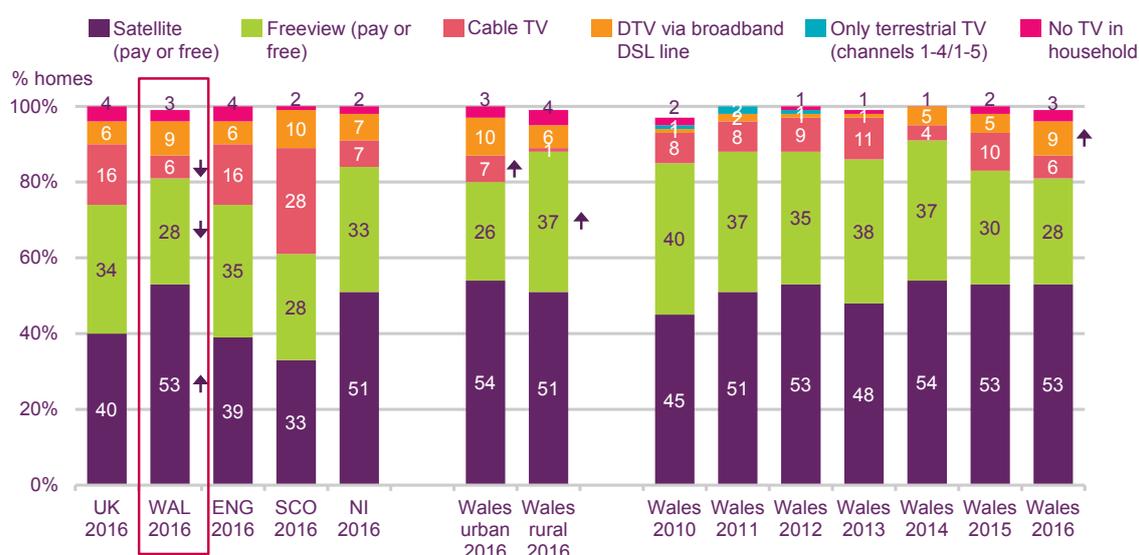
## 2.2 Television platform take-up in Wales

**Over half of Welsh households receive satellite television through their main set; this continues to be higher than in the UK overall**

Figure 2.1 shows that in 2016, satellite penetration across households in Wales was unchanged since 2015 (at 53%). Statistically, Freeview and cable TV take-up also remained unchanged. Penetration of DTV via a broadband connection is up from 5% to 9% since 2015.

There is no difference by location in 2016 for take-up of satellite TV in Wales (54% in urban areas vs. 51% in rural areas). Take-up of Freeview is, however, higher in rural areas (37% vs. 26% urban) while take-up of cable services is higher in urban areas (7% vs. 1% rural). Compared to the UK overall, penetration of satellite TV is higher in Wales (53% vs. 40%), while households in Wales are less likely than the UK overall to have Freeview (28% vs. 34%) or cable TV (6% vs. 16%).

**Figure 2.1 Main television set share, by platform**



Source: Ofcom Technology Tracker, H1 2016

Base: All adults aged 16+ (n = 3737 UK, 489 Wales, 2239 England, 502 Scotland, 507 Northern Ireland, 240 Wales urban, 249 Wales rural, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 489 Wales 2016)

Significance testing: Arrows indicate any significant differences between Wales and UK in 2016, between Wales urban and rural in 2016 and between Wales 2015 and 2016

QH1A: Which, if any, of these types of television does your household use at the moment?

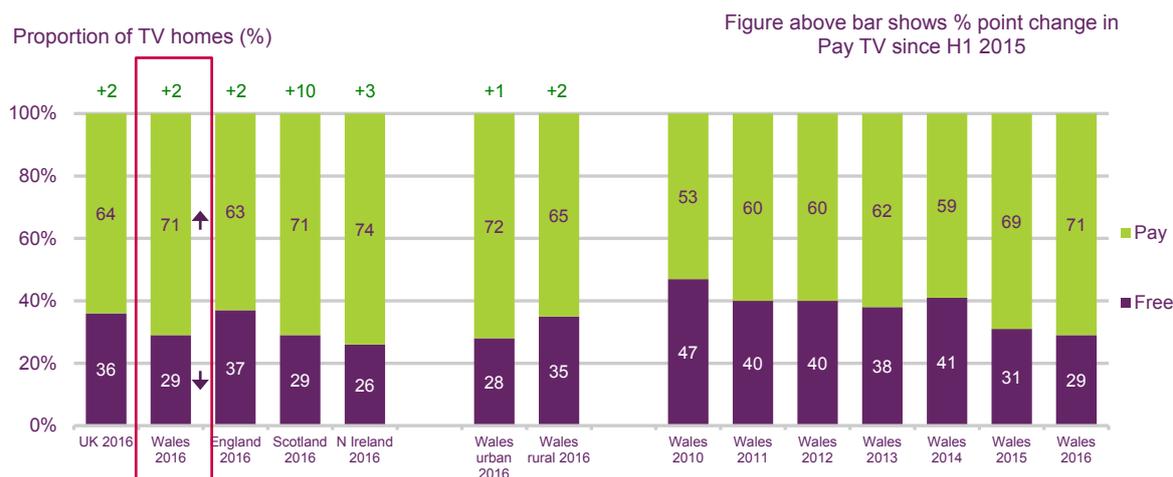
### Households in Wales are more likely than the UK as a whole to have pay TV

In 2016, seven in ten households in Wales (with a television set) had pay TV<sup>4</sup> (71%); this incidence is unchanged since 2015. As in 2015, households in Wales are more likely than the UK overall to have pay TV (64%).

Take up of pay TV does not vary significantly by urban/ rural location.

<sup>4</sup> 'Free TV' refers to households that only receive Freeview with free channels (without any additional subscriptions to services such as Netflix or Top Up TV etc.) or only receive Freesat satellite TV. Pay TV refers to all other types of television service.

**Figure 2.2 Proportion of homes with free and pay television**



Source: Ofcom Technology Tracker, H1 2016

Base: All adults aged 16+ with a TV in household (n = 3606 UK, 471 Wales, 2148 England, 491 Scotland, 496 Northern Ireland, 231 Wales urban, 240 Wales rural, 1060 Wales 2010, 483 Wales 2011, 508 Wales 2012, 485 Wales 2013, 480 Wales 2014, 485 Wales 2015, 471 Wales 2016)

Significance testing: Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2016, between Wales urban and rural in 2016 and between Wales 2015 and 2016. Circles around the +/- figures above the chart indicate any significant difference between 2015 and 2016 for Wales, urban and rural.

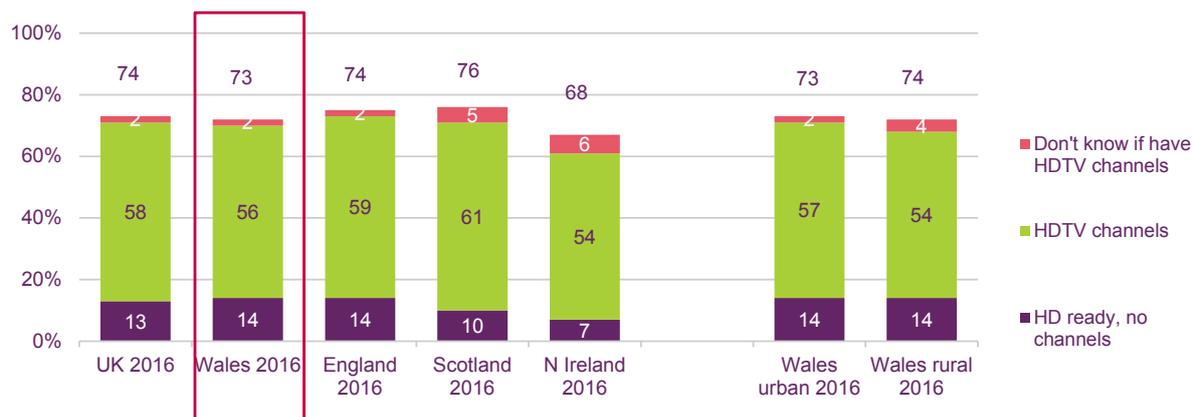
QH1A: Which, if any, of these types of television does your household use at the moment?

### Three-quarters of TV households in Wales have an HD TV set, in line with the UK overall

Among households in Wales with a TV set, 73% claimed to have either HDTV services or an HD-ready television set. More than half of the TV-owning households in Wales (56%) receive HDTV services, with a further 14% claiming to have a HD-ready TV, but not receiving HD services. Each of these incidences is in line with the UK overall.

In Wales, the level of HD-ready TV set ownership does not differ between urban and rural locations.

**Figure 2.3 Proportion of homes with HD television**



Source: Ofcom Technology Tracker, H1 2016

Base: All adults aged 16+ with a TV in the household (n = 3606 UK, 471 Wales, 2148 England, 491 Scotland, 496 Northern Ireland, 231 Wales urban, 240 Wales rural)

Significance testing: Arrows indicate any significant differences between Wales and UK in 2016 and between Wales urban and rural in 2016

QH53: Is the main TV in your household an HDTV set or HD ready?/ QH54: Although you have an HDTV ready set, to actually watch TV channels and programmes that are broadcast in high definition, you need an HD set top box or a TV with built-in HDTV receiver. For the main TV set, does your household have an HD TV service?

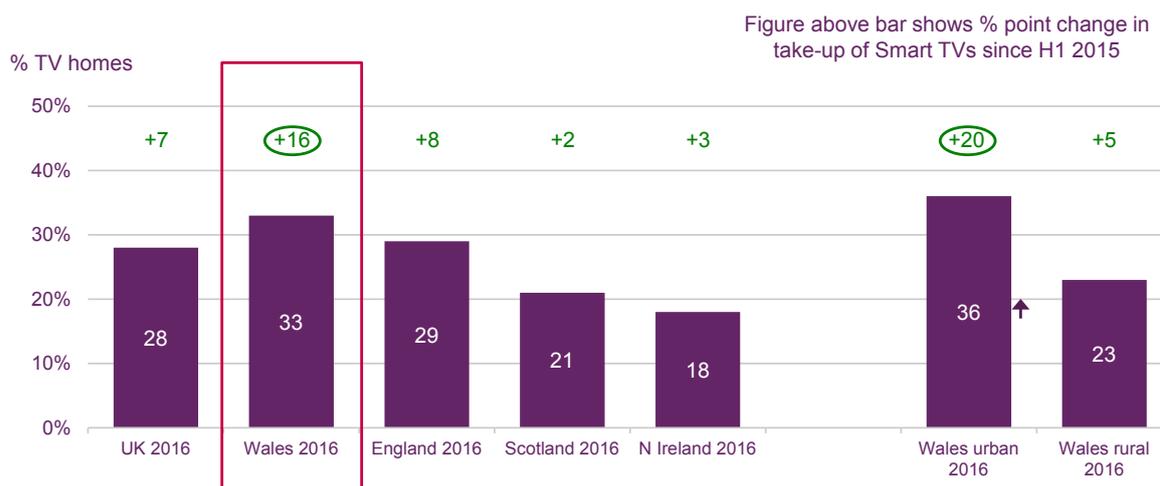
### The proportion of TV households in Wales with a smart TV has doubled in the past year

Among those in Wales with a TV in the household, 33% claimed to have a smart TV set, in line with the UK overall and an increase of 16pp since 2015.

Since 2015, smart TV ownership in urban areas of Wales has increased (36% vs. 16%) and ownership in urban areas in 2016 is higher than in rural areas (36% vs. 23% in 2015).

Using a smart TV's inbuilt internet functionality is only one way of connecting a TV to the internet. Set-top boxes, game consoles and dongles can also be used to make a TV internet-enabled. The proportion of households in Wales with a connected TV is likely to be greater than the smart TV take up figure of 33%.

**Figure 2.4 Smart TV take-up**



Source: Ofcom Technology Tracker, H1 2016

Base: All adults aged 16+ with a TV in household (n = 3606 UK, 471 Wales, 2148 England, 491 Scotland, 496 Northern Ireland, 231 Wales urban, 240 Wales rural)

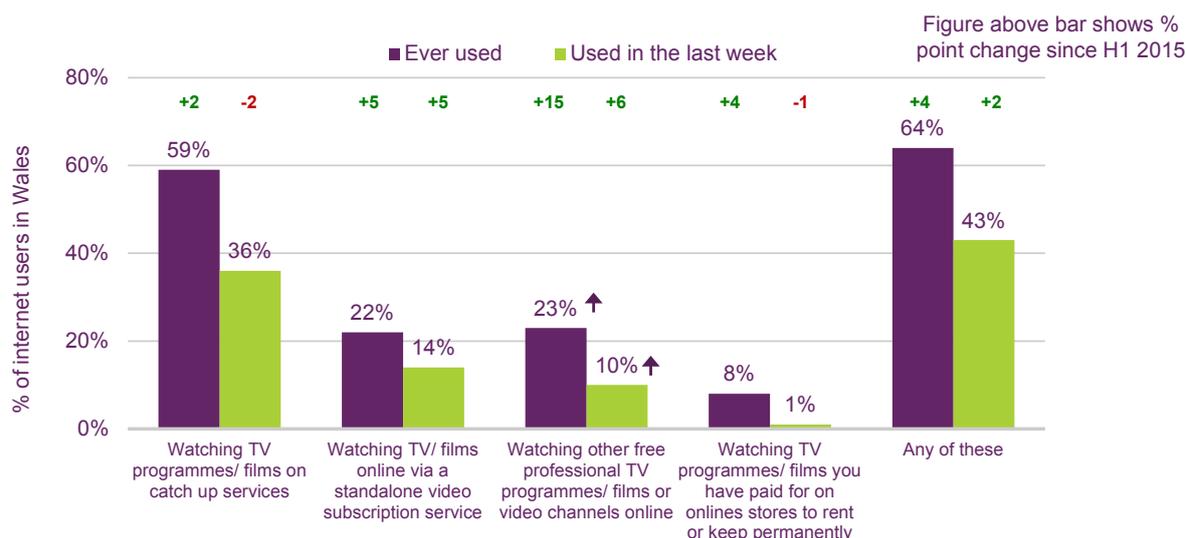
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2016 and between Wales urban and rural in 2016. Circles around the +/- figures above the chart indicate any significant difference between 2015 and 2016 for Wales, urban and rural. QH62: Are any of your TV sets 'smart TVs'? These are newtypes of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

### **Catch-up services are the most popular way to watch TV programmes and films online among internet users in Wales**

Among those in Wales who use the internet at home or elsewhere (e.g. on their smartphone, tablet or laptop), three in five said they had ever watched TV programmes or films on a catch-up service (e.g. BBC iPlayer, All4, Demand 5, Sky On Demand). More than one in three internet users claimed to have watched these services in the past week.

Use of stand-alone video subscription services (e.g. Netflix, Amazon Prime) was less popular, with around one in five internet users in Wales claiming to have ever used them. A similar proportion of internet users had ever watched TV programmes or films from free professional sources (e.g. official YouTube Channels, producers' websites) and less than one in ten said they had watched TV programmes or films they had bought or rented digitally.

**Figure 2.5 TV programmes, films and on-demand on any device**



Source: Ofcom Technology Tracker, H1 2016

Base: All Wales adults aged 16+ who use the internet at home or elsewhere (n = 401)

Significance testing: Arrows indicate any significant differences at the 95% confidence level between Wales 2015 and 2016.

QH46: Thinking about your personal use of TV programmes and films online and on-demand services that you may use on any device (e.g. smartphone, TV set, tablet or laptop) anywhere, which of the following, if any, have you personally ever used? / QH47: And which, if any, of these have you used in the last week?

## 2.3 Broadcast television content

### Definitions

#### Broadcast TV viewing

BARB analysis is based on viewing of scheduled TV programmes such as those listed in TV listings magazines or on electronic programme guides (EPGs) on TV sets. Broadcast TV viewing refers to programmes watched on the TV set live at the time of broadcast, or recordings of these programmes, or viewing of these programmes through catch-up player services (referred to as time-shifted), up to seven days after they were televised.

Channel groups are referred to as 'main five PSB channels', 'PSB portfolio channels' and 'PSB family' or 'PSB broadcaster' channels. These are defined as:

#### Main five PSB channels:

BBC One, BBC Two, Channel3/ITV (inc ITV Breakfast), Channel 4 and Channel 5. Includes HD variants but excludes +1s.

#### PSB portfolio channels:

BBC: BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC red button channels

ITV: Channel3/ITV+1, ITV2, ITV3, ITV4, CITV, ITVBeITV Encore

Channel 4: Channel 4+1, E4, More4, Film4, 4Music, 4seven,

Channel 5: Channel 5+1, Channel 5+24, 5\*, 5USA, Spike.

+1 and HD variants are included where applicable.

**PSB family or PSB broadcaster channels:**

The main five PSB channels and all PSB portfolio channels combined.

All viewing data is based on individuals aged 4+.

**People in Wales spend an average of 4 hours 10 minutes per day watching TV**

In 2015, people in Wales spent an average of 4 hours 10 minutes per day watching television, higher than Scotland (4 hours), Northern Ireland (3 hours 45 minutes) and the UK average (3 hours 36 minutes). Of the total time spent watching television, 2 hours and 10 minutes was spent on the main five PSB channels. This was higher than for all other nations and the UK as a whole. When the PSB portfolio of channels is included, viewers in Wales spent 3 hours a day watching the PSB family of channels.

**Figure 2.6 Average minutes of television viewing per day, by nation: 2015**



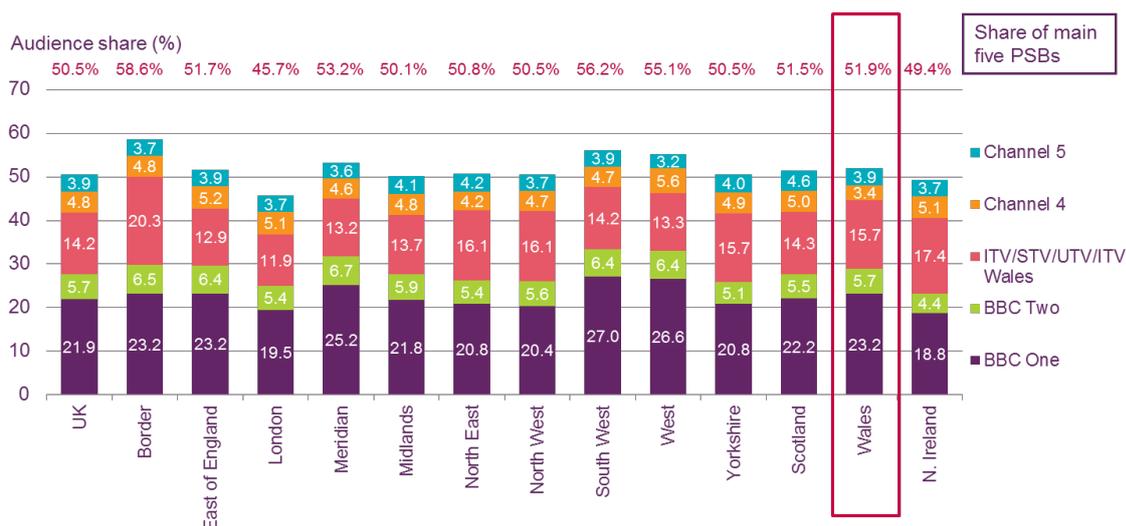
Source: BARB, Individuals (4+). Please see definitions for list of PSB channels

\*Note: This figure reflects the average across the English regions with the highest in Border at (4 hours 10 minutes) and lowest in West at 3 hours 17 minutes respectively.

**Over half of all viewing is to the main five PSB channels**

In 2015, the main five PSB channels accounted for a combined 51.9% share of total TV viewing in Wales, slightly higher than their combined share in Scotland and Northern Ireland and 1.4 percentage points higher than the average 50.5% share across the UK. In Wales the distribution of viewing share across the main five PSB channels is similar to the UK as a whole. However, viewing to Channel 4 was lower in Wales (3.4%) than in the UK as a whole (4.8%) and lower than all the other UK nations and regions.

**Figure 2.7 Share of the main five PSB channels in all homes, by UK nations and regions: 2015**

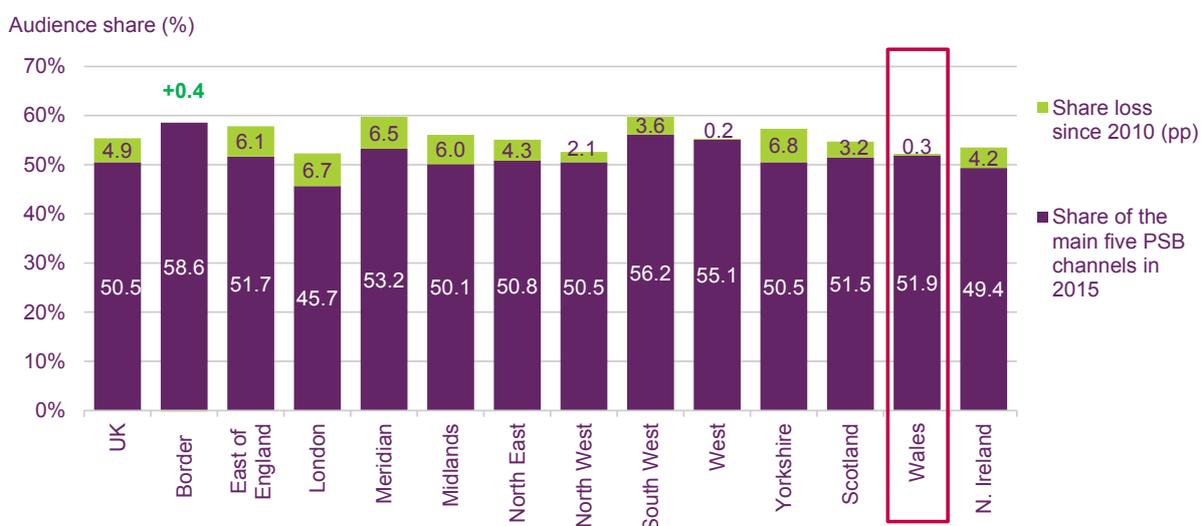


Source: BARB, individuals (4+). Note: Chart shows figures rounded to one decimal place. Numbers may not appear to sum up, due to rounding.

**The combined share of the main five PSB channels has decreased since 2010**

Between 2010 and 2015 there was a slight (0.3pp) reduction in the combined share of the main five PSB channels in Wales. This small decline was similar to the West region (-0.2pp). The Border region was the only one where PSB audience share actually increased (+0.4pp).<sup>5</sup> The growth was driven by a 4pp increase in viewing to BBC One vs 2010, and only marginal dips in viewing to the other main PSBs. This reduction was lower than the decreases in Northern Ireland (4.2pp) and Scotland (3.2pp) as well as across the UK as a whole (4.9pp).

**Figure 2.8 Change in combined share of the main five PSB channels, all homes: 2010 and 2015**



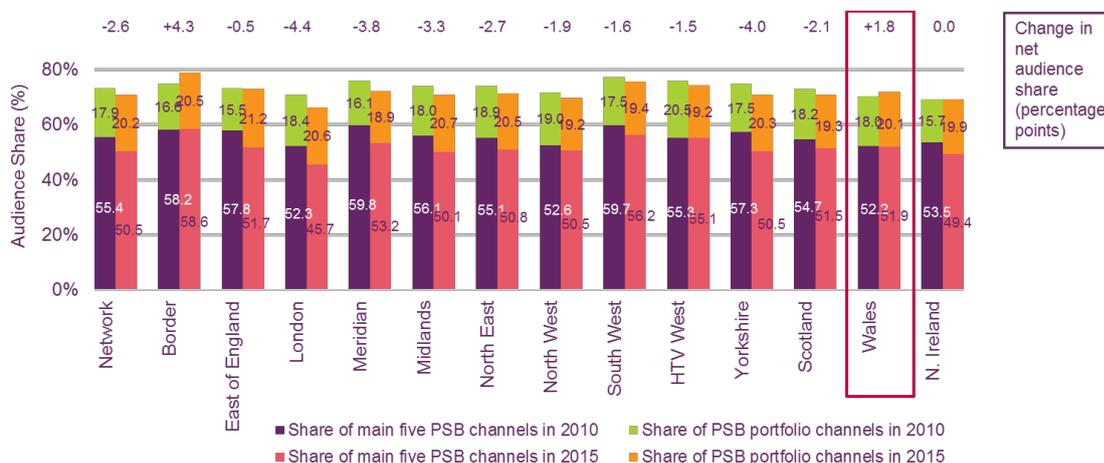
Source: BARB, individuals (4+).

<sup>5</sup> This might be explained by the population profile of the ITV Border region; it has the highest proportion of 65+ adults of all the BARB ITV regions and the highest proportion of 45+s overall (54% vs. 46% for the UK average).

## The total share of the main five PSBs and their families of channels increased between 2010 and 2015 in Wales

While the main five PSB channels' share of viewing in Wales decreased by 0.3pp, the PSB portfolio channels increased their share of viewing in Wales by 2.1pp between 2010 and 2015. This resulted in a net share gain overall of 1.8pp for the main five PSBs and their families of channels, to 72.0%. Only the Border region (+4.3pp) had a higher gain in net audience share; every other region (apart from Northern Ireland which held steady) and the UK as a whole saw a decline.

**Figure 2.9 Net change in the audience share of the main five PSB channels and their portfolio channels, all homes: 2010 and 2015**



Source: BARB, individuals 4+.

### Regional news and HD channels

#### Channel 3/ITV

ITV does not currently broadcast regional HD variants for all of its regions. This means that for some areas, an out-of-region HD version is shown on the ITV HD channel. London, Meridian, Wales, Central, Granada, Anglia\*, Yorkshire\*, Tyne Tees\* and STV currently offer the HD service, so in the remaining areas, the local news shown on the HD variant is not the local news for that region (e.g. in Border, the Granada news feed is shown). The chart below includes all viewing to any early evening news programming, even if it is not the relevant local one to the area. The ITV early evening news bulletin share analysis in the 2014 CMR excluded the ITV HD variants and looked just at the SD share. Note: ITV HD is not reported against the ITV Ulster panel.

#### BBC One

There are BBC One HD channels for Scotland, Wales and Northern Ireland which show local news in HD. At the moment BBC One HD in the English regions cannot show local news (a message prompts viewers to turn over to BBC One during the regional news slot). The chart below reflects viewing of the early evening news on BBC One HD, where available.

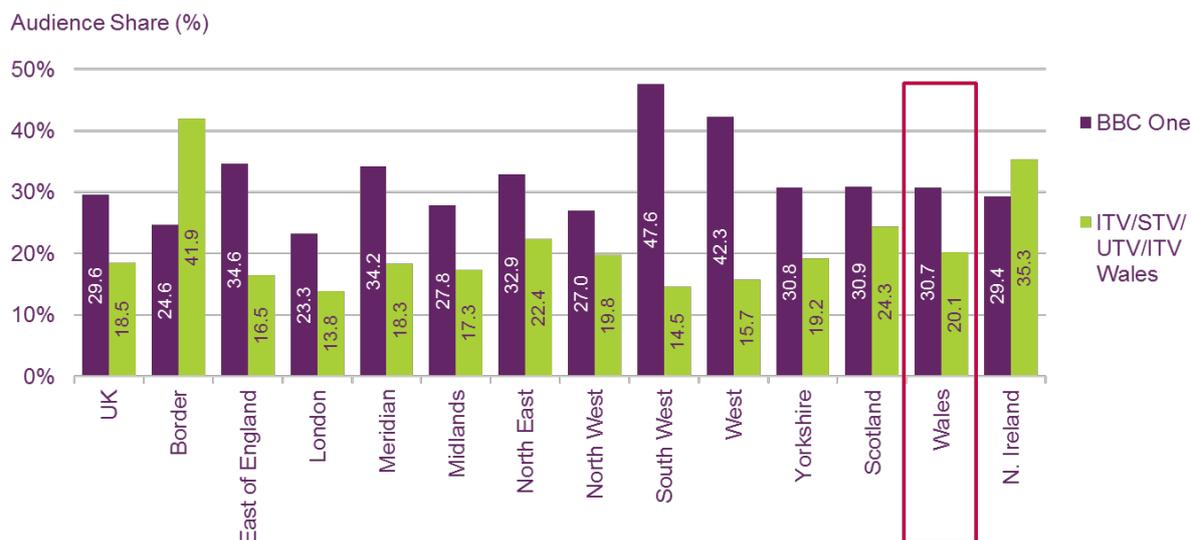
The reporting of BBC One is unchanged from the CMR 2014.

\*On 31 March 2016 ITV launched these regions in HD on Sky and Freesat (Freeview and Virgin Media pending).

## BBC One's and ITV's early evening local news bulletins attract a greater share in Wales compared to the UK average for the same weekday slot

*Wales Today*, BBC One's early evening news bulletin, had an average 30.7% share of TV viewing in Wales between 6.30pm and 7.00pm in 2015, higher than the BBC One UK average for the same time period (29.6%). *ITV News at Six*, ITV's counterpart bulletin, attracted a lower share than BBC One's *Wales Today*, although, at 20.1%, it was also higher than the Channel 3 UK average (18.5%).

**Figure 2.10 BBC One and ITV/ STV/ UTV/ ITV Wales early evening news bulletin shares, all homes: 2015**



Source: BARB, individuals (4+). BBC One includes HD variant. ITV includes HD variant but excludes +1. Early evening ('local') news bulletin figures based on 'regional news' genre programmes, start time range 17:55-18:35, 10mins+ duration, week days. UK figures are based on share to respective early evening news bulletin slot times. BBC One's early evening news bulletin is transmitted between 18:30-19:00 and ITV/ STV/ UTV/ ITV Wales' is transmitted between 18:00-18:30.

## Almost six in ten adults in Wales use the TV as their main source of UK and world news

In Wales in 2015, nearly six in ten (58%) adults aged 16+ said that the TV was their main source of UK and world news. Websites or apps<sup>6</sup> were used by two in ten adults as a source of news, more than any other nation and the UK as a whole. Use of radio and newspapers for UK and world news was used by a similar proportion of adults in Wales (9% and 8% respectively).

<sup>6</sup> These include websites or apps accessed using a computer, laptop, netbook or tablet and using a mobile phone.

**Figure 2.11 Respondents' main media source for UK and world news, by nation: 2015**



Source: Ofcom Media Tracker 2015.

Base: All (2,107); England (1,607); Scotland (180); Wales (164); Northern Ireland (156).

Responses ≥ 3% labelled. Significance testing shows any difference in the main source of news between any nation and all adults in 2015

## 2.4 TV programming for viewers in Wales

The following section outlines spend and hours of programming for viewers in Wales, Scotland, Northern Ireland and the English regions, provided by the BBC and ITV/ STV/ UTV. The figures exclude Gaelic and Welsh-language programming but include some spend on Irish-language programming by the BBC. See section 2.5 for details on S4C.

Historical financial figures are presented in nominal terms and are not adjusted for inflation. The reason for this is to align the CMR suite of reports and to provide a 'base' view of the overall market to inform any further analysis.

### Definitions

**First-run originations** - Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

**First-run acquisitions** - A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

**Repeats** - All programmes not meeting one of the two definitions above.

**Spend on output** - includes all costs incurred by the broadcaster on content; these usually include production costs for in house productions and licensing costs for commissioned and acquired programmes.

## BBC and Channel 3 licensees' spend on first-run originated content for viewers in Wales increased by 4.5% in 2015

£270m was spent by the BBC and ITV/ STV/ UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2015, down by £7m in nominal terms year on year. Since 2010, spend on first-run originated nations' and regions' output by the BBC and ITV/ STV/ UTV has risen by £9m.

The UK-wide year-on-year decrease in spend can be accounted for in part by the exceptional events of 2014, which included a spending increase in Scotland due to the referendum on Scottish independence, and the Commonwealth Games, held in Glasgow during July and August.

In nominal terms, the year-on-year spend by the BBC and ITV Wales on first-run originated programming for viewers in Wales has increased from £27m in 2014 to £28m in 2015, a rise of 4.5%.

**Figure 2.12 Spend on first-run originated nations' and regions' output by the BBC/ ITV/ STV/ UTV**



Source: Broadcasters. All figures are nominal.

Note: Spend data for first-run originations only. Excludes spend on BBC Alba and S4C output but includes some spend on Irish language programming by the BBC. Spend on content broadcast in the Scottish part of the ITV Border region is included within England from 2006-2013, but in Scotland thereafter. These figures do not include spend on network content. For more information on S4C, please see Section 2.5.

## Total spend on non-news /non-current affairs programming for people in Wales increased year on year by 14%

Turning to total spend by genre, including acquisitions and repeats, BBC and ITV Wales spend on nations' and regions' output in Wales was up by 5% in nominal terms since 2014, and up by 15% since 2010.

Spend on non-news/non-current affairs programming for people in Wales increased by 14% in 2015, and has increased by 28% since 2010; this is the highest five-year increase in non-current affairs/non-news programming in any UK nation.

Spend on news decreased by 3% while spend on current affairs decreased by 7%, both of which had risen substantially in 2014.

**Figure 2.13 Change in total spend on nations' and regions' output, by genre and nation: 2010-2015**

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
<b>Current affairs</b>	-10%	-1%	-1%	-28%	11%	68%	-19%	34%	-7%	11%
<b>News</b>	0%	2%	-1%	-1%	4%	17%	1%	16%	-3%	0%
<b>Non-news/non-current affairs</b>	-14%	1%	0%	-25%	1%	-4%	-28%	-4%	14%	28%
<b>Total spend in 2015</b>	£271m		£159m		£27m		£56m		£29m	
	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
<b>Change in spend</b>	-5%	1%	-2%	-4%	3%	12%	-20%	6%	5%	15%

Source: Broadcasters. All figures are nominal.

Note: Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. These figures do not include spend on network content. Spend on programming for the ITV Border region is divided between England and Scotland in 2014-2015 and attributed to England only before 2014.

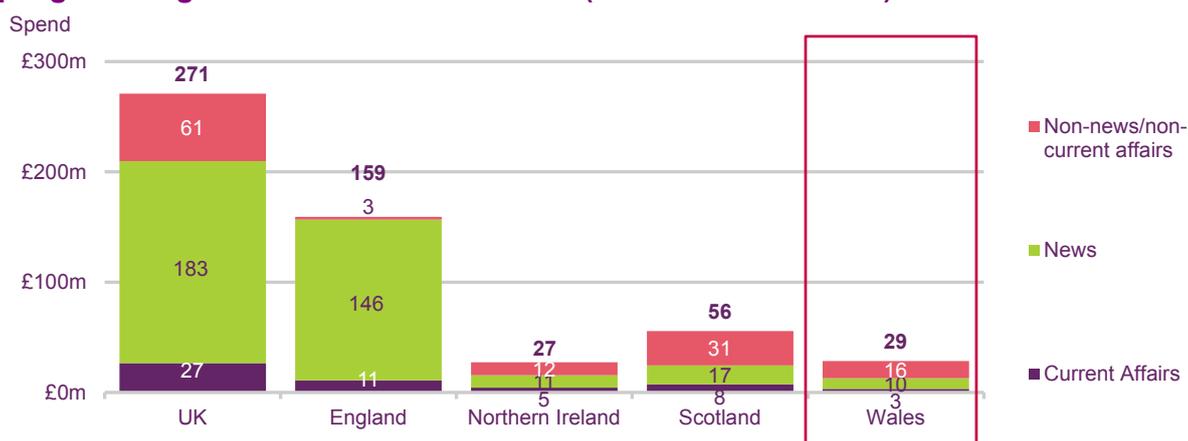
### **Expenditure by the BBC and ITV on programming for viewers in Wales increased by 5% year on year**

Expenditure on nations' and regions' content broadcast by the BBC and ITV for people in Wales increased by 5% in nominal terms to £29m in 2015.

Spend on non-news/non-current affairs accounted for over half of total spend; news accounted for a further 34%, with current affairs making up the remaining 12%.

In addition to this, the BBC spent £28m delivering other content to S4C under the terms of the operating agreement, and contributed £5m to BBC Alba in Scotland.

**Figure 2.14 Total spend by the BBC/ ITV/ STV/ UTV on nations/ regions programming for the main PSB channels (BBC1 and Channel 3): 2015**



Source: Broadcasters.

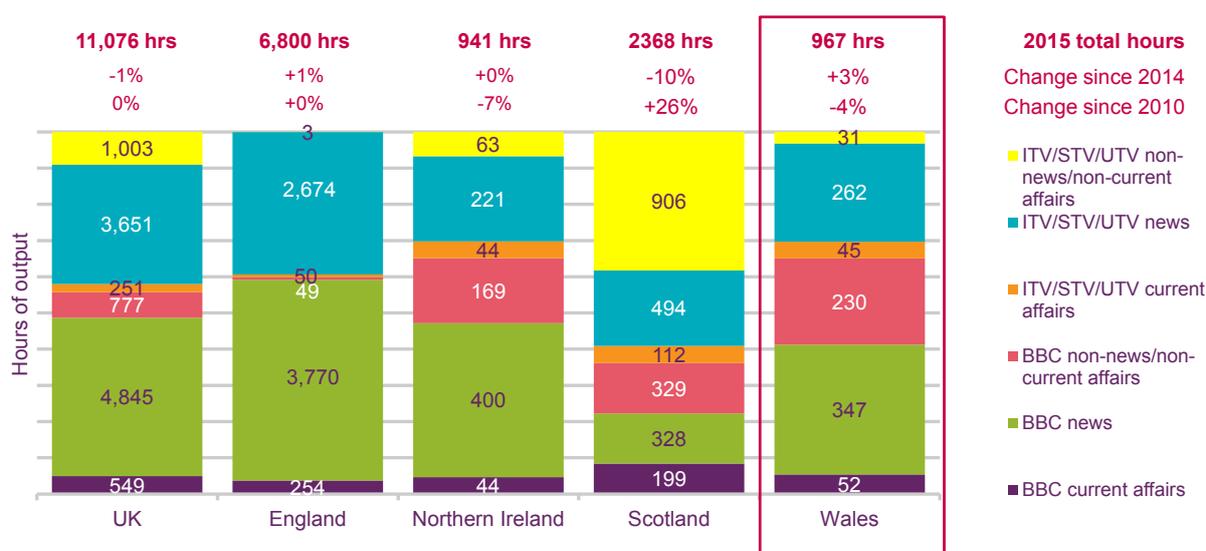
Note: Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. These figures do not include spend on network content. Scotland figures include programming for viewers of ITV Border in Scotland. This was 73 hours of current affairs in 2015.

**First-run originated hours in Wales up 3% year on year**

The BBC and ITV/ STV/ UTV produced a total of 11,076 hours of first-run originated content for the English regions, Scotland, Wales and Northern Ireland in 2015, down by 123 hours (-1%) year on year. Since 2010, the hours of first-run originated nations'/regions' output has remained broadly stable in percentage terms (0%).

Wales had the largest rise in the number of hours of first-run originated programming in 2015, up by 3%. However, there has been a 4% decrease in first-run originated hours for Wales overall since 2010.

**Figure 2.15 Hours of first-run originated nations/regions output, by genre and broadcaster: 2015**



Source: Broadcasters.

Note: Hours data for first-run originations only. Excludes hours for BBC Alba and S4C output but includes some hours of Irish-language programming by the BBC. These figures do not include hours of network content. Scotland figures include programming for viewers of ITV Border in Scotland. This was 73 hours of current affairs in 2015.

## Total cost per hour for nations' programming has increased by 23% since 2010 for Wales

When analysing the cost of making programmes for the nations, Wales had the highest average cost per hour in 2015 at £28,000, £5,000 more than the UK average.

In nominal terms, over the five-year period, cost per hour increased by 23% in Wales, compared to the UK average increase of 5%. This cost per hour increase could be attributed to the production of more expensive content for viewers in Wales since 2010<sup>7</sup>.

**Figure 2.16 Cost per hour of total nations and regions output, by nation: 2010-2015**



Source: Broadcasters. All figures are nominal.

Note: Excludes spend on BBC Alba and S4C output but includes some spend on Irish language programming by the BBC. These figures do not include spend on network content. Scotland figures include programming for viewers of ITV Border in Scotland. This was 73 hours of current affairs in 2015.

## 2.5 Welsh-language programming

### Welsh-language output and spend

In 2013, S4C agreed with the BBC Trust that S4C would be part-funded by the television licence fee. As part of the terms of the agreement, S4C would receive £76.3m in financial year 2013/2014, falling year on year to £74.5m in 2016/2017<sup>8</sup>. It has been announced that S4C's funding from the licence fee will be maintained at £74.5m for 2017/18<sup>9</sup>. DCMS will also continue to provide funding of £6.8m to S4C until April 2017. The remaining 2% of funding comes from S4C's advertising revenue and commercial activities.

The BBC also has a statutory obligation to provide ten hours of content per week free of charge to S4C, including the *Newyddion* (news) service, the soap opera *Pobol y Cwm* and some sports and special events output, the value of which was agreed at £19.4m per annum. However in 2015/16 the BBC exceeded this budget and spent £28.0m on production and related costs for S4C content.

<sup>7</sup> Drama programming (such as the BBC/S4C drama *Hinterland*) traditionally costs more to make than other genres of programming.

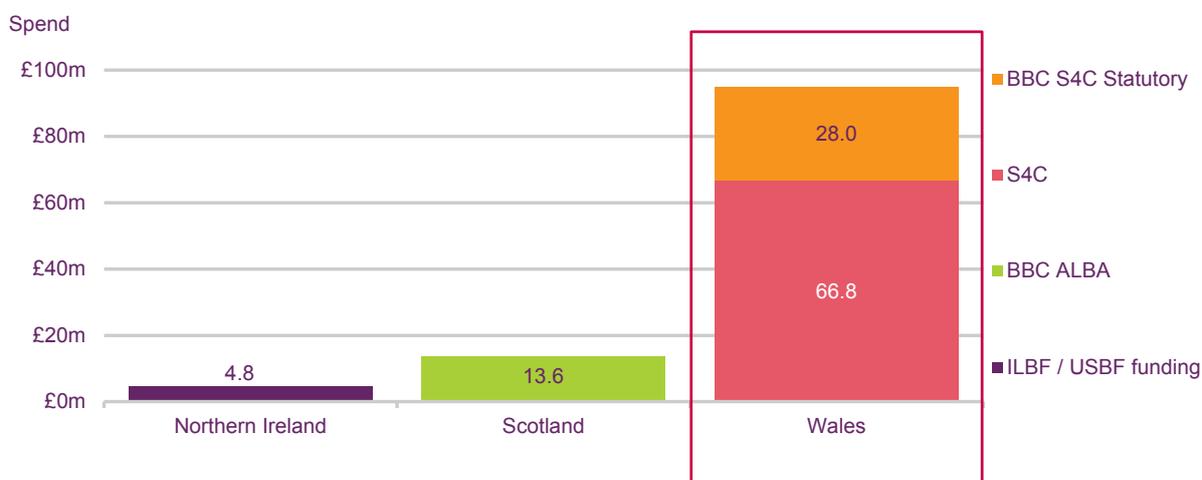
<sup>8</sup> [http://www.s4c.co.uk/e\\_press\\_level2.shtml?id=726](http://www.s4c.co.uk/e_press_level2.shtml?id=726)

<sup>9</sup> [http://www.s4c.cymru/e\\_press\\_level2.shtml?id=3180](http://www.s4c.cymru/e_press_level2.shtml?id=3180)

## Overall spend on programming on S4C is £94.8m

The combined spend of S4C and the BBC on programming for S4C totalled £94.8m in financial year 2015/16. This included the £28.0m spent by the BBC in delivering programmes outside S4C's budget under the terms of the operating agreement, and £66.8m in commissioning, acquisition and repeat costs incurred by S4C directly.

**Figure 2.17 Other spend on other programming in the devolved nations: 2015**

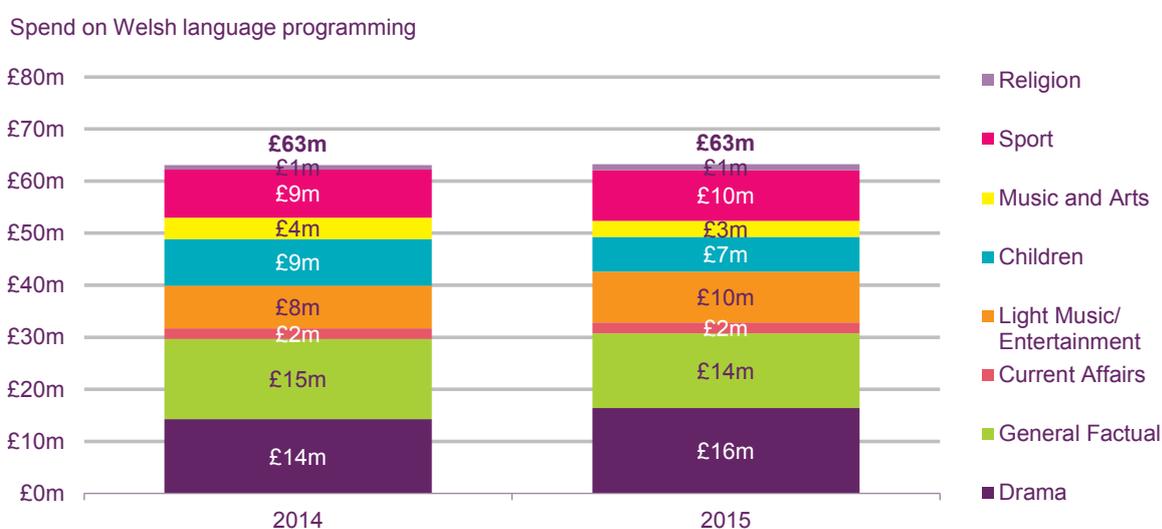


Source: Broadcasters.

Note: 'BBC S4C Statutory' refers to the cost to the BBC of programming supplied to S4C by the BBC as part of their statutory agreement. ILBF / USBF refers to additional production contributions by the Irish Language Broadcast Fund and the Ulster Scots Broadcast Fund. BBC S4C statutory and S4C figures cover the 2015/2016 financial year; BBC Alba and ILBF / USBF figures cover the 2015 calendar year.

S4C spend (excluding the previously-mentioned BBC production spend) on first-run commissioned programming in 2015 remained steady year on year in nominal terms, at £63m in 2015; representing a large proportion of S4C's £66.8m spend in 2015,

**Figure 2.18 Spend by S4C on first-run Welsh-language programming**



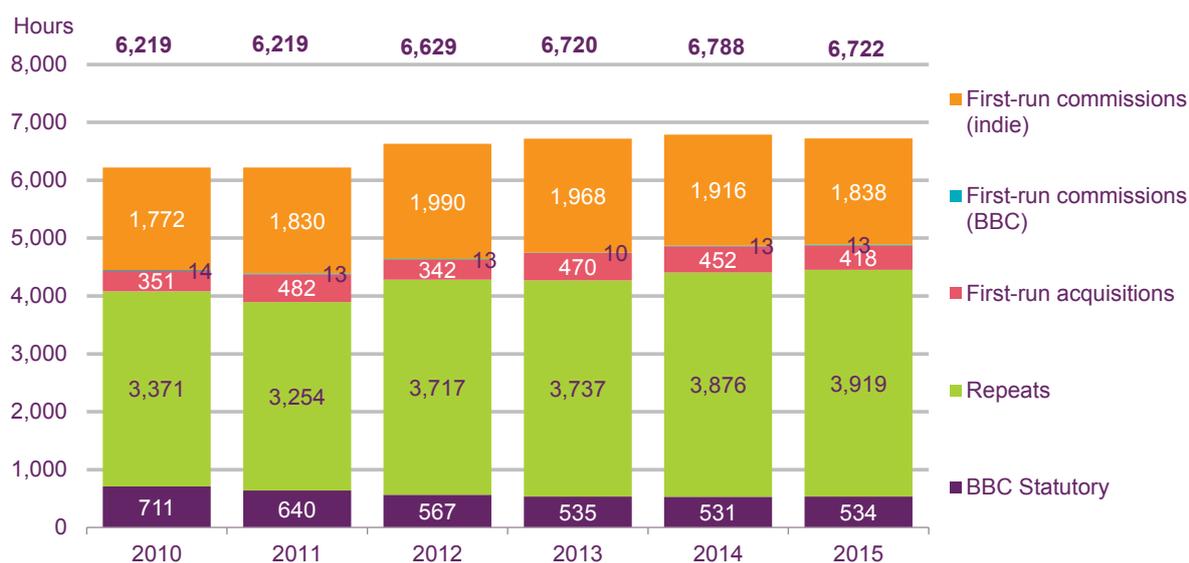
Source: S4C. All figures are expressed in nominal terms. Note: Does not include programming provided by the BBC under the statutory obligation.

The total number of hours broadcast by S4C in 2015 fell by 66 to 6,722 hours. Repeats continued to make up the majority of the channel's output, accounting for 58% of all programming during the year.

Repeated hours were up by 5%, from 3,876 hours in 2014 to 3,919 hours in 2015. First-run commissions from independent companies fell by 4% year on year, bringing the total to 1,838 hours in this category.

First-run acquisitions fell by 8% in 2015. BBC statutory programming hours remain steady, with a small increase of 3 hours, and at 534 hours in 2015, remained above the obligation of 520 hours per year. First-run commissions from the BBC remained at 13 hours in 2015.

**Figure 2.19 Type of Welsh-language output on S4C, by hours**



Source: S4C

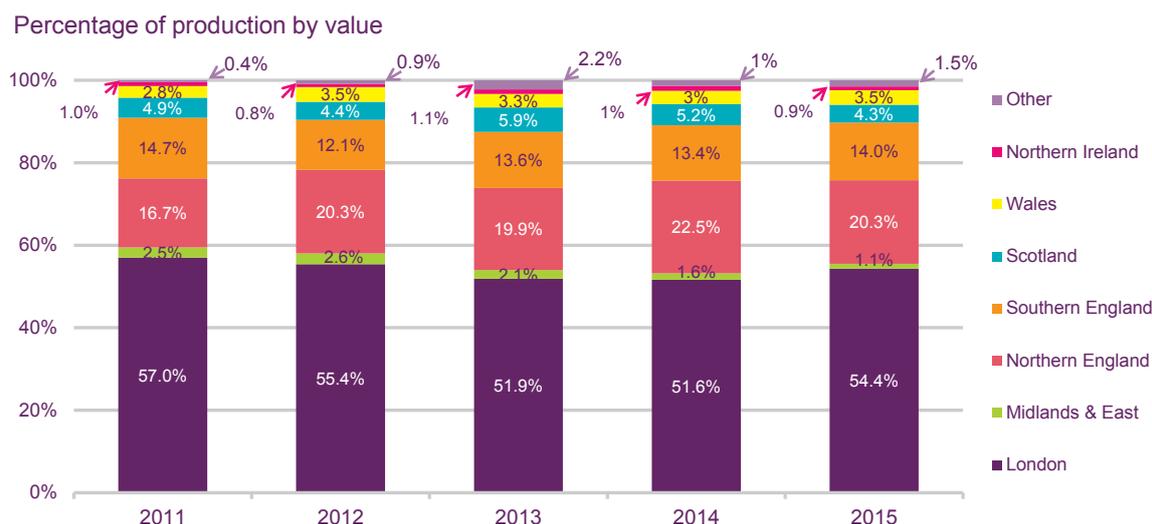
## 2.6 Network television productions made in Wales

Figure 2.20 and Figure 2.21 below illustrate the proportion of UK PSB network programmes that were produced in the nations and regions over the last five years, by expenditure and volume respectively.

In 2015 3.5% of network spend on original content, excluding news, was directed toward Wales, up from 3% in 2014. This returned 2.7% of all broadcast hours, also up from 1.8% in 2014. This indicates that the average cost per hour of production in Wales remained greater than the UK average.

As in previous years, the majority of spend was in London. 54.4% of spend on original content returned 50.8% of all network hours.

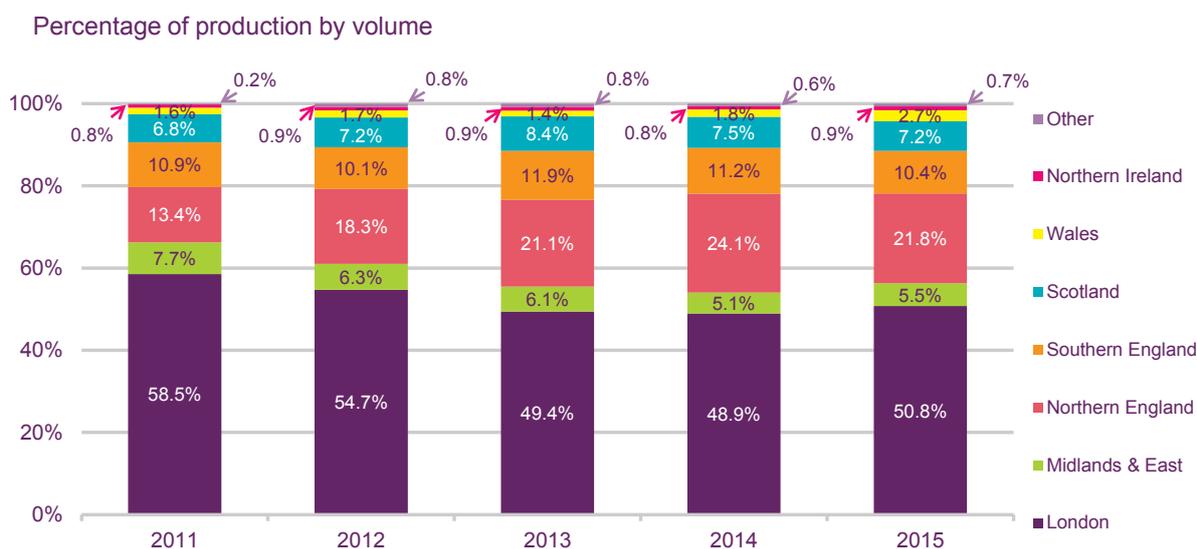
**Figure 2.20 Expenditure on originated network productions: 2011-2015**



Source: Ofcom/broadcasters

Note: This expenditure does not include network news production. The category 'other' refers to programmes made by producers based within the M25 which qualify as regional productions on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region, and therefore cannot be attributed to a single region. See [http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg\\_prod/](http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/) on Ofcom website for further details.

**Figure 2.21 Volume of originated network productions: 2011-2015**



Source: Ofcom/broadcasters

Note: These hours do not include network news production. The category 'other' refers to programmes made by producers based within the M25 which qualify as regional productions on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region, and therefore cannot be attributed to a single region. See [http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg\\_prod/](http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/) on Ofcom website for further details.