



**Oliver & Ohlbaum**

# **Regionality trends within the UK production sector**

**A report for Ofcom by Oliver & Ohlbaum  
Associates Ltd**

September 2018

## Executive Summary

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**This report studies recent production sector trends in the nations and regions through an analysis of PSB commissioning, both in terms of producer location and productions qualifying as ‘made outside London’**

### **UK production sector in the nations and regions**

- Network PSB commissions account for the majority of production spending in the nations and regions, although their ‘made outside London’ (MoL) originations spending has fallen very slightly over recent years
- Northern England is the most active region, with roughly £550m of originations spend in 2017. Southern England and Scotland are also key areas; though all are significantly smaller than the production industry in London

### **PSB commissioning outside London**

- Total PSB MoL originations volume has fallen slightly but the proportion of MoL hours made by external producers has increased from 38% in 2014 to 47% in 2017
- Over 60% of these external originations are produced by companies whose main office is in London, though many also have a secondary office in the nations and regions
- Sports MoL programming, which has typically covered sporting events outside the location of production, has diminished but still accounts for over one-quarter of PSB MoL originations in terms of volume
- BBC and ITV in-house MoL originations are predominantly focused in Northern England while Channel 4’s MoL commissions, mostly factual and entertainment programming, are spread more evenly across the different areas

### **Impact of previous broadcaster policies**

- The BBC relocation to Salford and changes to Channel 4’s nations quota have had a significant impact on overall spending, but have had a more subdued effect on the independent sector and audience perceptions

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2. UK production sector overview
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## Introduction

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**With regionality becoming an increasingly important topic in the TV industry, this report aims to provide some context to the discussions through an analysis of recent trends in the production sector**

- The regionality of the TV production and broadcasting sectors has become a key policy area, with multiple significant initiatives, ranging from the BBC's relocation to Salford to Ofcom quota changes and Channel 4's recent '4 All the UK' strategy announcement, recently aiming to improve the state of the industry outside of London
- Following on from our work on 'Trends in TV Production' in 2015, this report provides an analysis of recent trends in the production sector, with a particular focus on regionality, to provide some context for the consultation on regional TV production and future discussions in this area
- Our regional analysis is largely informed by an analysis of the PSB's original output covering the following topics:
  - The location of production companies – who are the PSBs commissioning programmes from?
  - The location of individual productions – where are PSB programmes being made?
  - The impact of recent broadcaster policies relating to regionality, namely the BBC's move to Salford and growth in Channel 4's out-of-England quotas

## Glossary

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- **External producers:** production companies not wholly owned by a broadcaster; for the purposes of this study of PSB output, this essentially covers all producers except for the in-house production arms of the BBC, ITV and Channel 5
- **Location of producer:** the location of the main office of a production company. If a company has multiple offices, we have used their main contact address as this is likely to be their main point of business and employment. If a directly sourced address cannot be found for a producer, we have instead used their registered office address
- **Broadcaster reported location:** the regional location where an individual strand was reportedly produced according to Ofcom's 'Made outside London' (MoL) criteria – the three criteria are based on the location of substantive production company bases, where the production budget is spent and where off-screen talent is hired from\*. Please note that this may be different than the actual physical location of a particular production. Our source for broadcaster reported location is Ofcom's 'Made Outside London programme titles register' which provides a regional location for all MoL PSB originations in a given year
- **Production groups:** companies which own multiple separate production companies; these are often large, global companies with interests across production, distribution and broadcasting. For one slide later on in this report, we have used the location of the head office of the group (defined as their international headquarters) for group-owned producers rather than the location of the individual producer

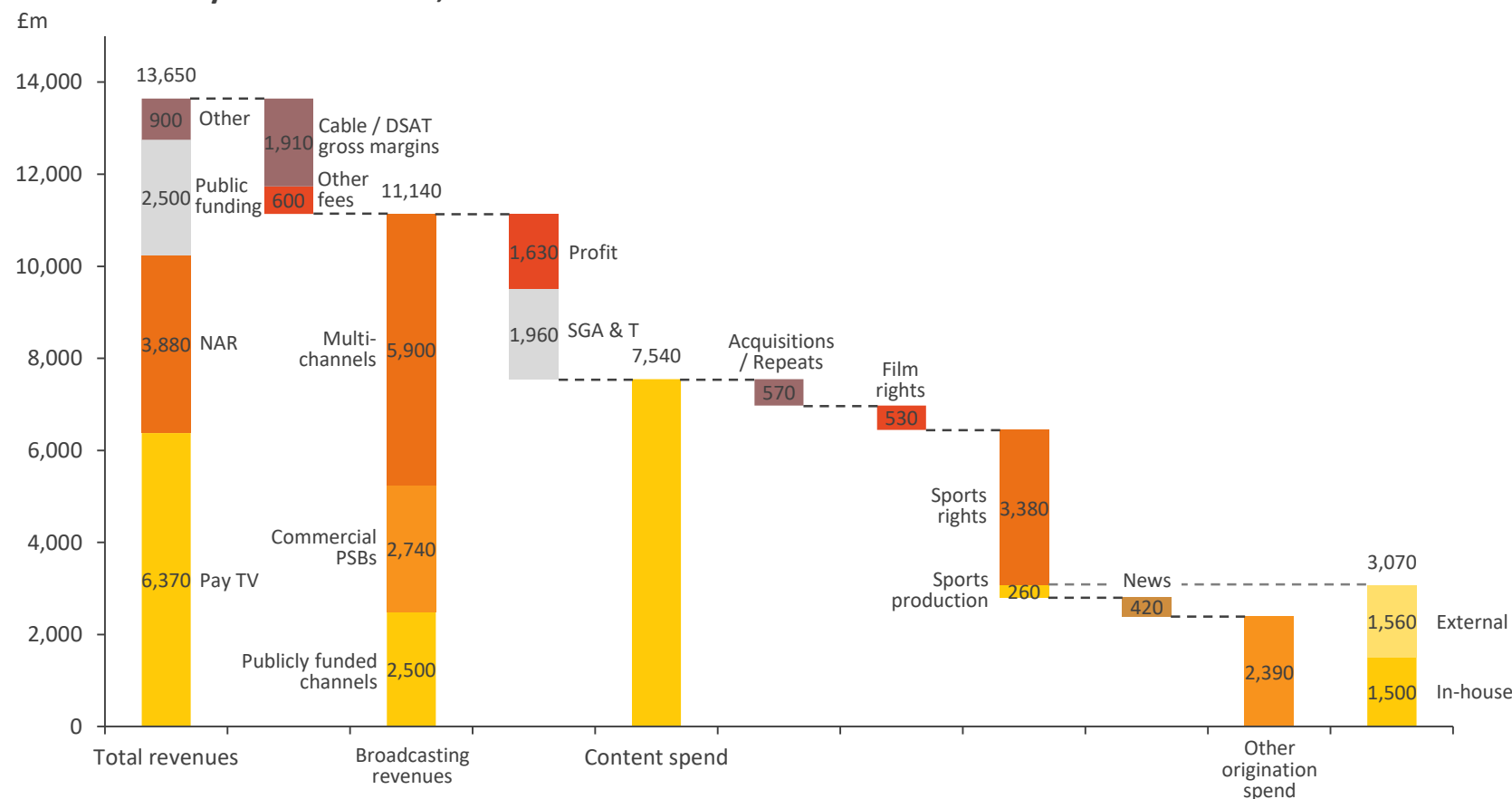
\* See Ofcom's 'Regional production and regional programme definitions' for more detail on MoL criteria and classifications

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# The UK TV industry generated over £13.6bn in 2017 from a variety of sources

Over half of UK TV revenues were reinvested into content in 2017, though a significant proportion of this was spent on sports rights

## UK TV industry's flow of funds, 2017



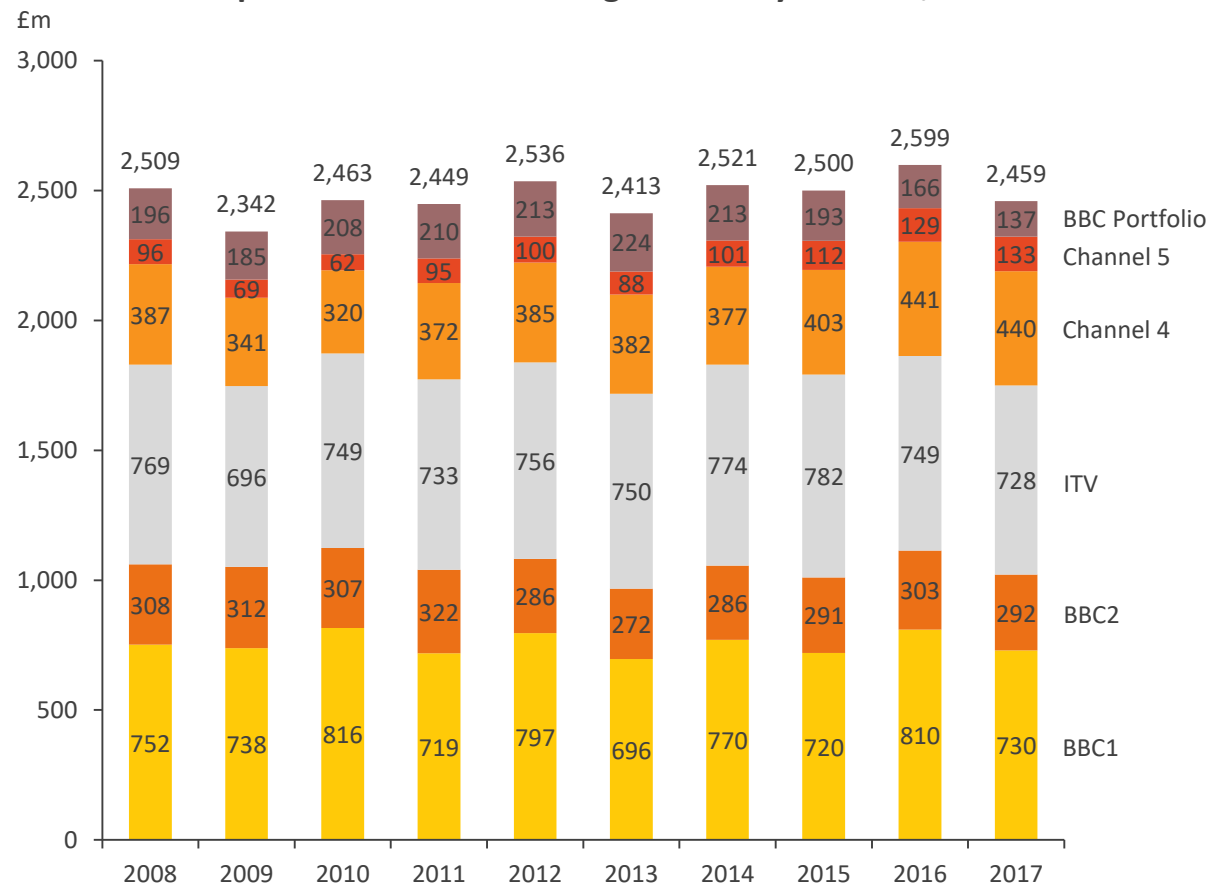
Note: "In-house" programming is commissioned from and produced by internal, broadcaster-owned production companies. "External" programming is produced by external, usually independent, production companies. Totals may not equal the sum of components due to rounding

Source: Ofcom, Broadcasters, Oliver & Ohlbaum analysis

## PSB spend on new originations has remained relatively constant

Though there has been a small increase since the downturn in 2009, spend on originations across the PSB channels has been consistent – this is matched by volume of originations which has also been very steady

PSB network spend on first-run UK originations by channel, 2008 - 2017



- Pressures on the licence fee have meant that BBC's spend on originations has remained flat. ITV's spend has also stayed broadly flat as it seeks to improve margins amidst shrinking viewership
- Channel 4 and Channel 5 spend has increased slightly recently, possibly buoyed by a healthy ad market (pre-referendum) and attempts to gain share
- The PSB channels generally account for at least two-thirds of total investment in UK production, with the remaining third coming from multichannels, international broadcasters and SVOD services

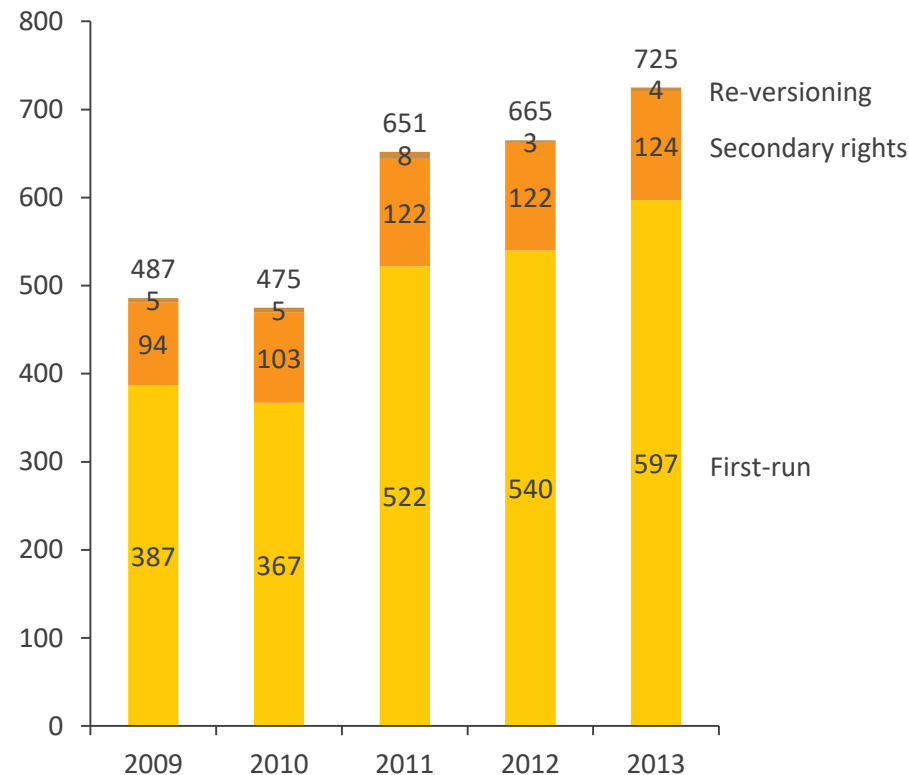


## However, original spending from multichannels has been rising rapidly

In contrast to the PSBs, the UK content spend of multichannel broadcasters has grown substantially in recent years; this has benefitted both the independent sector and producers owned by these broadcaster groups

### Total spend on UK content by COBA members – 2009 - 2013

£m



- COBA members, which include almost all of the major multichannel groups, have been rapidly increasing their spend on UK content, especially on first-run, original shows
- This has been driven by the proliferation of digital multichannels and the growing share of viewing that they attract
- Spend has continued to grow quickly in recent years too; spend on all network TV multichannel content\* has grown from £757m in 2014 to £1,176m in 2017 while independent producers have reported that their revenue from multichannel commissions has roughly doubled since 2010
- Similarly, the content spend of commercial PSB portfolio channels has grown from £269m to £344m over the same period

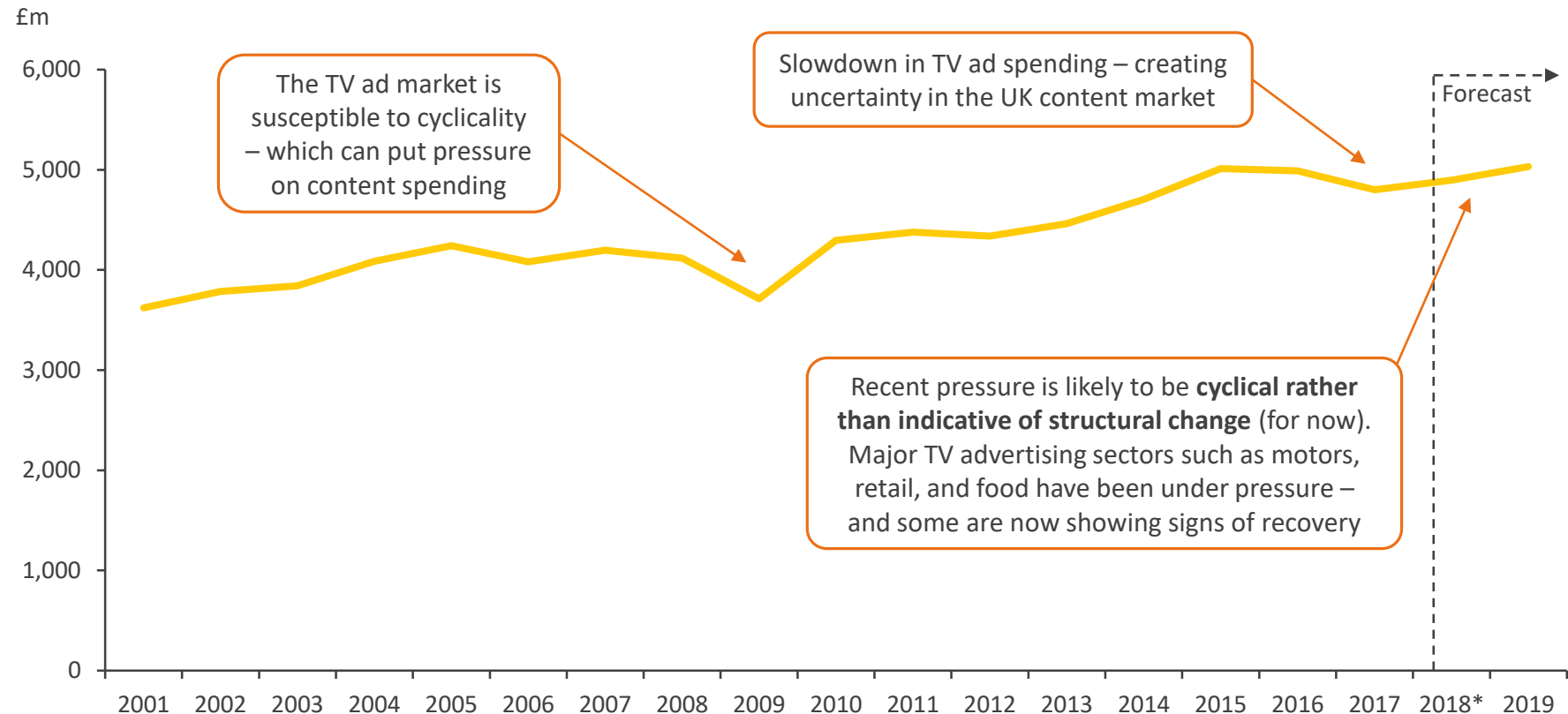
Note: \*excluding sports channels; this may also not be directly comparable to the chart above as the COBA census only covers COBA members, which broadcast the majority of, but not all, multichannels in the UK

Source: COBA 2014 Census, Ofcom CMR, Pact Census, Oliver & Ohlbaum analysis

## There is unlikely to be sustained downward pressure on commercial content spend

TV ad spending dropped in 2017, which could put pressure on content budgets of the commercial FTA broadcasters, however, there is evidence that current pressure is cyclical, rather than indicative of broader structural change

### UK TV advertising spending, spots and sponsorship, 2001 - 2019



Note: \*2018 is based on actuals for Q1 and forecasts for the remaining quarters

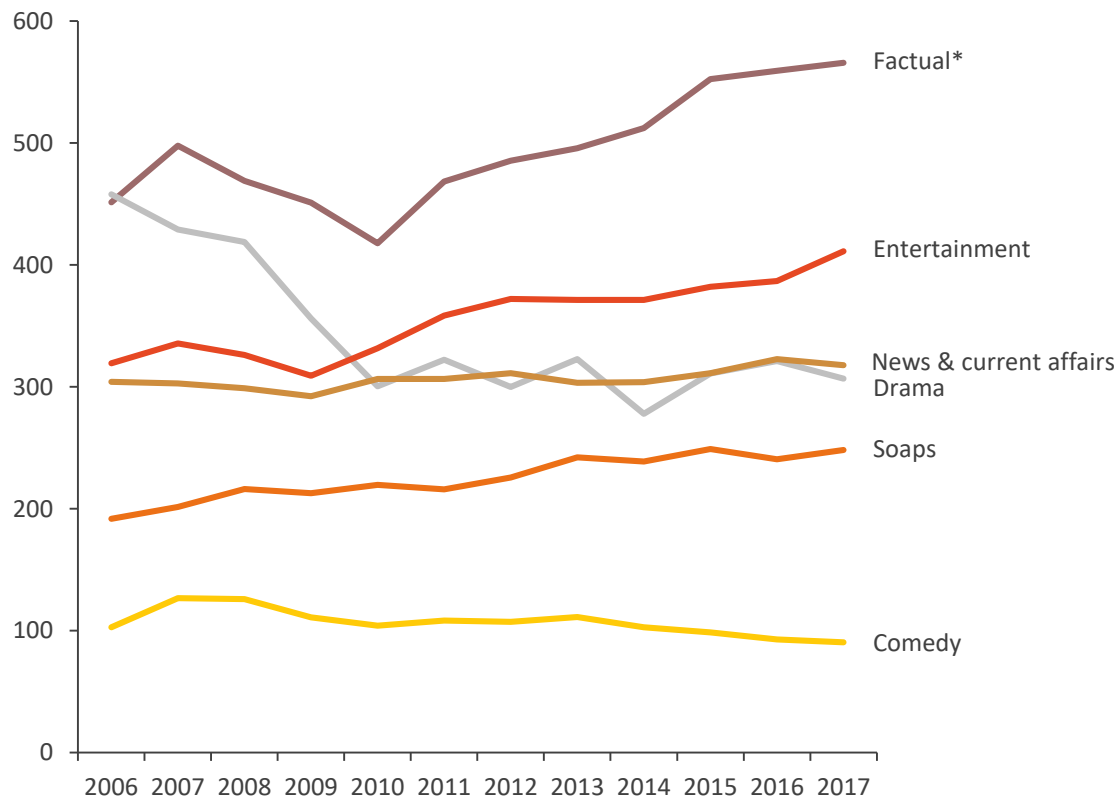
Source: AA/WARC, Oliver & Ohlbaum analysis

## PSBs are shifting spend slightly towards non-scripted programming

The major broadcasters are spending more on factual and entertainment programmes as these genres are often able to drive live viewing at a more efficient cost than drama

### PSB spend on first-run UK originations by genre, 2006 - 2017

£m; prices in nominal terms



- Spending on new factual programmes has grown much faster than other genres over the past decade. Spending on entertainment and soaps is also growing steadily
- Factual and Entertainment are expected to continue to thrive on TV in the future as they can drive live viewing and are a key differentiator from global on-demand services.
- In contrast, TV broadcasters will find it hard to compete with the drama investment of these services; though PSB drama spend has been relatively constant since a large drop pre-2011

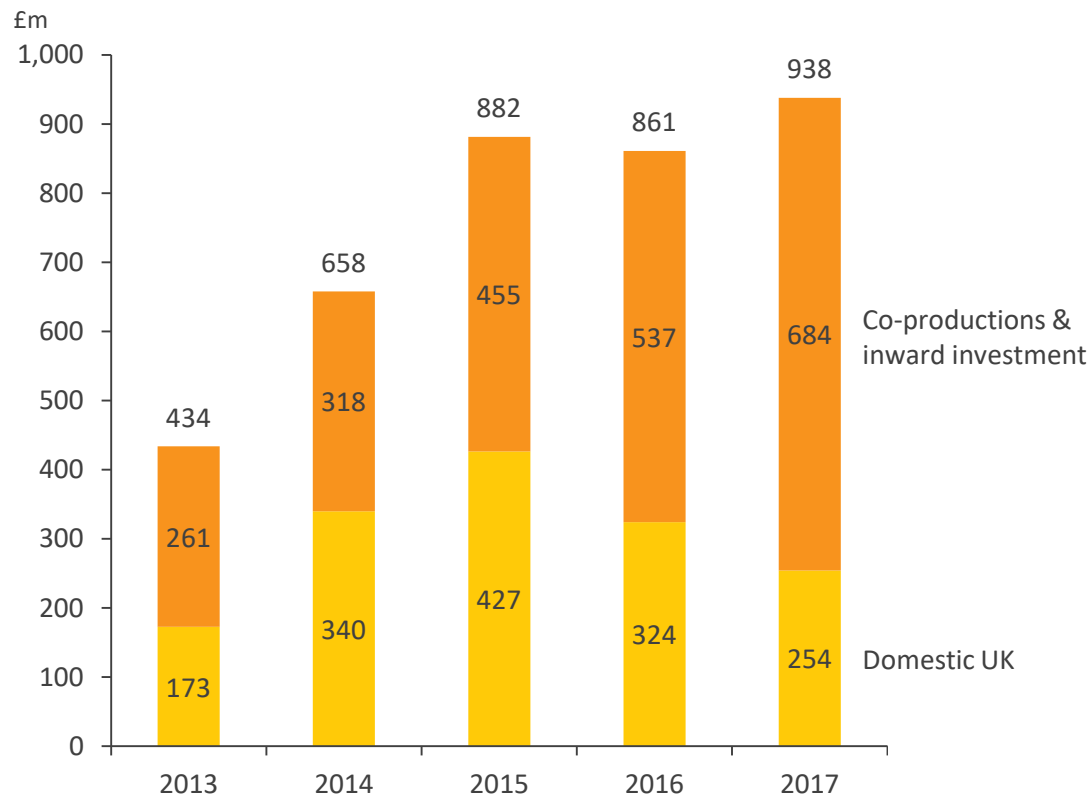
Note: \*includes Specialist Factual, General Factual and Factual Entertainment

Source: Ofcom PSB report, Broadcasters, Oliver & Ohlbaum analysis

## Spend on UK scripted has been supplemented by international commissions

The UK's high-end TV tax relief has attracted a growing amount of overseas investment into UK drama, helping to bolster stagnant PSB spend. The sector broadly expects UK tax reliefs to continue for the foreseeable future

### UK spend on high-end TV programmes produced in the UK



- UK high-end TV tax relief, up to 25% of UK spend on productions costing over £1m per broadcast hour, has attracted increasing investment from overseas
- Global SVOD services are some of the key commissioners, and their spend is rising as their scope and need for original content continues to grow
- Most of these high-end productions are premium scripted drama shows
- Though UK producers will be involved in some of the high-end inward investment projects, this spend will often be associated with or controlled by international companies producing parts of their show in the UK

Note: 'Domestic UK' – an indigenous UK production made by a UK production company and produced wholly or partly in the UK; 'Inward investment' – a production which is substantially financed and controlled from outside the UK. Total spend on HETV includes programmes commissioned, produced or co-produced by UK broadcasters, but also covers internationally-controlled productions (e.g. *Game of Thrones*, *Outlander*, *Krypton*)

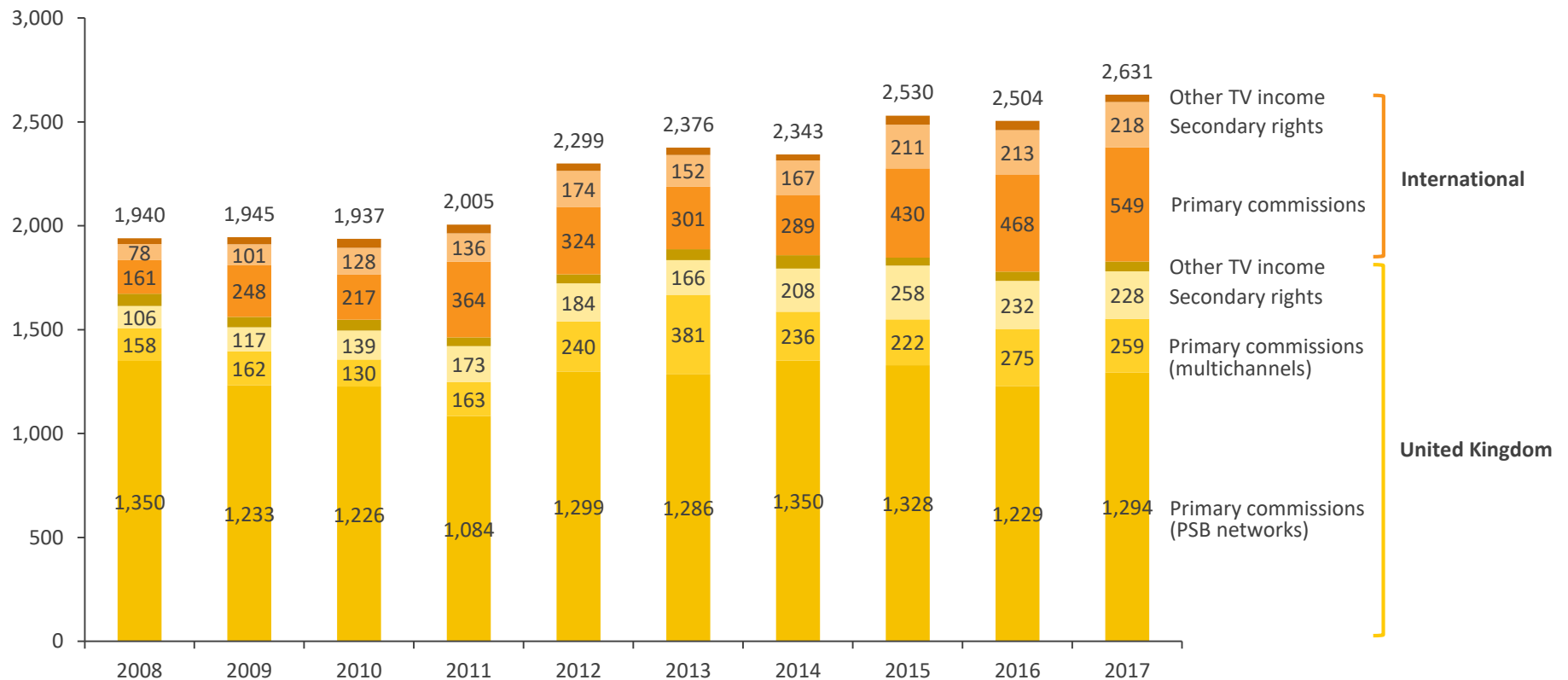
Source: BFI, Oliver & Ohlbaum analysis

## Rising external producer revenues have been driven by international sources

The external production sector has grown over the last decade, primarily driven by international spending. Revenues have also been strengthened by Terms of Trade which allow for retention and exploitation of rights, esp. abroad

### UK production company TV revenues (excluding those wholly owned by PSBs), by type and source

£ million



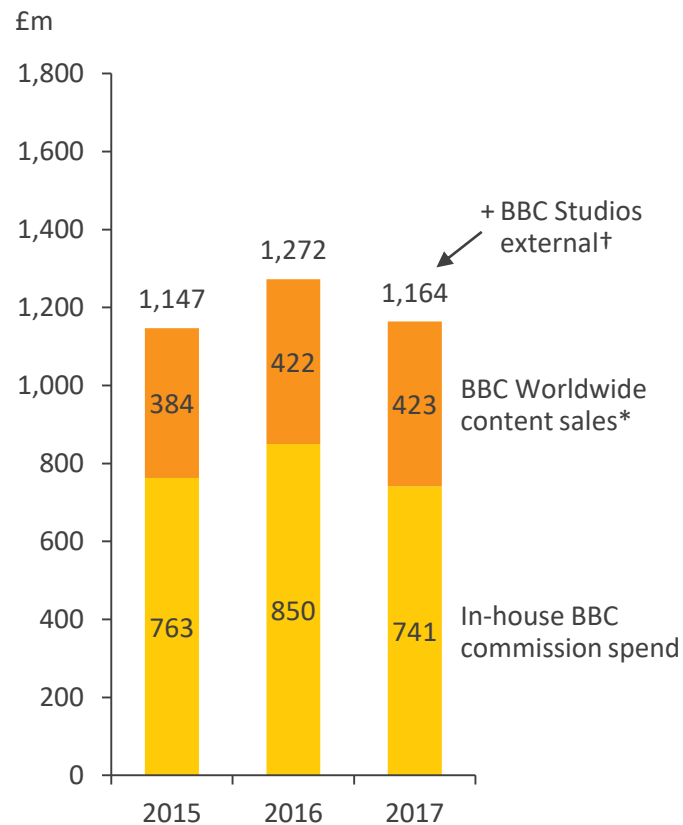
Note: 'Primary commissions' revenue is generated by the sale of primary rights of a new production to the associated commissioner. International commissions usually come from major overseas broadcasters or global SVOD services. International 'Secondary rights' are largely derived from international sales of finished programmes and international format sales. 'Other income' includes pre-production and revenues not attributable to other categories.

Source: Pact UK Television Production Census 2017, Oliver & Ohlbaum analysis

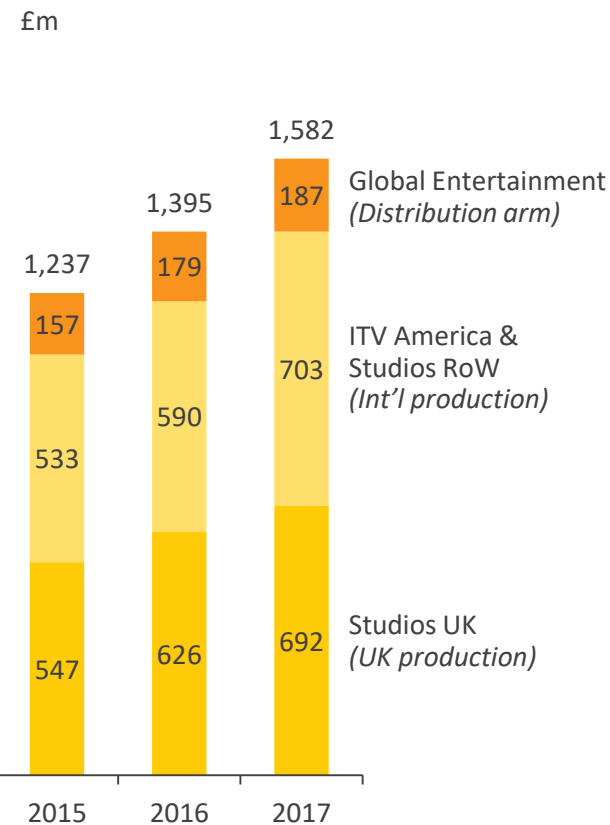
## The BBC's and ITV's production and distribution arms are also performing well

BBC's and ITV's distribution arms have been growing recently, likely due to the emergence and growth of SVOD services. The UK production sector, covering both in-house and external, generates about £5bn of revenue per year

### BBC TV production and rights revenue



### ITV Studios revenue



- Both the BBC's and ITV's TV production businesses are growing; though ITV's growth has been boosted significantly by acquisitions

*We estimate that acquisitions accounted for over £200m of growth between 2015 and 2017*

- Distribution revenue has risen in both cases, likely due to the growing spend and competition among SVOD services
- Combined with the external sector, UK producers generate about £5bn of revenue per year

Note: \* 'BBC Worldwide content sales' are stated for financial years 2015/16, 2016/17, 2017/18 finishing at the end of March

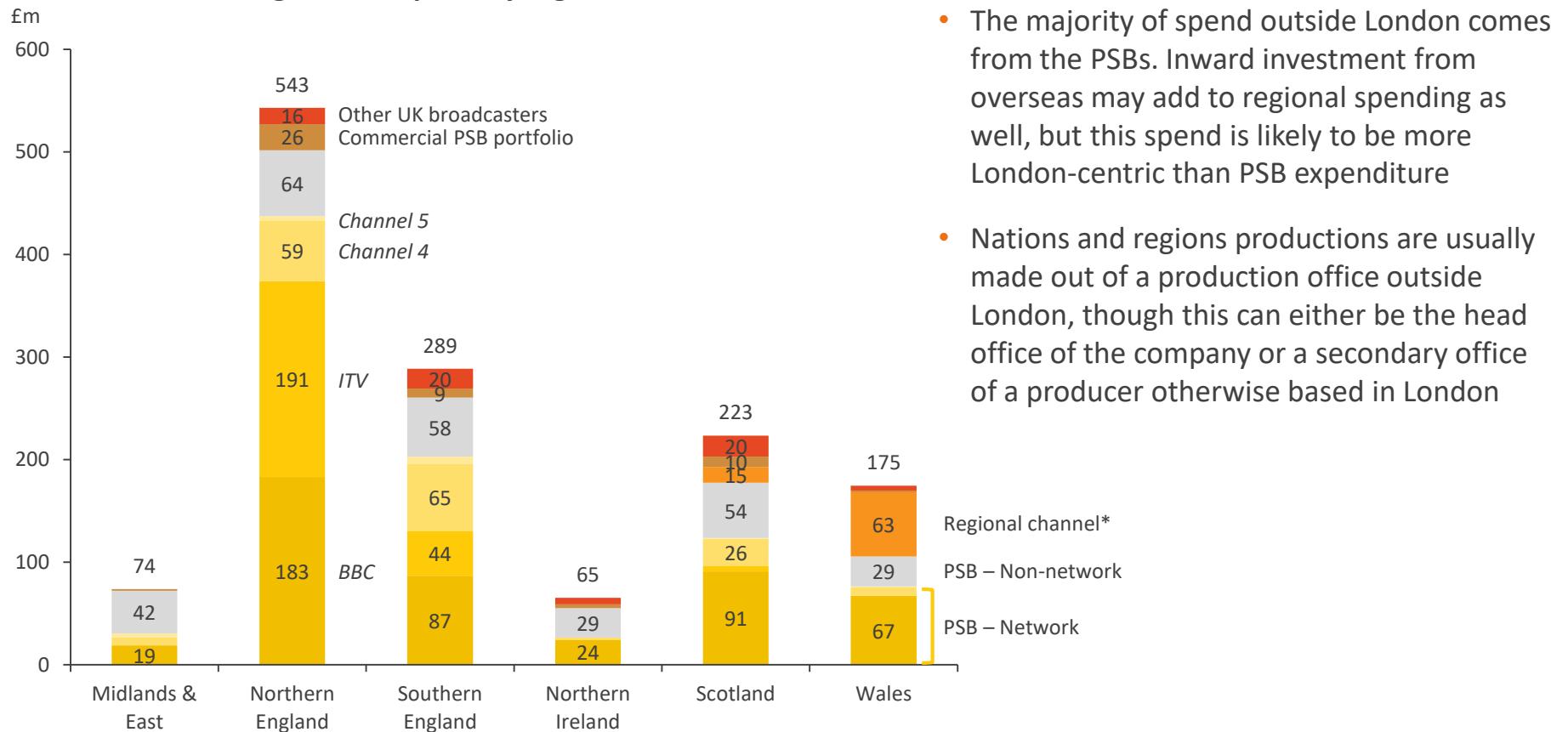
† BBC Studios also competes for external commissions though this activity was relatively limited in 2017, its first year as a commercial entity

Source: BBC Worldwide Annual Report, ITV Annual Report, Ofcom PSB Annual Report, Oliver & Ohlbaum analysis

## Production activity in the nations and regions is primarily driven by the PSBs

The production sector in Northern England (which includes major BBC and ITV in-house production units) is the most active nations and regions area, though it is still smaller than London where roughly £2 billion is spent per year

### Estimated UK TV originations spend by region, 2017



Note: \*includes BBC Alba and S4C. PSB non-network programming is nations' and regions' programming that is shown only in specific areas of the UK – the majority of non-network programming in the English regions is local news and current affairs content, accounting for over 98% of spend

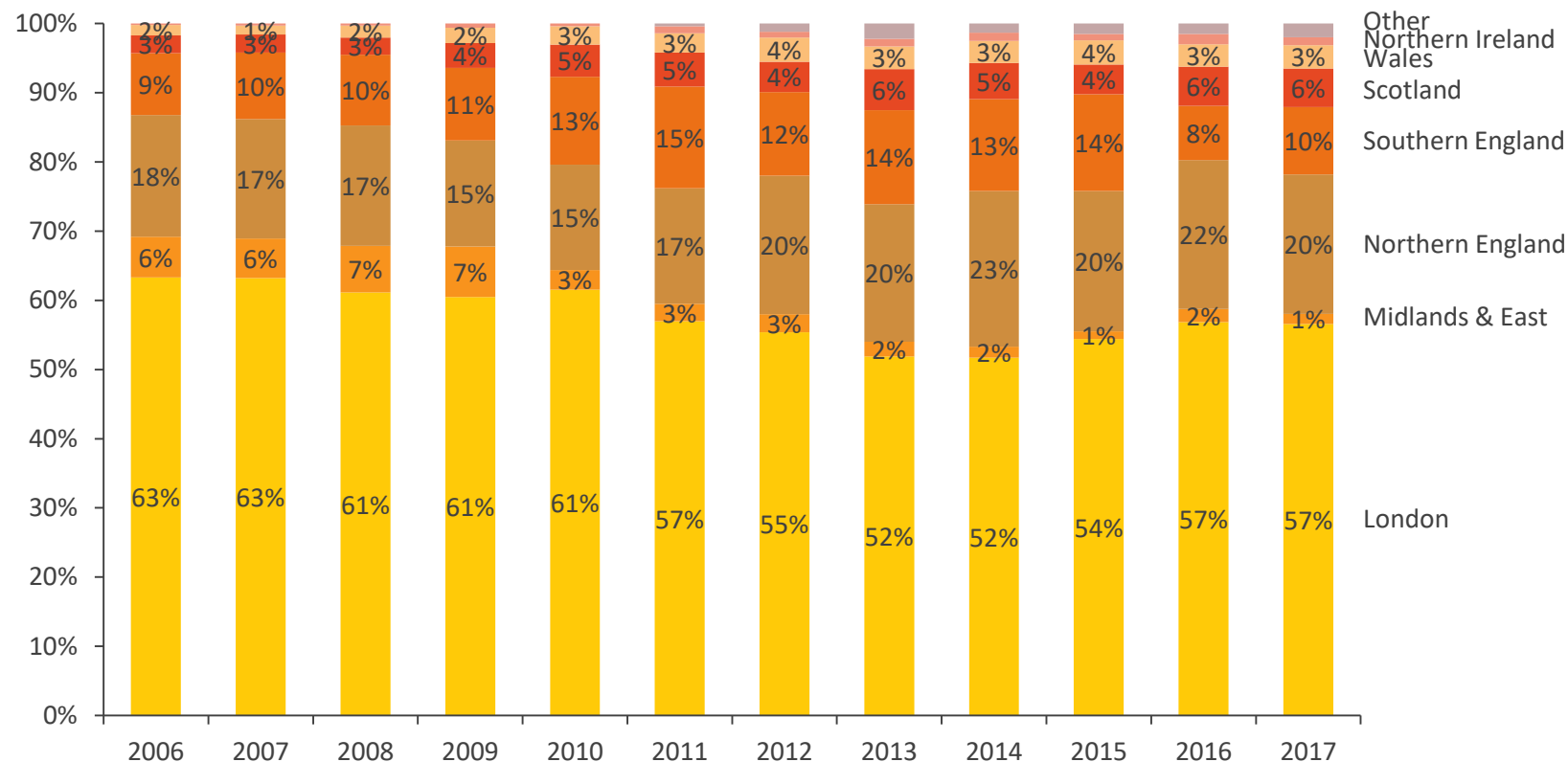
Source: Ofcom Media Nations Report, Pact UK Television Production Census 2017, Oliver & Ohlbaum analysis

## PSB spending outside of London has dropped after a long period of growth

Made-outside-London (MoL) PSB spending has been falling since 2014, having grown consistently before that, partly driven by a drop in the amount of sports output being made outside London. Northern England, boosted by the BBC Salford move, and Scotland have seen the most growth while spend in Southern England fell significantly in 2016

### PSB spend on first-run, network originations by region of production

% of qualifying spend



Note: Qualifying spend excludes national news and sports rights (we estimate that total PSB qualifying spend has been relatively consistent at just under £2 billion, in nominal prices, over the past decade). Regions allocated based on Ofcom criteria

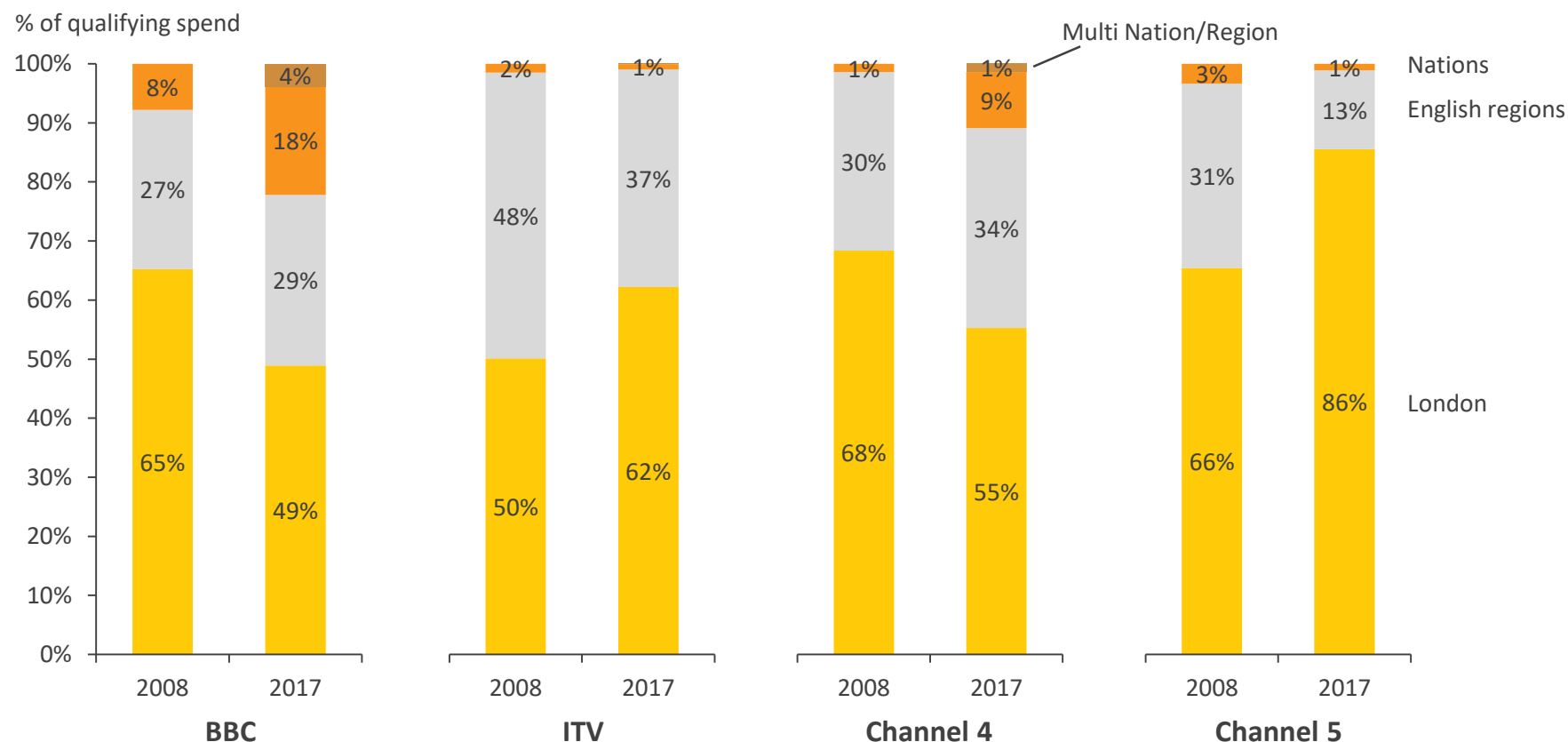
Source: Ofcom PSB Annual Compliance Report, Ofcom PSB Annual Report, Oliver & Ohlbaum analysis



## BBC and Channel 4 MoL spend has grown, in contrast to the other PSBs

Increases to BBC and Channel 4 MoL spend has been driven by growing quotas and office relocations – this trend is likely to continue with Channel 4 increasing their regional presence and the BBC responding to new Ofcom quotas. Channel 5's MoL spend has gradually declined; their extra investment in originations has mostly stayed within London

### Spend on network originations (exc. News) by region and broadcaster; 2008 vs 2017



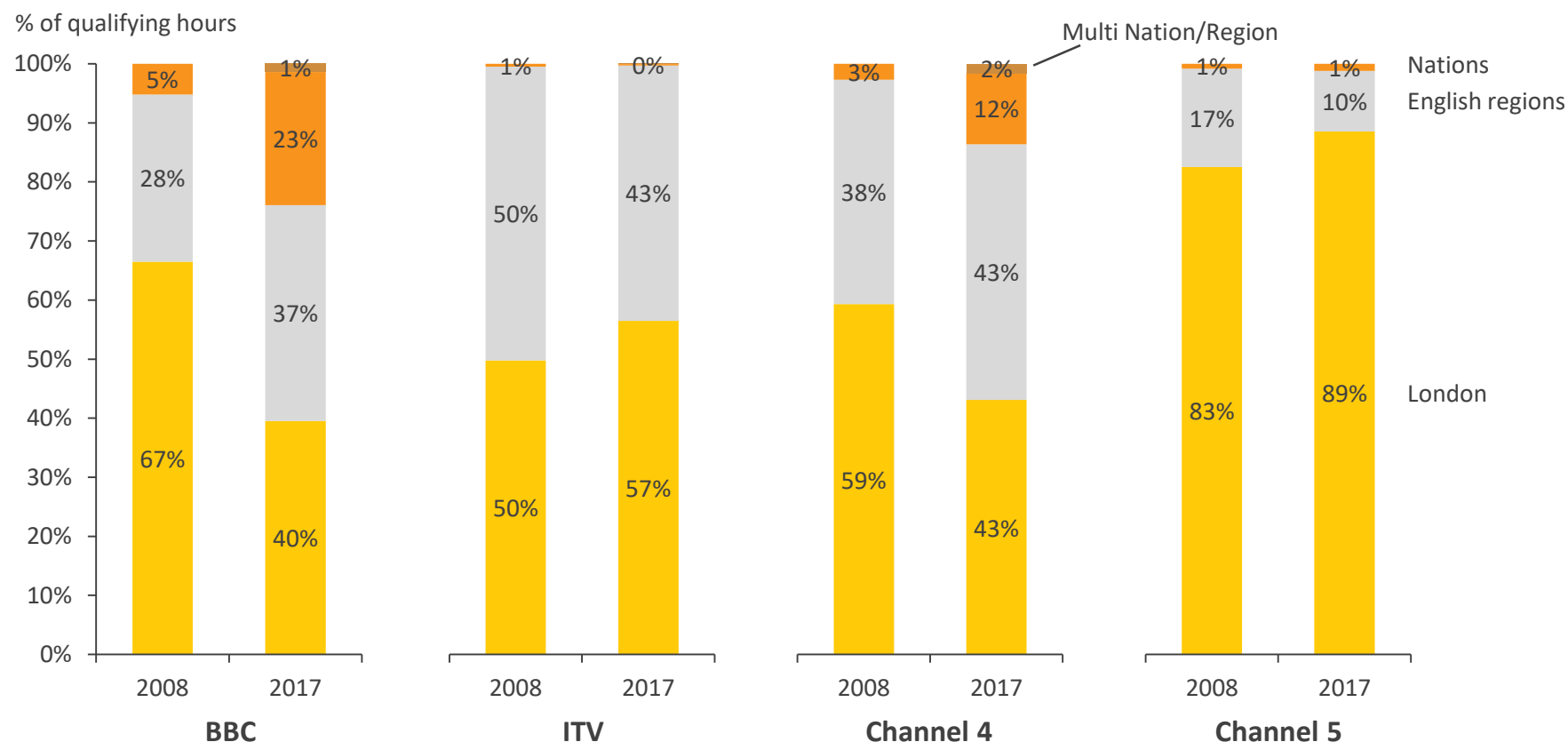
Note: 'Multi Nation/Region' are productions deemed to have been made out-of-London but did not meet Ofcom's criteria in any one nation/region

Source: Ofcom PSB Annual Compliance Report, Oliver & Ohlbaum analysis

## Similarly, BBC and Channel 4 also have the highest shares of out-of-London hours

The share of hours being made outside London is larger than share of spend on the BBC and Channel 4 suggesting that their out-of-London strands are predominantly lower value, higher volume productions - this seems to be a recent trend for the BBC. In contrast, ITV and Channel 5 shares of spend and hours are much closer

### Hours of network originations (exc. News) by region and broadcaster; 2008 vs 2017



Note: 'Multi Nation/Region' are productions deemed to have been made out-of-London but did not meet Ofcom's criteria in any one nation/region

Source: Ofcom PSB Annual Compliance Report, Oliver & Ohlbaum analysis

## The production sector is dominated by companies primarily based in London

Producers with their primary base in London account for almost 90% of independent sector turnover. The total revenues of nations and regions producers are broadly growing, from £241m in 2015 to £269m in 2017, but a diminishing share is coming from indigenous out-of-London companies

### Independent TV production sector revenues by location of producer

% of market revenue



- Nearly 90% of independent sector revenues are generated by producers who are primarily based in London

- The *Broadcast Indie Survey* reported regional revenues, from indies based outside London, of £269m for 2017; though only 27% of this (and thus only 3% of total sector revenues) came from standalone, qualifying indies
- This is a symptom of consolidation in the sector, both in terms of large production groups and broadcaster ownership (50% of regional companies in the latest *Broadcast Indie Survey* are non-qualifying indies, up from 0% in 2014)

Note: Analysis only covers the companies that completed the *Broadcast Indie Survey* in that year

Source: *Broadcast Indie Survey*, Oliver & Ohlbaum analysis

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## Regional analysis by location of producer

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**This first section of our regional analysis is based on the location of the main office of each producer; though this is not comparable to PSB licence requirements, it provides good insight into the regionality of the production industry**

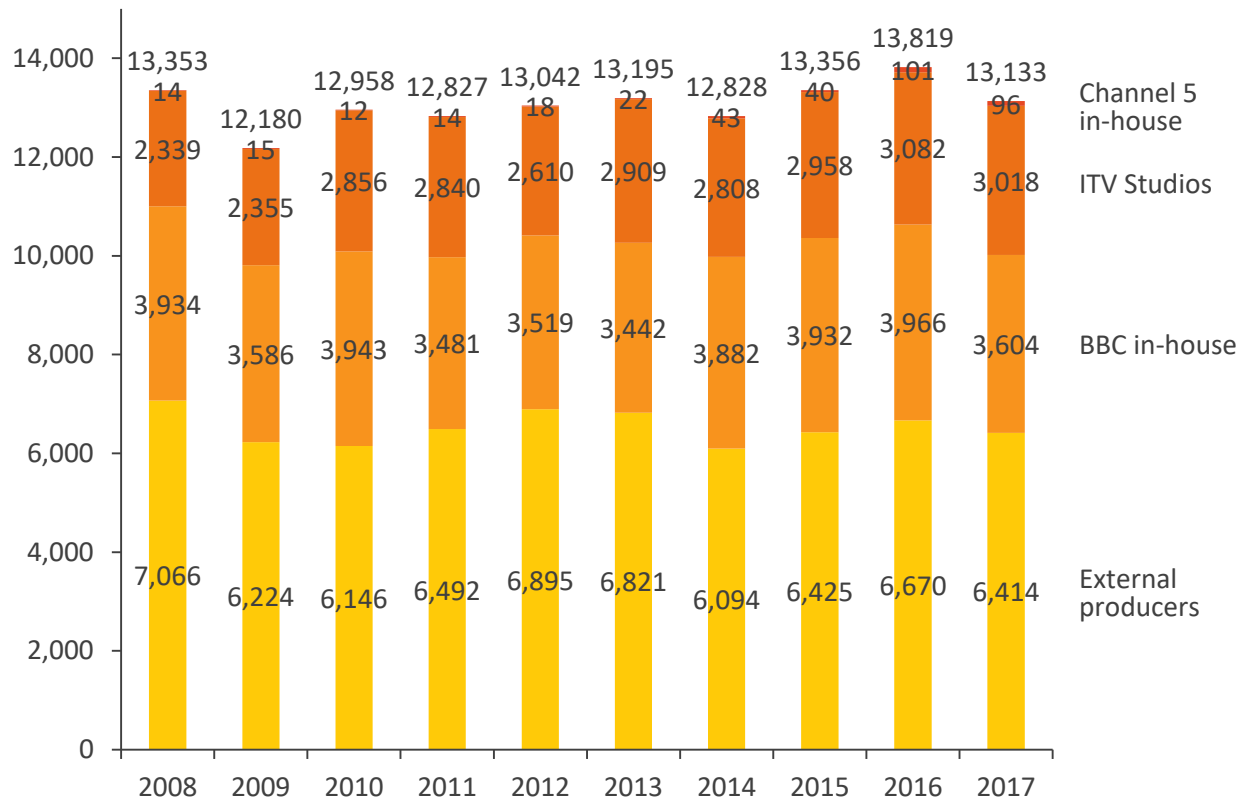
- In order to analyse the regionality of PSB output, we have coded our Producer Programme database (which covers BBC1, BBC2, ITV1, Channel 4 and Channel 5) against a list of main office locations for each producer and Ofcom's 'Made Outside London programme titles register'. This first section of our regional analysis is based on the former
- In this section, regions are based on ITV regions and the main location base of the production company at an individual company level (with one exception later on where we use the location of the production group's head office instead for those companies in a large production group). Production companies in our database are based on the credited producer for each programme, we have coded the location of distinct production units (e.g. *RDF West*, rather than *RDF*) separately when they have been credited
- This analysis of production base location does not necessarily reflect location of actual production so it is not comparable with Ofcom's PSB licence requirements. We also only focus on external producers (i.e. excluding all output produced by the BBC's, ITV's and Channel 5's production arms) as the main base of large in-house producers with offices across the country can be difficult to define
- However, analysis of producer location offers useful insight into the composition of the production industry and the PSB's activity with regionally-based producers – something which is difficult to glean from Ofcom's compliance reporting which includes regional productions from London-based producers

## External producers deliver over a half of original PSB output

The volume of first-run, original hours on the five main PSB channels has remained relatively consistent. External producers, our focus for 'location of producer' analysis, have delivered a relatively consistent number of hours

### Volume of PSB network originations by type of producer – 2008 - 2017

Number of first-run hours



- The levels of in-house and external production on the five main PSB channels has been consistent over the past decade though ITV Studios output has grown, driven by acquisitions
- The following section of our analysis, on the location of producers, focuses on external production as the main base of a large in-house producer with offices across the country can be difficult to define

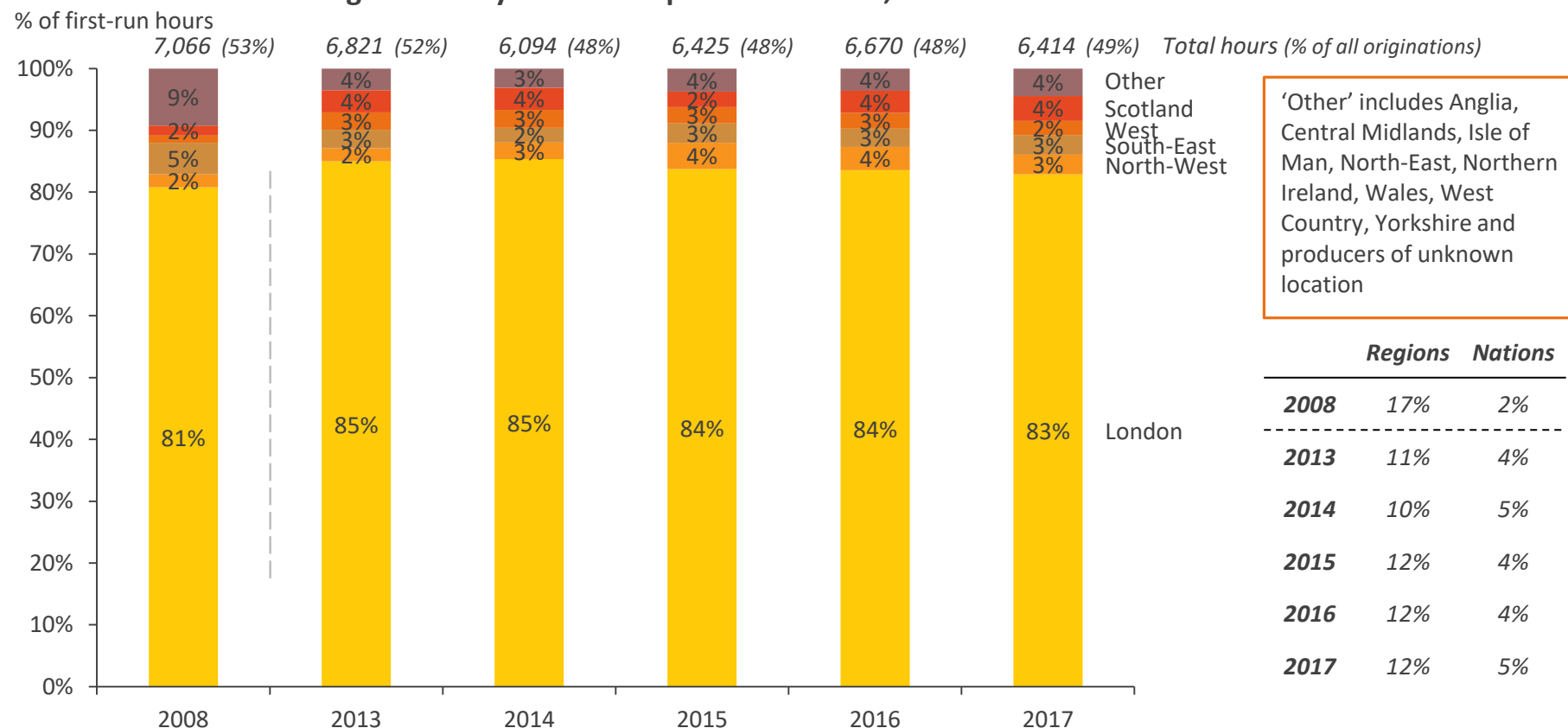
Note: Excludes News and Other programming, as defined by Ofcom

Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations by location of producer

The majority of external PSB originations are produced by London-based producers. The level of regional activity has increased slightly over recent years; the North-West, South-East, West and Scotland are the most prominent regions

### External PSB network originations by location of producer – 2008, 2013 - 2017



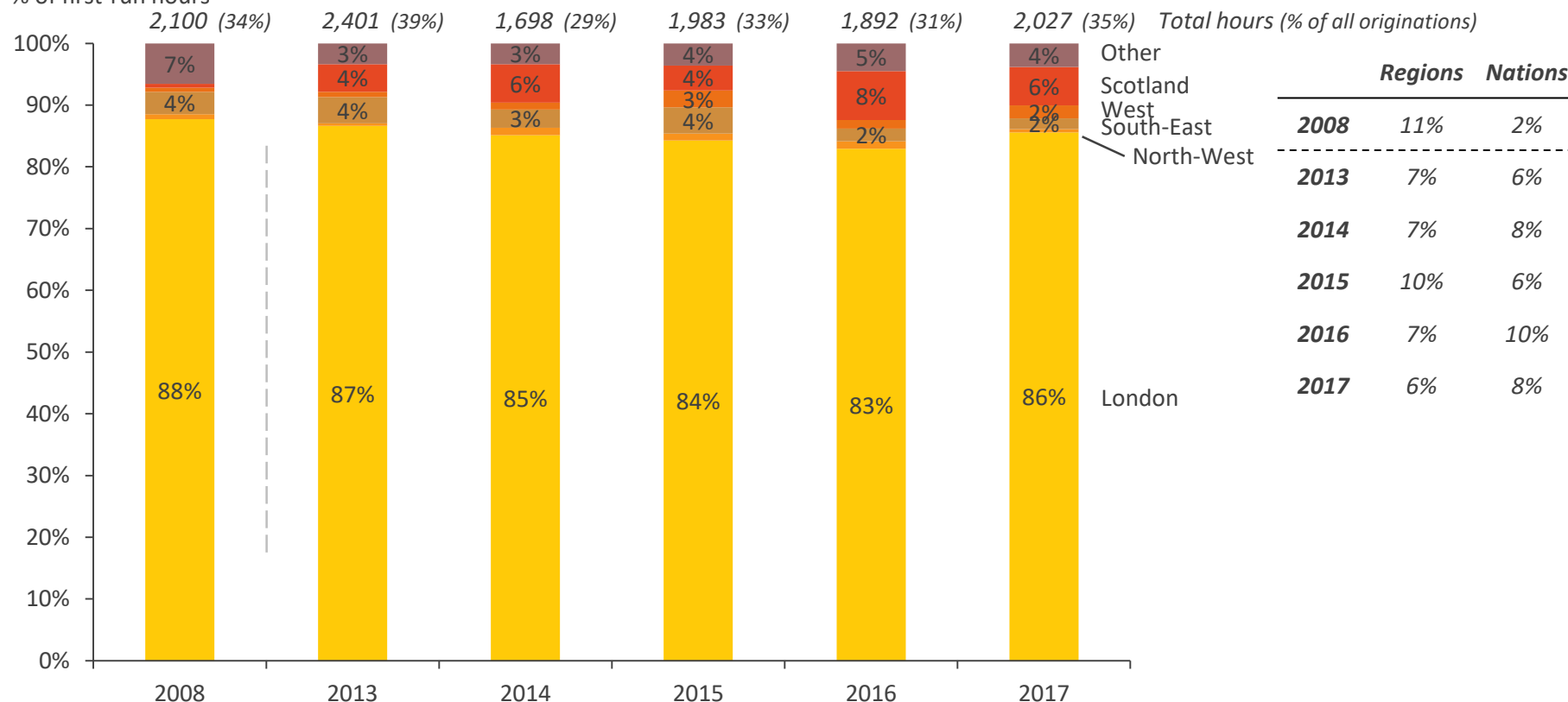
Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded  
Based on main location of credited producer, this is not directly comparable to the substantive base criteria in Ofcom's compliance reporting  
Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations by location of producer – BBC1 & BBC2

The BBC's share of originations coming from regional producers has increased steadily in recent years, though there was a slight reversion in 2017 partly due to the loss of a few daytime strands previously made in Scotland; despite this, there has also been an overall shift from South-East to Scotland-based producers

### External PSB network originations by location of producer – BBC – 2008, 2013 - 2017

% of first-run hours



Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded  
Based on main location of credited producer, this is not directly comparable to the substantive base criteria in Ofcom's compliance reporting  
Source: Attentional, BARB, Oliver & Ohlbaum analysis

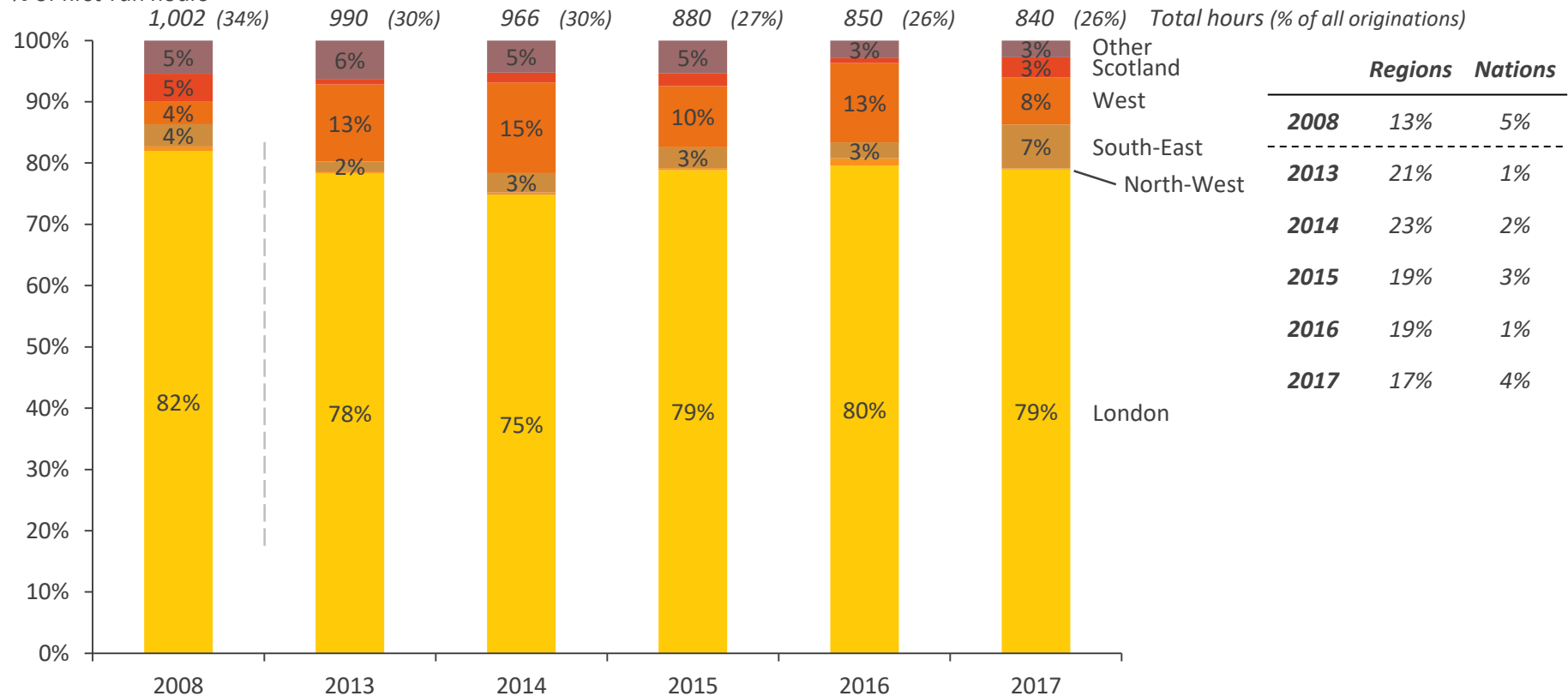


## Regionality of external PSB originations by location of producer – ITV

ITV has a slightly higher share of external originations coming from regional producers compared to the BBC; in ITV's case most of this comes from the West, largely due to *Dickinson's Real Deal*, and also the South-East in 2017, boosted by James Martin-fronted programmes such as *Saturday Morning with James Martin*

### External PSB network originations by location of producer – ITV – 2008, 2013 - 2017

% of first-run hours



Note: Excludes programmes made by in-house producers. All News and Other programming are also excluded

Based on main location of credited producer, this is not directly comparable to the substantive base criteria in Ofcom's compliance reporting

Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations by location of producer – Channel 4

An increasing share of Channel 4 originations are coming from regional producers; Channel 4 now has the largest share of out-of-London originations among the PSBs. Almost all of the North-West output is associated with *Hollyoaks* while most other important regionally-sourced strands are property/lifestyle factual shows

### External PSB network originations by location of producer – Channel 4 – 2008, 2013 - 2017



Note: Excludes programmes made by in-house producers. All News and Other programming are also excluded

Based on main location of credited producer, this is not directly comparable to the substantive base criteria in Ofcom's compliance reporting

Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations by location of producer – Channel 5

Channel 5 has the largest share of originations coming from London-based producers, the share had levelled off in recent years but jumped up again in 2017. Regional production has decreased significantly since 2008 as 'Trisha', previously produced in Anglia, is no longer being commissioned

### External PSB network originations by location of producer – Channel 5 – 2008, 2013 - 2017



Note: Excludes programmes made by in-house producers. All News and Other programming are also excluded

Based on main location of credited producer, this is not directly comparable to the substantive base criteria in Ofcom's compliance reporting

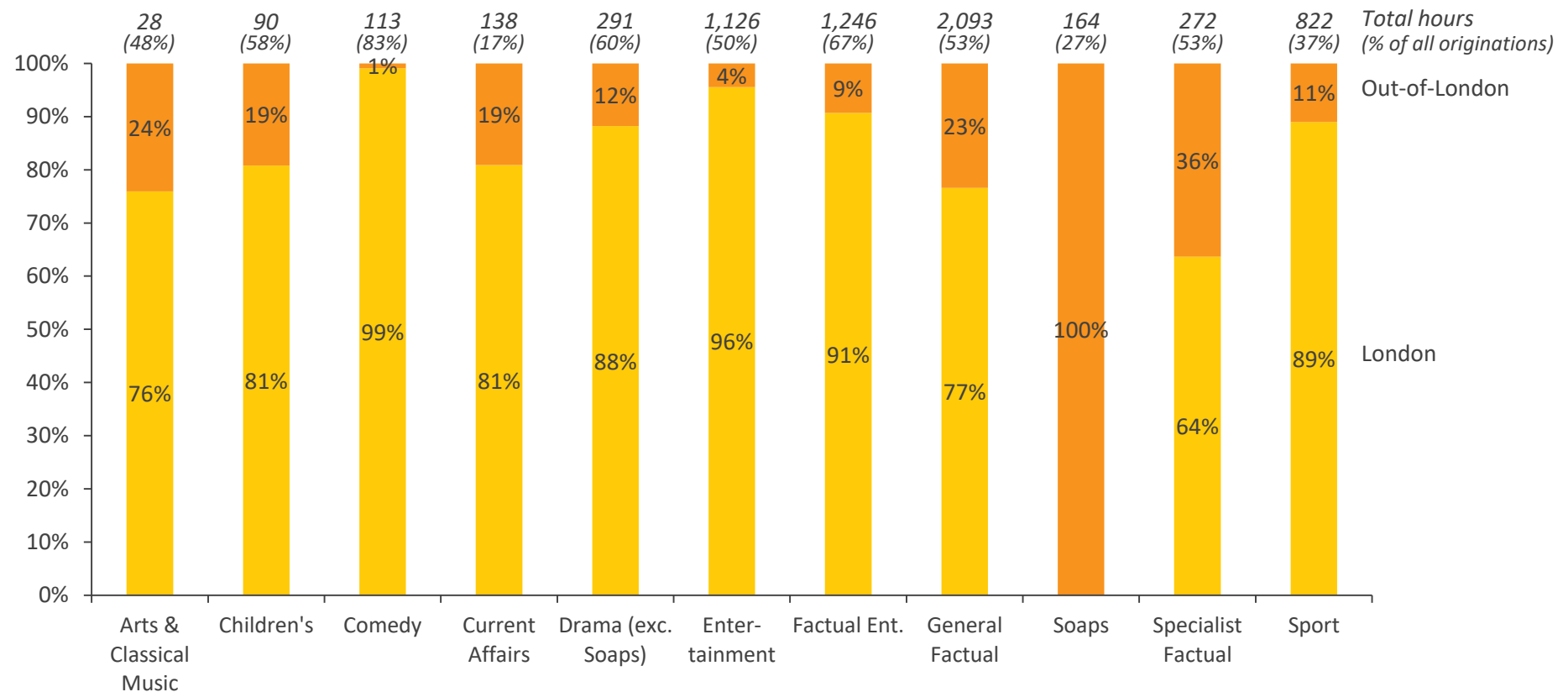
Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations by location of producer and genre

A high level of Entertainment and Comedy originations were made by London-based producers in 2016, likely partly because these genres require studio facilities. Factual genres tend to have the highest shares of regional production

### External PSB network originations by location of producer and genre – 2017

% of first-run hours



Note: Excludes BBC portfolio channels and programmes made by in-house producers

100% of soaps were made by producers based out-of-London as *Hollyoaks*, made by Lime Pictures, was the only externally-produced soap

Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Number of active external producers in 2016 across the five main channels

The number of producers making programmes for the PSBs has grown recently after hitting a low point in 2014; this growth has come relatively equally from both in and out of London

### Number of active production companies by region – 2008, 2013 - 2017

	2008	2013	2014	2015	2016	2017	*
Anglia	7	2	1	3	4	2	▼
Central Midlands	6	2	2	3	4	2	▼
Isle of Man	1	0	0	0	0	0	▼
London	223	211	177	174	195	208	—
North East	6	1	3	2	2	2	▼
North West	9	7	12	8	8	8	—
Northern Ireland	5	2	6	7	7	6	—
Scotland	8	12	12	9	16	20	▲
South East	32	26	25	26	21	23	▼
Wales	7	12	11	10	10	13	▲
West	19	19	13	16	14	14	▼
West Country	3	3	2	1	3	3	—
Yorkshire	7	6	3	4	5	6	—
Unknown	22	15	15	20	15	21	—
<b>Total</b>	<b>355</b>	<b>318</b>	<b>282</b>	<b>283</b>	<b>304</b>	<b>328</b>	—

In this table, an active producer is one which has produced any first-run, original content broadcast on the five main PSB channels in that calendar year

The internal production arms of BBC, ITV and Channel 5 have been excluded from this analysis

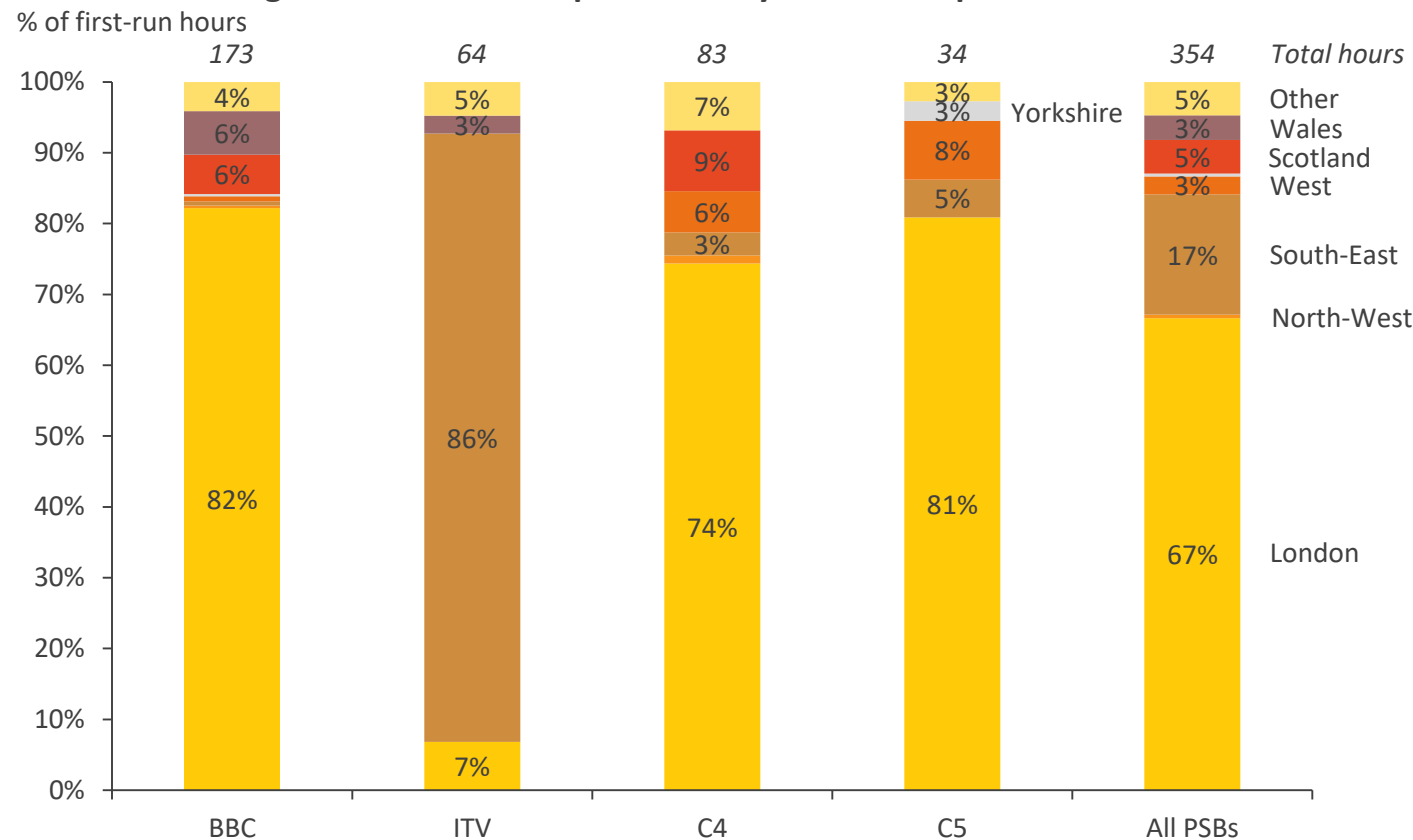
Note: \*Arrow shown if change between 2008 and 2017 was greater than 20%. Large production groups are only counted once in each region in which they are active. Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded.

Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations from new producers

In 2017, PSB originations from new producers came from a range of regions, however these shares are highly variable and often reliant on only a few strands due to the low number of new producers. For example, almost all of ITV's original output from new producers came from James Martin-fronted shows produced by *Blue Marlin* in 2017

### PSB network originations from new producers by location of producer – 2017



We have classified 'new producers' as those who produced an original show on any of the five main channels for the first time in 2017

Some of these numbers have changed a lot since 2014, when it was last measured in 'Trends in TV Production', due to the low number of original hours being commissioned from new external producers

Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded  
 'Other' includes Anglia, Central Midlands, Isle of Man, North-East, West Country, Northern Ireland and companies of unknown location

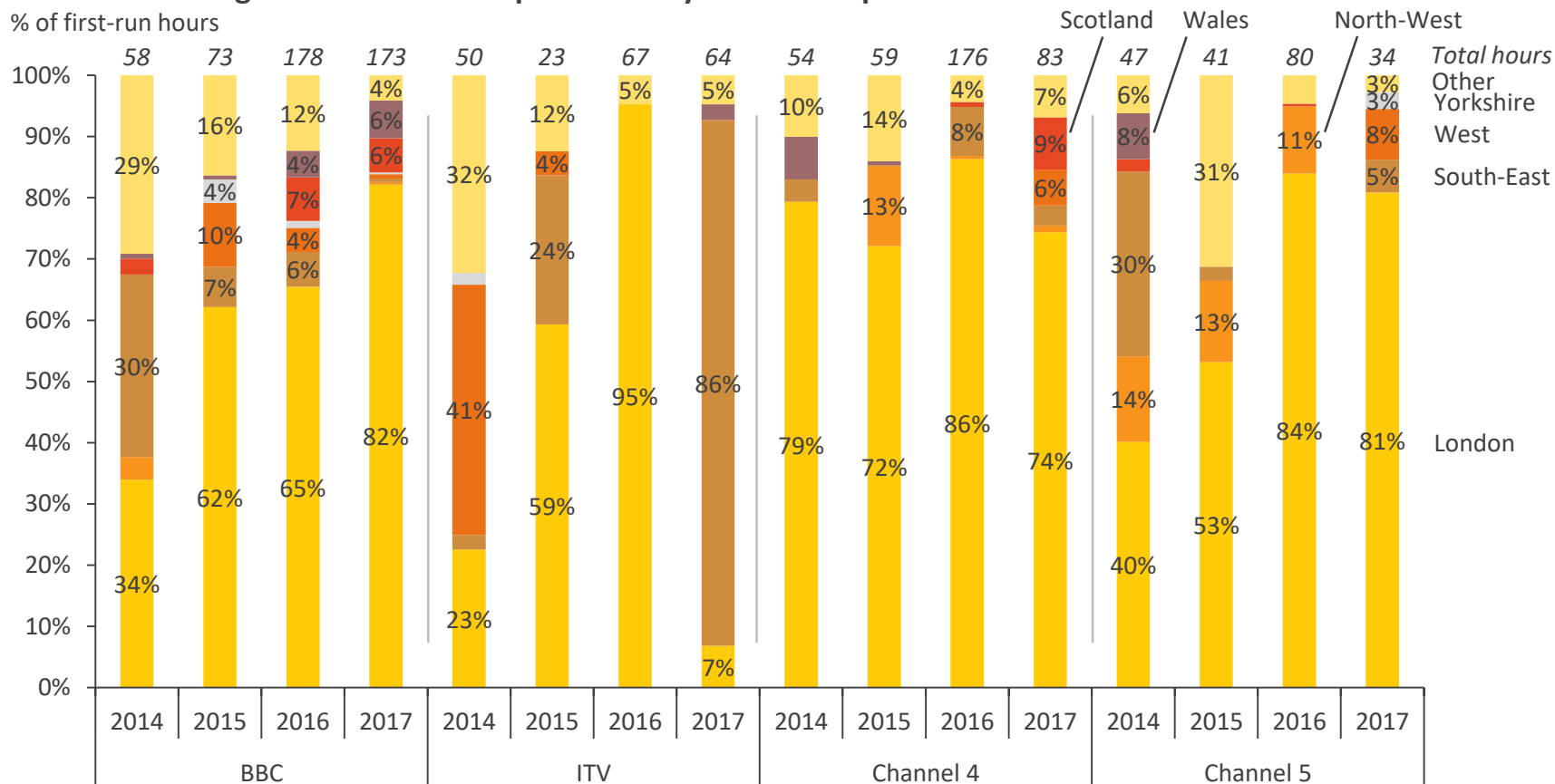
Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regionality of external PSB originations from new producers over time

ITV and Channel 5 broadcast fewer original hours from new producers than the BBC and Channel 4, as such their out-of-London share and regional breakdown is highly variable year-on-year

### PSB network originations from new producers by location of producer – 2014 - 2017

% of first-run hours



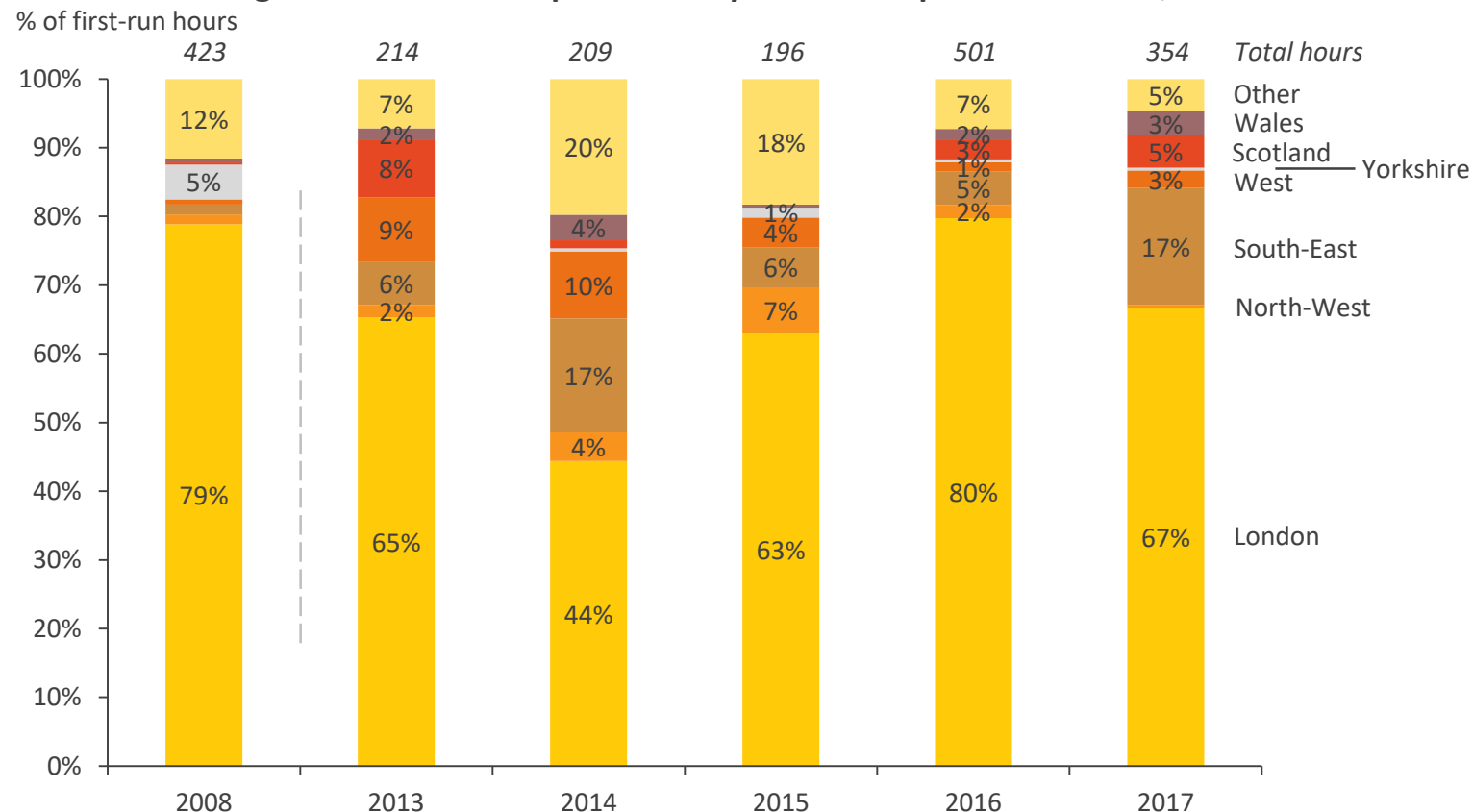
Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded  
 'Other' includes Anglia, Central Midlands, Isle of Man, North-East, West Country, Northern Ireland and companies of unknown location

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of external PSB originations from new producers over time

In total across the five main PSB channels, there has been an increased number of original hours coming from new producers in the past few years. A consistent portion of these hours has come from new producers primarily based outside London with the South-East being a particularly active region

### PSB network originations from new producers by location of producer – 2008, 2013 - 2017



Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded  
 'Other' includes Anglia, Central Midlands, Isle of Man, North-East, West Country, Northern Ireland and companies of unknown location

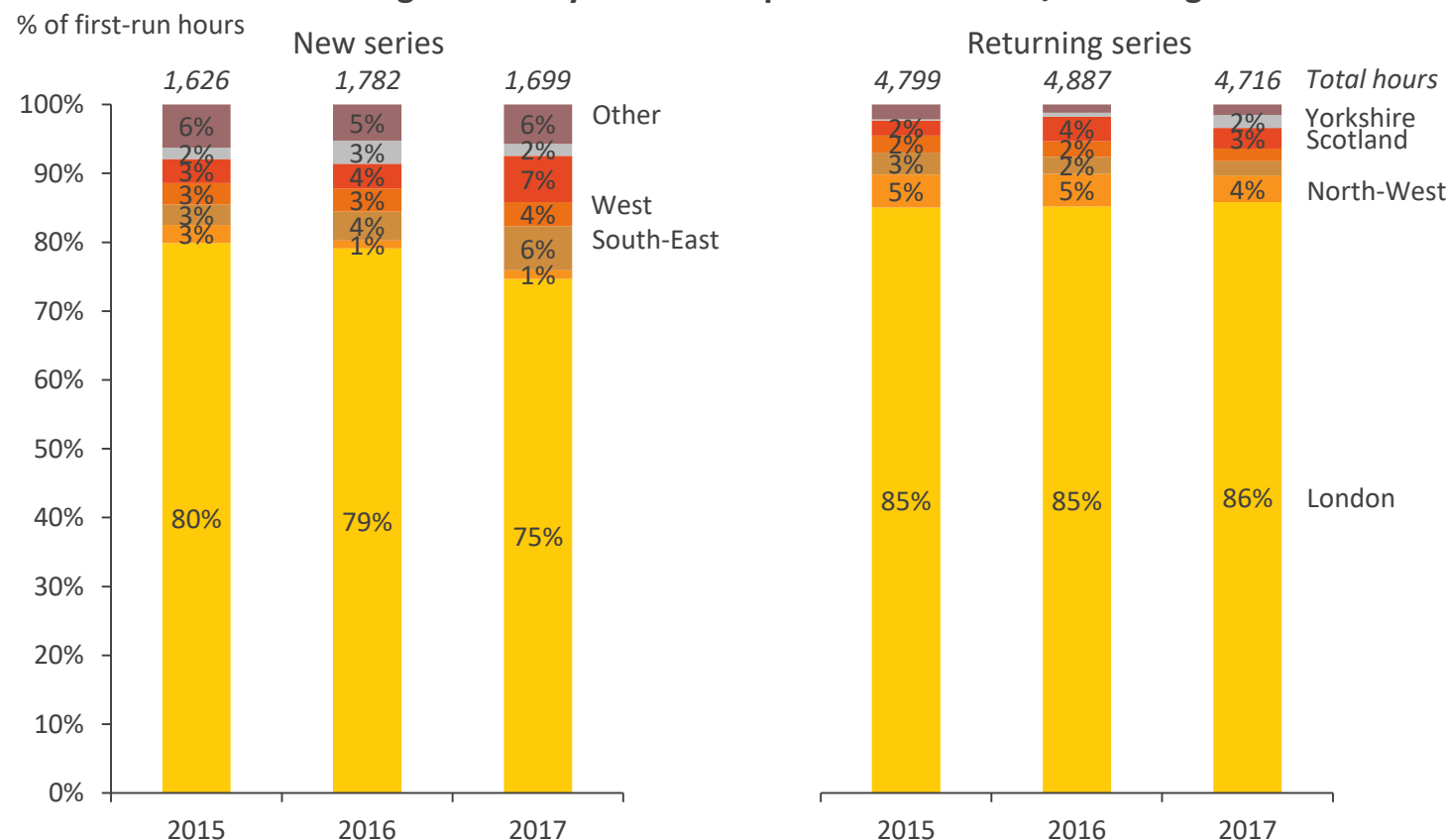
Source: Attentional, BARB, Oliver & Ohlbaum analysis



## Regionality of external PSB originations – New & returning series

An ever increasing share of new series have been coming from regional producers. In contrast, a smaller proportion of returning series are made by regional producers – those that are typically come from the main production regions outside of London (North-West, South-East and Scotland), driven by high-volume, established strands

### External PSB network originations by location of producer and new/returning – 2015 - 2017



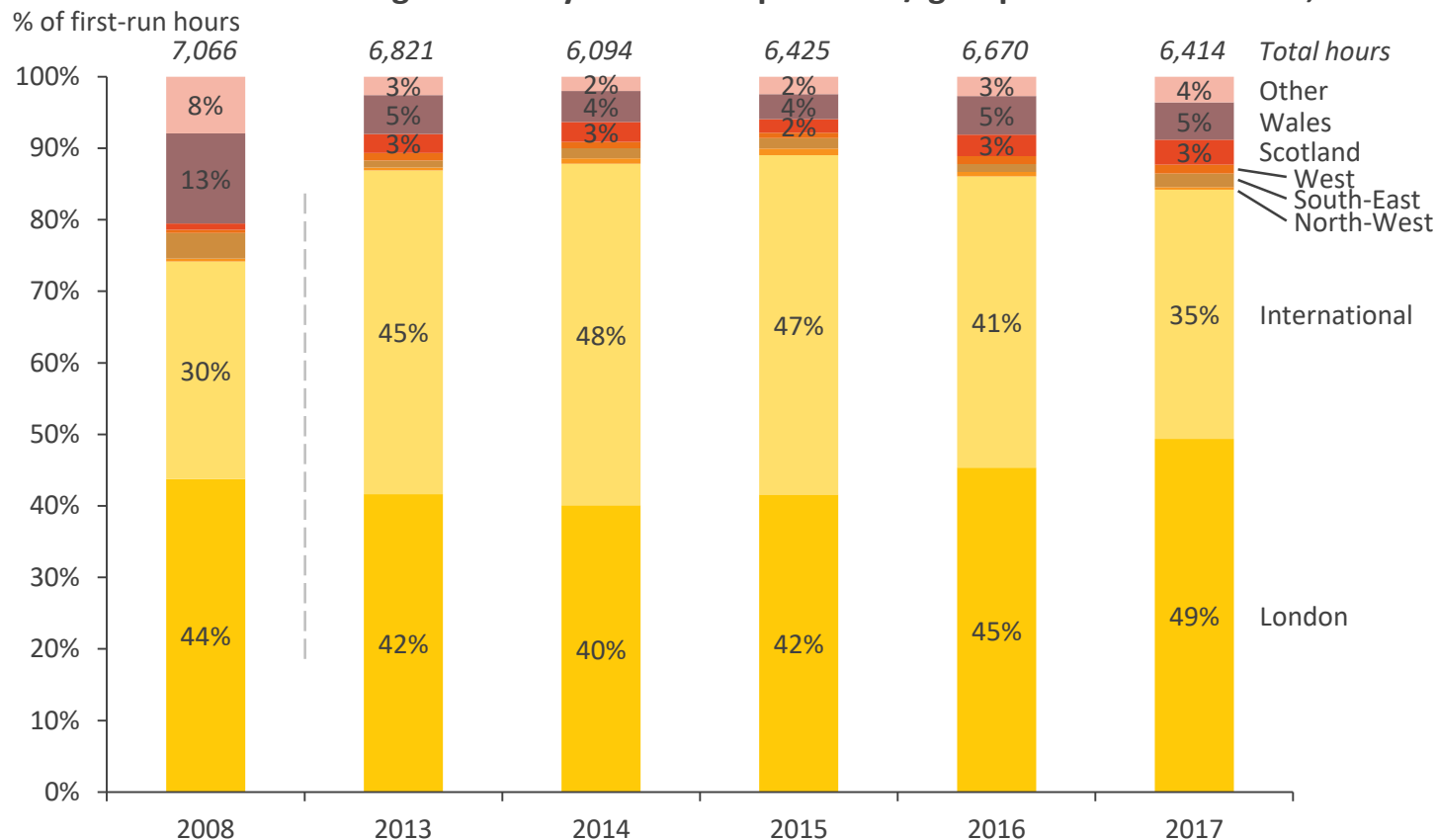
Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of external PSB originations (location of head office for groups)

When accounting for the location of the head offices of large production groups (rather than the location of subsidiaries), the share of PSB network originations being made by London-based or global companies goes up to nearly 90% though this has seemingly started to decrease despite consolidation in the sector

### External PSB network originations by location of producer / group head office – 2008, 2013 - 2017



Here we have reclassified the location of producers which are part of a production group to the location of the group's head office

Some large production groups are based internationally (e.g. EndemolShine, Warner, Banijay, etc.) while the rest are in London. The sole notable exception is Tinopolis in Wales

	Regions Nations	
2008	12%	14%
2013	5%	8%
2014	5%	8%
2015	5%	6%
2016	5%	9%
2017	7%	9%

Note: Excludes BBC portfolio channels and programmes made by in-house producers. All News and Other programming are also excluded

Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Regional analysis by location of production, as reported by broadcasters

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**Our analysis of the location of individual strands is informed by Ofcom's 'Made Outside London programme titles register'. This is broadly comparable with Ofcom's compliance reporting**

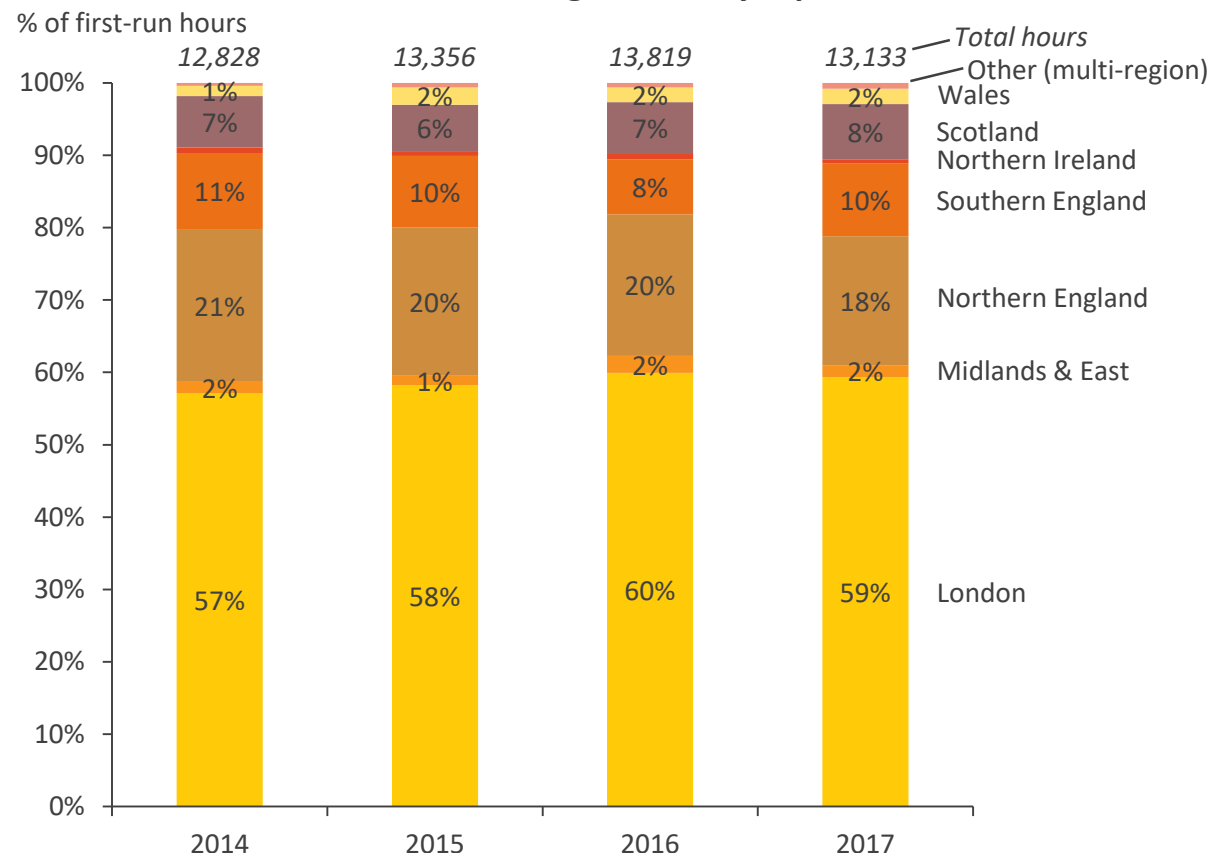
- The second section of our regional analysis is based on the location of production as defined in Ofcom's 'Made Outside London programme titles' register. In order to do this, we identified and matched programmes from this register, which the broadcasters reported as being 'made outside London' (meeting at least two out of the three MoL criteria: substantive base, production budget and off-screen talent), against our database
- This allows a full analysis of the regionality of all PSB originations, both in-house and external, according to the actual locations of production
- This method is broadly comparable with the reported regionality of output hours in Ofcom's PSB compliance report; however, our numbers may not match up completely due to these differences:
  - Our work does not cover the BBC portfolio channels; these channels will have a smaller impact on overall trends though due to their lower volume and spend on original output
  - We are unable to match sub-components of shows (e.g. *One Show Inserts*) from the register to our database; however, instances of separate programme sub-components in the register are rare
  - We have decided to exclude 'Other' programming to make our analysis more reflective of PSB commissioning. High-volume 'Other' programmes can often skew volume trends but are usually placed at the fringes of the schedule and have limited audience impact; for example, *ITV Nightscreen*, which was broadcast for about 560 hours on ITV1 in 2017, greatly boosts ITV's output from the Midlands & East
- As per the previous section, our work only reflects volume of original hours and not spend

*Note: 'Other' programming only covers channel information/previews during overnight downtime, e.g. 'ITV Nightscreen' and 'This Is BBC Two', and late night gaming or teleshopping segments, e.g. 'Super Casino', 'Jackpot247' and 'The Zone: QVC'*

## Regionality of PSB originations by reported location

Approximately 40% of first-run originations on the five main PSB channels, covering both in-house and external productions, are made outside of London according to regional production definitions; this has generally been slowly decreasing since 2014. Northern England, Southern England and Scotland are the main regional production hubs

### Volume of first-run PSB network originations by reported location – 2014 - 2017



These numbers may not match those reported by the broadcasters in the Ofcom PSB compliance report for multiple reasons:

- This graph does not cover BBC portfolio channels
- ‘Other’ programming (e.g. *ITV Nightscreen*, made in Midlands & East) has been excluded
- Methodological differences and broadcast data constraints. For example, it is not possible for us to identify and match components of a show (e.g. *One Show inserts*) to different regions.

Note: Excludes News and Other programming, and BBC portfolio channels

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – Broadcasters

Around 50% of BBC and Channel 4 original hours are produced outside of London, in contrast ITV and Channel 5 only reach about 30% and 10% respectively with very little coming from the nations; these numbers have been consistent since 2014. Our distributions may not match Ofcom's compliance reporting due to methodological differences

### Volume of first-run PSB network originations by reported location and broadcaster – 2014 - 2017

% of first-run hours

	BBC (BBC1 & BBC2)				ITV				Channel 4				Channel 5			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
London	46%	50%	51%	50%	71%	68%	72%	73%	47%	48%	47%	46%	90%	90%	91%	87%
Midlands & East	2%	2%	1%	2%	0%	0%	0%	0%	2%	1%	7%	3%	3%	3%	1%	2%
Northern England	27%	21%	19%	20%	17%	22%	23%	21%	24%	27%	26%	18%	1%	2%	3%	4%
Southern England	7%	9%	8%	9%	12%	10%	5%	6%	19%	14%	12%	20%	6%	5%	4%	6%
Northern Ireland	2%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Scotland	13%	11%	14%	14%	0%	0%	0%	0%	6%	6%	5%	8%	1%	0%	0%	1%
Wales	3%	4%	4%	4%	0%	0%	0%	0%	1%	2%	2%	2%	0%	0%	1%	1%
Other	1%	1%	1%	1%	0%	0%	0%	0%	0%	1%	0%	1%	0%	0%	0%	0%

*Note: Excludes News and Other programming, and BBC portfolio channels. Due to these exclusions and other methodological differences (explained on the previous slide), these percentages may not match the distribution of hours of qualifying productions reported in the Ofcom Compliance Report*

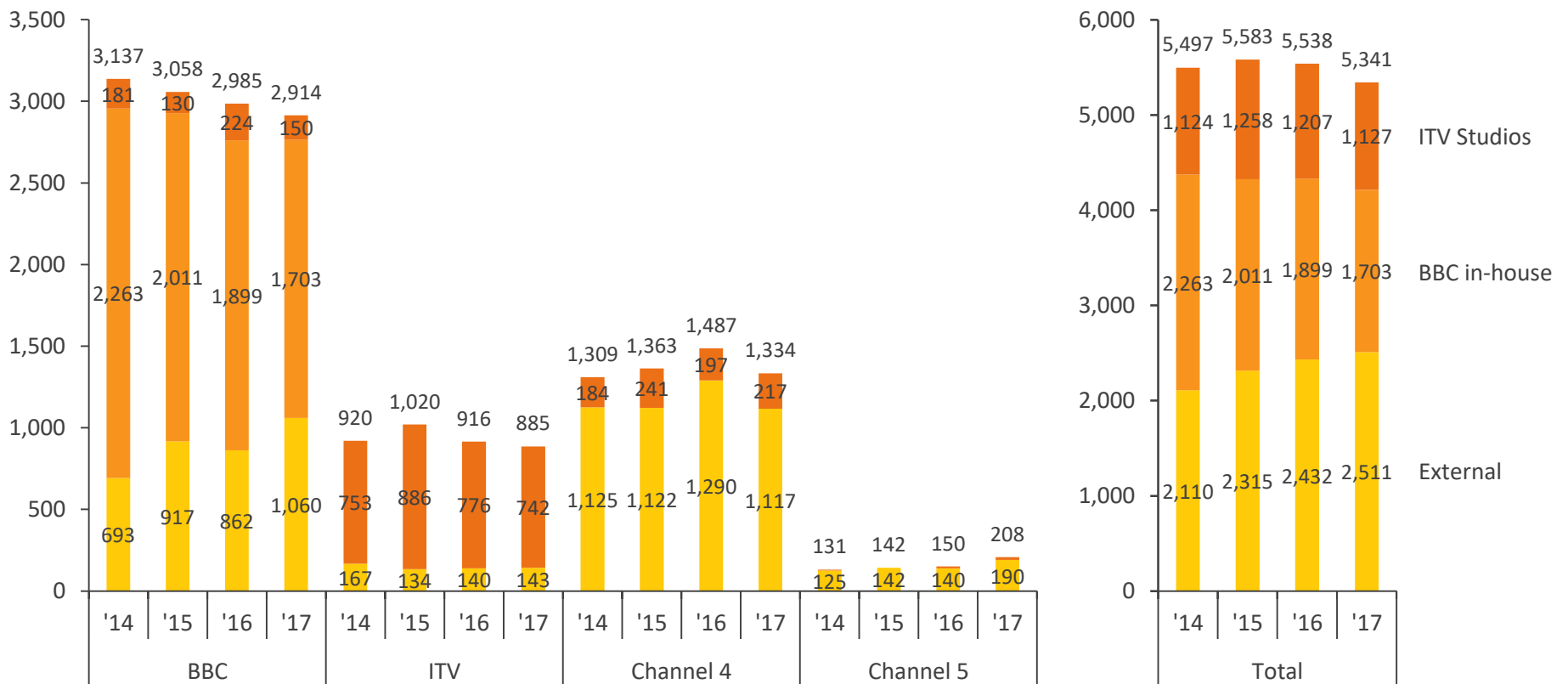
*Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis*

## Volume of MoL originations by broadcaster and type of producer

Total first-run MoL hours across the five main channels dropped slightly in 2017. Both the BBC's and ITV's MoL output is dominated by in-house production, especially ITV whose in-house MoL output is boosted by soaps (e.g. *Coronation Street*, *Emmerdale*) and key daytime strands (e.g. *The Jeremy Kyle Show*, *Judge Rinder*)

### Volume of first-run PSB MoL originations by type of producer – 2014 - 2017

Number of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

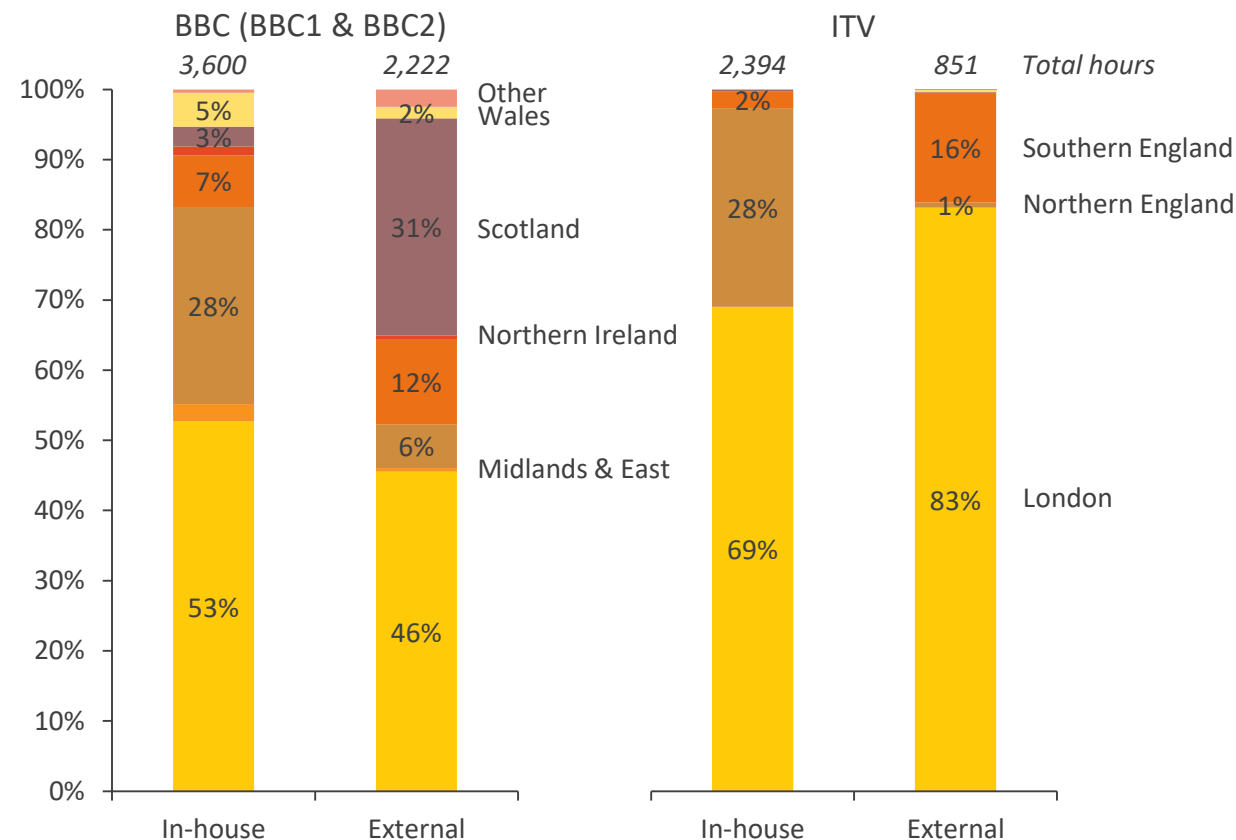
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – In-house & External

**Roughly 50% of BBC original hours are made outside London across both in-house and external producers, whereas ITV's external originations are more likely to be made in London compared to their internal output**

### Volume of first-run PSB network originations by reported location and in-house/external – 2017

% of first-run hours



- A very similar level of BBC originations are made outside London across in-house and external producers; whereas for ITV the share is higher in-house
- Regional breakdown is very different, this is partly driven by long running strands:
  - Scotland is prevalent among external BBC shows due to sports (*Snooker*) and daytime strands (*Antiques Road Trip*, *Eggheads*)
  - Northern England within ITV in-house is primarily boosted by soaps (*Coronation Street*, *Emmerdale*)

Note: Excludes News and Other programming

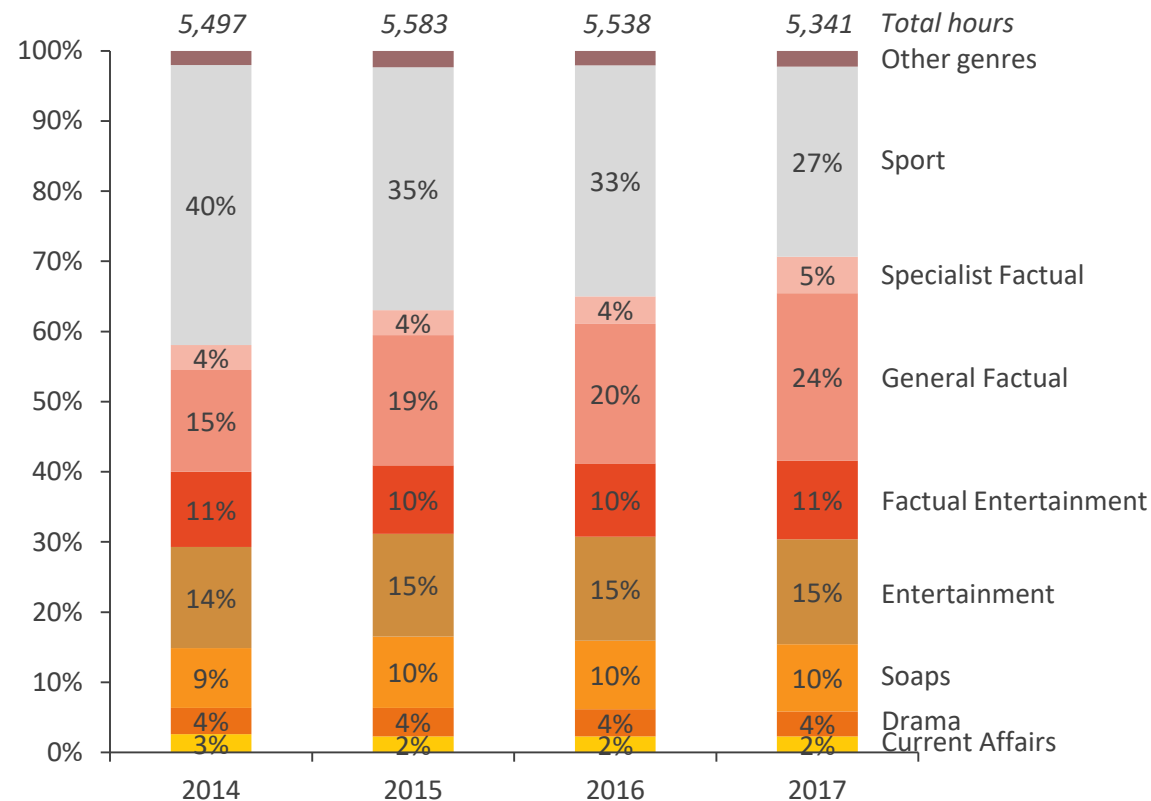
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

# Volume of MoL programming by genre

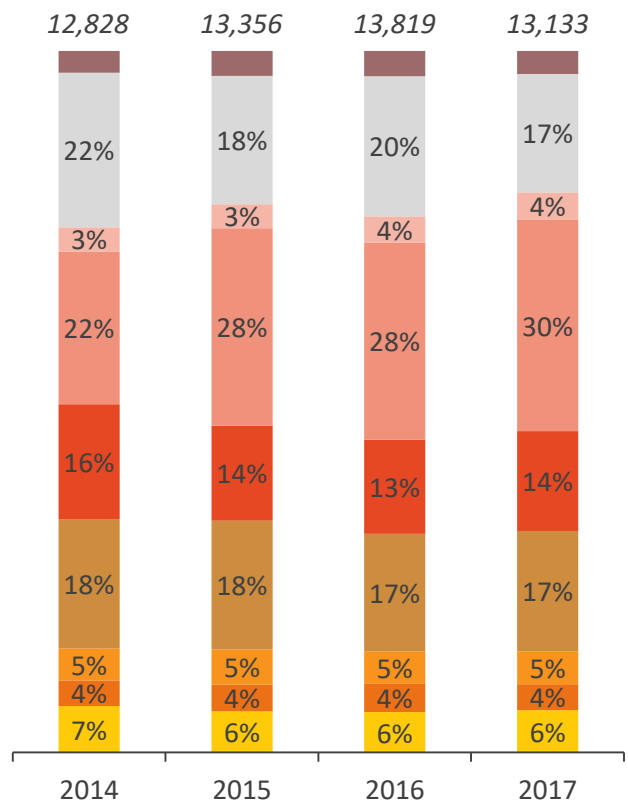
A large amount of MoL PSB programming is sports content (especially in comparison to total PSB originations), a sizeable proportion of this is live coverage of events not taking place in the production location reported by the broadcasters. However, sports' share has dropped recently in favour of general factual programming

Volume of first-run PSB MoL originations by genre – 2014 - 2017

% of first-run hours



All first-run PSB network originations



Note: Excludes News and Other programming, and BBC portfolio channels

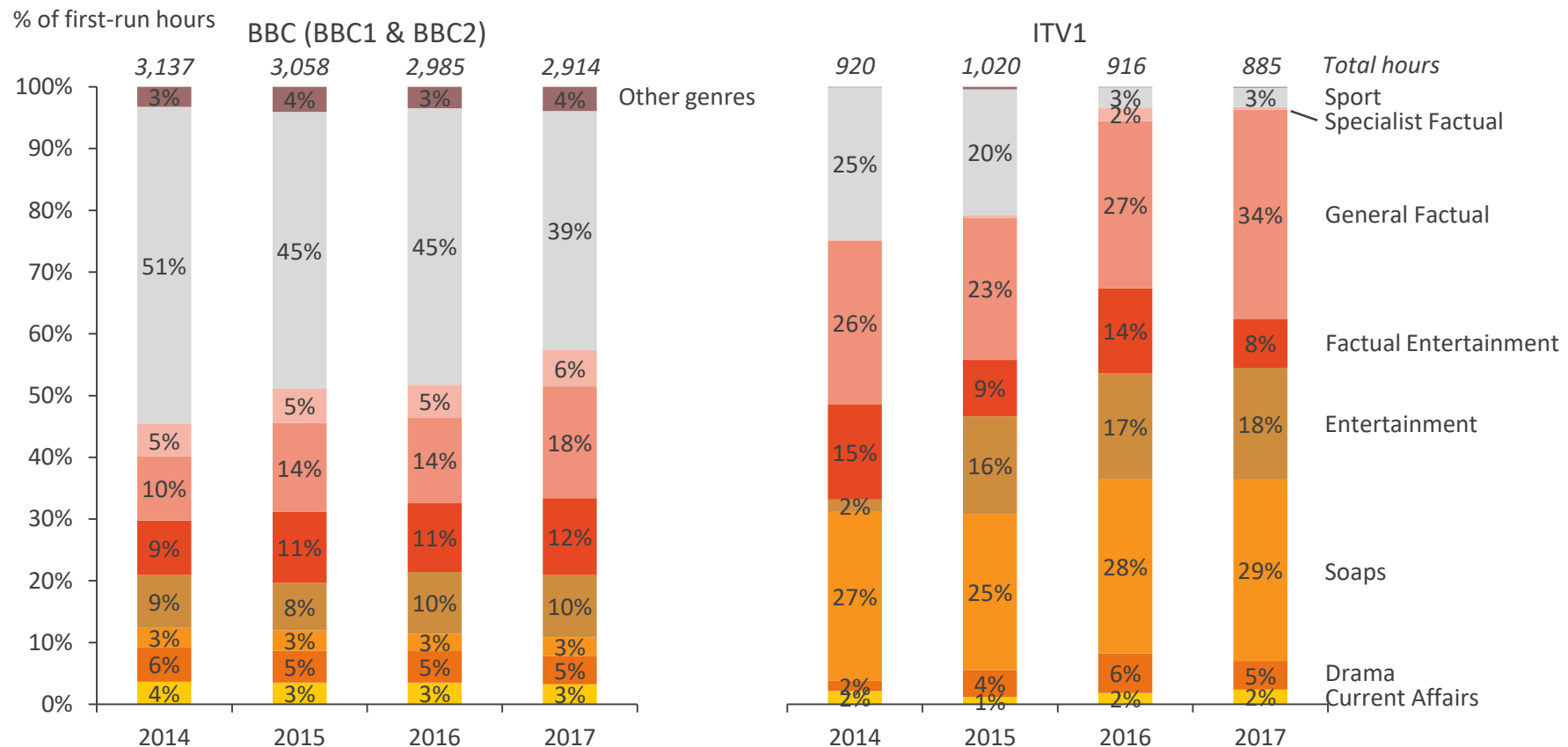
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis



## Volume of MoL programming by genre – BBC & ITV

Sports programmes account for a very large proportion of BBC MoL hours, though this has been reducing over recent years, while ITV has MoL content across a range of genres, mainly soaps, factual and entertainment (MoL content in the latter two genres are mostly daytime strands)

### Volume of first-run PSB MoL originations by genre – 2014 - 2017



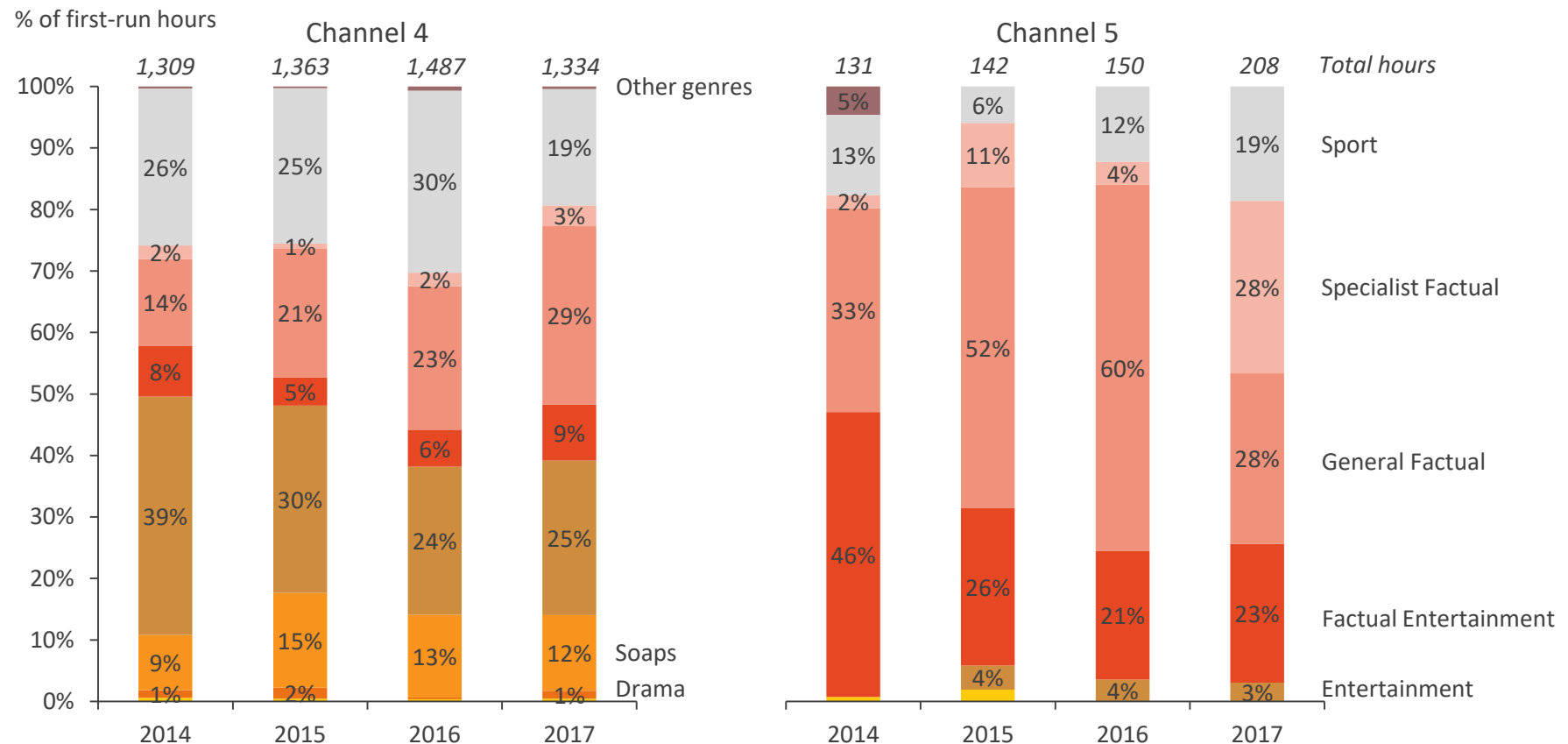
Note: Excludes News and Other programming

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Volume of MoL programming by genre – Channel 4 & Channel 5

Daytime factual and entertainment programmes (e.g. *Countdown*, *A Place in the Sun*) represent a significant proportion of Channel 4 MoL output, though *Hollyoaks* and peak time factual strands (e.g. *Location, Location, Location*) also contribute a notable amount. Almost all Channel 5 MoL originations are factual programmes

### Volume of first-run PSB MoL originations by genre – 2014 - 2017



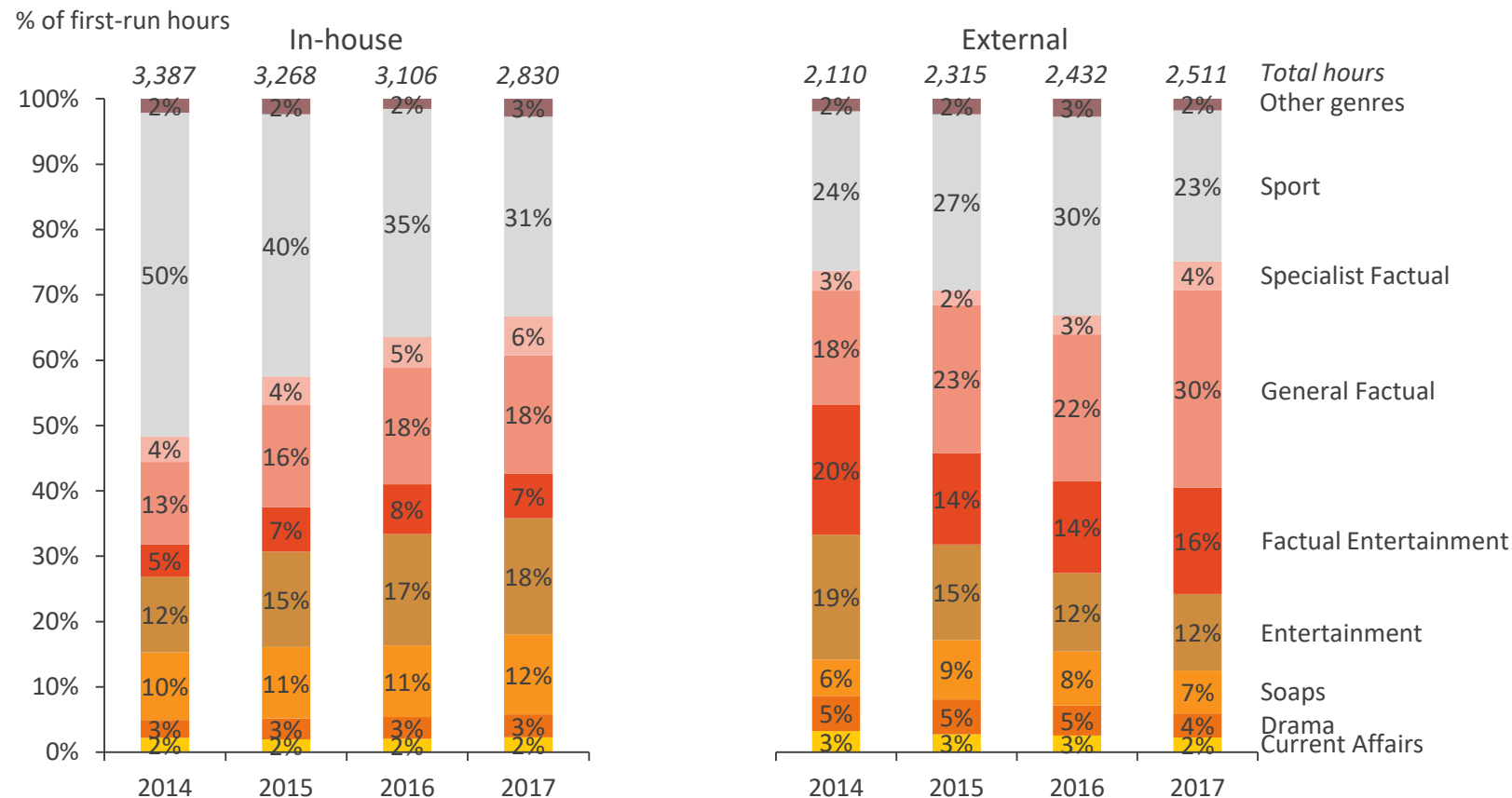
Note: Excludes News and Other programming

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Volume of MoL programming by genre – In-house & external producers

Decreasing levels of sports MoL content has driven the fall in the total volume of MoL programming being made by in-house producers, the absolute volumes of other genres from in-house producers have either been steady (e.g. drama, soaps) or have grown slightly (e.g. entertainment, factual)

### Volume of first-run PSB MoL originations by type of producer and genre – 2014 - 2017



Note: Excludes News and Other programming, and BBC portfolio channels

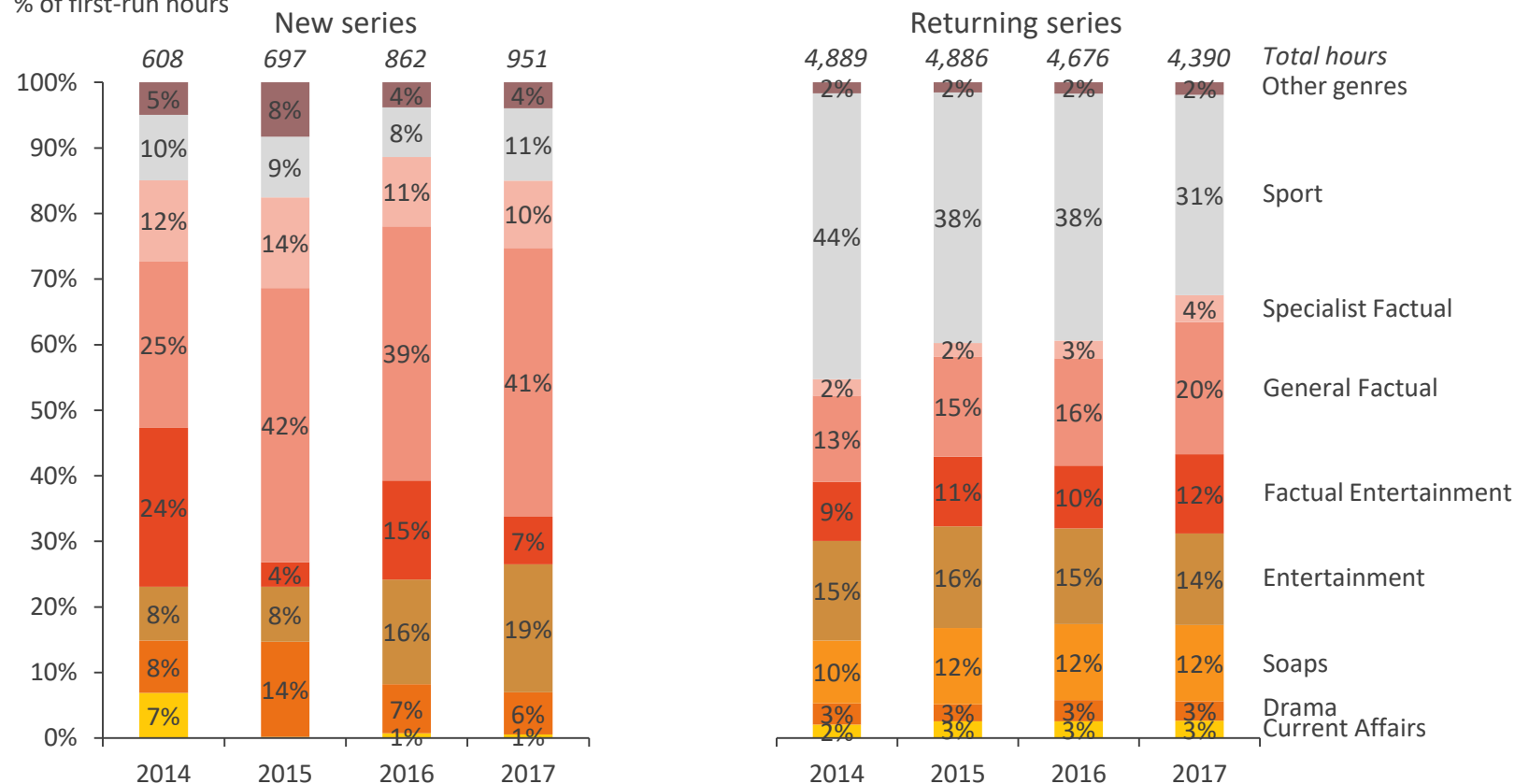
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Volume of MoL programming by genre – New & returning programmes

Sports programmes make up a large part of returning MoL strands. General factual programming accounts for a large part of new MoL strands; however, the genre has a similarly large share of hours among all original hours

### Volume of first-run PSB MoL originations by new/returning and genre – 2014 - 2017

% of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

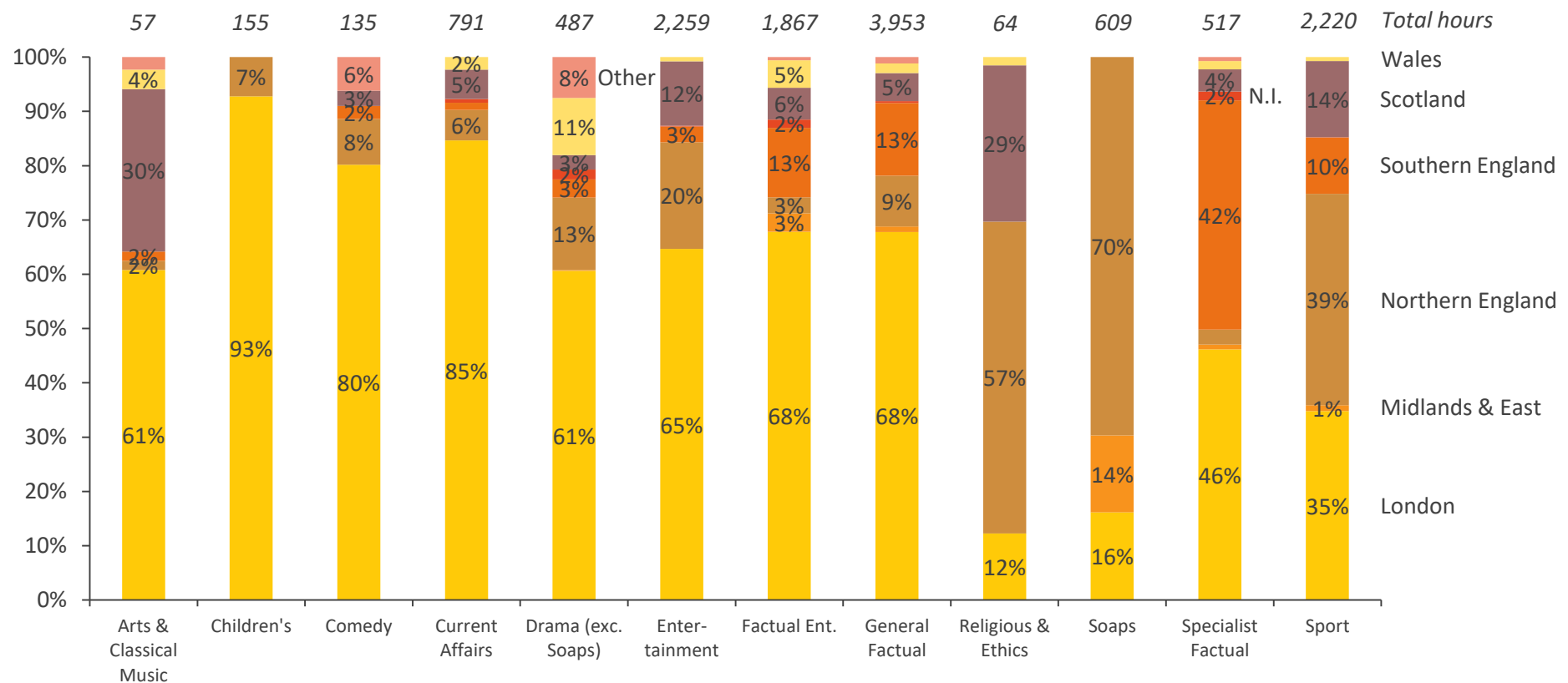
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – Genre comparison

A significant portion of both soaps and sport are made in Northern England, the latter largely due to BBC Sport's move to Salford. Other genres have a much higher share of hours not made outside of London

### Volume of first-run PSB network originations by reported location and genre – 2017

% of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

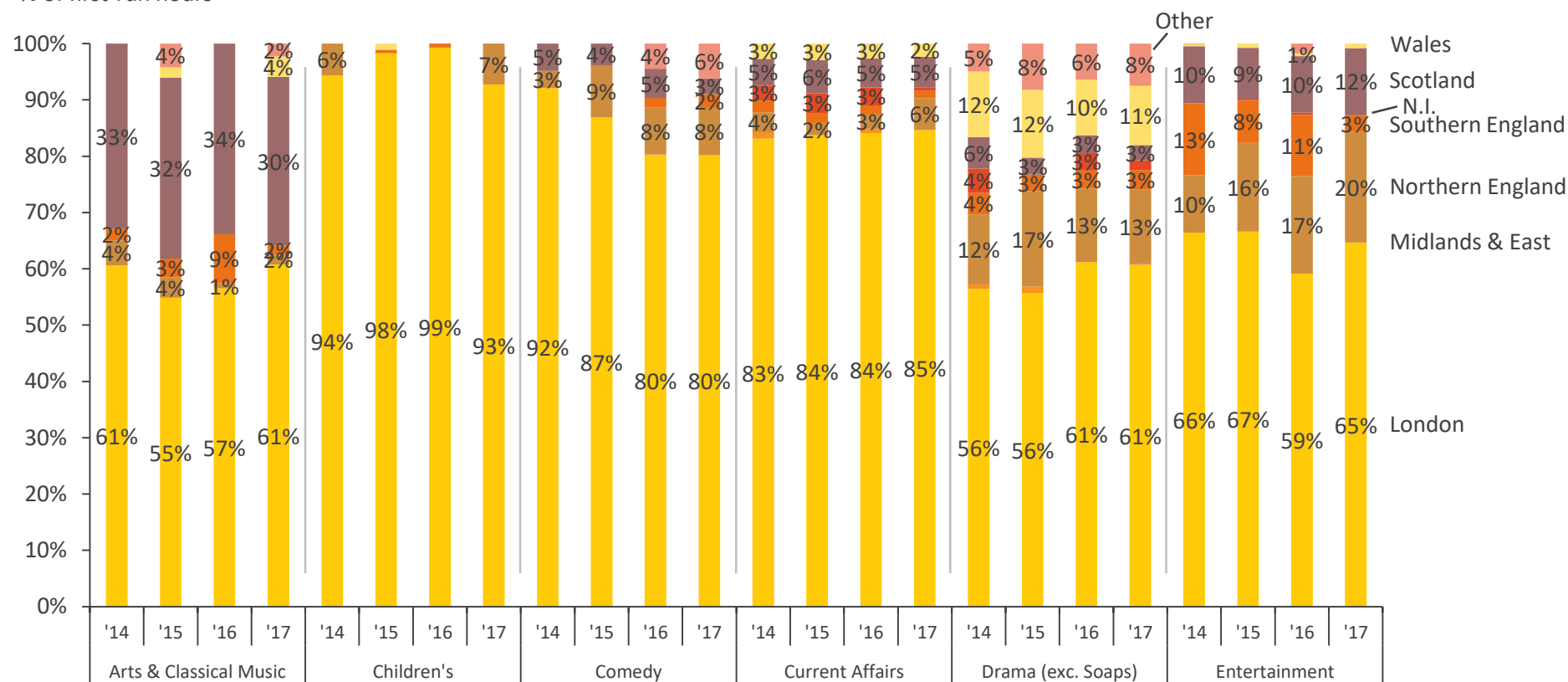
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – Genre comparison

The regional breakdown within each genre has been broadly consistent over recent years. One notable exception is comedy which has seen a substantial rise in the share of hours being made outside of London though given the low volume of comedy, this only represents a few additional MoL series per year

### Volume of first-run PSB network originations by reported location and genre – 2014 - 2017

% of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

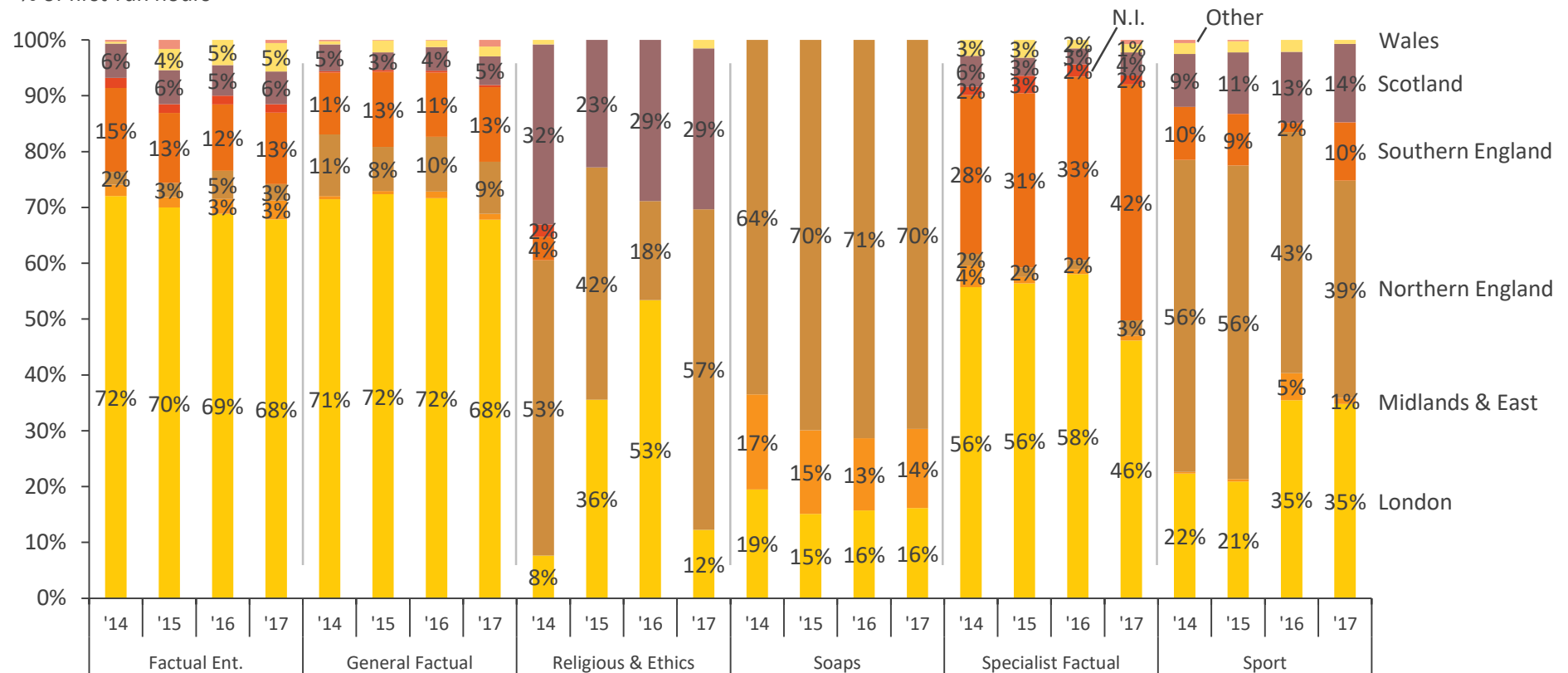
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – Genre comparison

Again, most genres have been relatively consistent. Sports programming has experienced a sharp decline in the proportion of MoL activity in recent years while the composition of religious & ethics programming has fluctuated wildly due to the small volume being produced in this genre

### Volume of first-run PSB network originations by reported location and genre – 2014 - 2017

% of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Sports MoL programming – Reported location against event location

**Roughly three-quarters of MoL sports programming covers live events which did not take place in the reported production location; a significant portion of these events were held in London**

### Examples of key first-run PSB MoL sports originations – 2017

Event	Event location	Broadcaster	Reported location	% of MoL sport hours	% of total MoL hours
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*MoL sports programming includes coverage of live events held in London*

Wimbledon	London	BBC	Northern England	12%	3%
Athletic World Championships 2017	London	BBC	Northern England	4%	1%
Snooker (Masters)	London	BBC	Scotland	4%	1%

*Other MoL coverage does not necessarily correspond to event location either*

Snooker (UK & World Championships)	Northern England	BBC	Scotland	14%	4%
Formula 1	International*	Channel 4	Southern England	10%	3%
BDO World Darts Championships	Southern England	Channel 4	Northern England	3%	1%
World Indoor Bowls Championships	Midlands & East	BBC	Scotland	2%	1%

- Sports programming often qualifies as made outside London based on the location of sports production units rather than the area where the event is taking place
- Coverage of sports events held in London represented at least 25%† of first-run MoL sports output in 2017
- In total, reported production location did not match event location across about 75%† of MoL sports hours. BBC Sport in Salford, and IMG and Sunset & Vine in Scotland account for a large part of this activity

Note: \*with the exception of the British Grand Prix

†these estimates are relatively conservative as the event locations of some strands (e.g. 'Match of the Day Live') are difficult to break down

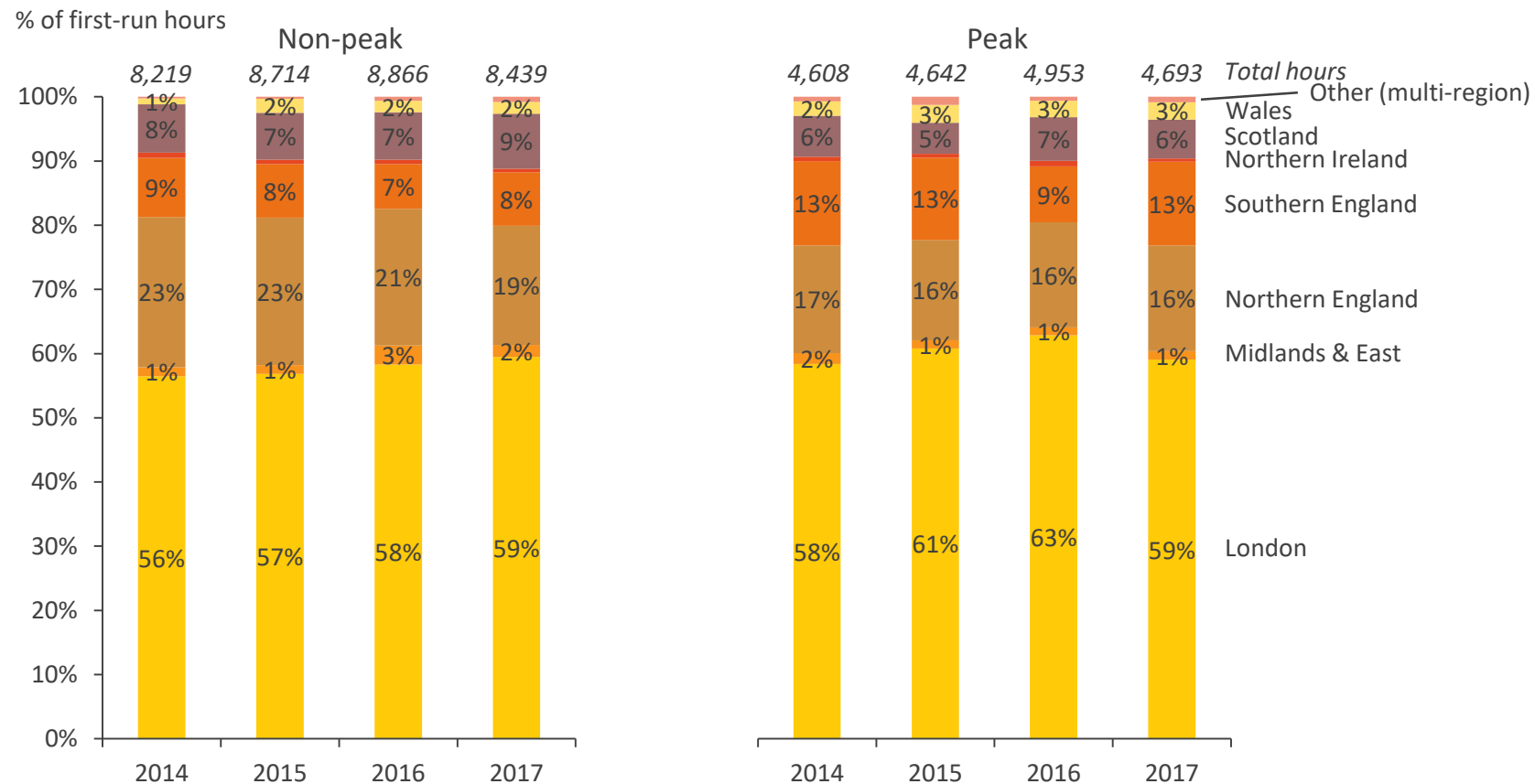
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis



## Regionality of PSB originations by reported location – Non-peak & Peak

The level of MoL programming and regional breakdown of original programming across peak and non-peak has been very similar over time suggesting regional producers have been getting a share of both high volume, daytime shows and high value, peak-time commissions

### Volume of first-run PSB network originations by reported location and period – 2014 - 2017



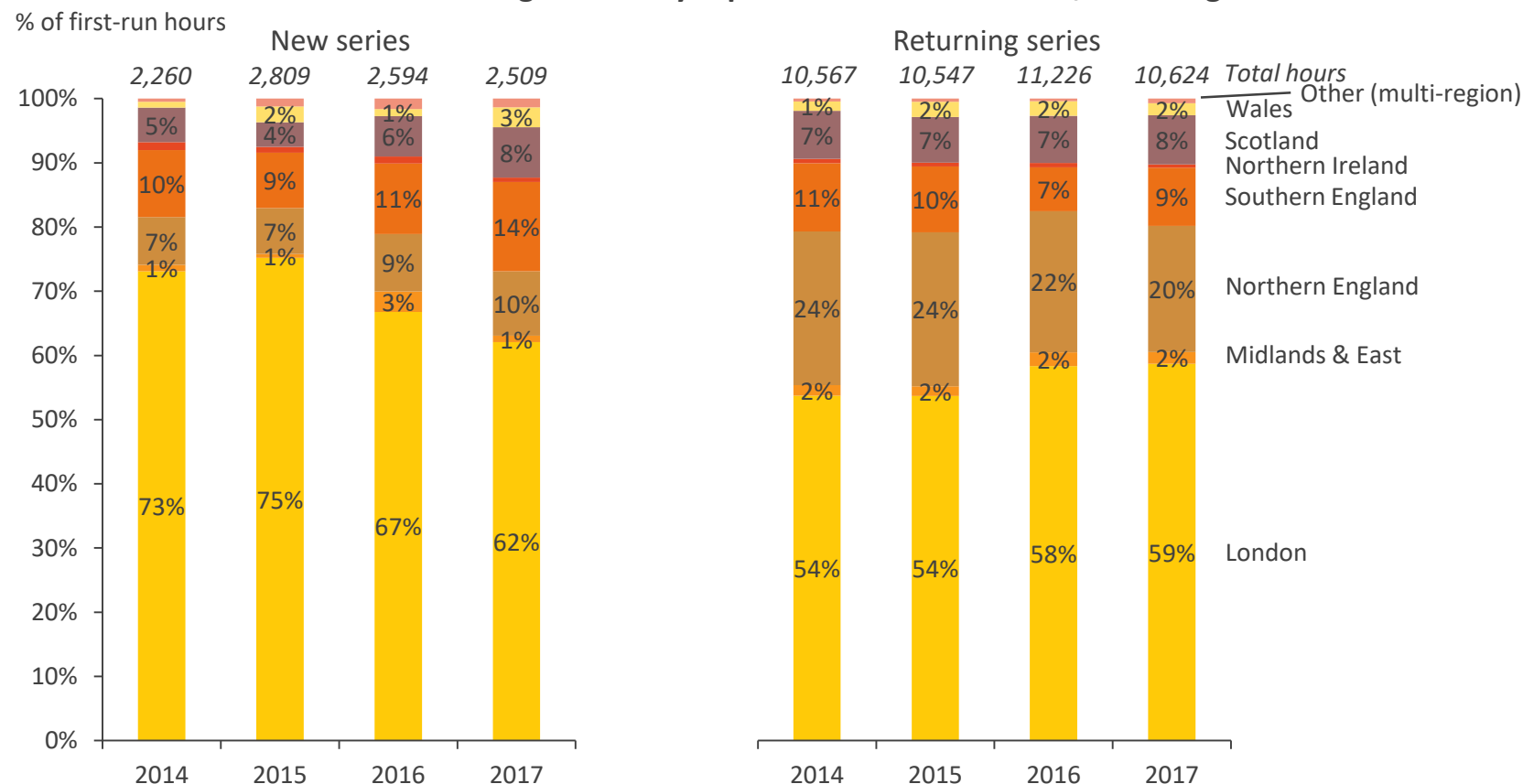
Note: Excludes News and Other programming, and BBC portfolio channels

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – New & Returning

The proportion of new strands being made outside London has grown over the past two years, a sign that the PSBs are shifting their commissioning focus towards the nations and regions. In 2017, the MoL share of new strands was very similar to returning content, which is typically boosted by long running sports and soaps shows

### Volume of first-run PSB network originations by reported location and new/returning – 2014 - 2017



Note: Excludes News and Other programming, and BBC portfolio channels

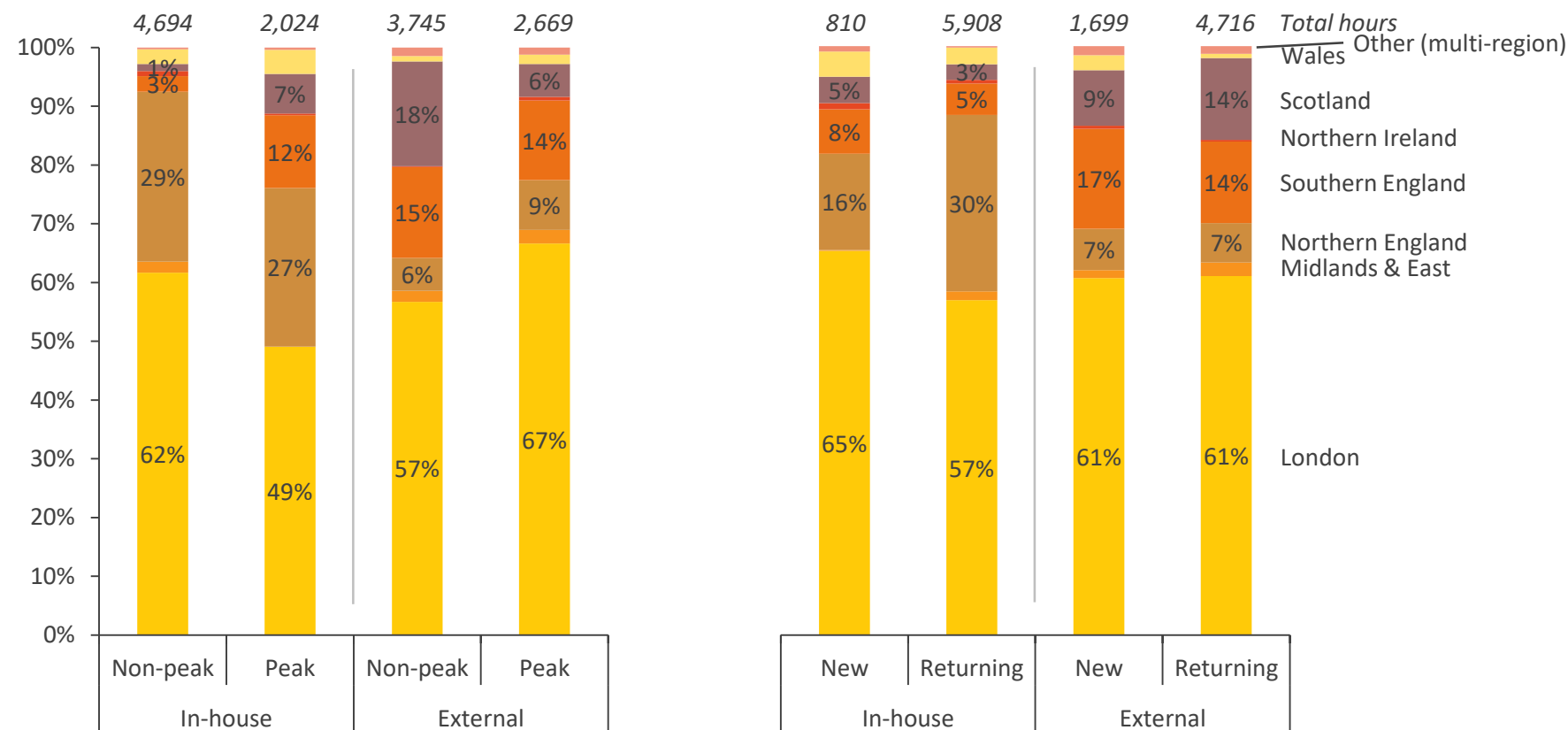
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Regionality of PSB originations by reported location – In-house & external

A similar proportion of non-peak programming is made outside London across both in-house and external producers; however, MoL activity during peak-time has consistently been higher among in-house producers

### Volume of first-run PSB network originations across in-house and external producers – 2017

% of first-run hours



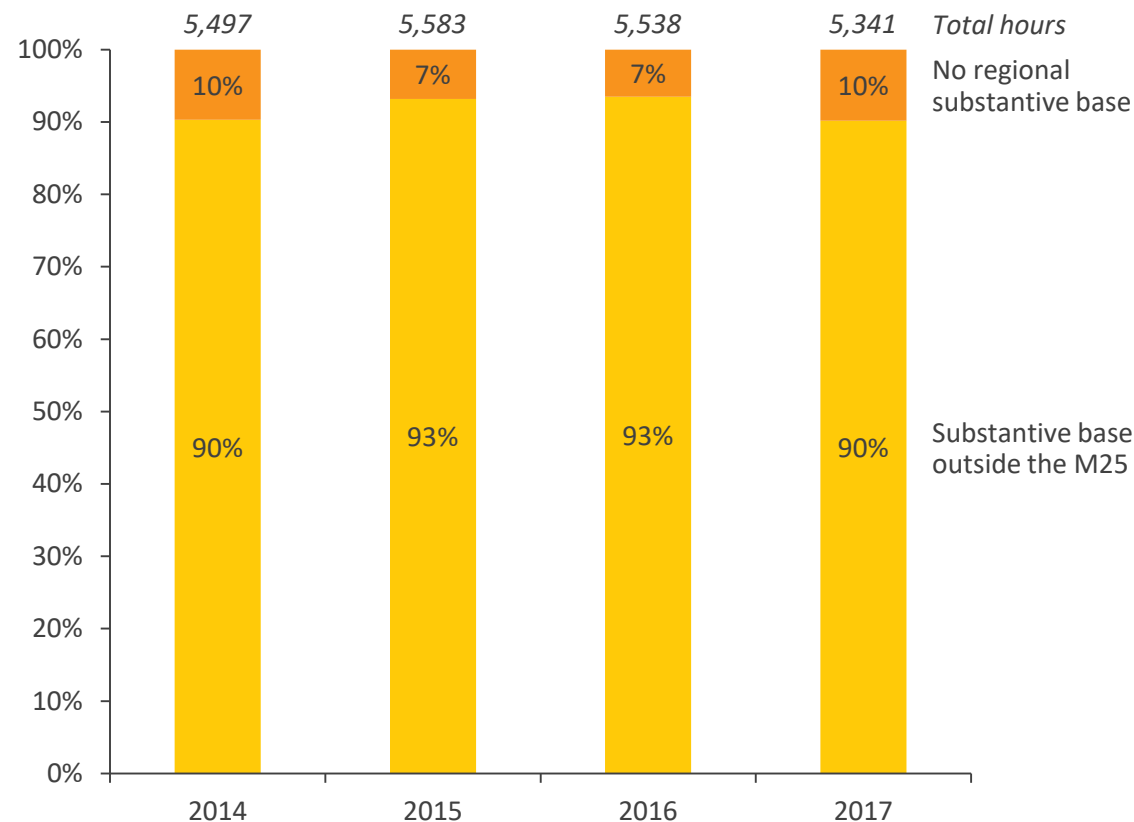
Note: Excludes News and Other programming, and BBC portfolio channels  
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

# Volume of MoL programming by Ofcom substantive base criteria

A large majority of PSB MoL output is made by producers with a substantive base outside the M25

## Volume of first-run PSB MoL originations by Ofcom substantive base criteria – 2014 - 2017

% of first-run hours



- Over 90% of MoL output by hours meets the substantive base MoL criteria
- To meet this criteria the producer must have a substantive base outside the M25 (i.e. the usual place of employment of executives, senior production or senior development staff)

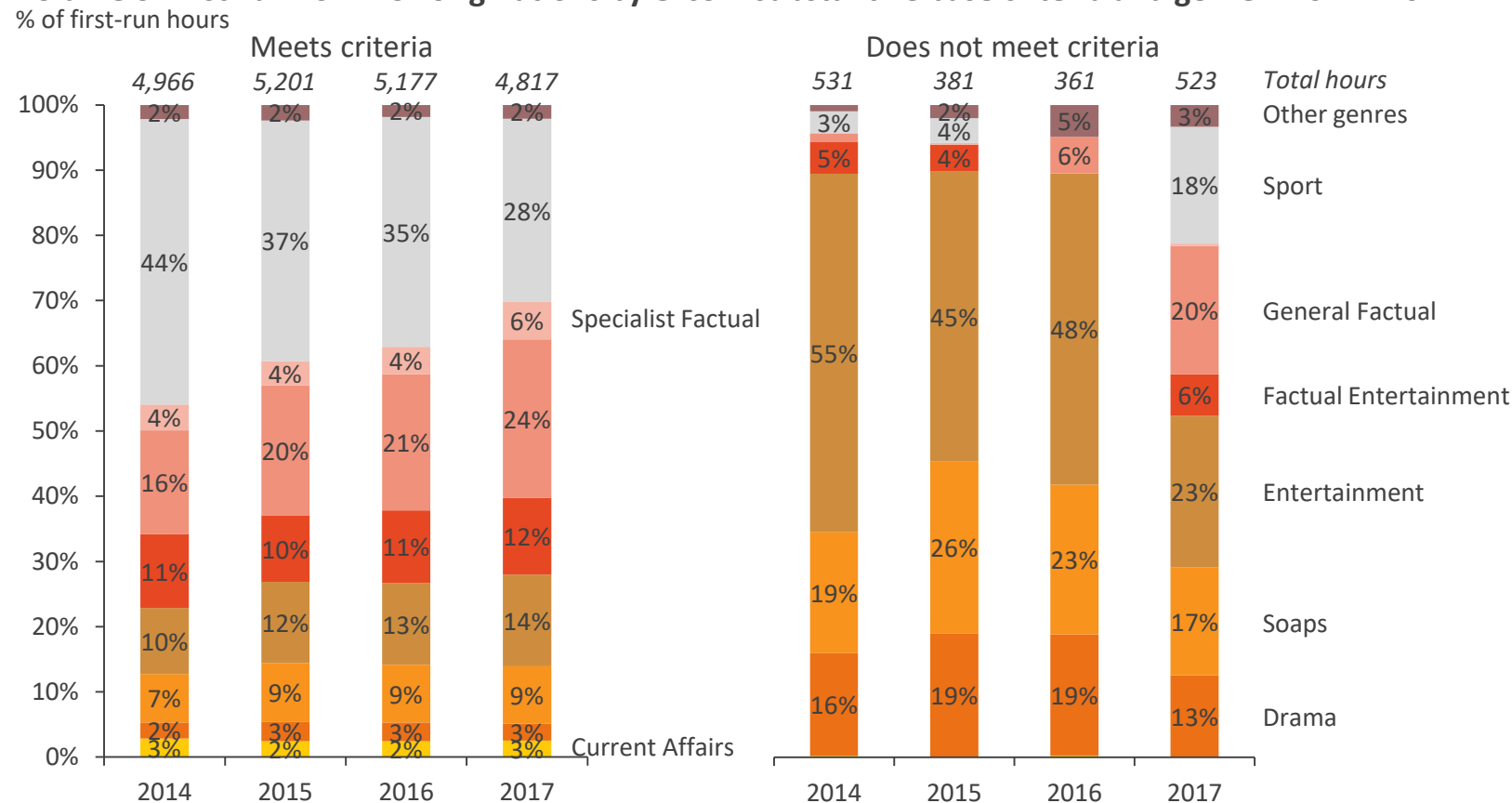
Note: Excludes News and Other programming, and BBC portfolio channels

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## MoL programming by Ofcom substantive base criteria and genre

Entertainment and soaps represent a large proportion of MoL hours not meeting the substantive base criteria, though this is primarily due to a few strands (notably, *Deal or No Deal* and *Doctors*). A number of high profile MoL drama series do not meet the substantive base criteria; in 2017 there were 14 such series, including *Poldark* and *Line of Duty*

### Volume of first-run PSB MoL originations by Ofcom substantive base criteria and genre – 2014 - 2017



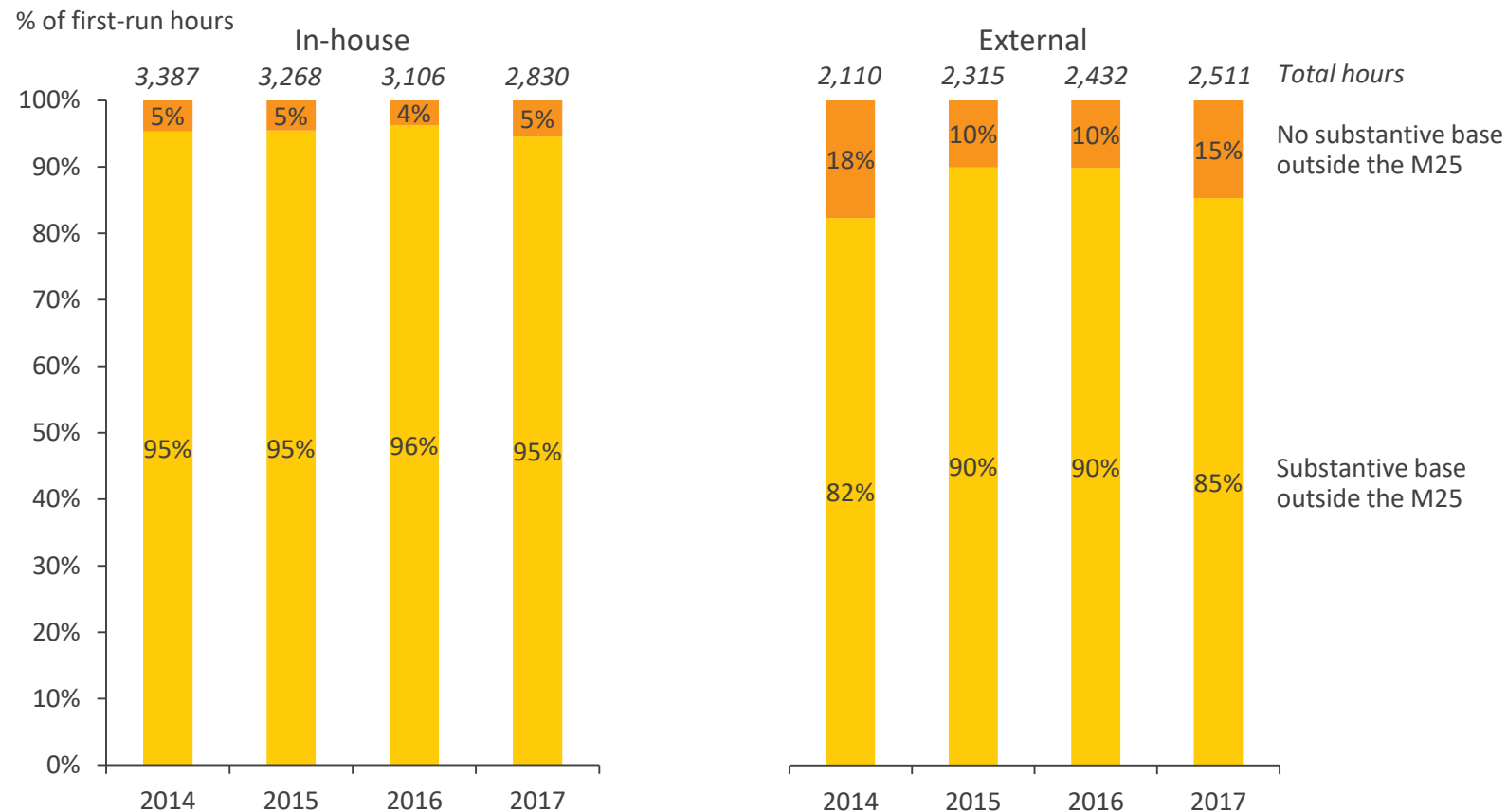
Note: Excludes News and Other programming, and BBC portfolio channels

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## MoL programming by Ofcom substantive base criteria and type of producer

Over recent years, a higher proportion of MoL content from in-house producers, which typically have a broad presence across the UK, has met the substantive base criteria compared to external companies

### Volume of first-run PSB MoL originations by Ofcom substantive base criteria and type of producer – 2014 - 2017



Note: Excludes News and Other programming, and BBC portfolio channels

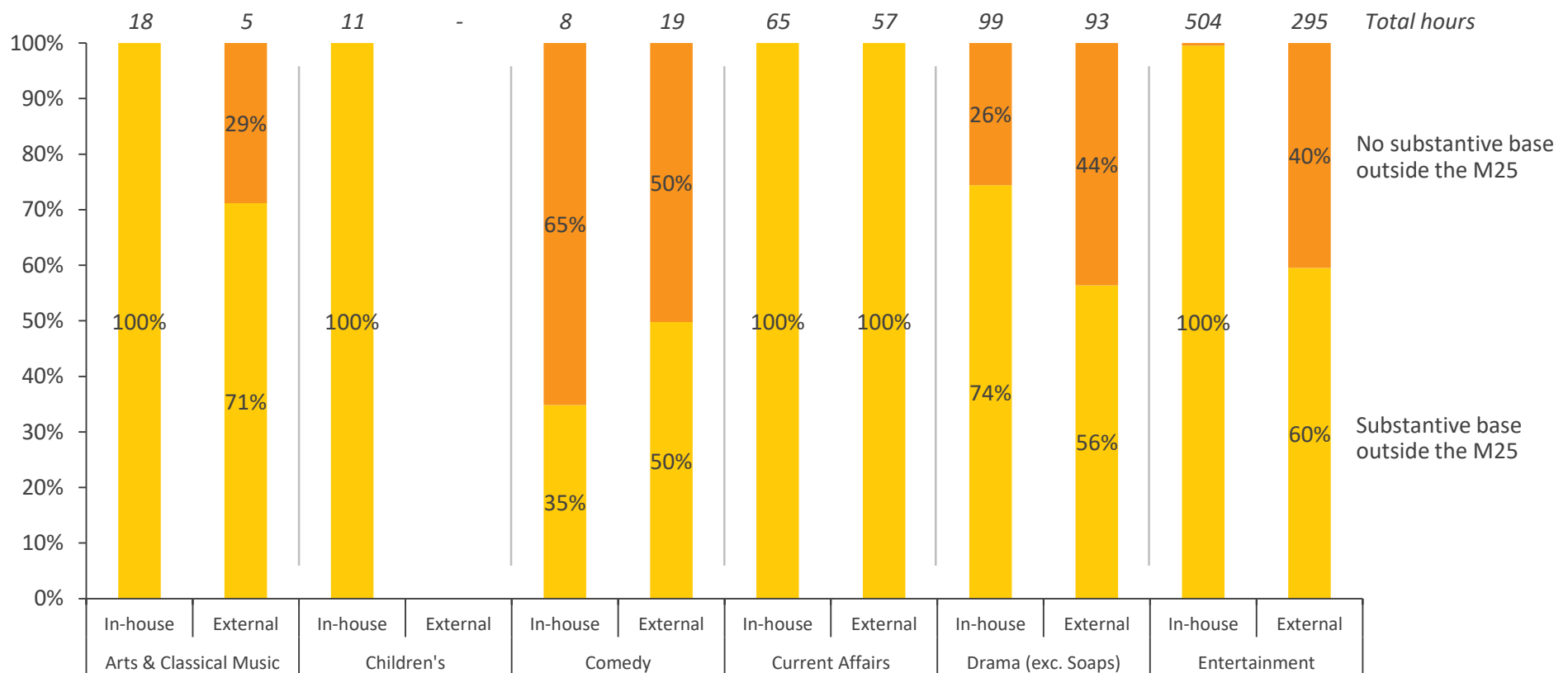
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Ofcom substantive base performance by type of producer and genre

A large proportion of scripted MoL programming, comedy and drama, do not meet the substantive base criteria. A much lower share of externally produced entertainment meets the criteria compared to in-house production

### Volume of first-run PSB MoL originations by Ofcom substantive base criteria, genre and type of producer – 2017

% of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

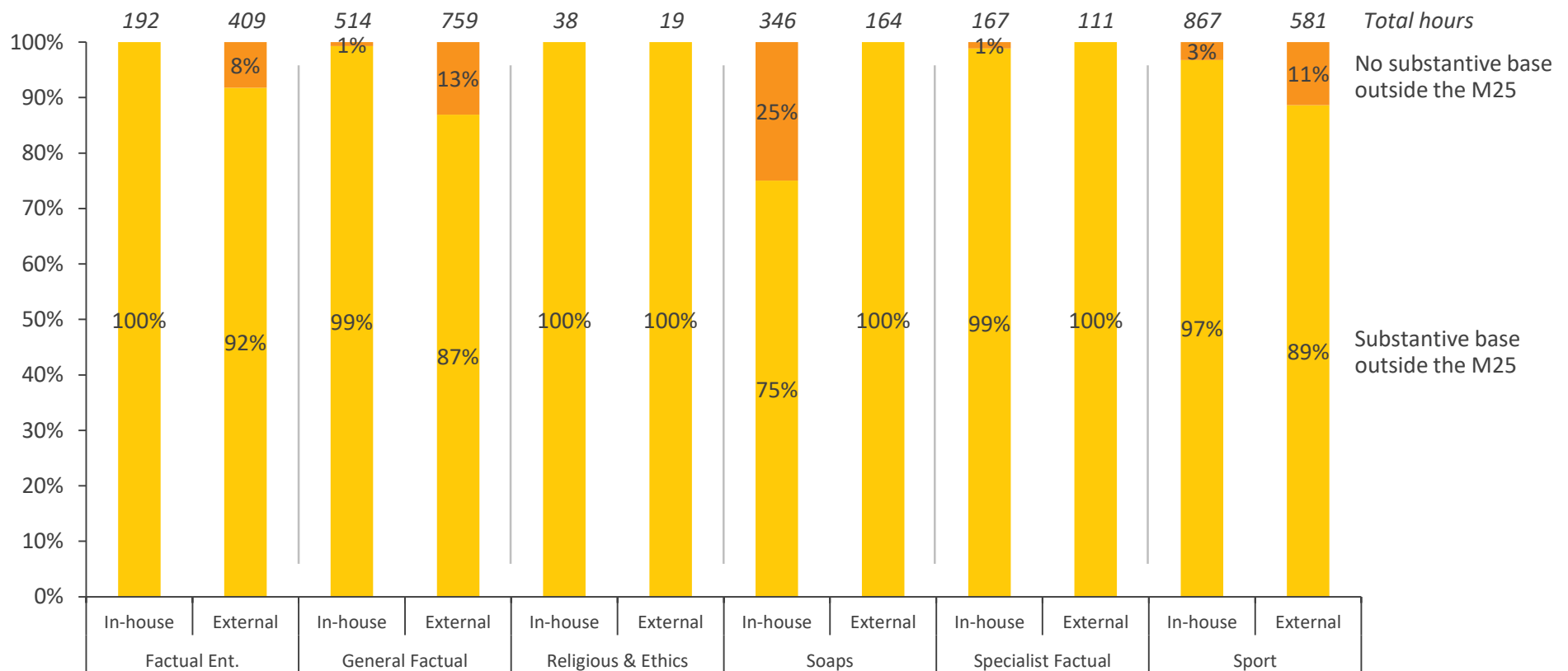
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Ofcom substantive base performance by type of producer and genre

Almost all factual MoL programming produced by in-house producers meets the substantive base criteria while one-quarter of in-house soaps output does not, this is due to *Doctors* which has not met the criteria since 2012

### Volume of first-run PSB MoL originations by Ofcom substantive base criteria and genre – In-house/external – 2017

% of first-run hours



Note: Excludes News and Other programming, and BBC portfolio channels

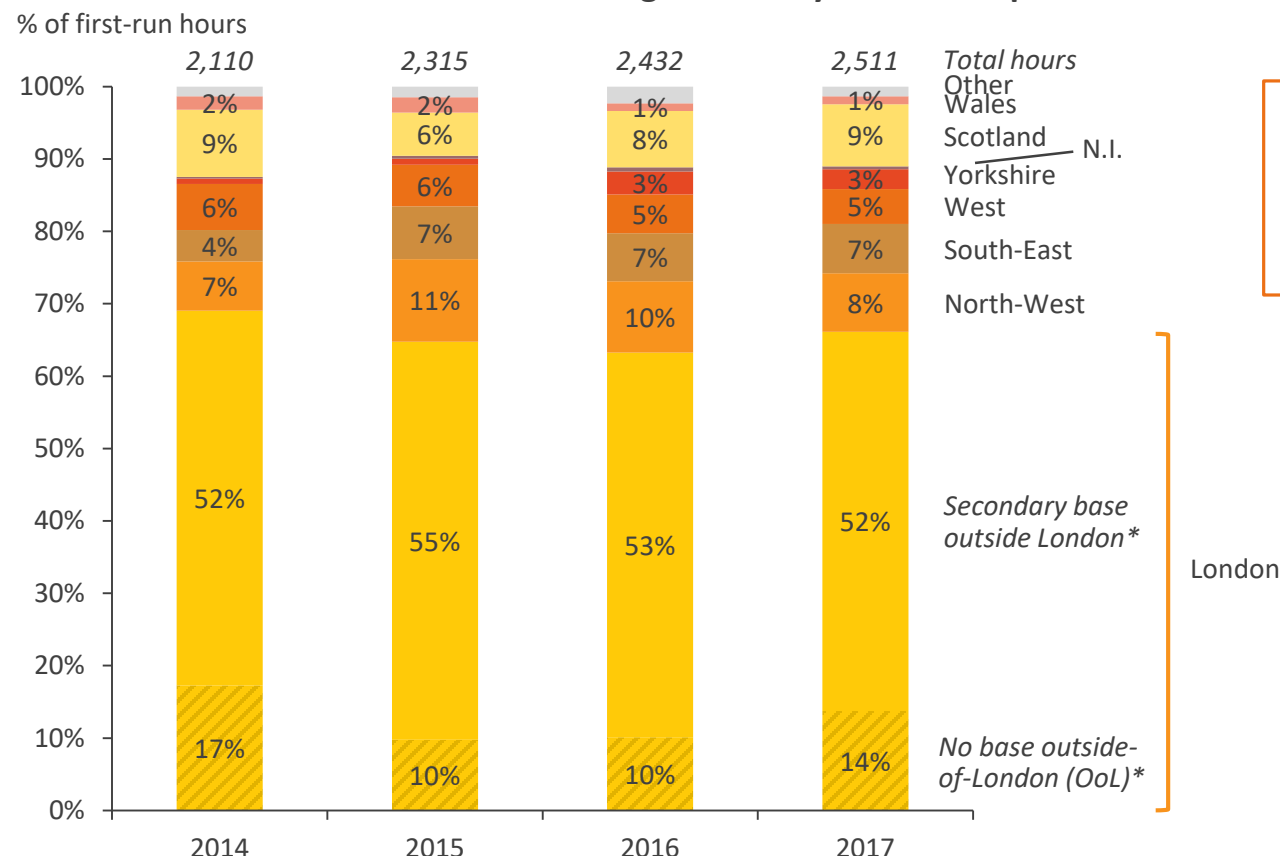
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis



## External MoL programming by location of producer

About two-thirds of external MoL programming is currently made by producers who are primarily based in London; though this share has generally been falling over recent years

### Volume of external first-run PSB MoL originations by location of producer – 2014 - 2017



As per our 'location of producer' analysis earlier in this report, we have only focused on external originations here as the main base of large in-house producers with different units can be difficult to define

- About two-thirds of MoL programming comes from producers which have their main base in London
- A significant share of MoL output is being made by London producers with a regional base outside the M25

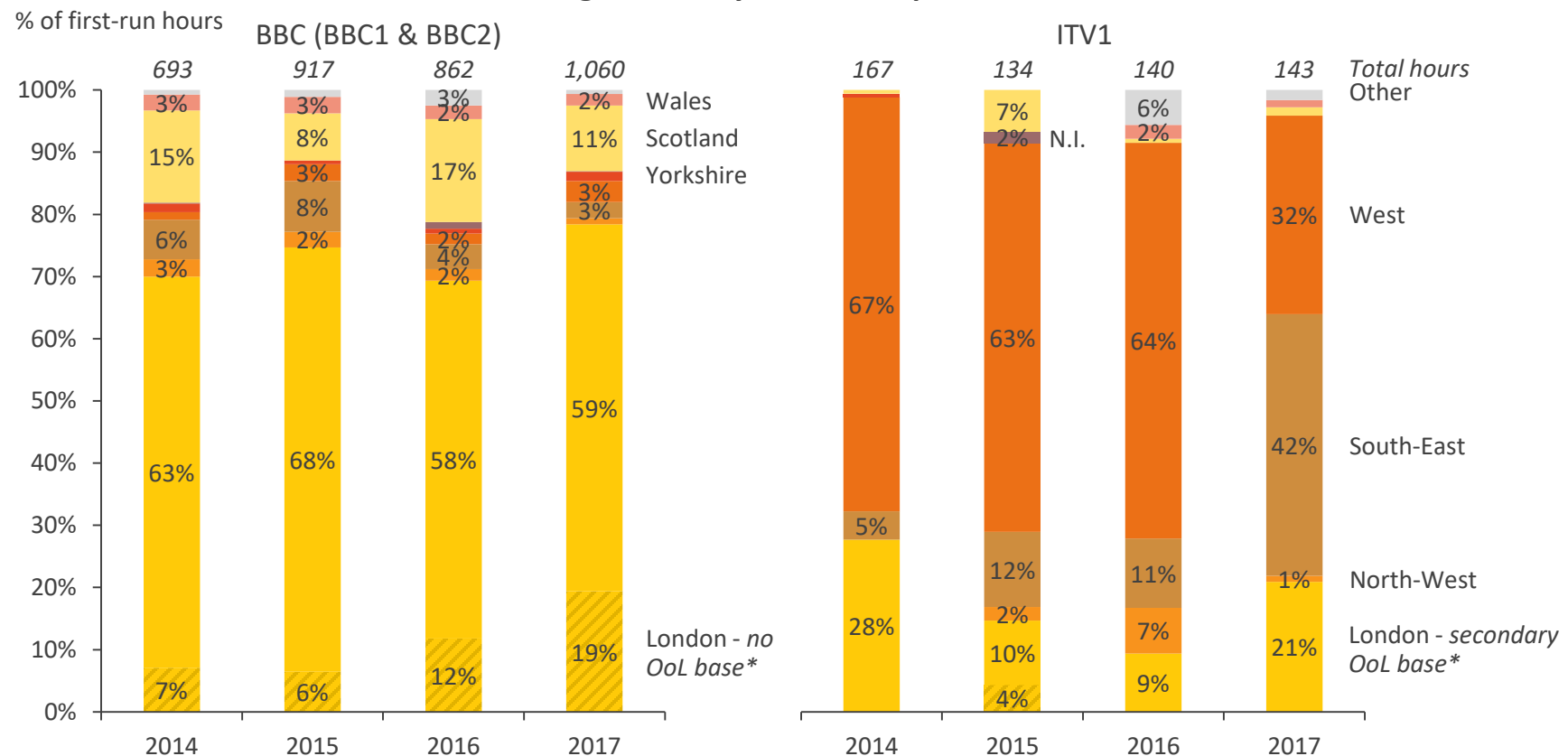
Note: Excludes News and Other programming, and BBC portfolio channels. \*Productions meeting the 'substantive base' criteria, but made by producers with a head office in London, are assumed to be made from a secondary base outside London, located in the reported production region

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## External MoL programming by location of producer – BBC & ITV

Most external BBC MoL content comes from producers with a head office in London; a notable amount also comes from Scottish producers, mainly due to *Antiques Road Trip* and *Money for Nothing*. The majority of ITV's MoL output is made by indigenous regional producers, mostly from the West (*Dickinson's Real Deal*) and South-East (*James Martin* shows)

### Volume of external first-run PSB MoL originations by location of producer – 2014 - 2017



Note: Excludes News and Other programming

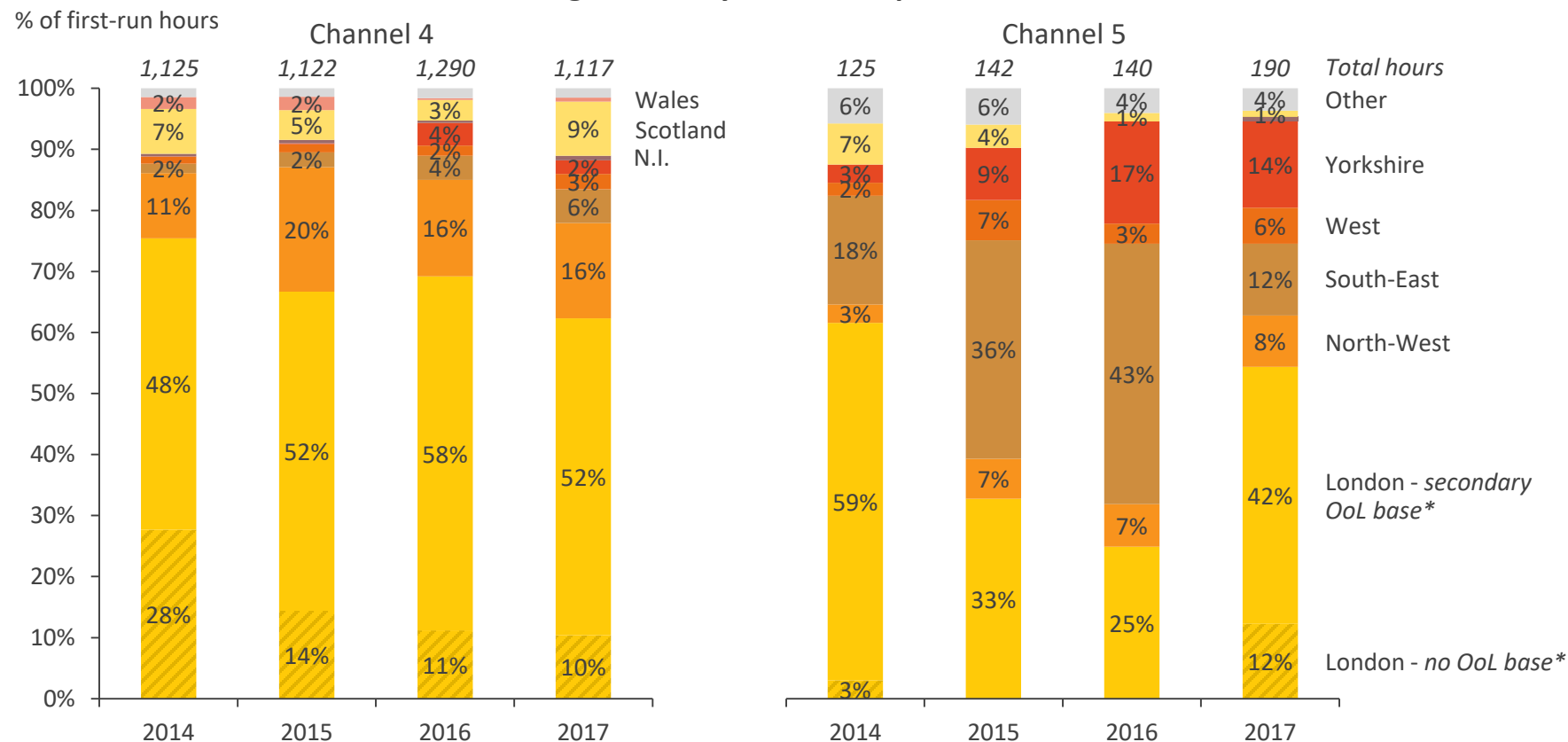
\*this is based on the 'substantive base' criteria, producers are assumed to have a secondary base outside London if they met this criteria

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## External MoL programming by location of producer – Channel 4 & Channel 5

Producers primarily based in London also account for a large amount of Channel 4 external MoL output, though this has been falling recently; the North-West is the other significant region due to *Hollyoaks*. The composition of Channel 5's MoL output has fluctuated as, like ITV, their total volume of external MoL content is low

### Volume of external first-run PSB MoL originations by location of producer – 2014 - 2017



Note: Excludes News and Other programming

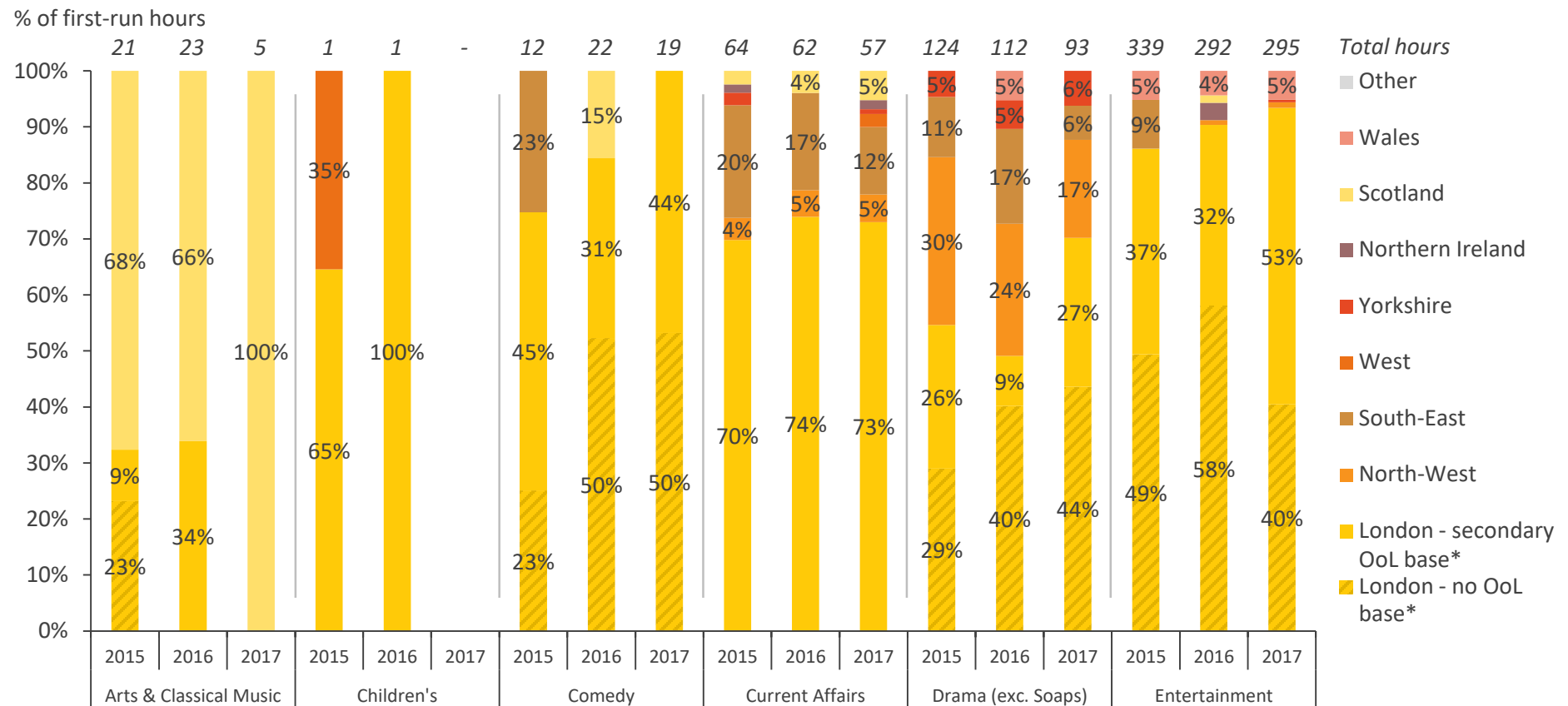
\*this is based on the 'substantive base' criteria, producers are assumed to have a secondary base outside London if they met this criteria

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## External MoL programming by genre and location of producer

A high proportion, nearly one-half, of external comedy, drama and entertainment MoL programming is made by producers without a significant presence outside London

### Volume of external first-run PSB MoL originations by genre and location of producer – 2015 - 2017



Note: Excludes News and Other programming, and BBC portfolio channels

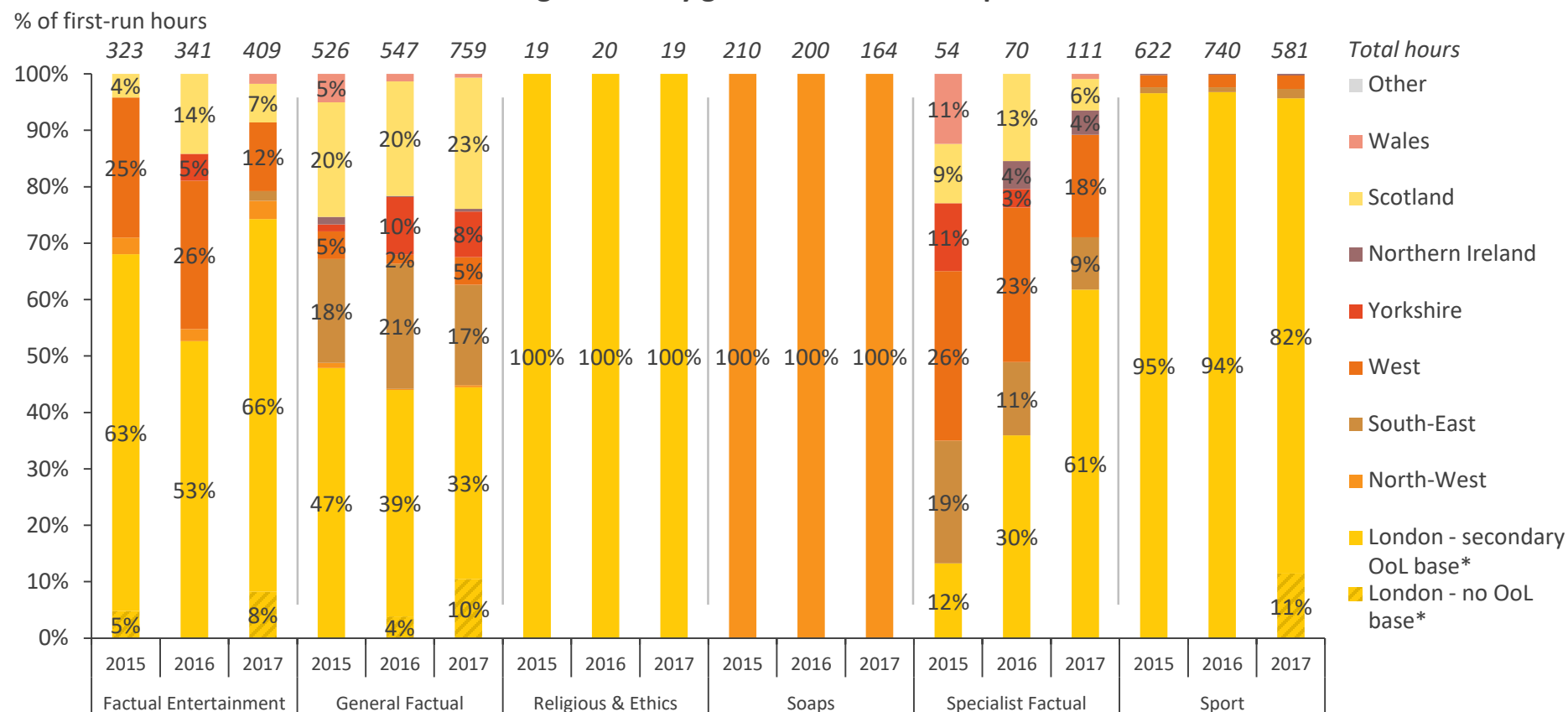
\*this is based on the 'substantive base' criteria, producers are assumed to have a secondary base outside London if they met this criteria

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## External MoL programming by genre and location of producer

**Factual programmes are more likely to be made by producers across a range of areas outside London compared to other MoL content, especially sport which is typically made by large, specialist producers (e.g. IMG, Sunset & Vine)**

### Volume of external first-run PSB MoL originations by genre and location of producer – 2015 - 2017



Note: Excludes News and Other programming, and BBC portfolio channels

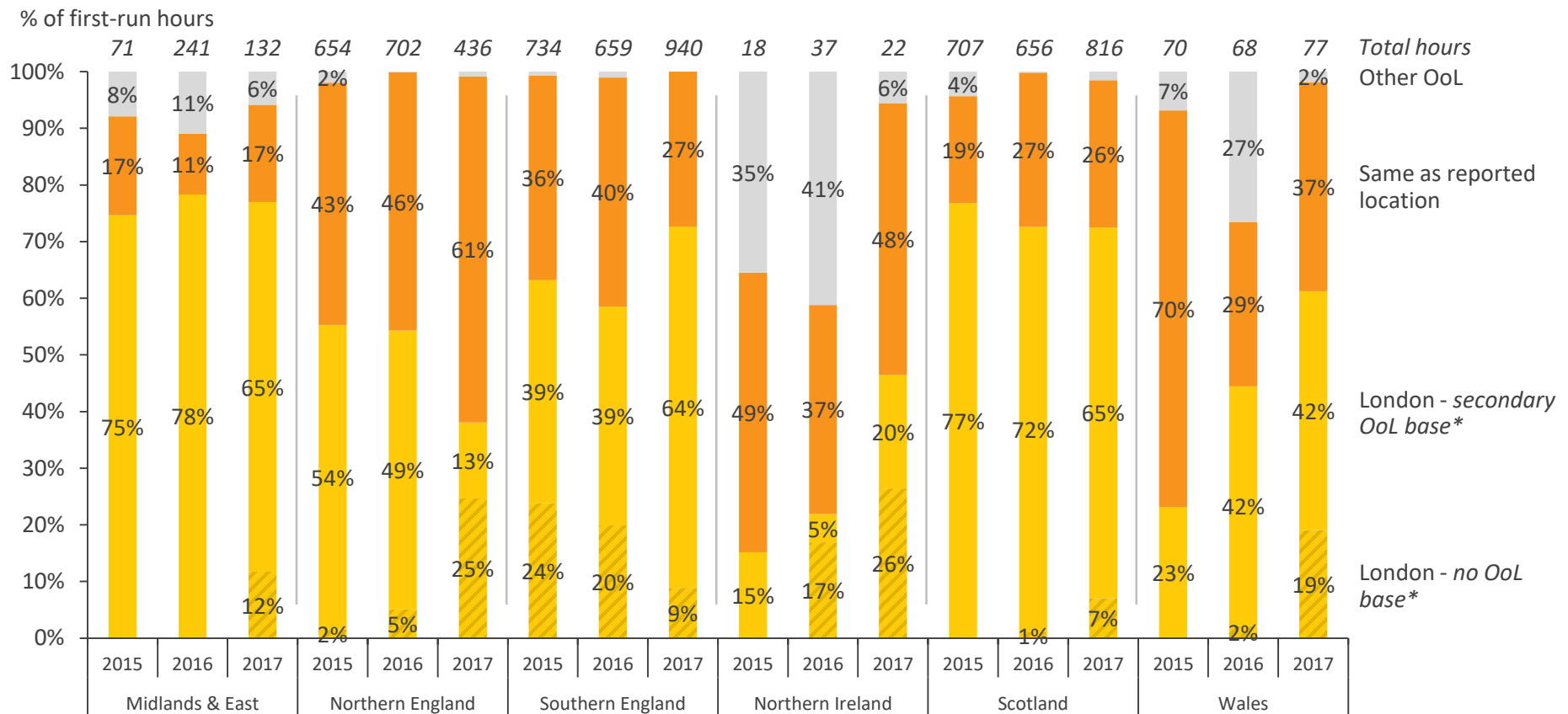
\*this is based on the 'substantive base' criteria, producers are assumed to have a secondary base outside London if they met this criteria

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Reported location of production compared to location of producer

MoL programming across all regions includes programmes made by producers who have their main office in London; these producers are especially prevalent within MoL content from Scotland, Midlands & East and Southern England

### Volume of external first-run PSB MoL originations, reported location against location of producer – 2015 - 2017



Note: Excludes News and Other programming, and BBC portfolio channels

\*this is based on the 'substantive base' criteria, producers are assumed to have a secondary base outside London if they met this criteria

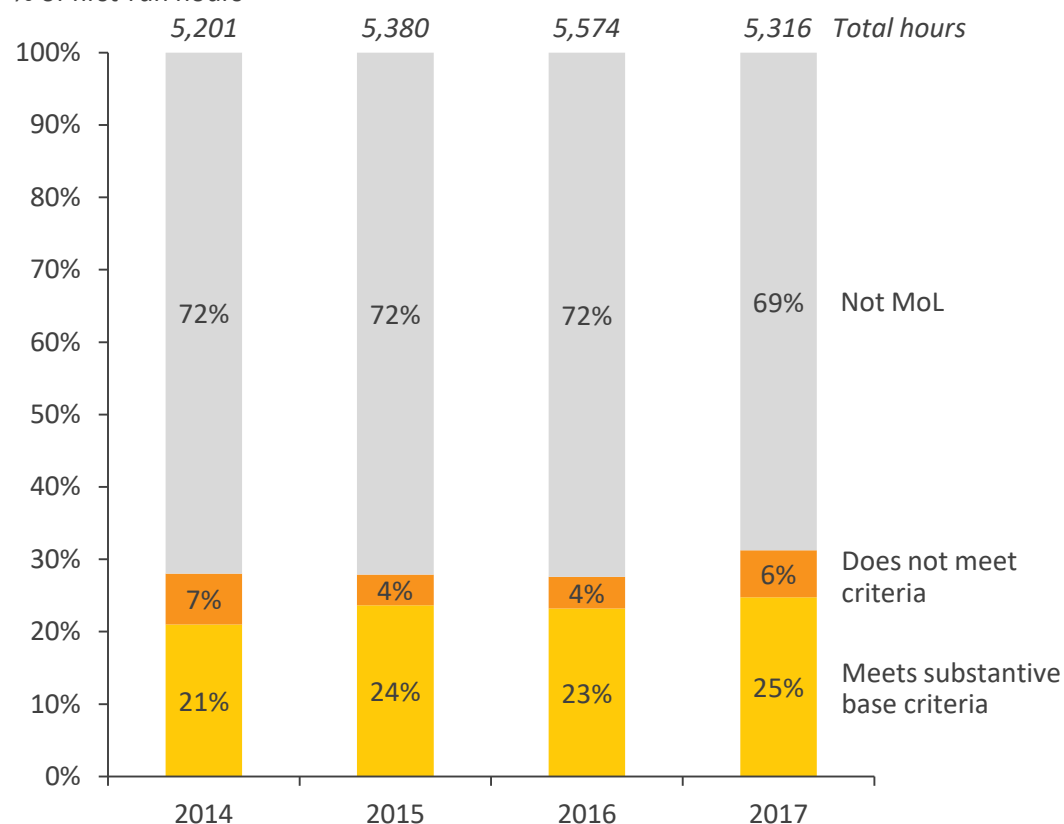
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Substantive base criteria among producers primarily based in London

Around one-quarter of external content made by primarily London-based producers is MoL and meets the substantive base criteria - the companies making this content therefore also have a secondary office in the nations or regions

### External PSB originations made by producers primarily based in London by substantive base criteria – 2014 - 2017

% of first-run hours



- Nearly one-quarter of content from producers who have their main office in London meets the substantive base criteria
- Programmes need to meet at least two different criteria to qualify as MoL; therefore non-MoL content could be made in secondary offices outside London, but this is unlikely to happen frequently

MoL content [expanded on the next page]

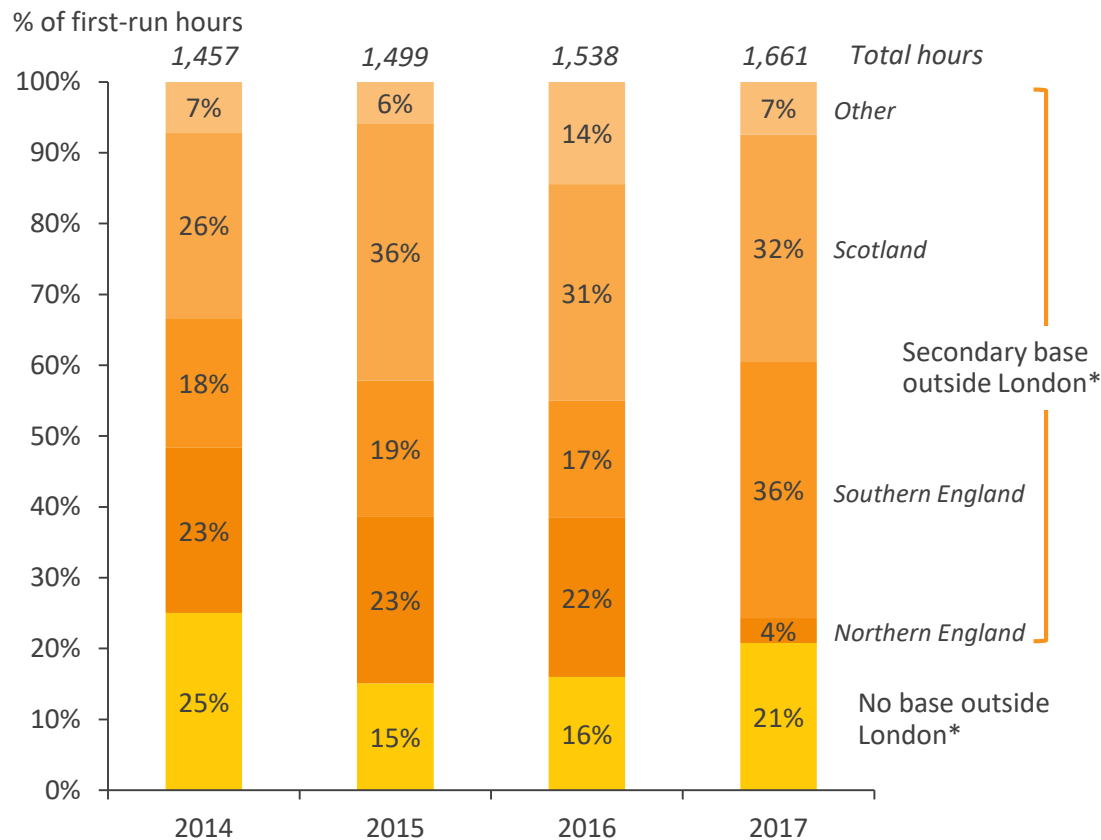
Note: Excludes News and Other programming, and BBC portfolio channels

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Substantive base criteria among producers primarily based in London

About 80% of external MoL output from producers primarily based in London meets the MoL substantive base criteria, so is made by a company with a secondary office in the nations and regions

### External PSB MoL originations made by producers primarily based in London by substantive base criteria – 2014 - 2017



- In 2017, 79% of externally produced MoL output made by producers who have their main office in London came from secondary offices based in the nations and regions
- A large amount of this activity comes from Scotland, driven by both sports (e.g. *Snooker on BBC*) and daytime strands
- *Deal or No Deal* accounted for a large part of hours not meeting the substantive base criteria pre-2017; however it's loss was more than accounted for by new commissions such as *Impossible* (BBC) and *Darts* (C4). Drama programmes make up a significant amount of the rest

Note: Excludes News and Other programming, and BBC portfolio channels. 'Other' includes Midlands & East, Wales and Northern Ireland. \*Productions meeting the 'substantive base' criteria are assumed to be made from a secondary base outside London, located in the reported production region

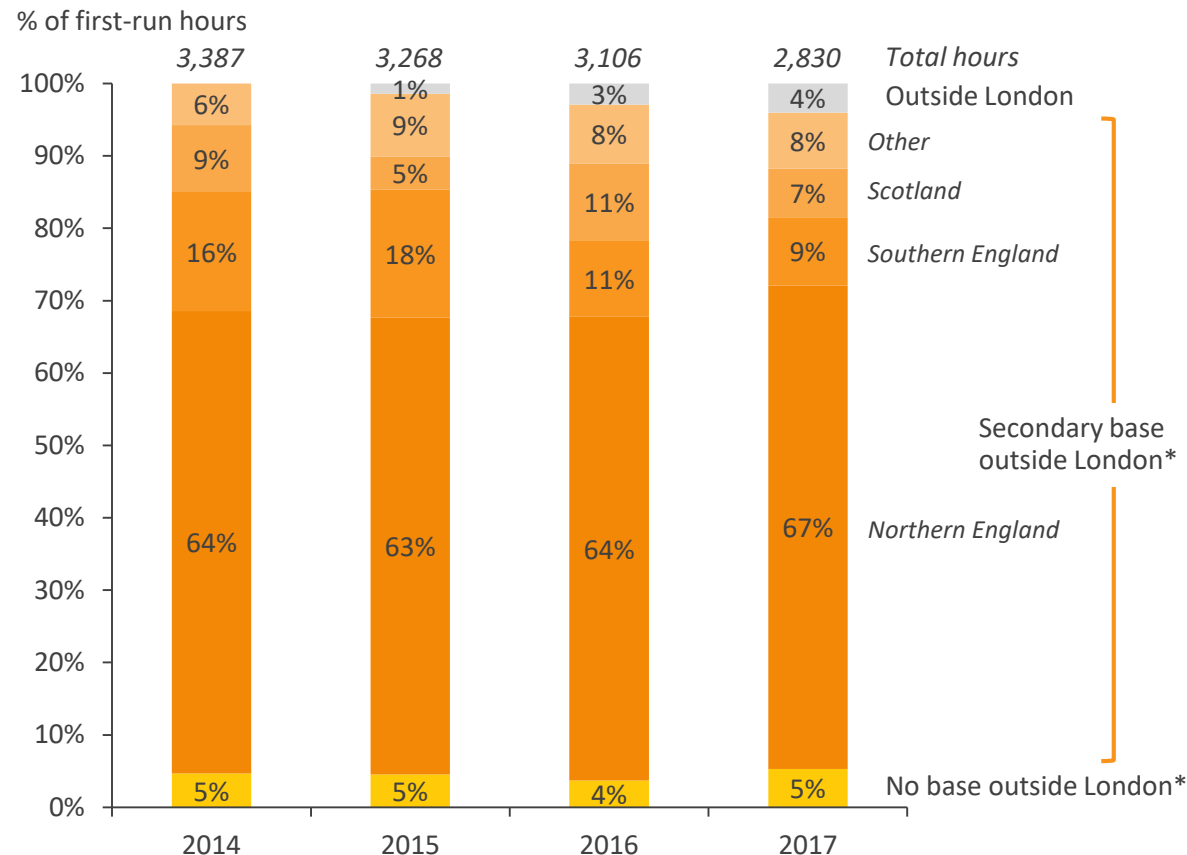
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis



## In-house MoL programming by substantive base criteria

The majority of in-house MoL programming comes from regional hubs, such as MediaCityUK, in Northern England

### Volume of in-house first-run PSB MoL originations by location of producer – 2014 - 2017



- About 95% of in-house MoL output meets the substantive base criteria
- More than half comes from regional offices in Northern England, largely owing to sports and soaps content
- The BBC soap *Doctors* is the main strand not meeting the criteria, while *TwoFour Group* accounts for most of the small amount made by producers with a head office outside London

Note: Excludes News and Other programming, and BBC portfolio channels. \*Productions meeting the 'substantive base' criteria, but made by producers with a head office in London, are assumed to be made from a secondary base outside London, located in the reported production region.

All native in-house production units (e.g. BBC Drama, ITV Studios Entertainment) are assumed to be headquartered in London

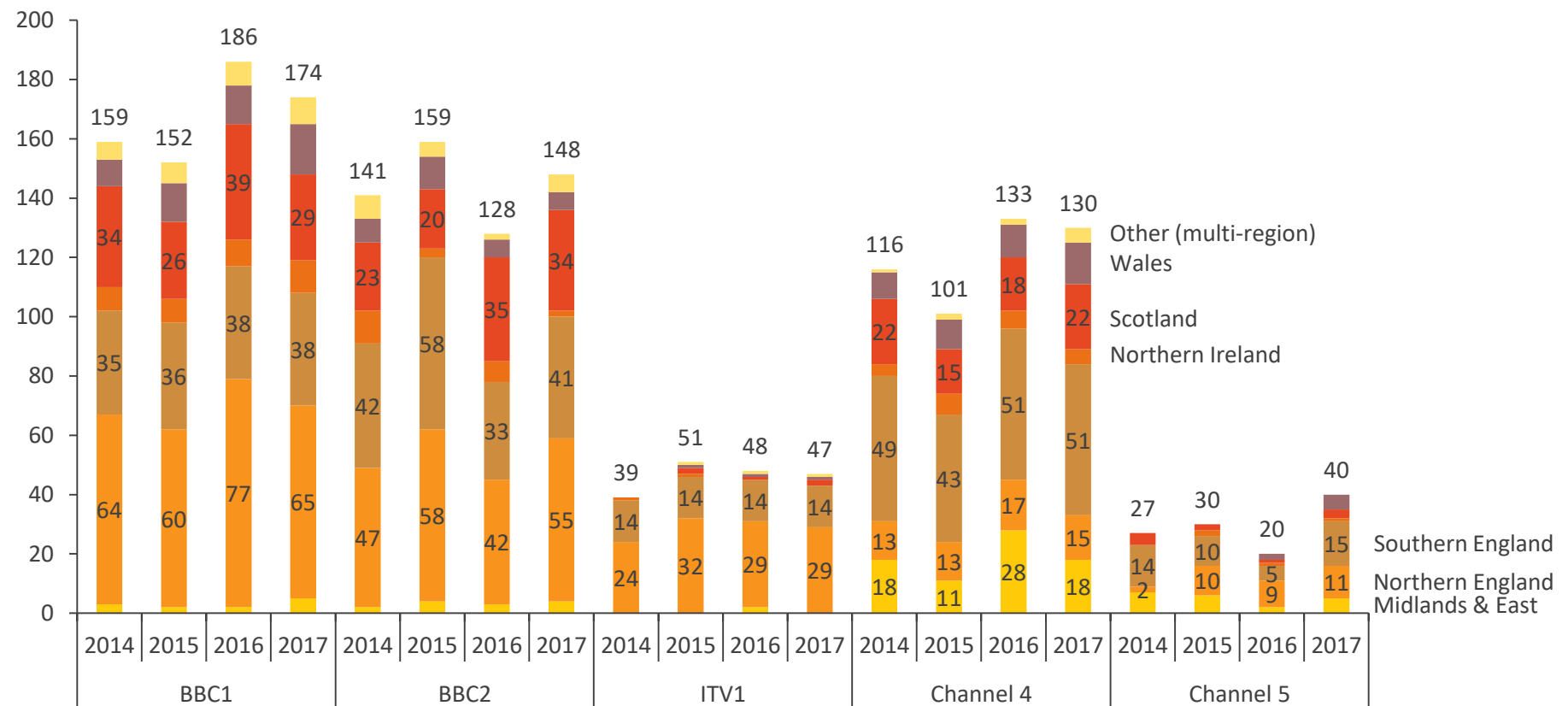
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Number of MoL strands – Main PSB channels

Channel 5 and ITV1 broadcast a noticeably smaller number of MoL strands than the other main PSB channels.  
Channel 4 has a higher number of strands from the Midlands & East due to their non-peak motorsport programming

### MoL strands by region (Ofcom allocation) and channel – 2014 - 2017

Number of strands



Note: A strand is a distinct TV show; for example, 'Bargain Hunt' counts as one strand regardless of the number of episodes/series shown in a year

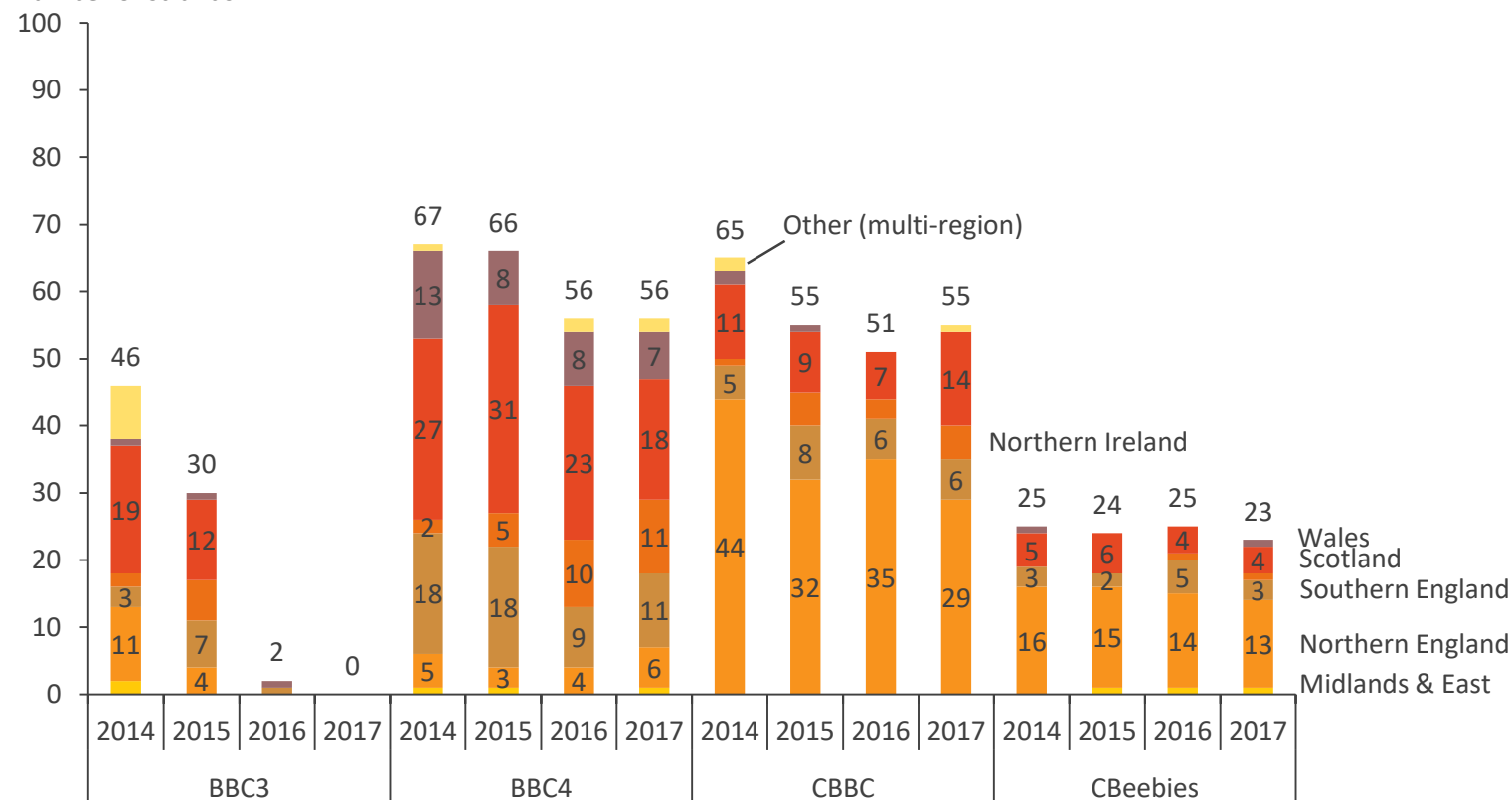
Source: Ofcom, Oliver & Ohlbaum analysis

## Number of MoL strands – BBC portfolio channels

The BBC portfolio channels also commission a relatively high number of MoL strands. Children's MoL programming mostly comes from Northern England whereas a lot of BBC4 MoL strands come from Scotland; these are predominantly made in-house and cover a range of travel, arts and specialist factual shows

### MoL strands by region (Ofcom allocation) and channel – 2014 - 2017

Number of strands



Note: BBC Three data only includes strands broadcast prior to the channel moving online in February 2016

A strand is a distinct TV show; for example, 'Bargain Hunt' counts as one strand regardless of the number of episodes/series shown in a year

Source: Ofcom, Oliver & Ohlbaum analysis

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## The BBC and Channel 4 have addressed regionality through recent policies

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The BBC and Channel 4 have tried to improve their regional activity, in terms of audience value and economic impact, through a number of policies. The direct impact of these on commissioning can be difficult to ascertain

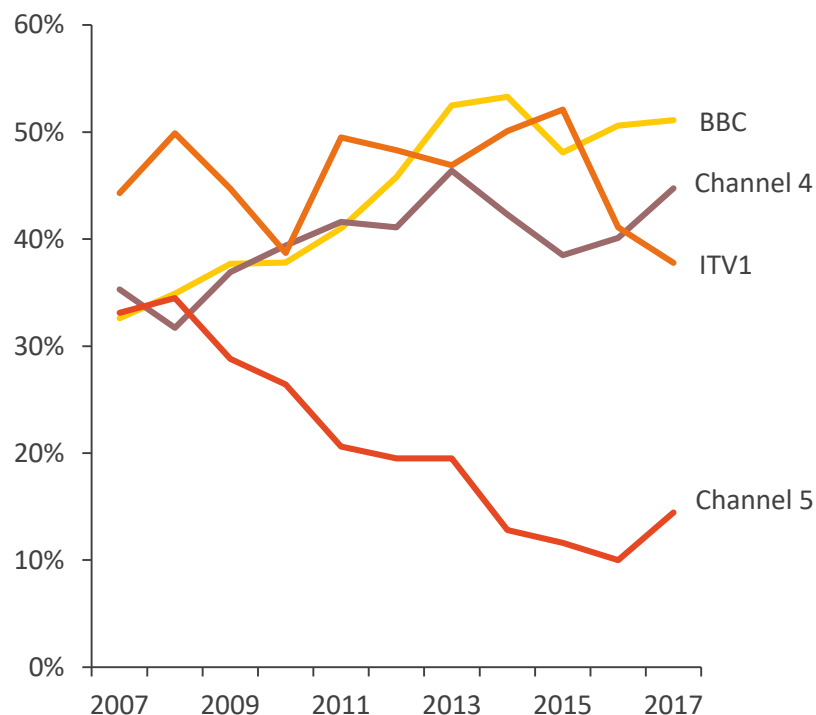
- Both the BBC and Channel 4 have attempted to improve their presence in and representation of the nations and regions through a number of significant policies, including:
  - BBC relocating a number of departments, including Sport, 5Live and BBC Breakfast, to MediaCityUK in Salford – this move was completed in 2012
  - BBC committing in 2008 to growing their nations spend to 17% of qualifying originations by 2016 – the BBC hit this target with nations spend growing from 7.8% in 2008 to 19.2% in 2016
  - An increase to Channel 4's out-of-England Ofcom licence quota, from 3% of spend and volume in 2014 to 9% by 2020 – Channel 4 reached this target in 2017
- Over recent years, there has also been a general consensus among the BBC, Channel 4 and wider industry that they should be more active in the nations and regions, leading to other spending commitments and Channel 4's upcoming relocation; as such, both broadcasters have increased their activity outside London more broadly too
- The direct impact of any of the aforementioned policies on commissioning trends is difficult to analyse directly as commissioning behaviour is affected by many factors, including budgets, genre trends and the emergence or cancellation of long-running strands. Furthermore, the benefits of these policies would be expected to be realised over a long (and overlapping) timeframe. Where possible, we have looked at commissioning behaviour on the BBC and Channel 4 before and after these policies to estimate their likely contribution to any change

## Recent initiatives have had a positive impact on regional commissioning spend

The BBC's regional spend grew rapidly between 2010 and 2013 largely as a result of the Salford relocation; with spend in Northern England increasing rapidly, slightly at the expense of other areas of England. Channel 4 nations spend has risen steadily since 2009, but the increase to their out-of-England quota in 2014 has since driven further recent growth

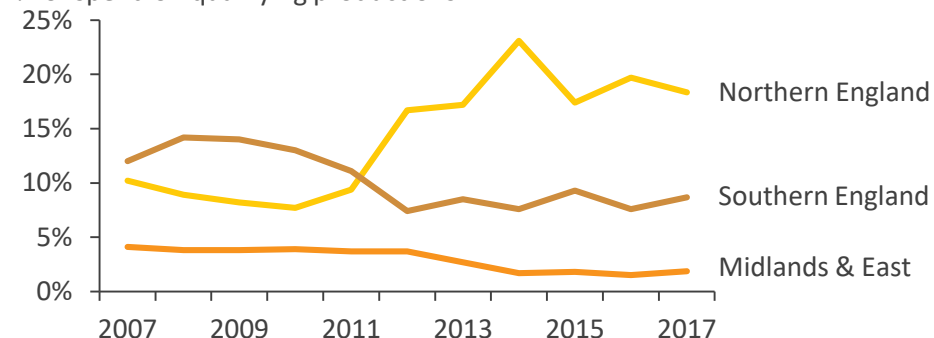
### Regional spend on network originations by PSB

% of spend on qualifying productions



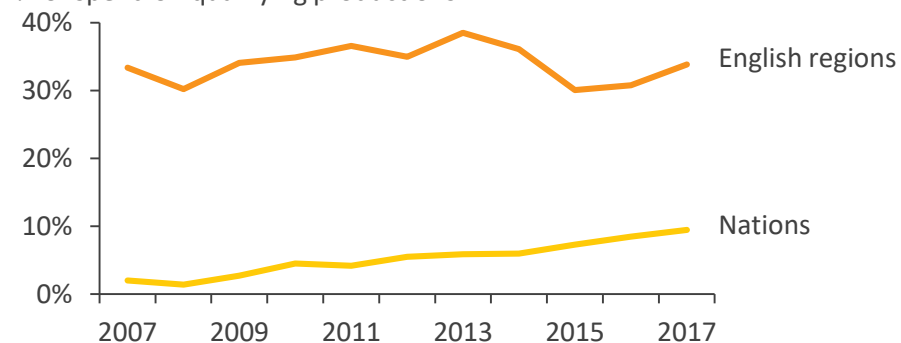
### BBC network originations spend in the English regions

% of spend on qualifying productions



### C4 originations spend outside of London

% of spend on qualifying productions



Note: Qualifying productions exclude network news as these are typically produced in London. Similar trends are also observed for share of hours

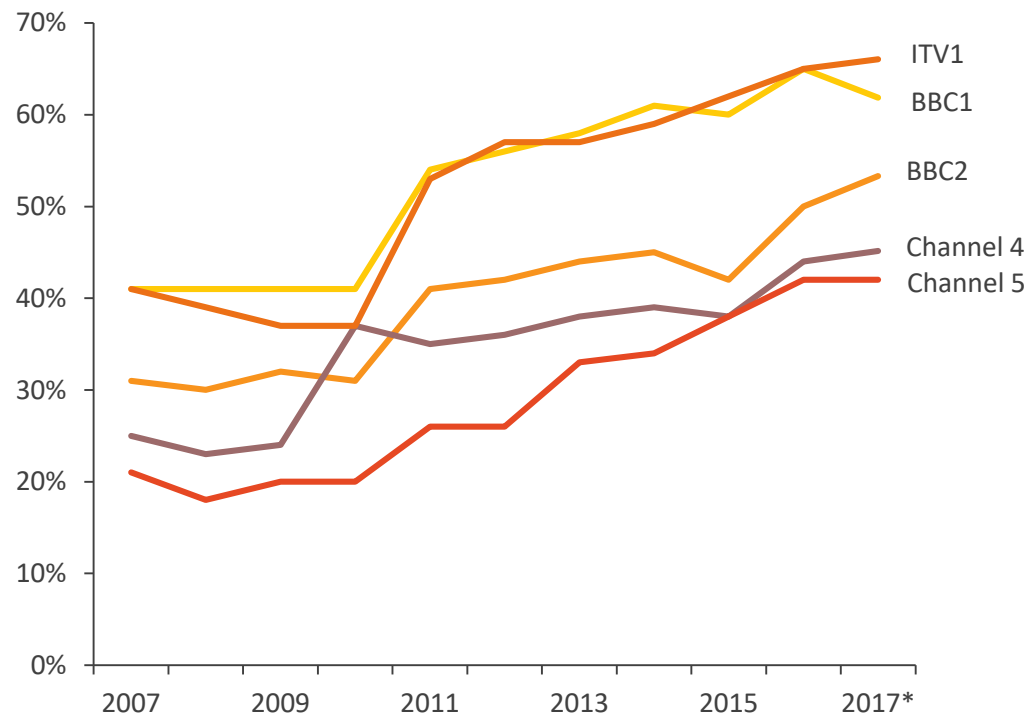
Source: Ofcom PSB Annual Report, Oliver & Ohlbaum analysis

## Changes to spending have had little direct impact on audience perceptions

**Delivery of PSB purposes relating to regionality, as rated by audiences, have grown across all the main channels regardless of changes to regional spending, including Channel 5 whose regional spend has dropped significantly**

### Delivery of PSB purpose: 'Portrays my region/nation fairly to the rest of the UK' – 2007 - 2017

% of regular viewers rating delivery higher than 6 out of 10



- Delivery against PSB purposes relating to regionality have grown over the past decade across the PSBs. Notably, BBC delivery has continued to grow post-2010 (after relocation to Salford) whereas it had been reasonably flat beforehand
- However, the delivery of ITV and Channel 5 has also risen, despite the regional spend of the latter decreasing significantly, suggesting that audience perceptions are driven at a broader level, or are more affected by the content of a show rather than the location of spending
- This is supported by the BBC Trust who found that there was no immediate impact on reach or audience approval in Northern England immediately following the Salford move

*Note: The wording of this PSB purpose was slightly amended in 2011, partly explaining the jump across the PSBs during this period  
Due to a methodological change in 2017, the 2017 numbers above were calculated through a comparison against restated 2016 figures*

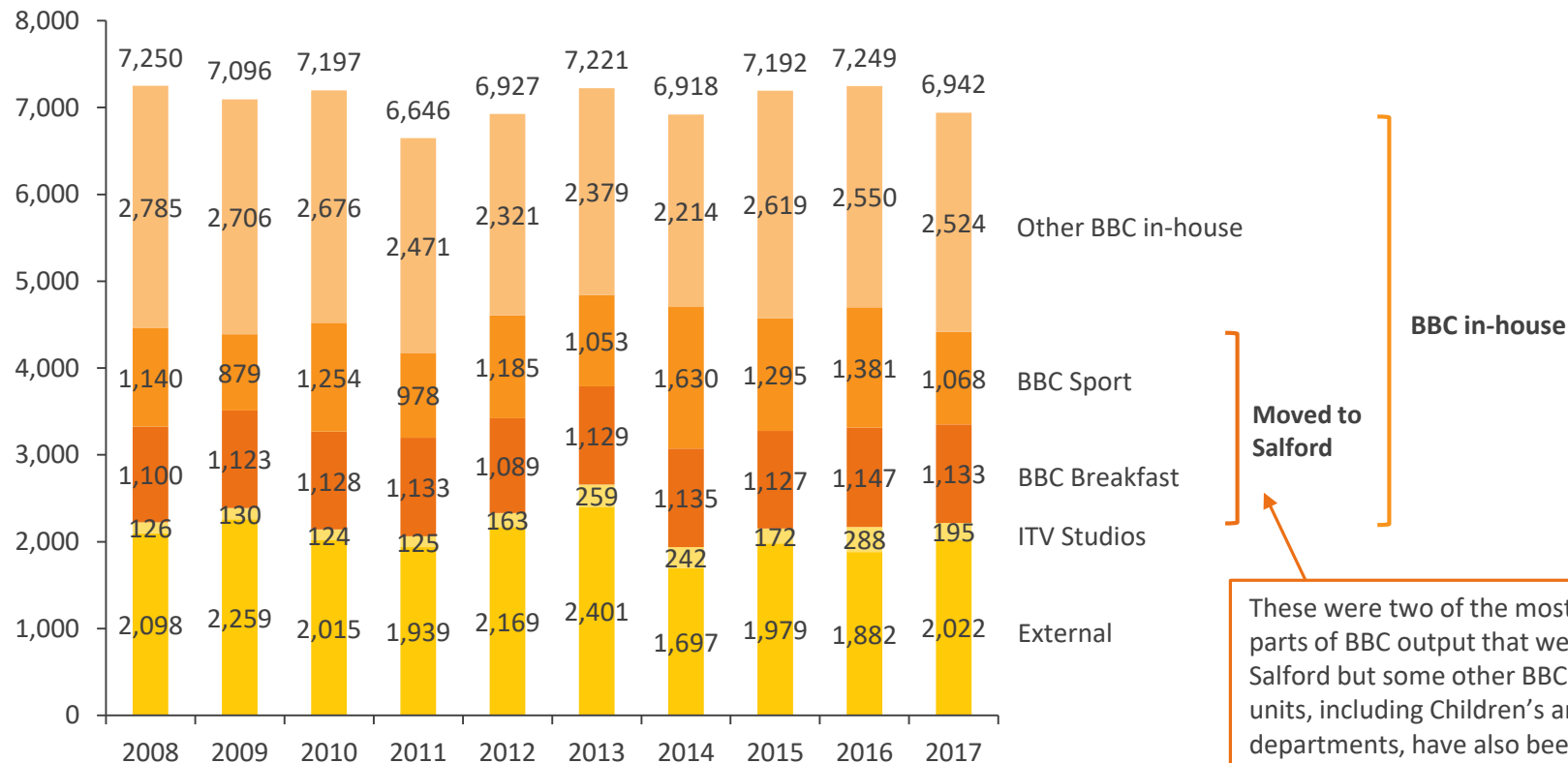
*Source: Ofcom PSB Annual Report, Oliver & Ohlbaum analysis*

## BBC in-house output was significantly affected by the Salford relocation

BBC Sport and BBC Breakfast, together accounting for a large part of in-house BBC One and BBC Two output hours, were relocated to Salford. However, these are both relatively low cost (when excluding sports rights), high volume forms of programming so will have a smaller impact on spend

### BBC (BBC One & BBC Two) first-run originations by type of production

Number of first-run hours; excludes news (except for BBC Breakfast)



Note: Excludes News (except for BBC Breakfast) and Other programming

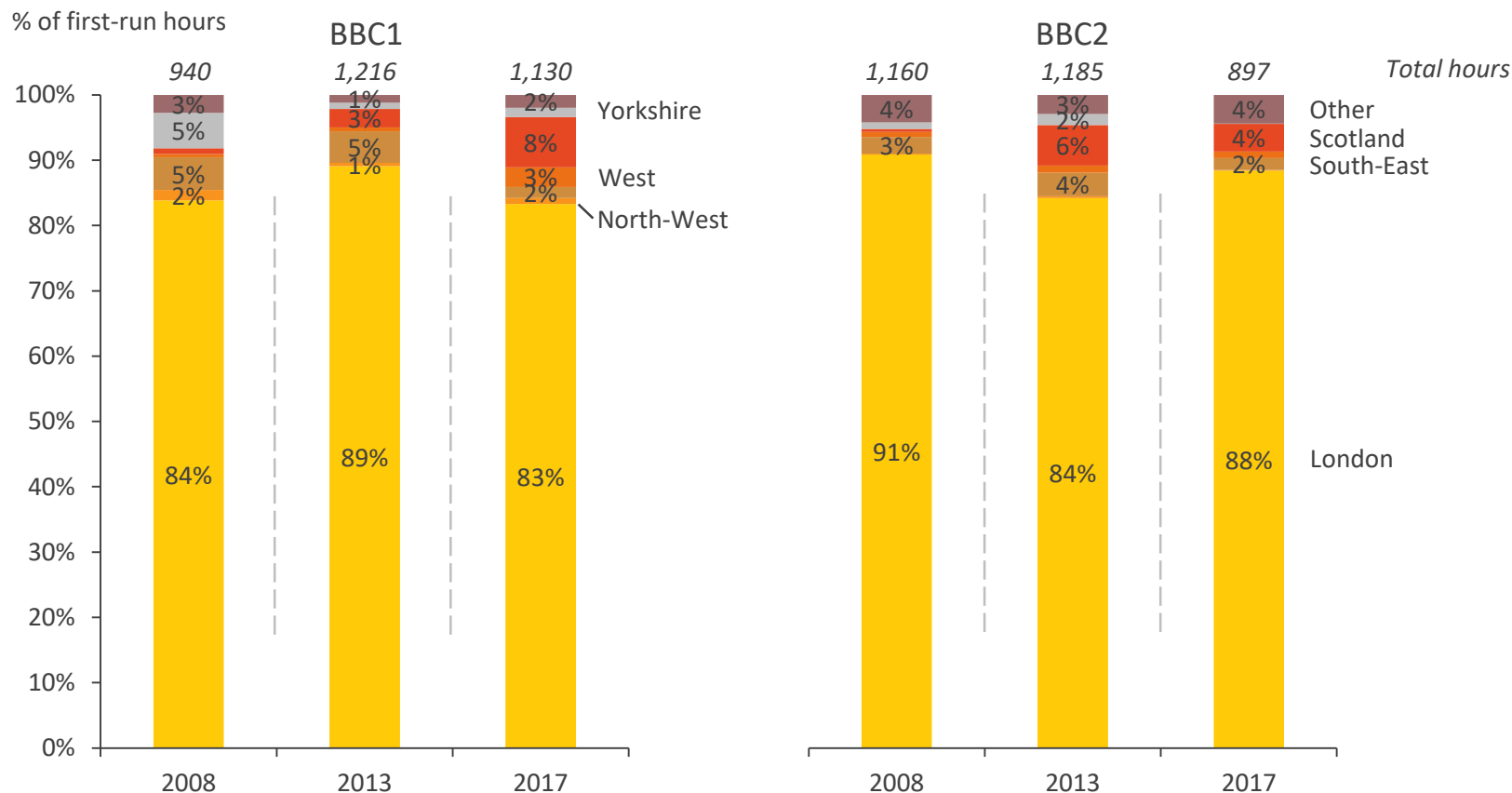
Source: Attentional, BARB, Oliver & Ohlbaum analysis



## BBC external originations by location of producer

The amount of external programming made by producers based outside of London has shown no discernible change across BBC One and BBC Two since 2008. However, these numbers do not include in-house output, which is where we would likely expect a change driven by the move to Salford

### External BBC network originations by location of producer – BBC1 & BBC2 – 2008, 2013, 2017



Note: Excludes News and Other programming

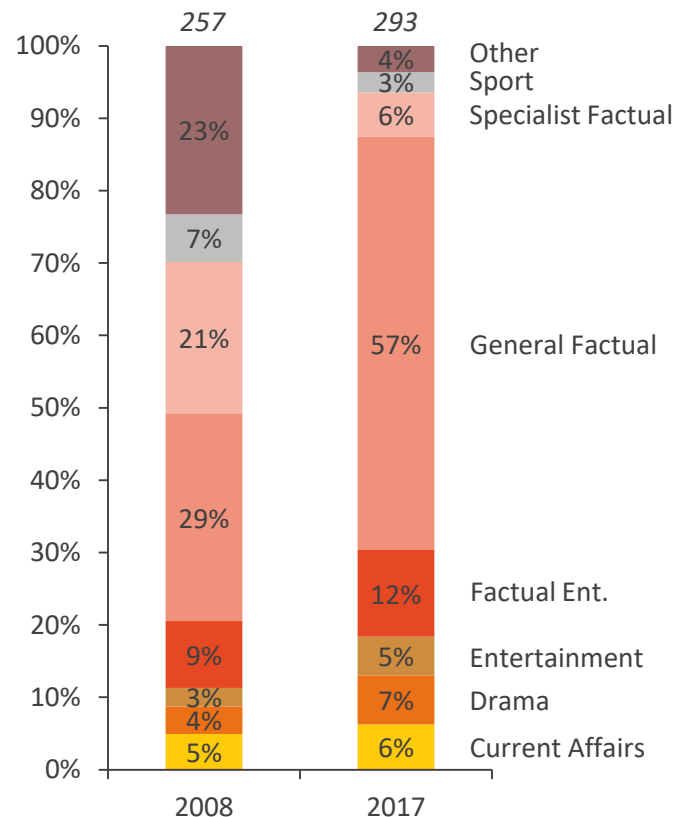
Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Commissioning trends – BBC originations from producers outside London

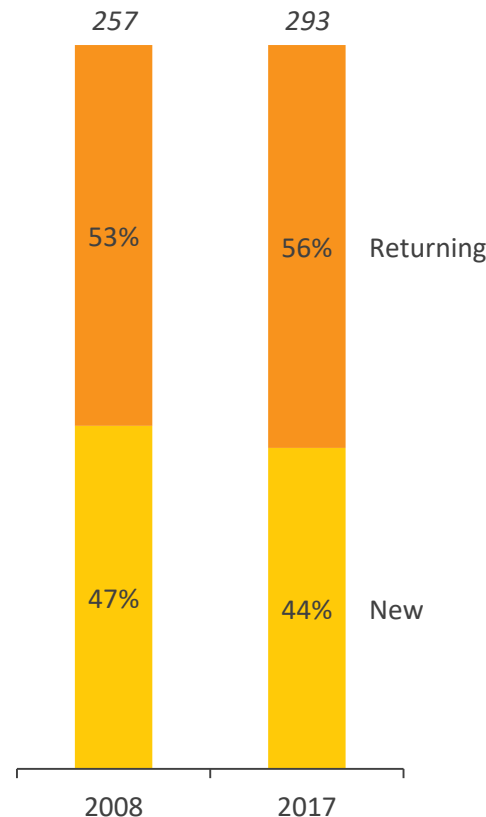
A sizeable portion of the change in genre composition can be associated with children's content moving to portfolio channels; however, even after accounting for this, there has still been a rise in general factual, drama and factual entertainment content. A smaller share of BBC commissions from producers primarily based outside London are new series

**BBC1 & BBC2 OoL producer originations by genre**

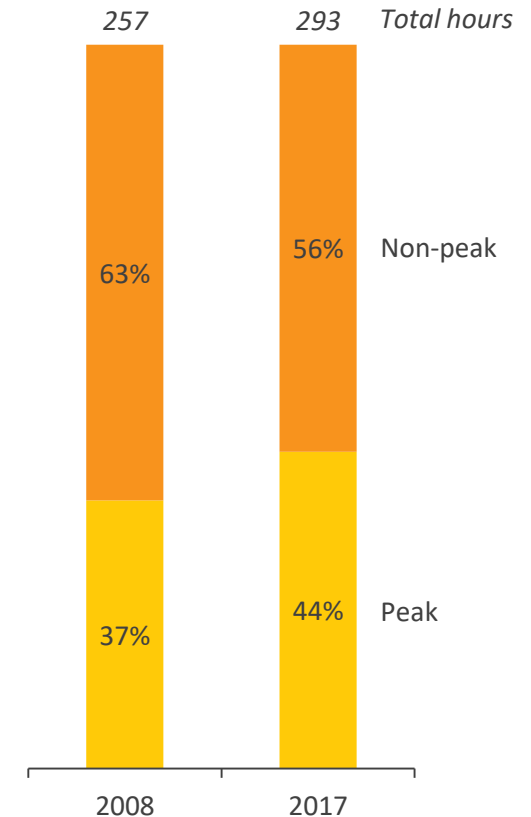
% of first-run hours



**by new/returning series**



**by peak/non-peak**



Note: Excludes News and Other programming

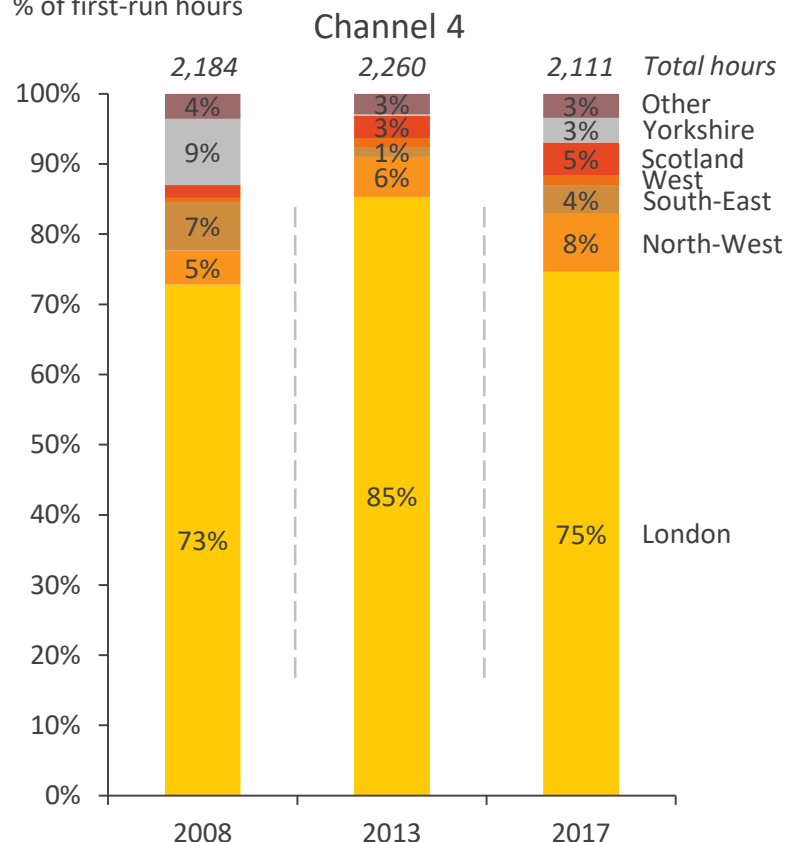
Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

## Channel 4 originations by location of producer

Changes to *Channel 4 Racing* meant that output from regional producers dropped in 2012, but broadly Channel 4's regional activity has been growing. Channel 4's nations quota growth is not reflected in terms of producer location

### Channel 4 originations by location of producer – 2008, 2013, 2017

% of first-run hours



- The share of Channel 4 originations being made by producers primarily based outside London fell in between 2008 and 2013, largely due to *Channel 4 Racing* being produced by a different company
- This share has since risen though, with the North-West being a particularly active region
- The share of hours coming from producers primarily based in the nations has grown (3.3% in 2008 to 5.9% in 2017), though not as quickly as performance against their quota (in terms of both spend and hours). This suggests that some of the growth against their quota is not being achieved from companies which have their primary office in the nations

Note: Excludes News and Other programming

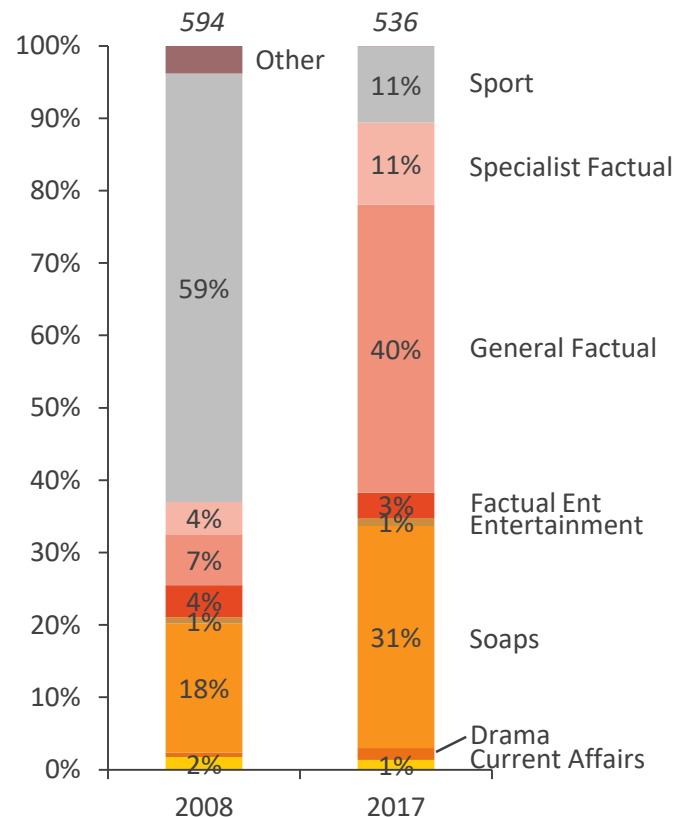
Source: Attentional, BARB, Oliver & Ohlbaum analysis

## Commissioning trends – Channel 4 originations from producers outside London

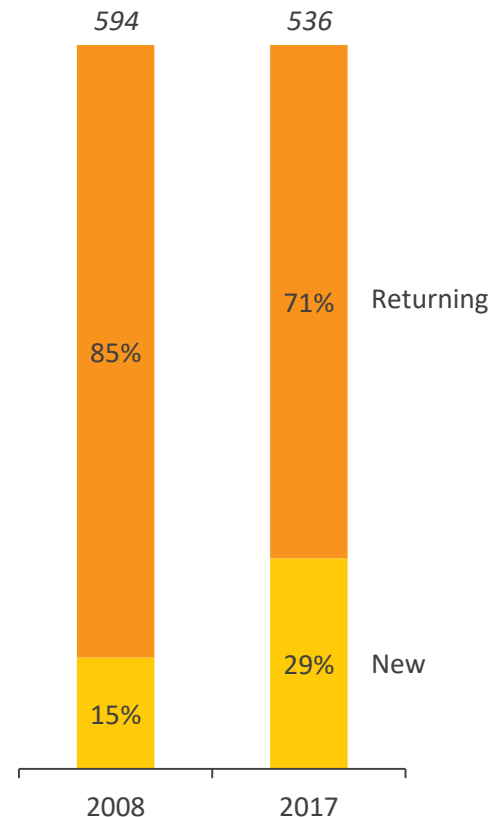
The loss of *Channel 4 Racing* is largely responsible for genre composition changes; however, when excluding sport, General Factual still increases greatly – its share doubling between 2008 and 2017. Producers from outside London are making more new series and peak-time output compared to 2008

### Channel 4 OoL producer originations by genre

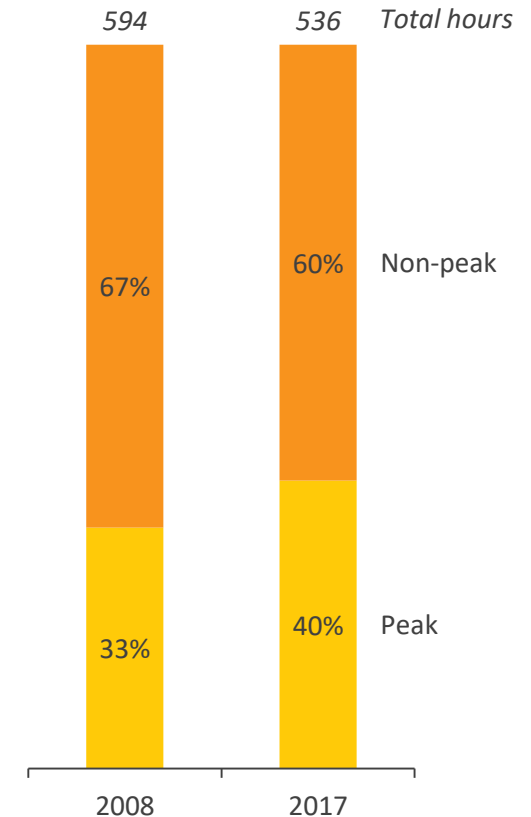
% of first-run hours



### by new/returning series



### by peak/non-peak



Note: Excludes News and Other programming

Source: Attentional, BARB, Ofcom, Oliver & Ohlbaum analysis

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## Conclusion – UK production market

**The UK production market is a healthy and growing sector – the industry has historically been dominated by London-based companies with some production activity, mostly PSB commissions, spread out in the nations and regions**

Overall spending on UK TV production has grown over the past decade; while PSB spending has remained resilient, despite some pressure on advertising spend, investment from UK multichannels, overseas broadcasters and global SVOD services, especially on high-end programmes, has increased

*UK high-end TV spend has grown from £434m to £938m between 2013 and 2017*

Both in-house and independent production company revenues continue to grow, driven by international commissioning and increased rights revenue. The vast majority of the sector is based in London and the prominence of qualifying indies outside London has diminished due to ongoing consolidation

*89% of independent sector revenues are generated by producers primarily based in London*

The PSBs account for the majority of originations spending in the nations and regions, though out-of-London PSB spending has dropped slightly in recent years. Production activity in Northern England, the most active region (with total spend of roughly £550m), and Scotland has grown recently

*43% of PSB non-news originations, in terms of spend, were made outside London in 2017*

## Conclusion – Production industry in the nations and regions

The production industry in different areas varies in terms of sources of spending and types of productions

	Midlands & East	Northern England	Southern England
Spending	PSB network – £30m (1.5%*) Other activity – £43m	PSB network – £437m (20.2%*) Other activity – £106m	PSB network – £203m (9.7%*) Other activity – £86m
Key genres	Soaps – 39%, Fact. Ent. – 29%, General Factual – 19%	Sport – 37%, Entertainment – 19%, Soaps – 18%	General Factual – 40%, Fact. Ent. – 18%, Sport – 18%
No. of producers†	4	16	40
Other characteristics	Peak – 28% (▼) New series – 11% (▼)	In-house – 81% (▲) New series – 11% (▼)	In-house – 29% (▼) Peak – 47% (▲)
Description	PSB network spending has dropped significantly over the past decade, local news represents a large part of the market. There are few indigenous external producers compared to other areas, productions mostly come from secondary offices	The most active area outside London making a large amount of drama, soaps, entertainment and sports PSB content. Northern England is dominated by in-house units of the BBC and ITV which together accounted for 81% of PSB output hours from the region in 2017	PSB spending comes from a variety of broadcasters, most prominently Channel 4, mainly for factual programming. Most output is made by external producers, though London-based companies are more prevalent due to the relative proximity to the capital

Note: \*non-news network spending. 'Other activity' includes PSB non-network, regional and multichannel commissioning. 'Key genres' and 'Other trends' are based on volume of originations on the five main PSB channels; arrows denote significant divergences from overall proportions. †Number of active producers – those that produced any first-run, original content broadcast on the five main PSB channels in 2017

Source: Ofcom Media Nations Report, Oliver & Ohlbaum analysis

## Conclusion – Production industry in the nations and regions

The production industry in different areas varies in terms of sources of spending and types of productions

	Northern Ireland	Scotland	Wales
Spending	PSB network – £26m (1.2%*) Other activity – £39m	PSB network – £123m (5.6%*) Other activity – £100m	PSB network – £76m (3.4%*) Other activity – £98m
Key genres	Fact. Ent. – 42%, General Factual – 20%, Drama – 13%	Sport – 31%, Entertainment – 27%, General Factual – 20%	Fact. Ent. – 34%, General Factual – 25%, Drama – 18%
No. of producers†	6	20	13
Other characteristics	In-house – 68% (▲) New series – 25% (▲)	In-house – 19% (▼) Peak – 28% (▼)	In-house – 32% (▼) Peak – 45% (▲)
Description	Northern Ireland is the smallest production market among the nations. The vast majority of spending comes from the BBC. There are a few active indigenous companies, mostly making one-off factual shows	The Scottish production market has benefitted from Channel 4 quota changes and is expected to continue growing, driven by the BBC's recent spending commitments. PSB output includes a large amount of sports coverage of events held outside Scotland. There is also a lot of non-network spending, mostly associated with STV non-news content	S4C accounts for roughly one-third of originations spending. Most network PSB spending comes from the BBC, with a little from Channel 4, but is dominated by in-house production (roughly 75% of hours). Wales mostly produces factual and entertainment shows

Note: \*non-news network spending. 'Other activity' includes PSB non-network, regional and multichannel commissioning. 'Key genres' and 'Other trends' are based on volume of originations on the five main PSB channels; arrows denote significant divergences from overall proportions. †Number of active producers – those that produced any first-run, original content broadcast on the five main PSB channels in 2017

Source: Ofcom Media Nations Report, Oliver & Ohlbaum analysis



## Conclusion – PSB commissioning in the nations and regions

The PSBs, and their commissioning activity, each play a different role in the production industry outside London

Broadcaster	MoL spending*	Characteristics
BBC	£509m	Total MoL output has shrunk recently, mainly due to a drop in in-house MoL sports programming, but external MoL content hours have grown by over 50% between 2014 and 2017. The majority of in-house MoL content comes Northern England, mostly due to the BBC's presence in Salford, while almost one-third of all externally commissioned content (inc. non-MoL) comes from Scotland. Growth in factual MoL output has somewhat compensated a drop in sport
ITV	£241m	The level of MoL output has remained consistent and is mostly produced in-house (over 80% of hours). In-house MoL content is dominated by Northern England, with a number of key daytime strands ( <i>The Jeremy Kyle Show</i> ) and soaps ( <i>Coronation Street</i> , <i>Emmerdale</i> ) being made there. The vast majority of external MoL content comes from Southern England, most of which is made by producers who have their head office in the region
Channel 4	£174m	Total spend on MoL originations has broadly increased in recent years while volume has remained consistently high (over 50% of originations), suggesting that MoL commissions have become slightly higher value. Channel 4's commissioning is varied, with a lot coming from Northern and Southern England but also from the nations as well. The amount of MoL output coming from producers primarily based in London has dropped but remains notable
Channel 5	£17m	MoL spending and output volume has been growing, generally in line with total Channel 5 originations growth. Most MoL programming comes from independent producers based in Northern and Southern England. Aside from a small amount of sports programming, almost all MoL content is factual

## Conclusion – ‘Made outside London’ production activity

**Recent MoL commissioning activity has shifted away from in-house production and sports to independent producers and genres with potentially more regional character, however a significant portion of external MoL originations are still made by companies who are primarily based in London**

The majority of external PSB MoL originations are made by producers who have their main office in London, though most also have a secondary office outside – by meeting MoL criteria, these productions contribute to the industry outside of London but their impact may not be as permanent as indigenous companies

*66% of MoL hours in 2017 were produced by companies with a head office in London*

PSB MoL content has become more diverse – more content is being made by indies at the expense of in-house production while there has also been a diversification of genres owing to the falling levels of sports MoL content (now representing one-quarter of MoL hours, most of which is made by companies primarily based in London)

*External producers made 47% of MoL original hours in 2017, compared to 38% in 2014*

Recent policy interventions addressing regionality – the BBC relocation to Salford and Channel 4 nations quota – have had a positive impact in specific regions, but often at the expense of other areas so have not led to any notable overall growth of out-of-London spending; these changes may have also not been achieved solely through (or in the BBC’s case, had a wider impact on) indigenous indies

*Channel 4 originations spending in the nations has increased from 1% to 9% over the past decade*

# Oliver & Ohlbaum



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