PSB Annual Research Report 2016

Research Document

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About this document

This report provides information about how the television public service broadcasters are performing in terms of delivering public service programmes. The public service broadcasters are those providing Channel 3 services, Channel 4, Channel 5, and S4C. They also include the BBC in relation to a number of its channels.

It looks at what these broadcasters are spending on programmes and the amount of different types of programmes they show. It also looks at the extent to which audiences are watching public service programmes, and how satisfied they are with them.

Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of their public service purposes as set out in the Communications Act 2003. The PSB Annual Research Report was one of the outcomes of this first PSB review and serves to provide an evidence base for monitoring the delivery of PSB.

This is an annual statistical report: the 2016 edition includes data for the whole of the calendar year 2015.

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Executive summary

The media and technology landscape is changing rapidly in an increasingly connected UK. For example, ultra-high definition picture quality, the ability to easily time-shift viewing, and the widespread availability of various on-demand services on a range of devices, all allow viewers to watch programmes in an increasingly convenient and flexible manner.

It is within this context that the *PSB Annual Research Report 2016* reports on the performance of the UK's public service broadcasters in 2015.

We also report on the delivery of public service broadcasting over the long term. This allows us to look at long-term trends and take account of the skew provided in even-numbered years when major sporting events often lead to a spike in programme spend and viewing.

Viewers continue to value PSB provision

The PSB channels are watched by a large majority of people on a weekly basis. In 2015 84% of the TV population aged 4+ watched any of the main five PSB channels in a typical week. This edges up to 86% when the BBC portfolio channels are included.

PSB viewers continue to value PSB provision, and audience satisfaction remains high. Statements relating to '*its news programmes are trustworthy'* and '*its programmes help me understand what's going on in the world today*' remain the most important purposes for viewers and continue to score highly on delivery.

In some cases audiences' views on the importance and delivery of specific purposes and characteristics increased year-on-year. Audiences' opinions on the importance of '*its programmes help me understand what's going on in the world today'* rose compared to 2014. There was an uplift in both the importance and delivery of '*it shows interesting programmes about history, sciences or the arts'*. Audiences' views on the delivery of *'its programmes show different kinds of cultures within the UK'* also increased. There was a rise in the importance attributed to '*it shows well made, high quality programmes'* while audiences' views on its delivery remained high.

Viewers in Northern Ireland, Scotland, Wales, England and the regions feel that the provision of nations/regions news is one of the most important of the PSB purposes and, overall, the majority of viewers are satisfied with BBC One's and Channel 3's delivery of nations' and regions' news.

TV viewing on TV sets has fallen substantially in the last five years, with a widening gap between the viewing habits of the youngest and oldest audiences

There are marked differences in viewing levels by age group. In the last five years there have been declines in time spent watching measured TV among all age groups but which was considerably more among those under 35 (including children). In the last year, the rate of decline in viewing seen since 2012 slowed for all age groups under 65, apart from 16-24s where it speeded up. Viewing levels increased among those aged 65 and over.

A similar picture can be seen with weekly reach, with lower proportions of the TV population under 35 watching TV in a typical week compared to older age groups. Younger audiences also experienced bigger declines in weekly reach compared to 2010, while reach among the 55+ age groups were the same.

Despite the falls, weekly reach remained high among all age groups in 2015, ranging from 82% among adults 16-24 to 97% among adults aged 65 and above.

Half of all TV viewing is to the main PSB channels

Although viewing to the main PSB channels has declined over the last ten years, half of all TV viewing continues to be to these channels. By contrast, there has been substantial growth over time in viewing PSB ‘portfolio’ channels, going some way to offset the decrease in viewing to the main PSB channels. Overall, when all the channels broadcast by PSBs are taken into account, they represent 71% of total TV viewing, down from 77% in 2005.

Watching on-demand is increasingly popular with viewers

On-demand services have become increasingly popular, with services such as BBC iPlayer, All 4, Netflix and Amazon providing consumers with greater choice in how they choose to watch programmes. Younger viewers have particularly embraced these services, with one third of all viewing among 16-24s now being spent on on-demand services in 2016. Viewing to paid on-demand services has especially increased, rising 14 percentage points to 20% in two years.

PSB channel spend on new UK network programmes appears to be stabilising following steady declines since 2005

The PSB channels spent £2.5bn in 2015 on new UK network programmes. This has changed little in the last couple of years[1], although it has decreased by nearly a quarter in real terms since 2005.[2]

In 2015 there continued to be real-term declines in spend on new UK children’s, arts and classical music and religious programming – a trend highlighted in our third PSB review – although spend on new UK drama has increased by 12% in real terms since 2014.

The volume of new UK programmes broadcast on the PSB channels remains high

Nearly half of all network hours broadcast on PSB channels were new UK programmes in 2015 (43%), the same as 2014 but a figure slightly down on that of 2005 (46%). While spend appears to have stabilised since 2013, first-run UK originated network hours across the PSB channels have stayed at around 32,000 hours since 2010.

Spend on nations’ and regions’ programming has changed little in the last couple of years

The BBC and Channel 3 spent a combined total of £270m in 2015 on new programming for viewers in the nations and regions – little changed in the last couple of years in real terms, although there was a spike in 2014 due to coverage of the Scottish independence referendum and the Glasgow Commonwealth Games.

[1] In ‘even’ years, i.e. 2014, spend on sports is always higher due to major events such as the football World Cup and the Olympics, which makes reporting year-on-year trends more complex.
[2] An overview of the factors linked to the decline in programme spend can be found on page 19.

PSB in context

Ofcom's duties

Ofcom has a duty, as set out in section 264 of the Communications Act 2003, to assess the extent to which the designated public service broadcasters (PSBs), taken together, have provided relevant services fulfilling the public service purposes as summarised below.

Ofcom's first PSB review stated that in delivering its duties, Ofcom should develop a new approach to assessing the effectiveness of the public service broadcasters, taken together, in delivering public service broadcasting.[3] The PSB Annual Research Report was one of the outcomes of this first review and serves to provide an evidence base for monitoring the delivery of public service broadcasting. It offers a factual account of broadcast hours dedicated to fulfilling public service purposes, spend on such hours, viewing figures, and audience opinions. Ofcom has a duty to undertake periodic reviews of public service broadcasting, the third of which was published in 2015.[4] Results from Ofcom's PSB Annual Research Reports inform our periodic reviews.

PSBs and PSB channels

The designated PSBs in 2015 were the BBC, Channel 4 Corporation (C4C), Channel 5, the holders of the Channel 3 licences (ITV, STV and UTV), and S4C. While all BBC public service television channels are PSB channels, only the main channels of each of the other PSBs have this status.

Figure 1 Public service broadcasters and the PSB channels: 2015

Public Service Broadcaster	PSB Channels
BBC	BBC One, BBC Two, BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC Alba
ITV plc	ITV
Channel Four Television Corporation	Channel 4
Channel 5 Broadcasting Ltd	Channel 5
STV Group	STV
UTV Media plc	UTV
S4C	S4C

There have been a number of changes to the PSB landscape in 2016 to date. BBC Three ceased broadcasting as a PSB channel on 15 February 2016, and began operating as an internet-only brand from this point onwards. CBBC subsequently began broadcasting until 9pm in the evening, having previously been on-air until 7pm.

[3] http://stakeholders.ofcom.org.uk/binaries/consultations/psb3/psb3.pdf
[4] *Public Service Broadcasting in the Internet Age,* available at http://stakeholders.ofcom.org.uk/consultations/psb-review-3/statement/

On 29 February 2016, UTV Media plc completed the sale of UTV to ITV plc. However this report includes data only up to the end of 2015, so the PSB system discussed in this document is as outlined in Figure 1.

The commercial PSBs supplement their PSB channel output with programming on their ‘portfolio’ channels. Although we do not look at this in detail in this report, we do look at viewing data for these channels when considering the share of PSB families as a whole.

PSB purposes and characteristics

The broad purposes of public service broadcasting are outlined in Section 264(4) of the Communications Act 2003. In Ofcom’s first PSB Review[5], we built on these broad definitions with a more detailed framework of PSB purposes and characteristics following extensive research and consultation, which we continue to use today. This is summarised in Figure 2 and Figure 3.

Figure 2 PSB purposes

PSB purposes
Informing our understanding of the world To inform ourselves, and others, and to increase our understanding of the world through news, information and analysis of current events and ideas.
Stimulating knowledge and learning To stimulate our interest in, and knowledge of, arts, science, history and other topics, through content that is accessible and can encourage informal learning.
Reflecting UK cultural identity To reflect and strengthen cultural identity through original programming at UK, national and regional level; on occasion bringing audiences together for shared experiences.
Representing diversity and alternative viewpoints To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere.

[5] See above note 3

Figure 3 PSB characteristics

PSB characteristics
High Quality Well-funded and well-produced
Original New UK content rather than repeats or acquisitions.
Innovative Breaking new ideas or re-inventing exciting approaches, rather than copying old ones.
Challenging Making viewers think.
Widely available If content is publicly funded, a large majority of citizens need to be given a chance to watch it.
Distinctive

The need for public service output to be 'distinctive' was added as a characteristic in 2014, following research showing that viewers, particularly younger, more tech-savvy consumers, were no longer able to distinguish between PSB channels and non-PSB channels.[6]

The evidence base for reporting on the delivery of public service broadcasting which meets the purposes and characteristics set out above covers three distinct areas:

- Audience opinion of PSB channels
- PSB channel viewing
- PSB channel output and spend

[6] *Public service content in a connected society*, page 23
http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/summary/PSBR-3.pdf

Audience opinions

This section presents results from Ofcom's PSB tracker research, which measures TV audiences' opinions on the importance of PSB as a whole, as well as the importance and delivery of individual PSB channels. In 2015 the methodology was changed; this methodology change is outlined below, with further detail provided in Annex E of the report.

Methodology change

In previous years the PSB tracker research was conducted through telephone interviews throughout the year. In 2015 the methodology was changed to collect data using a split sample of online and face-to-face interviews periodically during two one-month interview periods. The data collected from these two sources have been combined to provide a final result for 2015.

As part of the transition to a new methodology, we also conducted a smaller sample of interviews using the previous methodology. This parallel research was done to ensure that any changes seen in the main 2015 results when compared to 2014 were real changes and not the result of changes to the methodology.

Analysis was conducted between the new 2015 methodology and the smaller sample of interviews conducted in 2015 using the previous methodology to create an algorithm which was applied to each of the previous years – therefore all data shown from 2011 and 2014 has been restated.

If shifts in year-on-year trends for 2015 were identified both in the main 2015 research data and in the 2015 telephone interviews against the previously published 2014 data, they are marked as a real year-on-year change. However, if a change is seen only in the main 2015 data, and not in both the 2015 telephone interviews and the 2014 data, it is not marked as a significant change in the results below, as it could be due to the change in methodology. The statistical changes referred to in this section have been tested to 95% significance.

As 2015 is the only year where both methodologies were used only differences between 2014 and 2015 have been tested for statistical significance.

Results

Respondents were asked to rank on a scale of 1-10 the importance of the individual PSB purposes and characteristics. They were then asked how they felt the PSBs delivered these elements. These questions were asked for the PSB channels they regularly[7] viewed, and about all the PSB channels as a whole.

The analysis of the importance and delivery of the PSB purposes and characteristics shows the proportion of UK adults who score each statement 7 or above out of 10 (described below as 'high') on importance and on delivery, for all the PSB channels as a whole.

Just over seven in ten adults said they are satisfied with PSB overall

- Overall, 73% of those who ever watch any PSB channel claimed to be satisfied with PSB broadcasting, a figure not statistically significantly different from 2014. There were no statistically significant differences by age or socio-economic group.

[7] 'Regular viewer' is self-defined by the respondent

The majority of adults continue to rate PSB purposes and characteristics highly on importance and delivery

- Figure 4 shows the findings for each of the PSB purposes, from 2011 to 2015. Audience opinions on the importance of two PSB purposes increased statistically significantly compared to 2014: the importance of all PSB channels combined showing *'interesting programmes about history, sciences or the arts*' was up from 67% in 2014 to 74%, and the importance of '*its programmes help me understand what's going on in the world today*' rose from 80% in 2014 to 83% in 2015.

- As in 2014, the most important purpose was purpose 1: '*Informing our understanding of the world'* with all three statements scoring higher than those for any other PSB purpose. '*Its news programmes are trustworthy'* (86%) was the highest individual statement for PSB importance among all those who watch at least one PSB channel.

- In 2015 there were two statistically significant differences in audience opinions about the delivery ratings for the PSB purposes compared to 2014. Audiences' opinions on the delivery of '*It shows interesting programmes about history, science or the arts*' increased from 53% in 2014 to 62% and '*Its programmes show different kinds of cultures within the UK*' rose from 51% in 2014 to 62%.

- Similar to the ratings for importance, the highest ratings for delivery related to purpose 1. *'Its programmes help me understand what's going on in the world today'* received the highest individual score (74%).

- In line with 2014, the lowest level of perceived delivery relates to '*it portrays my region/nation fairly to the rest of the UK'*; 56% of adults rated PSBs' delivery on this purpose as high.

Figure 4 Importance and delivery of PSB purposes: 2011-2015

Purpose	Statement	Metric	2011	2012	2013	2014	2015	
Purpose One – Informing our understanding of the world	Its news programmes are trustworthy	*Importance*	81%	84%	88%	86%	86%	
		Delivery	62%	64%	66%	67%	70%	
	Its programmes help me understand what's going on in the world today	*Importance*	77%	80%	79%	80%	83%	↑
		Delivery	60%	58%	62%	65%	74%	
	Its regional news programmes provide a wide range of good quality news about my area^	*Importance*	75%	79%	82%	80%	81%	
		Delivery	57%	61%	64%	66%	70%	
Purpose Two – Stimulating knowledge and learning	It shows interesting programmes about history, sciences or the arts	*Importance*	64%	67%	69%	67%	74%	↑
		Delivery	45%	48%	50%	53%	62%	↑
Purpose Three – Reflecting UK cultural identity	It portrays my region/Scotland/Northern Ireland/Wales fairly to the rest of the UK^	*Importance*	62%	67%	69%	67%	79%	
		Delivery	41%	40%	44%	46%	56%	
	It shows high quality soaps/dramas made in the UK	*Importance*	54%	59%	60%	63%	69%	
		Delivery	48%	49%	53%	56%	66%	
	It shows high quality comedy made in the UK	*Importance*	*Not asked*			66%	72%	
		Delivery				50%	59%	
	It provides a wide range of high quality and UK made programmes for children*	*Importance*	79%	78%	85%	80%	88%	
		Delivery	61%	61%	69%	74%	85%	
Purpose Four – Representing diversity and alternative viewpoints	Its programmes show different kinds of cultures within the UK	*Importance*	57%	65%	64%	67%	69%	
		Delivery	42%	44%	45%	51%	62%	↑
	It shows different parts of the UK including England, NI, Scotland and Wales	*Importance*	*Not asked*			66%	76%	
		Delivery				49%	66%	

↑ Significantly higher than 2014

↓ Significantly lower than 2014

*Source: PSB tracker 2015. Summary % of respondents rating importance/ delivery 10/9/8/7. Base for importance: all (in 2015 n = 3653); base for delivery: All respondents who watch any PSB channels regularly or occasionally (in 2015 n = 3606). *All whose children regularly watch any of these channels (in 2015): CBeebies, CBBC. Question amended since 2011: previous wording: 'Its (regional)/ news programmes for people in Scotland/Wales/NI provide a wide range of good quality news about my area/ Scotland/Wales/NI"; 'It portrays my region/Scotland/Northern Ireland/Wales well to the rest of the UK". Note: Methodology change in 2015 – data shown between 2011 and 2014 has been reweighted for comparison purposes. Only statistically significant changes between 2014 and 2015 shown.*

- Figure 5 shows that there was one statistically significant change in audience views of PSB characteristics in 2015 compared to 2014. '*It shows well-made, high quality programmes*' rose in importance from 83% in 2014 to 86% in 2015.

- As in 2014, the lowest level of importance among the characteristics was for distinctiveness; 63% thought '*the style of the programme was different to what I'd expect to see on other channels'* was important.

- In terms of the perceived delivery of the PSB characteristics, '*high quality*' was rated highly by 74% of respondents whereas the lowest level of perceived delivery was for *distinctiveness* (51%).

Figure 5 Importance and delivery of PSB characteristics: 2011-15[8]

Characteristic	Statement	Metric	2011	2012	2013	2014	2015
High quality	It shows well made high quality programmes	*Importance*	78%	83%	84%	83%	86%
		Delivery	58%	61%	65%	68%	74%
Challenging	It shows programmes that make me stop and think	*Importance*	67%	70%	73%	71%	70%
Original	It shows new programmes made in the UK**	*Importance*	67%	69%	73%	75%	80%
		Delivery	46%	47%	52%	54%	65%
Innovative	It shows programmes with new ideas and different approaches	*Importance*	65%	70%	72%	74%	76%
		Delivery	43%	45%	46%	53%	61%
Distinctiveness	The style of programmes is different to what I'd expect to see on other channels	*Importance*		*Not asked*		68%	63%
		Delivery				50%	51%

*Source: PSB tracker 2015, UK adults aged 16+. Summary % of respondents rating importance/ delivery 10/9/8/7. **Slightly amended wording since 2011: previous wording: 'It shows enough new programmes, made in the UK'; base for importance: all (in 2015 n=3653); base for delivery: all respondents who watch any PSB channels regularly or occasionally (in 2015 n=3606). Note: Methodology change in 2015 – data shown between 2011 and 2014 has been reweighted for comparison purposes. Only statistically significant changes between 2014 and 2015 shown.*

Viewers' opinions of individual channels' delivery vary across the PSB purposes and characteristics

- BBC One was rated significantly higher than the PSBs' combined score for: '*its news programmes are trustworthy*' (79%), '*it helps me understand what's going on in the world*' (81%), '*it shows interesting programmes about history/science/arts*' (67%) and '*it shows different parts of the UK*' (71%). In terms of PSB characteristics, BBC One was rated statistically significantly higher than the PSB channels combined for '*high quality*' (82%) and '*original programming*' (70%).

- BBC Two rated significantly higher than all PSBs combined for *'high-quality soaps and dramas made in the UK'* (80%) and for '*it shows interesting programmes about history/science/arts*' (80%). For PSB characteristics BBC Two was rated higher than PSB channels combined for '*high quality*' (81%) and for '*distinctiveness*' (60%).

- BBC Three was rated statistically significantly higher than all PSBs combined for '*distinctiveness*' (66%).

- Viewers rated BBC Four as statistically significantly higher than all PSBs combined for '*it shows interesting programmes about history/science/arts*' (74%) and for '*distinctiveness*' (65%).

[8] Prior to 2014, respondents were asked to score PSB channels for delivery of the PSB characteristic 'Challenging', and the importance and delivery scores for PSB characteristic 'Engaging'. Prior to 2011 respondents were asked for delivery and importance scores for 'Trust'. These questions were removed to streamline the questionnaire after analysis of historical tracker data was undertaken to determine which statements were the key drivers of overall PSB consideration.

- ITV was rated statistically significantly higher than all PSBs combined for '*high-quality soaps and dramas made in the UK'* (78%), for '*its news programmes are trustworthy'* (78%) and for *'it portrays my region/nation fairly to the rest of the UK'* (62%).

- Compared to all PSB channels combined, Channel 4 was rated statistically significantly higher for the characteristics of *'innovation'* (70%) and '*distinctiveness'* (61%).

People in the nations are broadly satisfied with the delivery of nations'/regions' news

- BBC One: delivery of nations'/regions' news remained consistently high across the nations, with all nations' ratings ranging from 72% to 75% thinking it delivers *'a wide range of good quality news about their area'*.

- Channel 3 licensees: People in Scotland were statistically significantly more positive of STV's delivery of news than views expressed on ITV's delivery nations'/region's news in England and Wales (85% Scotland, 70% England, 73% Wales).

Just under nine in ten parents/carers continue to rate children's PSB programming as important

- Eighty-eight per cent of parents/carers of children under 15 rated the provision of PSB children's programming as important. Eighty-five per cent of parents/carers stated that the PSB channels delivered on '*providing a wide range of high quality, UK-made programmes for children*'.

The majority of users are satisfied with the BBC's and Channel 4's websites

- Sixty-eight per cent of all respondents felt that it was important that '*the BBC provides a website with high quality content that you can trust'*. Just over half (55%) of respondents felt that it was important that Channel 4 did the same.

- Satisfaction with using the websites was 85% for *bbc.co.uk*, and 80% for *Channel4.com*.

- Seventy-four per cent of all respondents felt it was important that broadcasters provide catch-up services that allow viewers to watch previously broadcast programmes.

- The most frequently viewed on-demand service among respondents was BBC iPlayer, with 50% of using it at least once a month or more, followed by ITV Hub (36%), All 4 (27%), and My5 (17%).[9]

- Satisfaction among users of each on-demand service followed the pattern of overall use. BBC iPlayer had the highest level of satisfaction (84% of iPlayer users were satisfied), followed by ITV Hub (75%), All 4 (70%), and My5 (61%).

[9] The questionnaire referred to the catch-up services' previous branding: 'ITV Player', '4OD/All 4 – the Channel 4 on demand service' and 'Demand 5 – the Channel 5 on demand service'

Viewing

Overview

TV viewing on TV sets has fallen substantially in the last five years, with a widening gap between the viewing habits of the youngest and oldest audiences

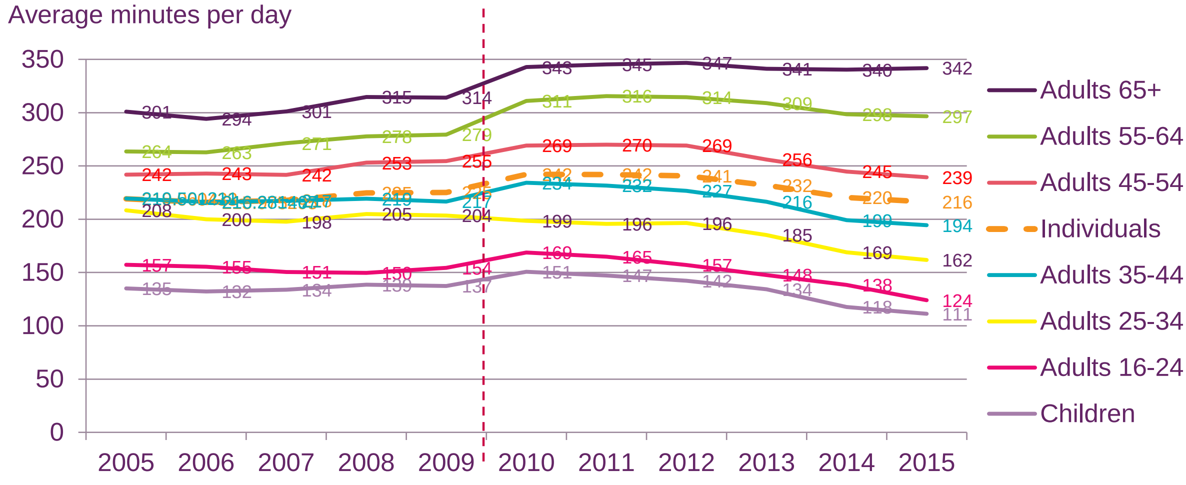
- On average, individuals in the UK watched 3 hours 36 minutes of measured broadcast TV in a typical day in 2015, 26 minutes a day less than in 2010.

- This 11% fall in time spent watching TV compares to a drop of more than a quarter among 16-24 year olds and children. While viewing also fell by more than average for 25-34s (19%) and 35-44s (17%), this is in contrast to the 5% reduction in viewing time among 55-64 year olds and largely unchanged viewing for over-65s.

- The accelerated rate of decline in viewing since 2012 slowed between 2014 and 2015. But while this was true for almost all under-65 age groups, the rate of decline continued to speed up for 16-24s (by 10.5%), the biggest annual drop for this age group since 2010.

- The reporting span for much of our report is ten years, and when viewing time is compared to 2005, daily viewing looks resilient at the all-individuals level. But behind the average, viewing figures have been propelled by the oldest viewer groups accompanied by marked declines in viewing among all other age groups, including children.

Figure 6 Average daily minutes of broadcast television viewing per day, by age: 2005-2015



Source: BARB, Network, individuals 4+, total TV. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

- Among all those who have a TV set in the home, lower proportions of people under 35 watch TV in a typical week, compared to older age groups. The same age groups have also experienced larger falls in weekly reach since 2010 (around 3ppts) against an unchanged picture among the 55+ age groups.

- Despite the falls, weekly reach stayed high among all age groups in 2015, ranging from 82% among adults 16-24 to 97% among adults aged 65 and over. Reach fell between 2-3ppt among age groups under 35 and by 1-2ppt among 35-44s compared to 2010 and a decade ago. It increased by around 0.5ppt among the 45+ age groups compared to 2005 and was similar compared to 2010.

- As a consequence of falls in reach and time spent viewing broadcast TV among younger audiences, and stable reach and steady viewing minutes among older audiences, the viewer profiles, for all TV and for the main PSBs, have aged.

Figure 7 Average weekly reach of total broadcast TV, by age group: 2005-2015

	Individuals 4+	Children (4-15)	Adults 16-24	Adults 25-34	Adults 35-44	Adults 45-54	Adults 55-64	Adults 65+
2005	93%	90%	84%	92%	94%	95%	96%	96%
2006	92%	89%	83%	92%	94%	94%	95%	96%
2007	93%	91%	83%	92%	94%	95%	96%	96%
2008	92%	90%	82%	91%	94%	95%	96%	96%
2009	93%	91%	83%	92%	94%	96%	96%	96%
2010	93%	90%	85%	91%	95%	96%	96%	97%
2011	94%	92%	87%	93%	95%	96%	97%	97%
2012	94%	92%	86%	93%	95%	96%	97%	97%
2013	93%	91%	85%	92%	94%	96%	97%	97%
2014	92%	88%	83%	90%	94%	95%	96%	97%
2015	92%	87%	82%	89%	93%	95%	96%	97%

Source: BARB, Network. Reach criteria: 15 consecutive minutes, full weeks used. A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

Watching on-demand is increasingly popular with viewers

- One of the potential reasons for the decrease in viewing among younger age groups is the increase in popularity of on-demand services. Around six in ten adults now use on-demand services such as BBC iPlayer, All 4, Netflix or Amazon, with reach rising to around seven in ten among 15-24s and 25-34 year olds.[10]

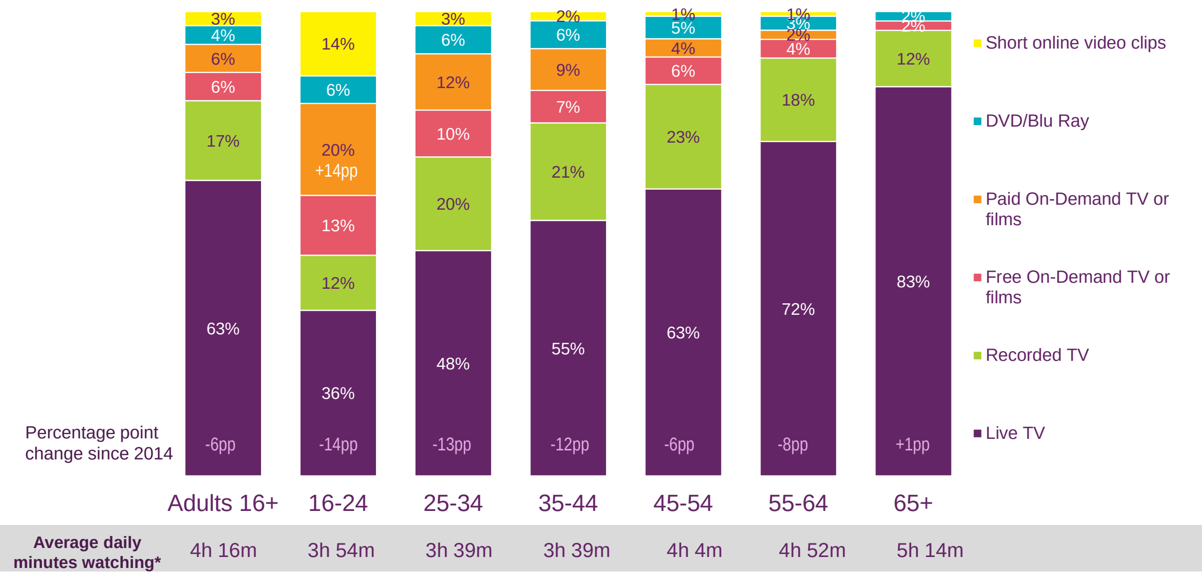
- There is currently no single industry-wide measurement for understanding the share of viewing to all forms of viewing across all screens. We therefore draw on our Digital Day research to provide an overview of viewing across traditional live television; recorded programmes; catch-up and other on-demand services; short-form video

[10] Source: Kantar Media – TGI, GB, Adults 15+, H2 2015.

(e.g. YouTube) and DVDs. The 2016 results show that among all UK adults, 63% of total viewing time is to live TV, a decrease of 6pp compared to 2014.

- By age, the share of live viewing reduces substantially among adults under 35 years. In two years it dropped by 14pp to 36% among 16 to 24 year olds, while viewing to paid on-demand rose by a similar proportion, to a fifth of all viewing time in 2016. Free and paid on-demand together accounted for a third of daily viewing time among 16-24s, more than any other age group.

Figure 8 Proportion of watching activities, % of total viewing time, by age group, 2016

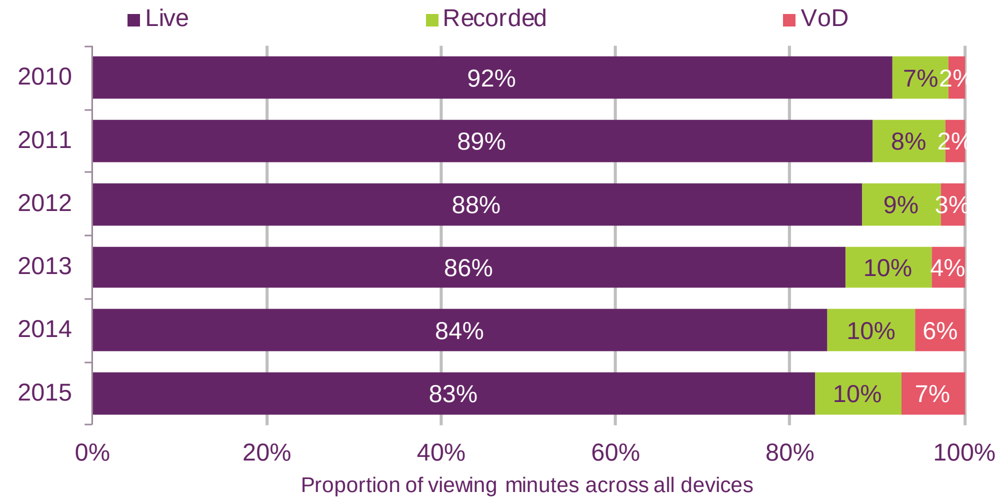


Source: Ofcom Digital Day 7-day diary 2016. Percentage point changes shown are statistically significant (at 99% level) compared to 2014.
The average daily minutes figure is among those who did any watching activity across their diary week and also includes simultaneous activity
Base: Adults aged 16+ (1512) 16-24s (129) 25-34s (189) 34-44s (282) 45-54s (299) 55-64s (259) 65+s (354)

- Other sources use different methodologies and cover long-form audio-visual services over time. Estimates from 3 Reasons show that as a proportion of all legal long-form viewing across all devices and screens, live broadcast TV was still the main way in which people watched programmes and films in 2015. However, the share of live viewing has fallen from 92% in 2010 to 83% in 2015. By contrast, the share of time spent viewing recorded TV and video-on-demand[11] has increased since 2010. That said, the share of recorded viewing has been flat in the last three years (10%), while video-on-demand viewing continued to grow.

[11] VoD includes TV catch-up services from the broadcasters, such as BBC iPlayer and ITV Hub, as well as those from providers such as Sky, Virgin, Netflix and Amazon.

Figure 9 Estimated live, recorded and on-demand viewing, all devices: 2010-2015



Source: 3 Reasons estimates. Base: All devices, long form professional AV content, Live includes simulcast. Exc. physical consumption e.g. DVDs

- These changes in technology and viewer behaviour present challenges and opportunities for the PSBs.

PSB channels

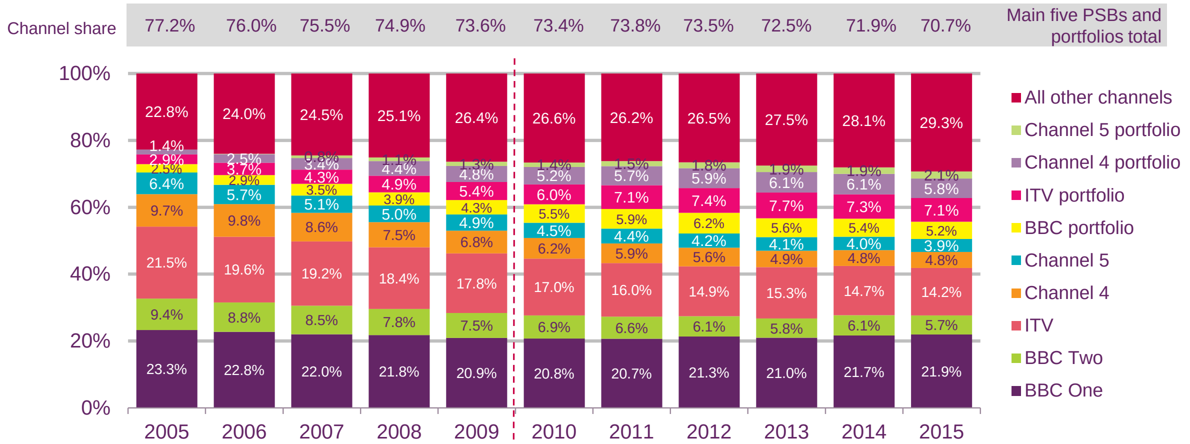
Half of all TV viewing is to the main PSB channels

- In 2005, the main five PSB channels accounted for 70% of all TV viewing. Following digital switchover, share continued to drop, as more channels became available to watch. By 2015, the main five PSB channels retained just over half (51%) of all viewing, a similar share as in 2013 and 2014.

- The PSB portfolio of channels have increased their share, largely offsetting losses in viewing to the main PSBs. In 2015 the PSB broadcasters combined held 71% share of viewing. However since 2012 the total PSB broadcaster share has dipped, mainly driven by a plateau in share of the portfolio channels.

- Year on year, share grew slightly for BBC One, a continuation of the last two years, while for Channel 4 it held steady for the third consecutive year. Share continued to dip for ITV, decreased slightly for BBC Two following a rise in share in 2014, while there were small but consistent cumulative decreases for Channel 5.

Figure 10 PSB and portfolio share of TV viewing, all individuals: 2005-2015

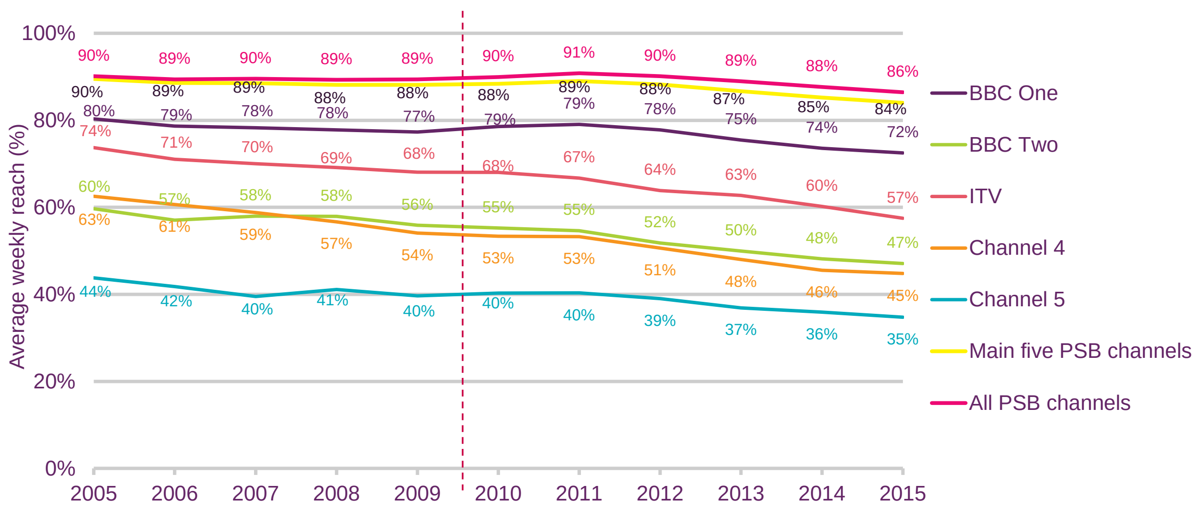


Source: BARB, all individuals (4+), Network. Notes: a new BARB panel was introduced in 2010; as a result, pre- and post-panel change data must be compared with caution (see dotted line); S4C is included in Channel 4 viewing up to 2009; S4C 2015 channel share = 0.1%.

- Each main PSB channel's weekly reach has declined since 2005 but their combined reach remained high at 84% in 2015, 86% when the BBC portfolio channels are included. However, the reductions to the group of channels over time are significantly higher when compared to the relative stability of reach to all TV.

- When their portfolios of channels are taken into account, weekly reach losses are less stark for each PSB family. In comparison to 2005; the biggest fall was for the ITV family of channels (8 ppt) while the smallest was for the Channel 5 family (1.5 ppt).

Figure 11 Average weekly reach of the PSBs, all individuals: 2005-2015



Source: BARB. All Individuals (4+), Network. Reach criteria: 15 consecutive minutes, full weeks used. Channel 4 includes S4C up to 2009. S4C average weekly reach 2015 = 0.5%.

- Daily viewing time to all the PSB channels combined has shown a more defined downward trend, compared to all TV for all age groups. It fell by between 41% and 45% for all age groups under 34, including children since 2005, and by under a fifth among the oldest 55-64 and over-65 age groups.

TV News

Time spent watching TV news was up in 2015 but continued to fall among 16-34s

- According to BARB data, viewing of national and international news on broadcast TV increased year-on-year (to 96 hours per individual aged 4+) after three consecutive years of decline.

- BBC One drew the largest audiences with 55% of the TV population watching its news programmes in a typical week in 2015 followed by ITV (30%). The weekly reach of news declined for all PSB channels since 2005. The largest falls were to news on ITV (-21ppt)[12] and Channel 5 (-10ppt) while decreases to news on BBC One, BBC Two and Channel 4 were similar at between 7-8ppt. Of the dedicated news channels, reach decreased to BBC News while it was constant to Sky News.

- Despite weekly reach to news falling on BBC One and Two in the last ten years, they continued to account for the majority share of all news, rising to 66% of viewing in 2015. Their share of TV news has increased in every year since 2005 (when they held 54% share). The decline in the share of news held by the BBC News channel continued into 2015, while ITV's share has been relatively stable since 2011 following much larger annual declines[12]. The small progressive dips in Channel 5's share of news continued in 2015. The PSB broadcasters accounted for 93% of total viewing to news in 2015 broadly similar to their share a decade ago in 2005 (95%).

- Total viewing hours to broadcast TV news fell to 32.4 hours per person among 16-34s in 2015, from 33.5 hours in 2014. The lowest levels of viewing to news since 2005 for this age group have been in the last four years. In contrast, viewing to news increased among adults aged 35 and above, to 142.5 hours per person (up around 3 hours) in 2015, after a decrease in 2014.

- Ofcom's latest news report from 2015[13] shows that the decline in viewing of news on TV among younger people takes place against a backdrop of increased use of online news sources, particularly among those under 35. Six in ten 16 to 24 year olds use the internet or apps for news nowadays, compared to 51% citing television. Among all UK adults PSB provided sources remain the most used news sources; with BBC One, Channel 3 and BBC website/app ranking in the top three news sources.

- Time spent watching nations' and regions' news across the UK fell slightly between 2014 and 2015 (to 23.7 hours per person), the smallest annual fall since 2013. The decline came from a reduction in viewing time to the Channel 3 services while viewing hours stayed the same on BBC One. As a share of total TV viewing in their respective weekday time slots, the share of nations' and regions' news provided by

[12] The decline in 2015 compared to any year before 2011 may be explained by a change in the genre coding of national/international news on ITV Breakfast. From 6 September 2010, following the re-brand of GMTV to the strands of Daybreak (0600-0900) and Lorraine (0900-0925) there was a change to the genre coding of these two programme segments in BARB; from the re-brand, Daybreak was coded as current affairs: magazine (which is included within the current affairs: other category in Ofcom's analysis) while Lorraine was coded as entertainment; before 6th September 2010, distinct programming elements within GMTV as a whole were coded up separately; the effect of this is that news and other programming strands which were previously reported separately under GMTV became captured under a single BARB genre category of current affairs: magazine from the third quarter of 2010 and across 2011-2013. Weekly reach to news on ITV fell 6ppts compared to 2011 and by 5ppt to BBC One and Channel 5.

[13] Available at http://stakeholders.ofcom.org.uk/market-data-research/other/tv-research/news-2015/

Channel 3 fell in Scotland and Wales and increased slightly in Northern Ireland, while the share of BBC One's nations' and regions' news increased slightly in Scotland and Northern Ireland but fell in Wales.

Children's programming

Children's programmes are the most watched among children but time spent watching them has fallen

- Children's programming remains the most-watched genre among children (4-15s) and increased to 34% of all programming in 2015, continuing a trend since 2010.

- But against a backdrop of falling viewing to any broadcast TV by children in the last five years (by 26%), the time they spent watching children's programming continued to fall between 2010 and 2015 (by 15% to 190 hours per child), the lowest level of viewing in a decade.

- Viewing time to the dedicated children's channels from non-PSB broadcasters grew to 60% of viewing to the children's genre in 2015. The share of CBeebies continued to increase (to 18% in 2015) and was larger than the share of other children's channel groups (such as Disney and Viacom).

- Weekly reach to any programming on the PSB channels as a whole (including children's programming on CBBC and CBeebies) declined by 10ppt among children between 2010 and 2015 (to 73%). This compares to a 3ppt fall in weekly reach to all TV. Of the dedicated PSB children's channels, the decrease was driven by CBBC (down 7ppt to 17% of all children) while CBeebies, which is aimed at pre-school children, stayed stable (also 17%[14]). This suggests that the decline in viewing to any TV and children's programming is driven by older children.

- The BBC launched the *iPlayer Kids* app for smartphones and tablets in April 2016. According to our Digital Day Research an estimated 28% of children (aged 6-15) watch free on-demand services such as those from broadcasters in a typical week in 2016. The reach breaks down as 29% for 6-11s, and 26% for 11-15s. The study was conducted before the launch of the *iPlayer Kids* app and may have increased since then.

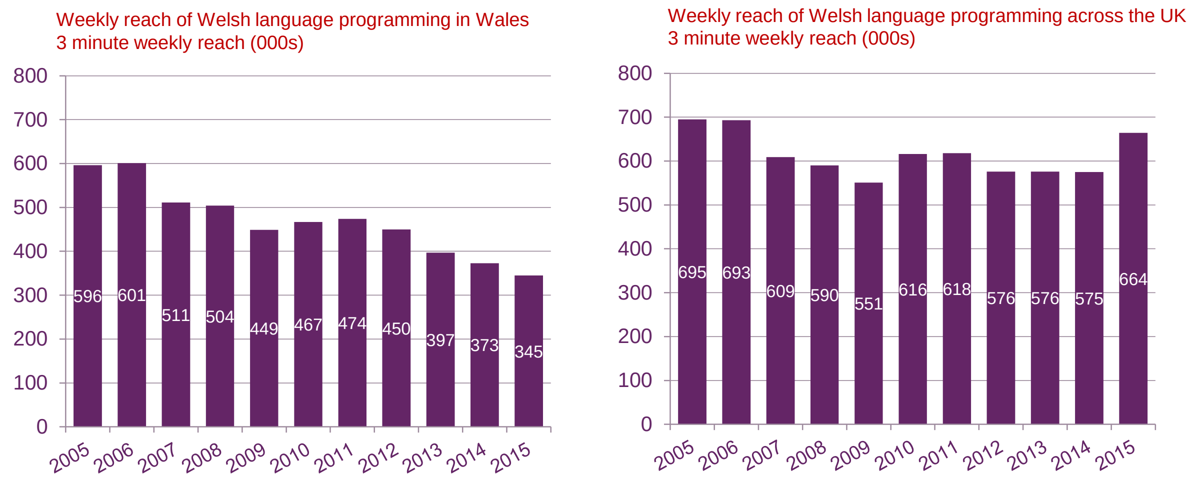
S4C

- Welsh language programming on S4C in Wales was watched by 345,000 viewers (for at least 3 consecutive minutes) in an average week in 2015. Viewing fluctuated between 2005 and 2011, peaking at 601,000 viewers in 2006. It has fallen each year since 2012.

- In contrast, the weekly reach of Welsh language programming on S4C across the whole of the UK has been steady since 2012, and rose notably in 2015 to 664,000 viewers. The data shows that just under half of all viewers to the channel in 2015 were outside the S4C region.

[14] Our analysis is based on the broad BARB definition of children aged 4-15. The specific target age group for CBeebies is 0-6 year olds and for CBBC it is 6-12 year olds. The BBC uses these audiences to assess weekly reach to the channels.

Figure 12 Average weekly reach of Welsh language programming, Wales and the UK: 2005-2015



Source: S4C/BARB/InfoSys+, individuals (4+). S4C region and network. Reach criteria: 3mins+ consecutive.

- Each person in Wales watched an average of 11 hours of Welsh Language programming on S4C in 2015, seven hours less than in 2011 a year after DSO in Wales. It fell by a similar amount compared to 2005.

Output and spend

PSB output and spend in context

Spend by the PSB channels on first-run UK originations has declined in real terms over the past decade.[15] However, this real-terms decline must be considered in the context of wider changes in the TV industry; in particular, changes over the past decade in the costs associated with the production of new programmes.[16] These include:

- **Genre mix and volume.** In recent years there has been a shift in genre output across the PSB channels. Hours of big-budget dramas have decreased, as have original productions broadcast during the day, allowing budgets to be spent on more, relatively low-cost, programmes with broad audience appeal.

- **Input costs.** The input costs associated with making programmes appeared to increase more slowly than CPI inflation between 2007 and 2013. This was particularly true for equipment, studio hire, and production staff. As a result, the real-terms decline, based on CPI, may have overstated the actual decline in programme investment over this period. However, it is possible that input costs may, since then, have started to rise at a faster rate, due to greater demand for studio space and drama production staff associated with increased production activity since the introduction of tax reliefs for high-end television programmes in April 2013.

- **Efficiency gains.** Smaller crews and fewer filming days have been used wherever possible to reduce costs without affecting quality. Post-production processes have also benefited from technological gains, with digitisation significantly reducing costs.

- **Third-party finance.** Third-party financing[17] of PSB programmes has allowed broadcasters to reduce the overall proportion of a programme's budget that they fund directly. In some cases this means that broadcasters have been able to reduce the amount they spend, without sacrificing quality.

The role of major sporting events on original UK content spend

Spend on first-run UK-originated programming is also influenced by cyclical sporting events, with spend on sport notably higher in even-numbered years. There was a 20% real-terms decrease in spend on original sports content in 2015, totalling £438m, compared to 2014 which included the football World Cup in Brazil and the Glasgow Commonwealth Games.

[15] Further historical data relating to the PSB channels going back to 1998 can be found in Annex C of this report.
[16] See O&O's report on this, published as part of Ofcom's third PSB Review: http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Content_Investment.pdf
[17] See PACT's *Independent Production Sector Financial Census and Survey 2015,* page 24, for the estimated financial contribution to commissions across the UK TV sector.

PSB channels

PSB channels' spend on new UK network programmes appears to be stabilising, following a steady decline since 2005

- The PSB channels spent a total of £2.50bn on first-run UK-originated content in 2015. The commercial PSB channels (ITV/ITV Breakfast, Channel 4 and Channel 5) contributed £1.30bn of this, while the BBC contributed £1.20bn.

- In 2005, spend on first-run UK originations stood at £3.26bn among the PSB channels as digital switchover began and content was required for the newly launched PSB portfolio channels. The 2015 figure of £2.50bn was a 23% decrease in real terms on this 2005 level, with each of the main five PSB channels reducing their spend over the intervening period.

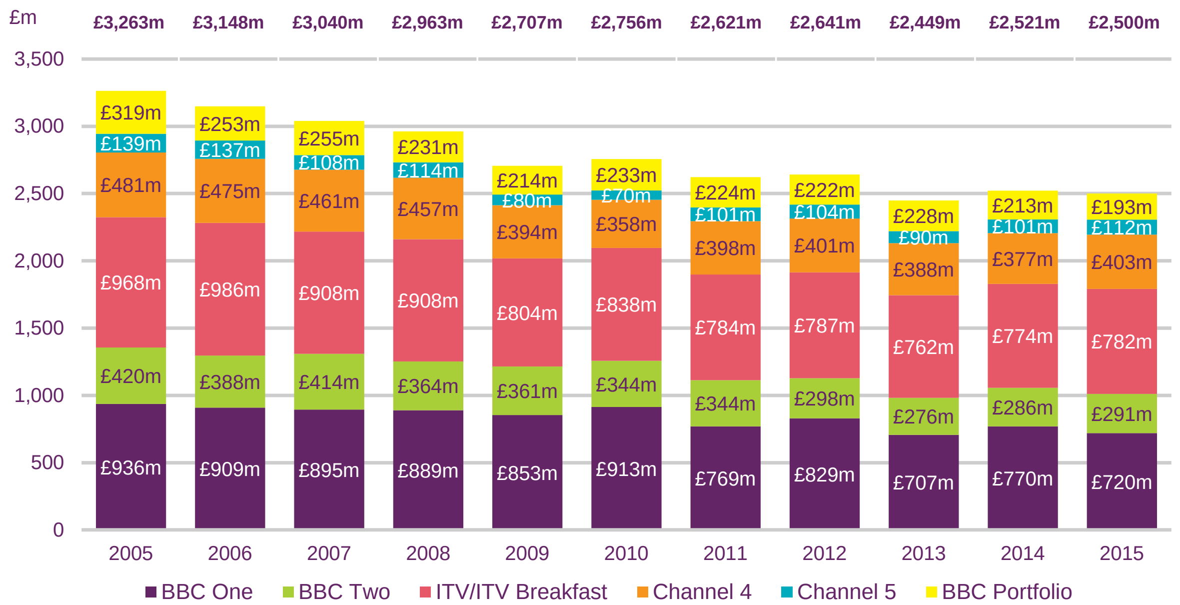
- The 2015 spend figure of £2.50bn represented a 1% year-on-year decrease in real terms since 2014, which was a big sports year. However, this was a 2% increase in real terms on the 2013 figure of £2.45bn.

- In 2015, Channel 4 and Channel 5 spent more on new UK programmes than they had done since 2008, while ITV/ITV Breakfast (1%) and BBC Two (2%) had modest real-terms increases in spend compared to 2014.

- BBC One was the only main PSB channel to spend less on first-run UK originations in 2015. The 7% real-terms annual decrease, to £720m, can be attributed in part to the BBC's coverage of the World Cup and Commonwealth Games in 2014; nevertheless, spend was up by 2% on 2013.

- The combined BBC portfolio channels also had a year-on-year decrease in spend (by 9% to £193m) on new UK programming, driven by a decrease in spend on BBC Three, CBBC and CBeebies.

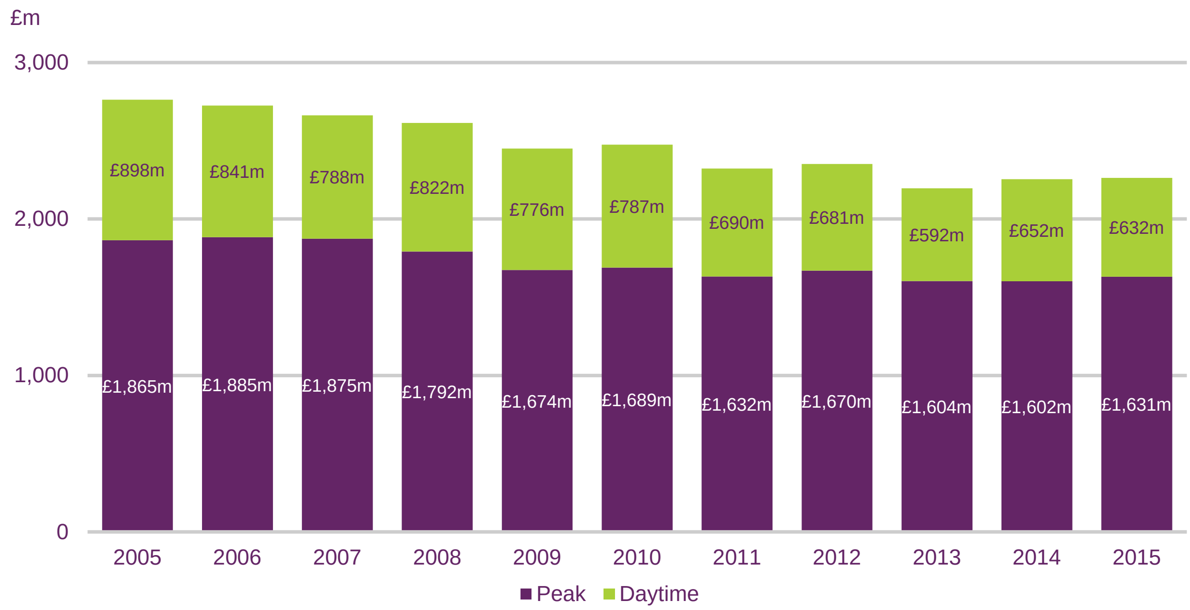
Figure 13 PSB network spend on first-run UK originations, by channel



Source: Ofcom/broadcasters. Note: figures are expressed in 2015 prices. BBC figures include BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations'/regions' programming.

- Spend on peak-time first-run UK originations decreased by 13% (£234m) in real terms, from £1.86bn in 2005 to £1.63bn, in 2015 and has remained fairly steady since 2009 (£1.67bn). However spend on original content during daytime hours decreased by 30% in real terms over the same period, totalling £632m in 2015.

Figure 14 PSB first-run UK originations spend: peak and daytime

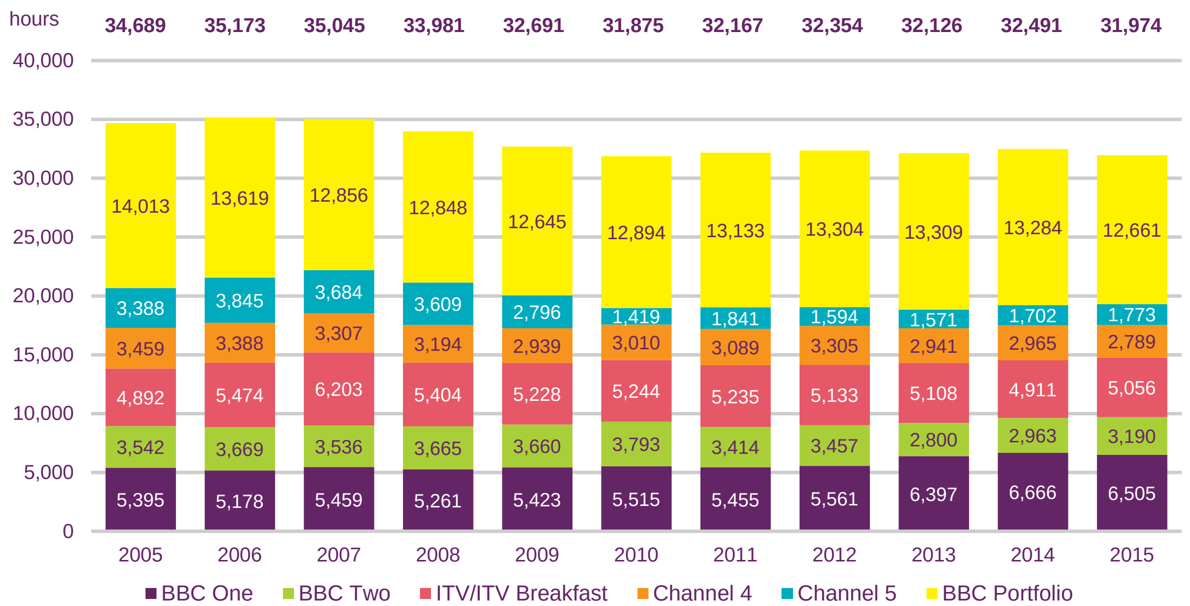


Source: Ofcom/broadcasters. Note: figures are expressed in 2015 prices. BBC Portfolio includes BBC Three, BBC Four, CBBC, CBeebies, BBC News, and BBC Parliament. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations'/regions' programming. Figures do not include spend on additional originations broadcast between 10.30pm and 6am.

In 2015 the number of original UK network hours broadcast across the PSB channels decreased to its lowest level since 2010

- The PSB channels broadcast 31,974 hours of first-run UK originated network programming in 2015, an 8% decrease on 34,689 hours a decade earlier. Figure 15 shows that this figure was at its lowest level since 2010, although the number of hours have remained steady at around 32,000 hours over this period.

Figure 15 PSB first-run UK originated network hours, by channel



Source: Ofcom/broadcasters. Note: figures are expressed in 2015 prices. BBC Portfolio includes BBC Three, BBC Four, CBBC, CBeebies, BBC News, and BBC Parliament. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations'/regions' programming.

- As was the case in 2013 and 2014, 43% of all hours broadcast on the PSB channels were first-run UK network originations in 2015 – this compares with 46% in 2005.

- BBC One had the greatest proportion of first-run UK originated hours among the five main PSB channels in 2015, at 76% of its output compared to 64% in 2005. Channel 5 had the lowest proportion of first-run UK network originated hours in 2015 among the main five PSB channels (at 20%, vs.39% in 2005).

Genre analysis

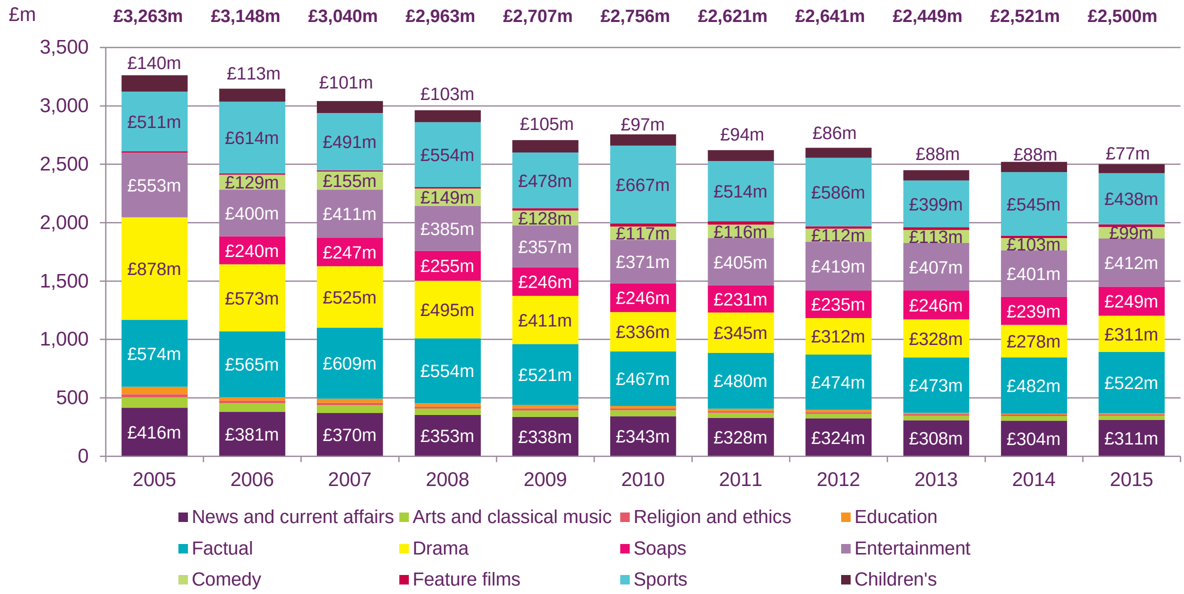
UK children's programming decreased again in both spend and output in 2015, continuing a trend seen since 2005

- Spend on first-run UK originated children's programming stood at £77m in 2015, a year-on-year decrease of 13% in real terms, and down by 45% since a decade earlier.

- There was also a further decrease in spend on original UK arts and classical music programming across the PSB channels, down 14% in real terms to £36m in 2015, as well as religion and ethics (by 6%, to £12m) and original UK comedy (by 4%, to £99m).

- The PSB channels spent £522m on first-run UK-originated factual programming in 2015, more than on any other genre. This was an 8% annual increase on the 2014 figure in real terms, and the highest spend on such programming since 2008.
- There was a 12% annual increase in real terms on spend on first-run UK-originated drama programming in 2015, to £311m, although this figure was 46% lower in real terms than in 2006.

Figure 16 PSB first-run UK-originated programme spend, by genre

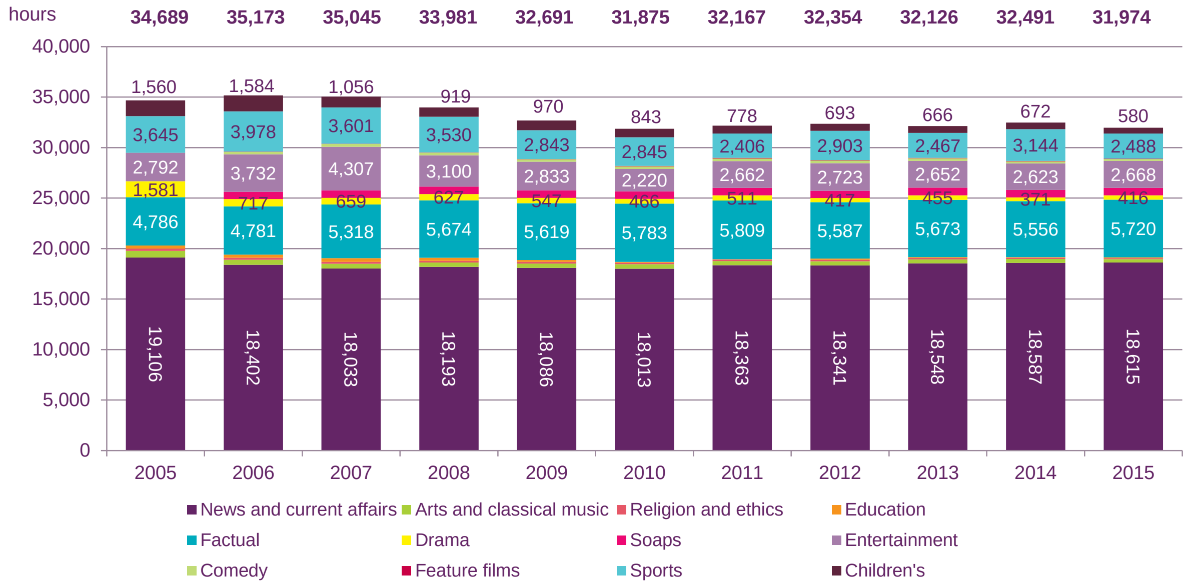


Source: Ofcom/broadcasters. Note: figures are expressed in 2015 prices. Figures include PSB services: BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament, ITV, ITV Breakfast, Channel 4 and Channel 5. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations'/regions' programming. Prior to 2006, spend on soaps was included in 'drama' and spend on comedy was included in 'entertainment'.

- There were 416 hours of first-run UK-originated drama programming broadcast on the PSB channels in 2015; an increase of 45 hours on the 371 hours broadcast in 2014 but down on the 717 hours broadcast in 2006.
- Children's first-run UK-originated output across the PSB channels declined by 92 hours to 580 hours in 2015, the first time output had been less than 600 hours since 1998.[18] Original UK comedy output decreased to 193 hours, down by 9% on 2014 and by 18% on 2006.[19]
- There was a 16% decrease in original UK arts and classical music output in 2015, driven by an annual reduction in hours from the BBC (down 15% to 301 hours) and Channel 4 (down 32% to 21 hours)
- The same number of hours of original UK religion and ethics programming were broadcast across the PSB channels in 2015 as in the previous year (119 hours).

[18] The earliest year for which we have comparable data.
[19] Our data splits out the specific 'comedy' genre from 2006 onwards.

Figure 17 PSB first-run UK-originated hours, by genre



Source: Ofcom/broadcasters. Figures include PSB services: BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament, ITV, ITV Breakfast, Channel 4 and Channel 5. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations'/regions' programming. Output hours are based on slot times. Prior to 2006, hours of soap content were included in 'drama' and hours of comedy content were included in 'entertainment'.

Nations' and regions' programming[20]

PSB spend on new programming for the nations and regions has levelled out in recent years, following years of decline since the early 2000s[21]

- Spend on first-run UK non-network originations in 2015 for viewers in the nations and regions decreased by 5% (£14m) in real terms to reach £270m. However, this was broadly in line with the £267m spent in 2013.

- BBC spending on such programming stood at £193m in 2015, a 7% annual decrease in real terms. This can be attributed to 2014 including additional spend in Scotland to cover both the independence referendum and the Glasgow Commonwealth Games.

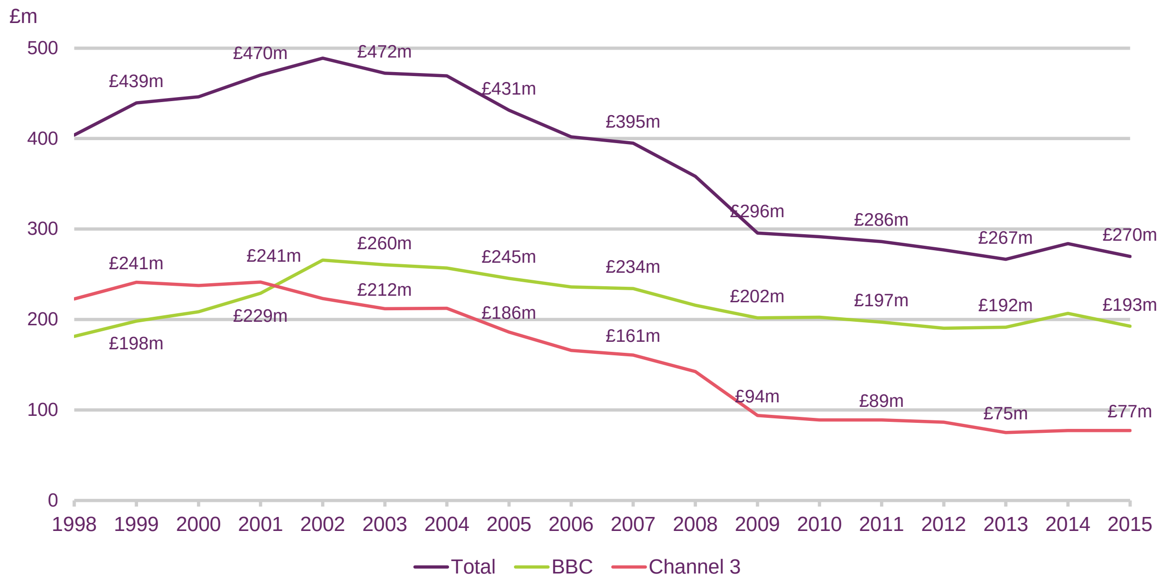
- The holders of the Channel 3 licences (ITV, STV and UTV) contributed £77m to original programming for the nations and regions in 2015, the same level of investment as in 2014.

- S4C spent £63m on first-run Welsh-language programming in financial year 2015/16, which was a slight increase on the £62m of the previous year.[22]

[20] Our PSB compliance pack contains the proportion of Network content produced out of London. 2015 figures will be published later in the year.
[21] There was a notable reduction in spend on nations' and regions' content by ITV from 2008 following changes made to their licence obligations.
[22] The BBC have a statutory obligation to provide additional content for S4C, the value of which was agreed at £19m per annum.

- BBC Alba spent £14m on original Gaelic programming in 2015. This was a 7% decrease in real terms on the equivalent 2014 spend but an increase on the £13m spend of 2013.

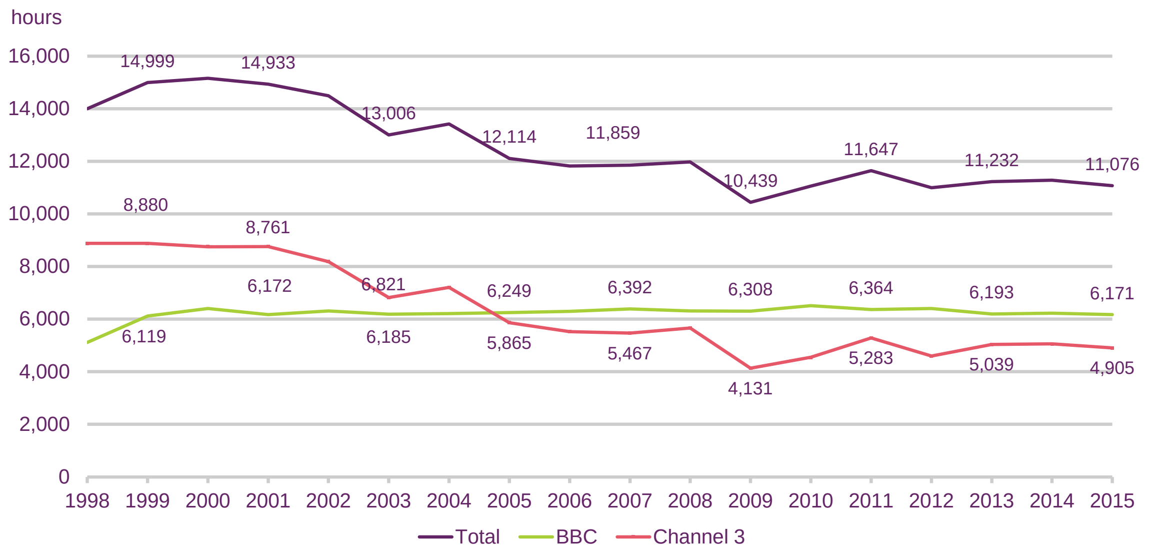
Figure 18 PSB first-run UK originations spend on nations' and regions' output



Source: Broadcasters. All figures expressed in 2015 prices. First-run originations only, excluding BBC Alba. Channel 3 figures comprise spend by ITV, STV and UTV

- There were 11,076 hours of original non-network nations' and regions' programming broadcast in 2015; a 2% decrease year on year. BBC output remained fairly steady while there was a 3% decrease in such output across the Channel 3 licence holders.
- BBC Alba broadcast 674 hours original Gaelic-language programming in 2015 while S4C broadcast 1,838 hours of original Welsh-language programming made by independent production companies in financial year 2015/16.

Figure 19 PSB first-run UK originations hours - nations' and regions' output



Source: Broadcasters. First-run originations only, excluding BBC Alba. Channel 3 figures comprise ITV, STV and UTV

Glossary of terms

Output and spend

Main five PSB channels BBC One, BBC Two, the Channel 3 Services (ITV/STV/UTV), Channel 4 and Channel 5.

BBC portfolio channels BBC Three, BBC Four, BBC News, BBC Parliament, CBBC and CBeebies.

Commercial PSB portfolio channels ITV2, ITV3, ITV4, ITVBe, ITV Encore, CITV, E4, More4, Film4, 4Seven, 5*, 5USA, Spike.

Daytime 6.00am – 6.00pm

First-run UK 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.

Network/non-network programming Network programming is shown by the PSB channels across the UK whereas non-network programming is nations' and regions' programming that is only shown in particular areas of the UK.

New UK programmes Alternative term for first-run UK originations.

Peak time 6.00pm -10.30pm. For BBC Three and BBC Four, peak time runs from 7.00pm to 10.30pm.

Viewing

Main five PSB channels BBC One, BBC Two, the Channel 3 Services (ITV/STV/UTV), Channel 4 and Channel 5 including their HD variants but excluding their +1s.

PSB portfolio channels all other UK channels from the PSBs apart from their main channels. These are referred to as a total group in the analysis or by broadcaster group (e.g. BBC portfolio). The main PSB +1 channels are included in this group.

PSB Families the main five PSB channels and their portfolio channels combined.

Further details of individual channels included in the PSB groups can be found in the TV Viewing annex and Background and Methodology document.

Average daily hours Average hours of viewing per person, per day.

Average weekly reach The proportion of the TV population who watched a channel or group of channels at least once in an average week (for at least 15 consecutive minutes).

Share The percentage of the total TV audience watching a specific channel or group of channels, expressed as an average over a given period of time. For example, a 65% share for a channel means that of all the viewers watching television at the time, 65% were watching the given channel (and the remaining 35% were watching other channels).