

PSB compliance reporting, 2015

Introduction (I)

- TV broadcasters must comply with a range of programme and output quotas that set minimum levels of types of programmes that they must show. These obligations originate in the Communications Act 2003 ('The Act') or in European legislation, and Ofcom has a duty under the Act to monitor and enforce compliance with these quotas.
- The level of regulatory intervention that Ofcom is required to apply depends on the category of broadcaster – public service broadcasters operate under much tighter regulations than multichannel operators – therefore some quotas apply across the board while others are specific to the PSBs.
- In terms of licensing and regulation, Ofcom has a direct relationship with ITV, ITV Breakfast, Channel 4 and Channel 5, whose licences carry specific quota compliance obligations, while the BBC is currently regulated jointly by the BBC Trust and Ofcom. Under the current arrangements, the Trust sets the majority of the BBC's targets and monitors compliance but must consult with Ofcom before changing specific quotas, and must obtain Ofcom's agreement in setting quotas for original productions and out-of-London network productions.
- Ofcom has a duty under the Act to review and report on compliance with programme obligations.
- It is worth noting that the draft Royal Charter and Framework Agreement published by the Government on 15 September 2016 propose significant changes to the regulation of the BBC. Amongst other things, they propose that Ofcom (rather than the BBC Trust) set and monitor the BBC's quotas on original productions and nations and regions.

Introduction (II)

PSB quotas and the Communications Act 2003

- The Act sets out a range of obligations applying to public service channels, and Ofcom sets appropriate quotas to meet these obligations. When fixing the quotas, Ofcom takes into account the individual remit of each channel and other relevant criteria. These are reviewed as necessary, and the levels may be revised up or down to allow for changes in circumstances and the broadcasting environment.
- A summary of the quotas applying to PSB channels is given below. These are applicable to the BBC channels, ITV, ITV Breakfast, Channel 4, Channel 5 and S4C in Wales. They do not apply to the commercial broadcasters' digital services (such as ITV2, CITV, E4, More 4, Five USA, Five Star) or to other multichannel operators. This pack reports on the first five of these quotas:
 1. Original productions – programmes commissioned by broadcasters from in-house production resources or independent producers.
 2. Independent productions – programmes made by companies that are independent of UK broadcasters.
 3. Out-of-London productions – network programmes made in the UK outside the M25.
 4. Networked national and international news.
 5. Networked current affairs programmes.
 6. Nations and regions programmes on Channel 3 and the BBC – made and shown in the nations and English regions. Data relating to these quotas will be reported separately along with programming on S4C.

Introduction (III)

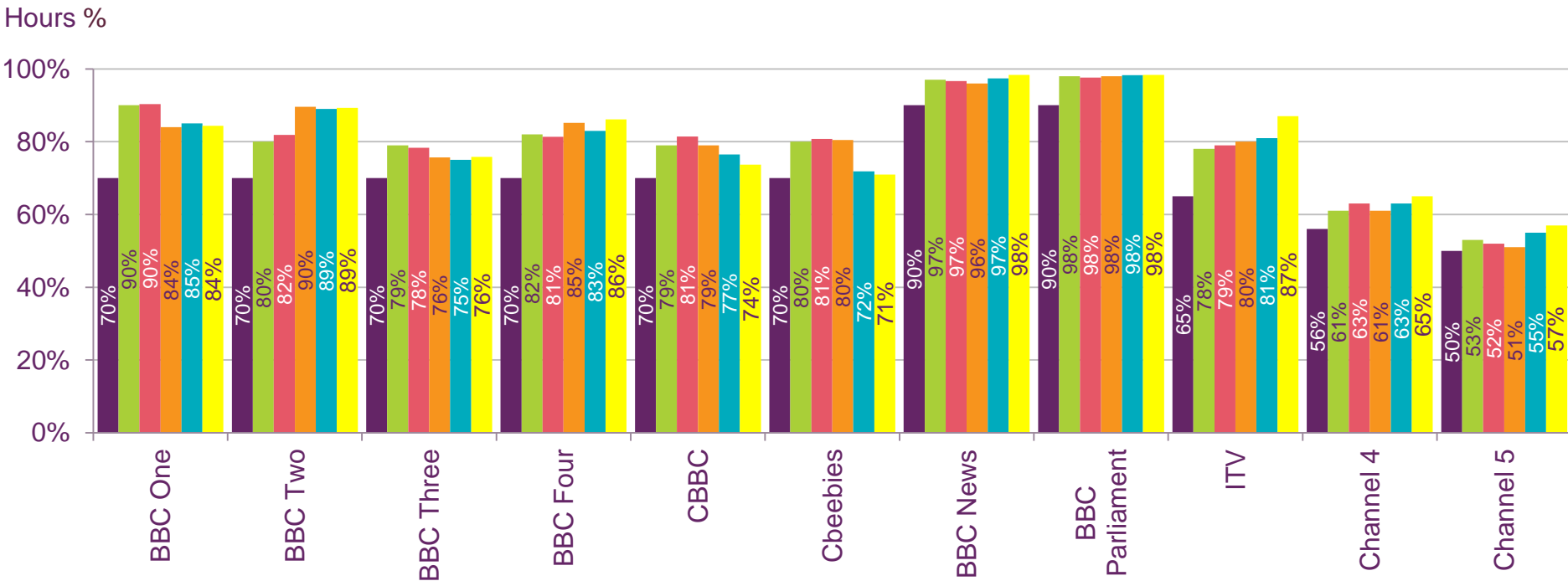
European 'AVMS' quotas

- All television broadcasters licensed by Ofcom in the UK, including multichannel operators with an audience threshold exceeding 0.2%*, are subject to the obligations of the Audiovisual Media Services (AVMS) Directive.
- The AVMS Directive replaced the Television Without Frontiers (TVWF) Directive on 10 December 2007 and was transposed into UK legislation in December 2009.
- This requires that on each qualifying channel, the majority of programmes must be European (including from the UK) and at least 10% must be made by independents. Of these independent productions, the majority must have been made within the past five years.
- The European Commission publishes a report on compliance by all EU Member States. The latest report can be found at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012DC0522&from=EN>
- Detailed guidelines can be found at http://ec.europa.eu/archives/information_society/avpolicy/docs/reg/tvwf/eu_works/guidelines_2011_en.pdf

* In conformance with EC guidelines, in January 2012, television broadcasters licensed by Ofcom in the UK were exempt from reporting on the amount of European original and independent content included in television programme services where there was an audience share less than 0.2%.

Broadcasters' performance against original production quotas, all time

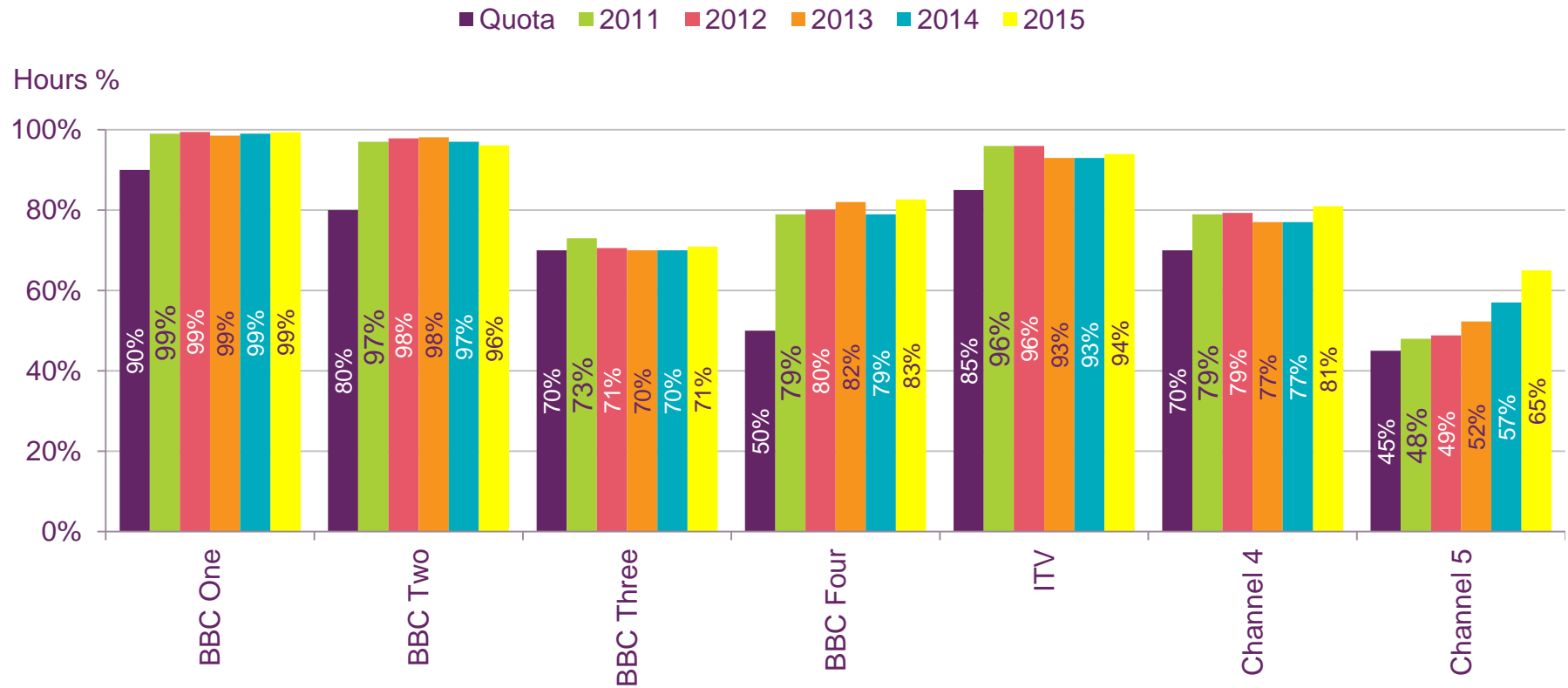
■ Quota ■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015



Source: Ofcom/broadcasters

Note: BBC figures include programmes made or commissioned for other BBC channels. Includes repeats.

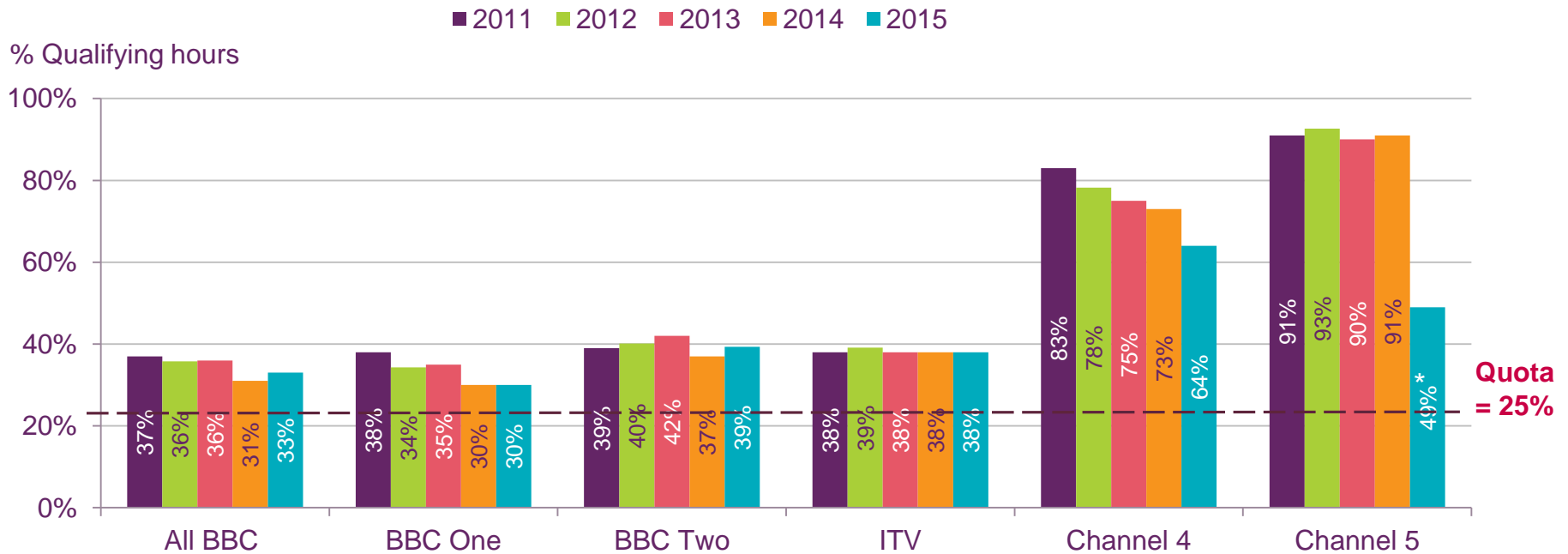
Broadcasters' performance against original production quotas, peak-time



Source: Ofcom/broadcasters

Note: BBC figures include programmes made or commissioned for other BBC channels. BBC Three and BBC Four peak-time hours run from 19:00 to midnight. Includes repeats. Channel 5 quota increased from 40% to 45% in 2015.

Qualifying hours commissioned from qualifying independent producers



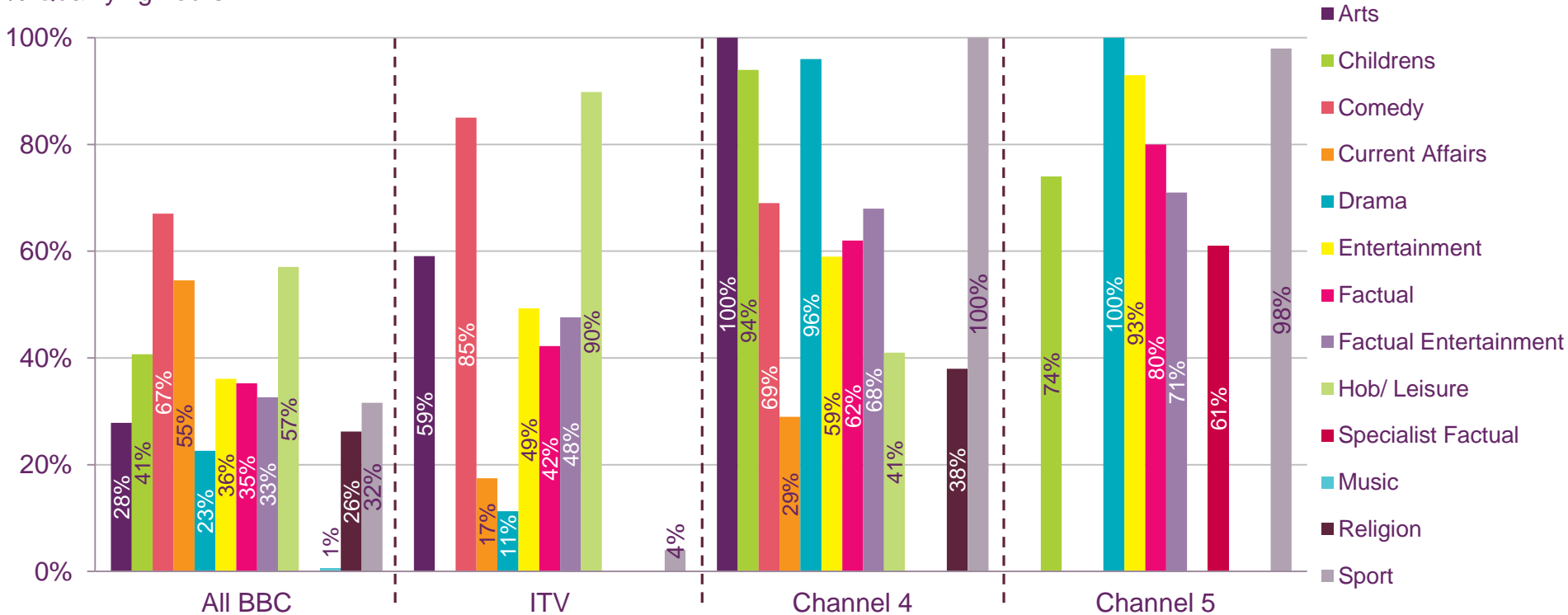
Source: Ofcom/broadcasters

Note: The Broadcasting (Independent Productions) Order 1991 was amended on November 24th 2014. An explanatory note and further information can be found at <http://www.legislation.gov.uk/ukxi/2014/3137/note/made>

*One of the reasons for the apparent fall in Channel 5 qualifying hours was the production company Princess Productions, producer of The Wright Stuff, being classed as a non-qualifying independent producer in 2015.

Qualifying independent commissions, by genre, 2015

% Qualifying hours

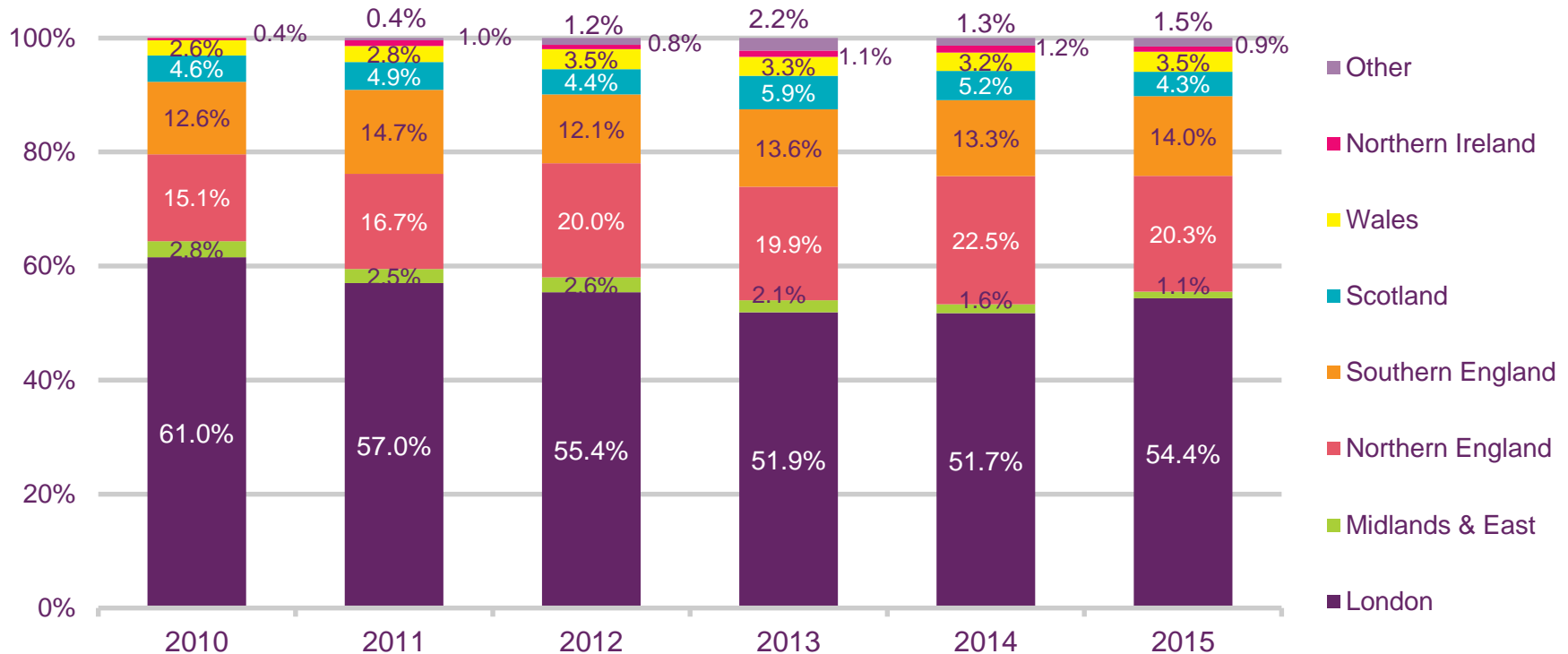


Source: Ofcom/broadcasters

Note: The Broadcasting (Independent Productions) Order 1991 was amended on November 24th 2014. An explanatory note and further information can be found at <http://www.legislation.gov.uk/uksi/2014/3137/note/made>

Expenditure on out-of-London production

Percentage of production by value

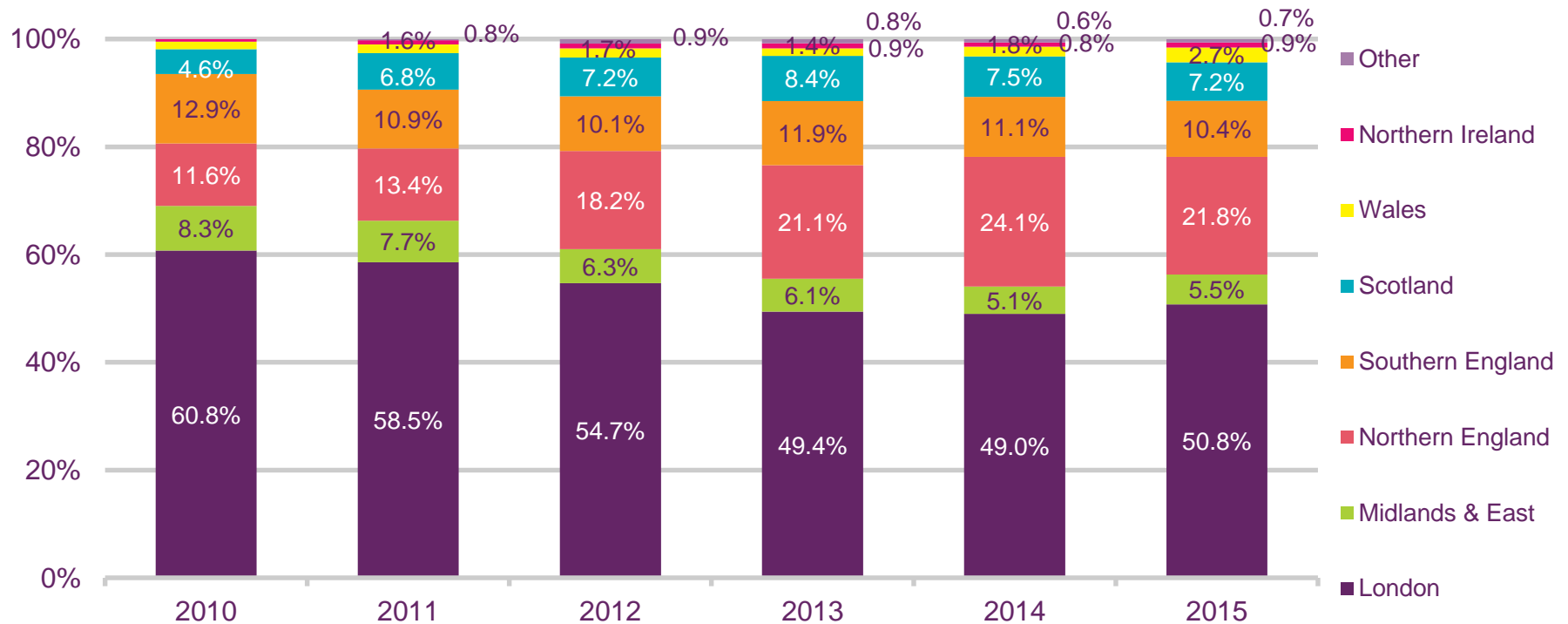


Source: Ofcom/broadcasters

Note: A new category 'Multi Nation/Region production' was created in 2011 for Regional Productions from London Producers which do not meet both 70% of spend and 50% of talent in any one particular Macro Region' See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on Ofcom website for further details.

Volume of out-of-London production

Percentage of production by volume



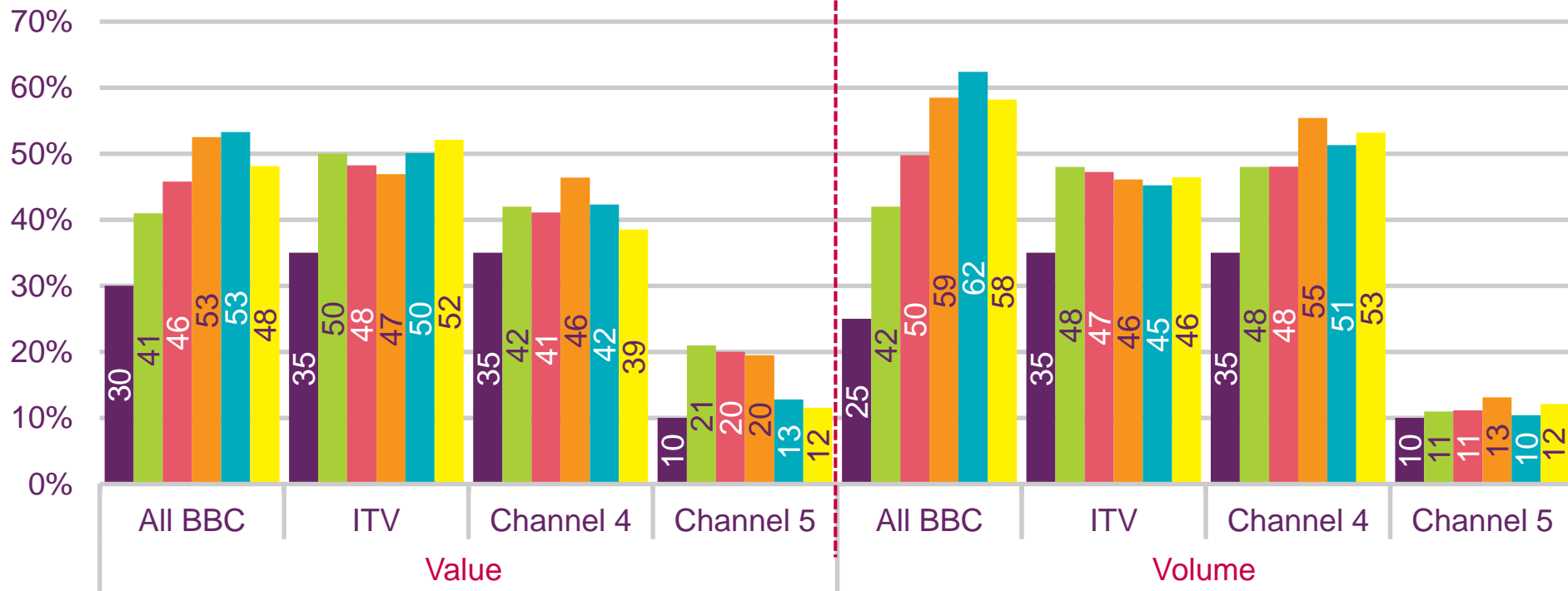
Source: Ofcom/broadcasters

Note: A new category 'Multi Nation/Region production' was created in 2011 for Regional Productions from London Producers which do not meet both 70% of spend and 50% of talent in any one particular Macro Region' See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on Ofcom website for further details.

Performance against the Out-of-London production quotas

■ Quota 2015 ■ Achieved 2011 ■ Achieved 2012 ■ Achieved 2013 ■ Achieved 2014 ■ Achieved 2015

Percentage of network production produced outside London, by value and by volume



Source: Ofcom/broadcasters

Note: Channel 4 quota increased from 30% to 35% in 2012.

Out-of-London productions by channel/macro-region: value

Distribution of spend on qualifying productions by macro region and channel (%)

	All BBC					ITV					Channel 4					Channel 5				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
London	59.0%	54.2%	47.5%	46.7%	51.9%	50.5%	51.7%	53.1%	49.9%	47.9%	58.4%	58.9%	53.6%	57.7%	61.5%	79.4%	80.5%	80.5%	87.2%	88.4%
Midlands & East	3.7%	3.7%	2.7%	1.7%	1.8%	0.7%	0.3%	0.1%	0.0%	0.02%	1.9%	3.4%	3.2%	3.2%	1.0%	4.5%	4.0%	4.7%	3.9%	2.6%
Northern England	9.4%	16.7%	17.2%	23.1%	17.4%	26.2%	27.4%	24.8%	28.0%	27.6%	22.9%	20.6%	22.2%	17.6%	19.2%	0.0%	0.1%	0.9%	1.9%	3.1%
Southern England	11.1%	7.4%	8.5%	7.6%	9.3%	22.2%	20.3%	21.9%	22.0%	24.1%	11.8%	11.0%	13.1%	15.3%	9.9%	14.2%	10.1%	8.7%	5.9%	4.5%
Scotland	9.0%	7.6%	10.9%	9.2%	7.7%	0.4%	0.3%	0.0%	0.0%	0.04%	2.5%	3.2%	3.8%	4.6%	5.0%	1.8%	3.6%	4.9%	1.0%	0.5%
Wales	5.3%	6.8%	6.8%	6.5%	7.1%	0.0%	0.0%	0.0%	0.1%	0.3%	1.4%	1.9%	1.4%	1.1%	2.0%	0.0%	0.0%	0.3%	0.0%	0.0%
Northern Ireland	2.1%	1.3%	2.2%	2.5%	1.8%	0.0%	0.0%	0.0%	0.0%	0.04%	0.3%	0.4%	0.7%	0.3%	0.3%	0.0%	1.6%	0.0%	0.0%	0.9%
Other	0.5%	2.3%	4.1%	2.8%	3.0%	0.0%	0.0%	0.0%	0.0%	0.03%	0.9%	0.7%	2.1%	0.3%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Regional	41.0%	45.8%	52.5%	53.3%	48.1%	49.5%	48.3%	46.9%	50.1%	52.1%	41.6%	41.1%	46.4%	42.3%	38.5%	20.6%	19.5%	19.5%	12.8%	11.6%

Source: Broadcaster returns

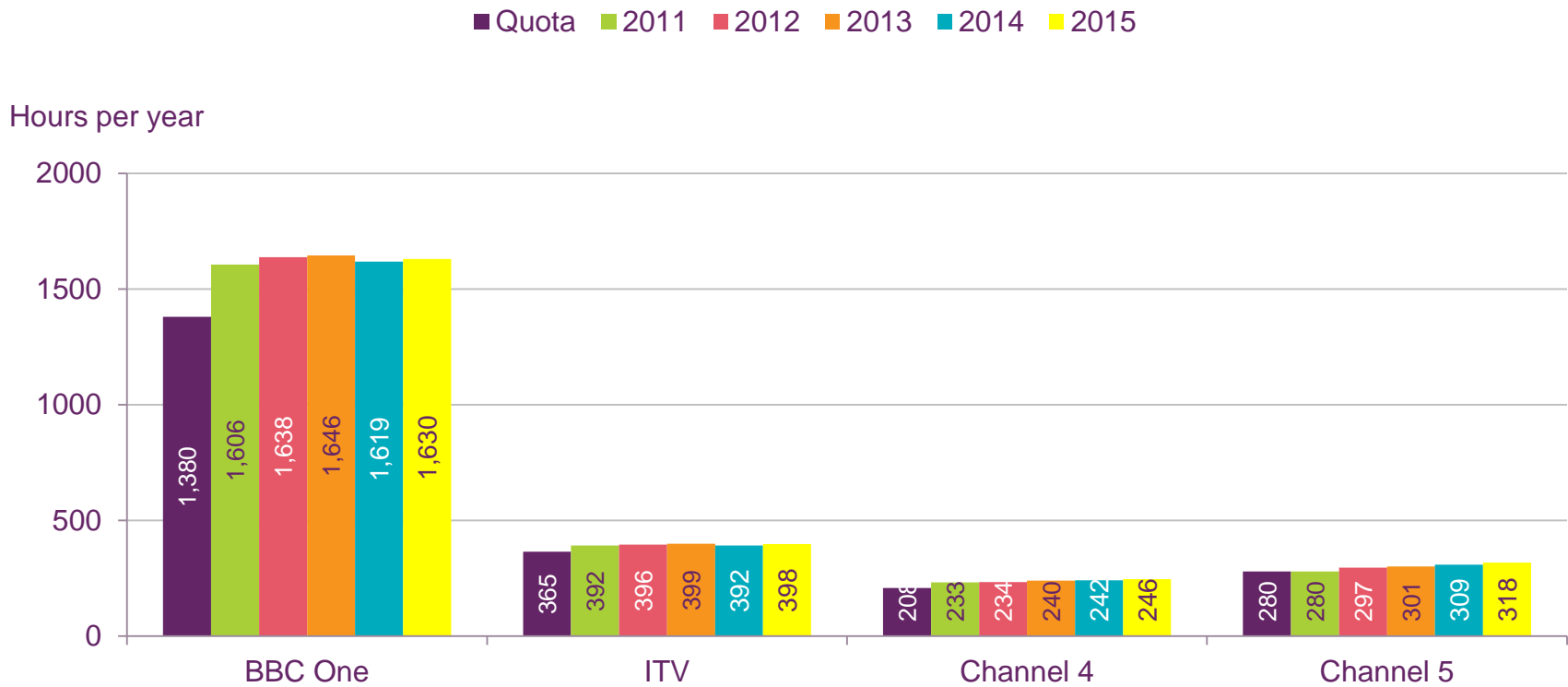
Out-of-London productions by channel/macro-region: volume

Distribution of hours of qualifying productions by macro region and channel (%)

	All BBC					ITV					Channel 4					Channel 5				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
London	57.5%	50.2%	41.5%	37.6%	41.8%	52.0%	52.8%	53.9%	54.8%	53.6%	51.6%	52.0%	44.6%	48.7%	46.8%	89.1%	88.9%	86.9%	89.6%	87.9%
Midlands & East	5.4%	3.9%	2.7%	1.8%	2.0%	18.7%	16.0%	15.2%	15.1%	16.4%	1.9%	2.6%	3.5%	2.1%	1.1%	3.7%	2.5%	3.5%	2.8%	1.9%
Northern England	7.0%	18.4%	23.3%	30.6%	24.5%	22.0%	21.0%	20.2%	21.3%	22.0%	24.8%	22.4%	26.1%	23.4%	26.3%	0.1%	0.1%	0.8%	1.1%	2.6%
Southern England	11.9%	8.4%	11.3%	10.0%	10.6%	7.0%	10.1%	10.8%	8.6%	7.6%	15.9%	15.7%	18.3%	19.5%	16.0%	6.3%	6.1%	5.9%	5.7%	6.6%
Scotland	13.6%	13.4%	15.7%	13.8%	13.2%	0.3%	0.1%	0.0%	0.0%	0.1%	2.5%	4.1%	4.8%	4.8%	6.3%	0.9%	1.8%	2.6%	0.8%	0.4%
Wales	2.7%	2.6%	2.5%	3.3%	4.9%	0.0%	0.0%	0.0%	0.1%	0.1%	2.0%	2.2%	1.1%	1.1%	2.6%	0.0%	0.1%	0.3%	0.0%	0.1%
Northern Ireland	1.5%	1.5%	1.7%	1.5%	1.8%	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	0.7%	0.7%	0.2%	0.3%	0.0%	0.6%	0.0%	0.0%	0.5%
Other	0.3%	1.6%	1.3%	1.3%	1.2%	0.0%	0.0%	0.0%	0.0%	0.03%	0.5%	0.4%	0.9%	0.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Regional	42.4%	49.8%	58.5%	62.4%	58.2%	48.0%	47.2%	46.1%	45.2%	46.4%	48.4%	48.0%	55.4%	51.3%	53.2%	10.9%	11.1%	13.1%	10.4%	12.1%

Source: Broadcaster returns

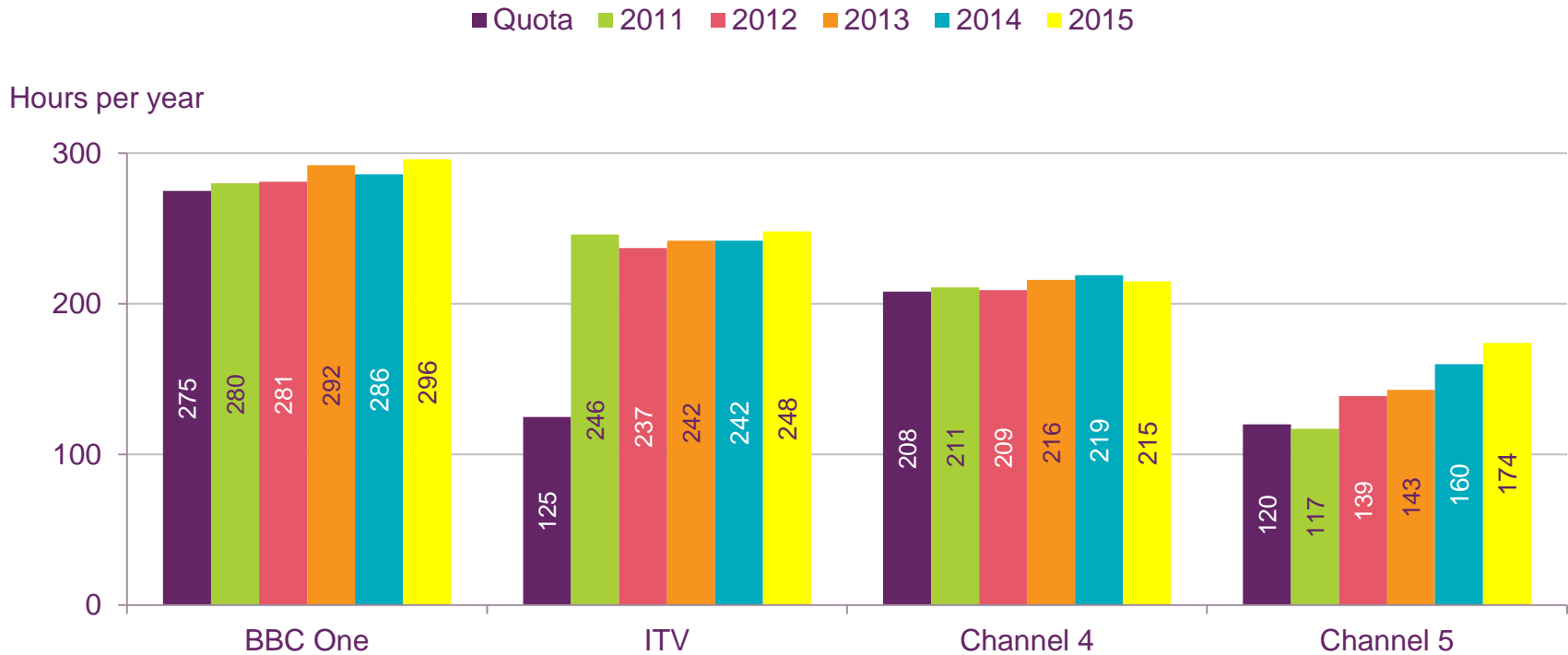
Performance against national and international news quotas, all day



Source: Ofcom/broadcasters

Channel 5 quota increased from 260 to 280 hours in 2015

Performance against national and international news quotas, peak-time



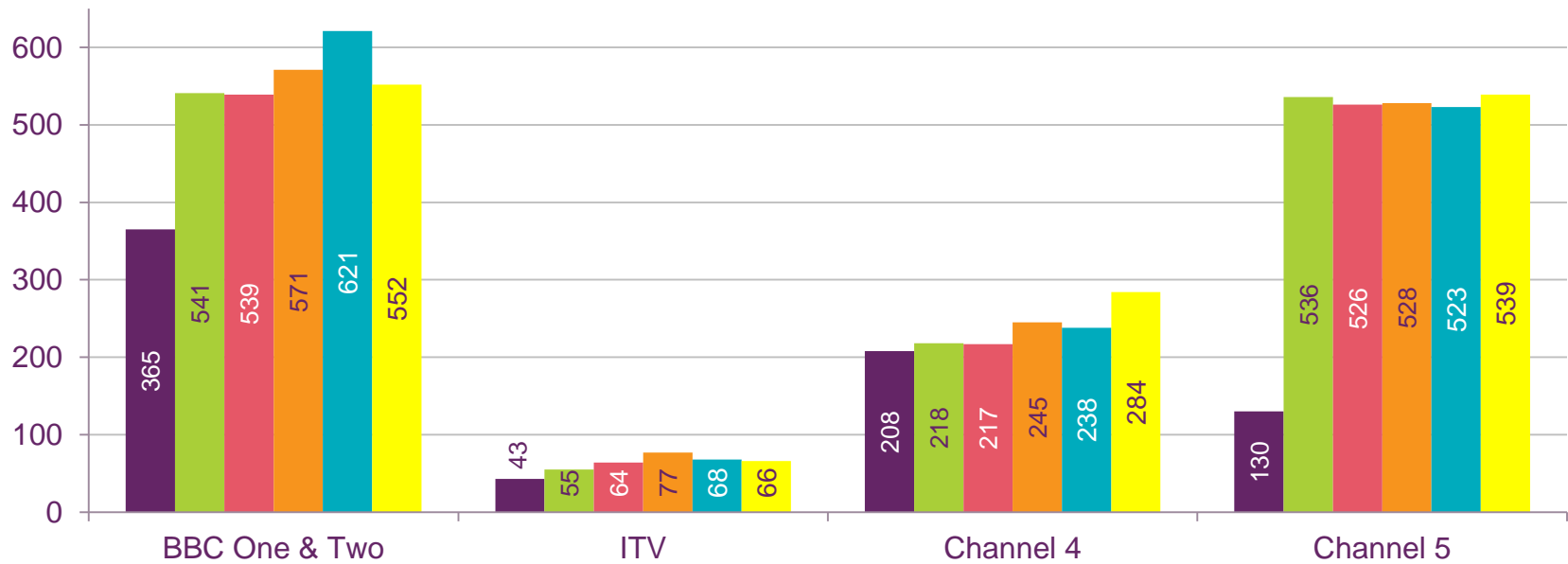
Source: Ofcom/broadcasters.

Channel 5 quota increased from 100 to 120 hours in 2015

Performance against current affairs, all day

■ Quota ■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015

Hours per year

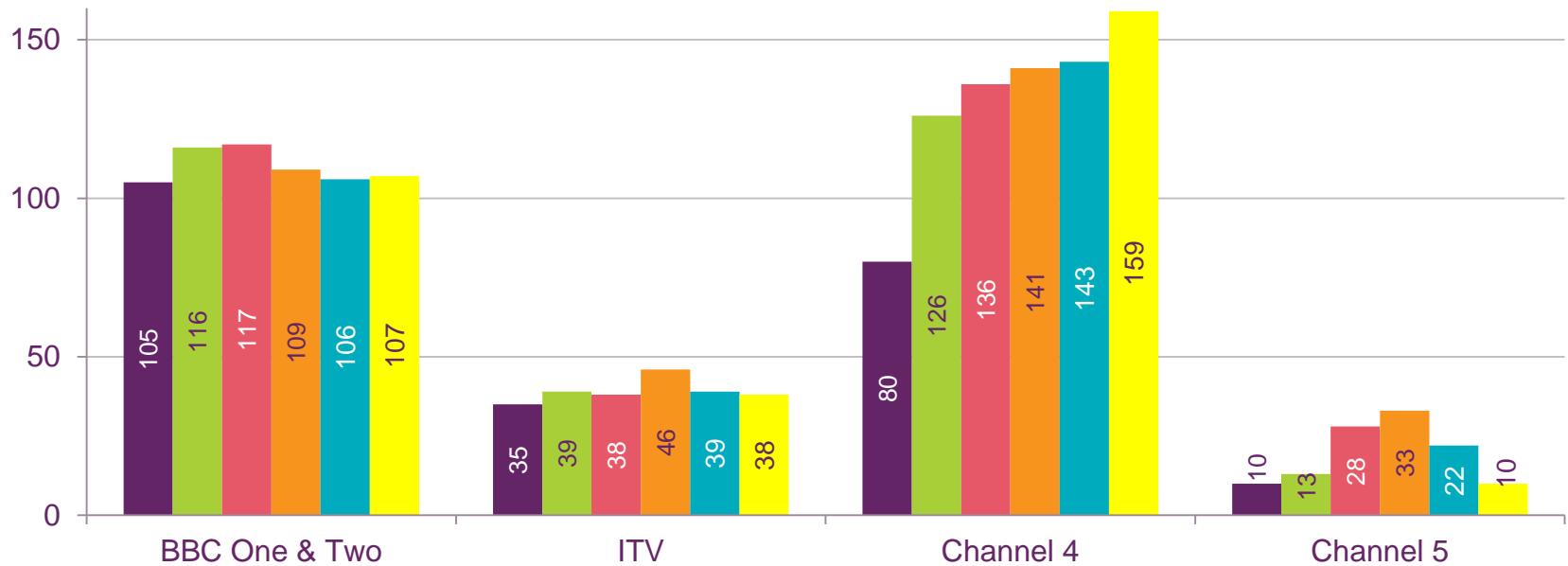


Source: Ofcom/broadcasters

Performance against current affairs quotas, peak-time

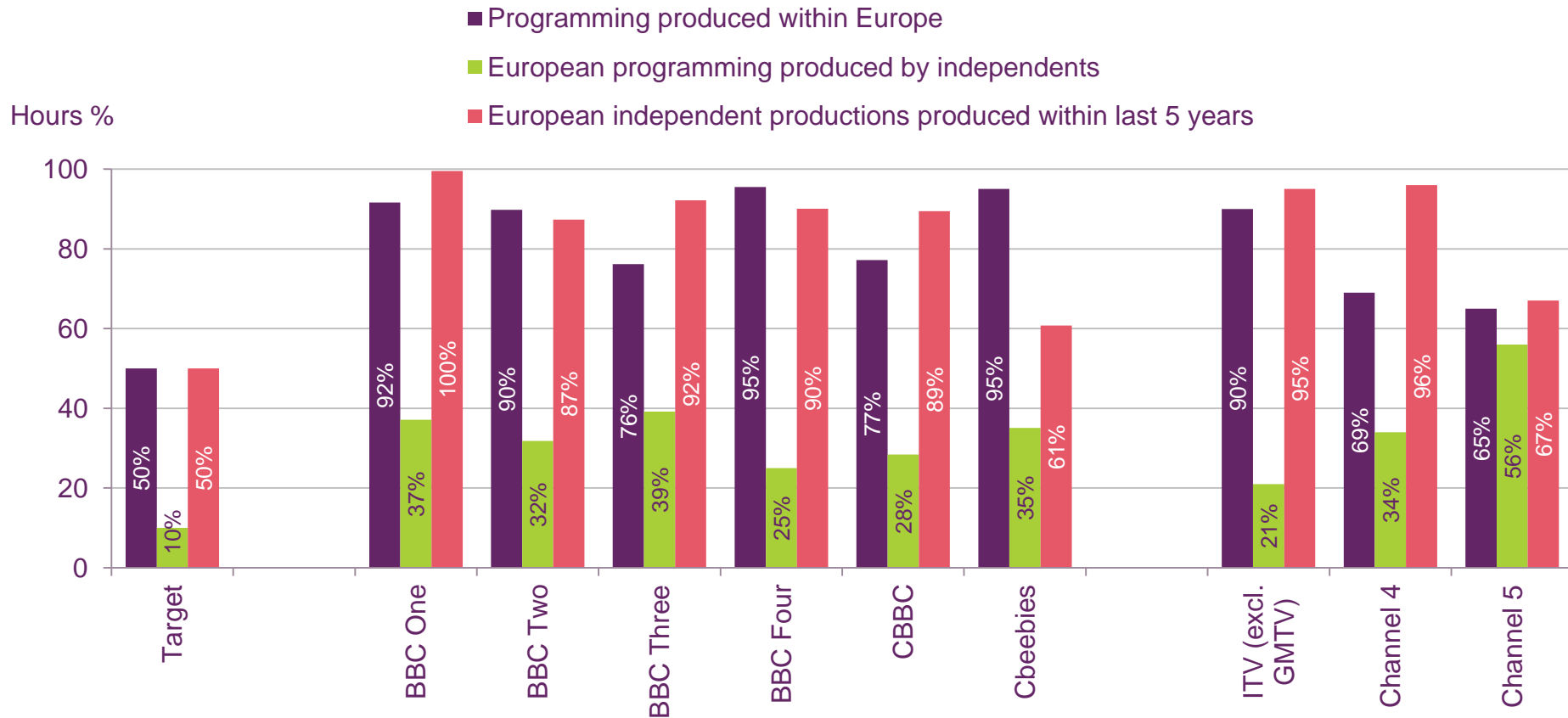
■ Quota ■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015

Hours per year



Source: Ofcom/broadcasters

Performance against European programming requirements, 2015



Source: Ofcom/broadcasters.
See [Introduction \(III\)](#) for details of AVMS quota system.