

PSB Annual Compliance Report

2017

- Introduction
- Original programming quotas
- Independent production quota
- Out of London quotas
- News and Current Affairs quotas
- The AVMS Directive quota

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, The Act requires Ofcom to set specific quota compliance obligations in the Channel 3 (held by ITV plc, STV plc), Channel 4 and Channel 5 licences.
- On 3 April 2017, Ofcom became the first external regulator of the BBC. Under the Charter and Agreement, Ofcom must set and monitor the BBC's programming obligations. We are currently consulting on the proposed quotas as set out in the draft operating licence published on 29 March 2017. See <https://www.ofcom.org.uk/consultations-and-statements/ofcom-and-the-bbc> for further details.
- Ofcom has a duty under the Act to review and report on compliance with programme obligations. As our new BBC responsibilities did not start until April 2017 and this report is based on 2016 data, BBC quotas herein were set by the BBC Trust until the Ofcom publishes a final operating licence in the second half of 2017. The BBC continues to be required to meet the conditions imposed in the Trust's Service Licences.
- In this report, BBC Three data includes only the broadcast hours prior to the channel moving to online only, in February 2016.

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 setting the quotas, Ofcom takes into account the individual public service remit of each channel and other relevant criteria. The levels are reviewed as necessary.
- The level of independent production quota (25%) is set by the legislation.
- 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.

European 'AVMS' quotas

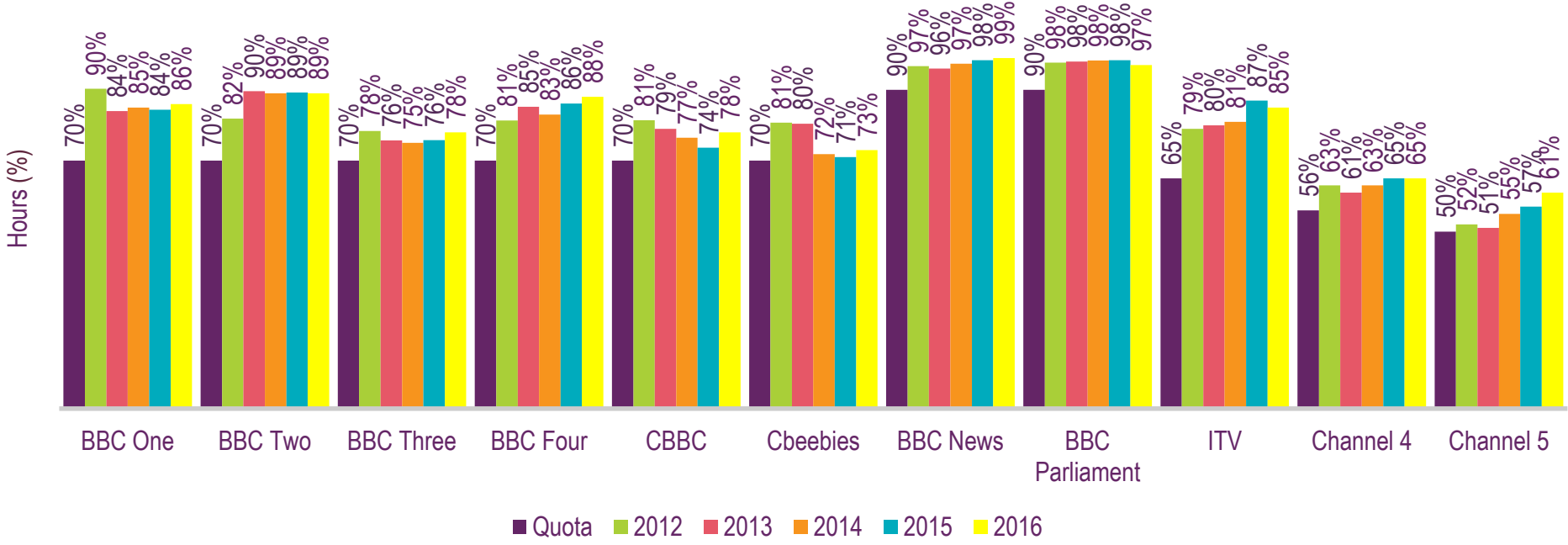
- All television broadcasters licensed by Ofcom in the UK, including multichannel operators with an audience share exceeding 0.2%*, are subject to the obligations of the Audio-visual Media Services (AVMS) Directive.
- The AVMS Directive of December 2007 amended the Television Without Frontiers Directive and was transposed into UK law legislation in December 2009'.
- This requires that on each qualifying channel, at least 50% of programmes must be European (including from the UK) and at least 10% must be made by independents. Of these independent productions, at least 50% 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/twvf/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 day

Performance against quota, 2012-2016

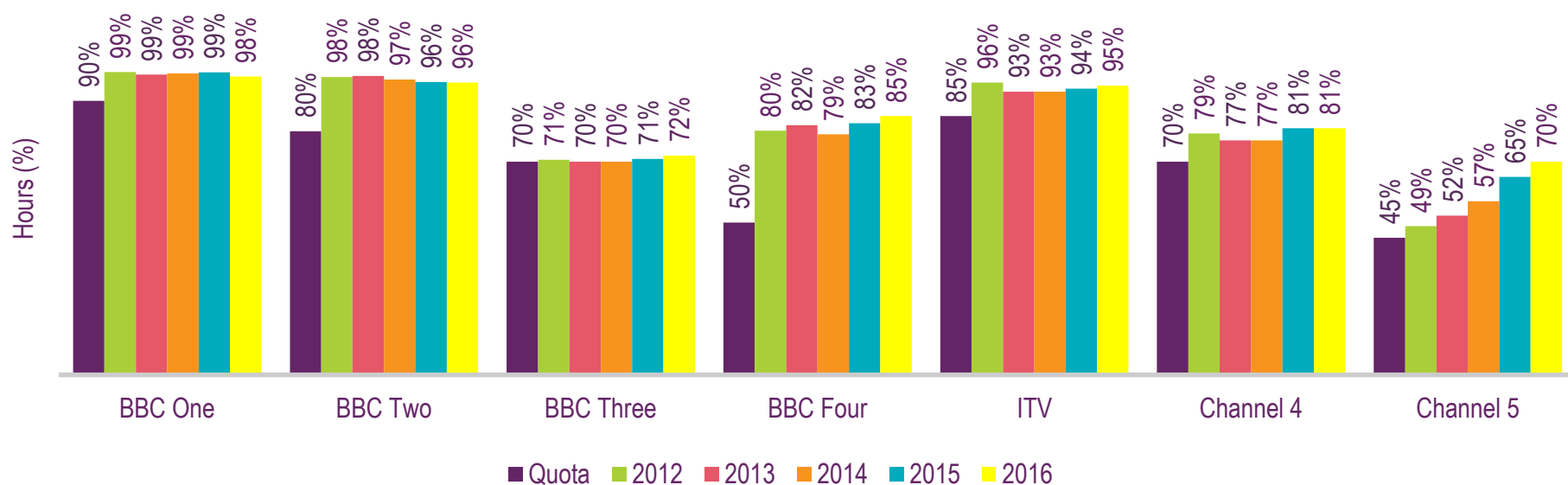


Source: Ofcom / PSB Broadcasters

BBC Three data includes only the broadcast hours prior to the channel moving to online only.

Broadcasters' performance against original production quotas, peak-time

Performance against quota, 2012-2016

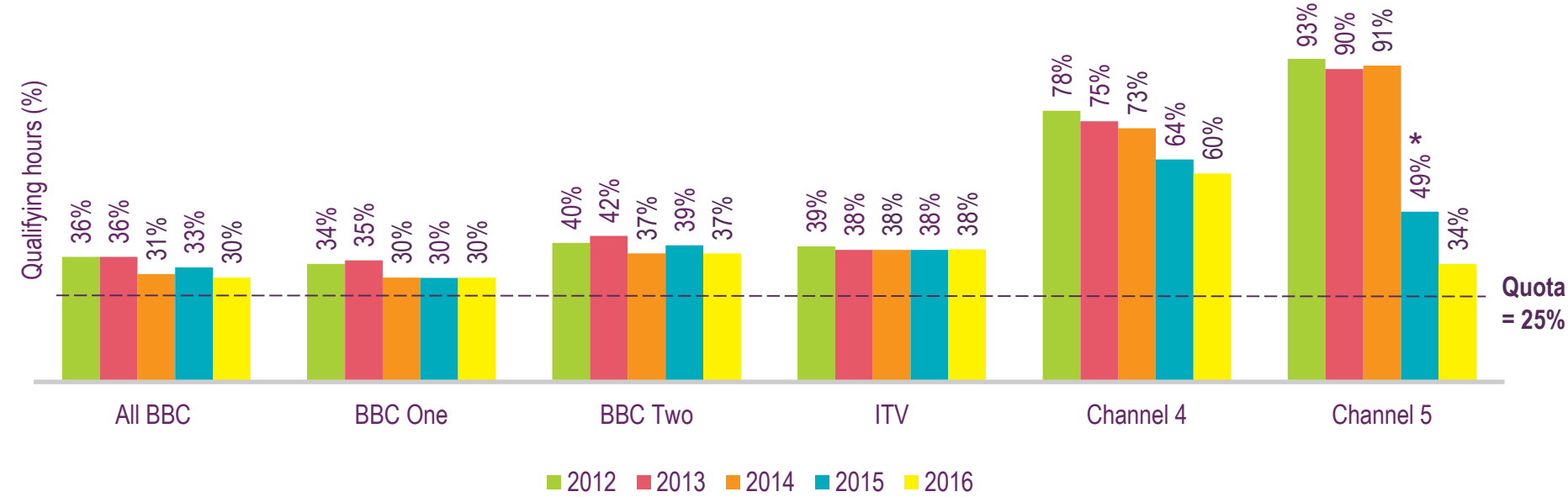


Source: Ofcom / PSB Broadcasters

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. BBC Three data includes only the broadcast hours prior to the channel moving to online only. Channel 5 quota increased from 40% to 45% in 2015.

Qualifying hours commissioned from qualifying independent producers

Performance against quota, 2012-2016



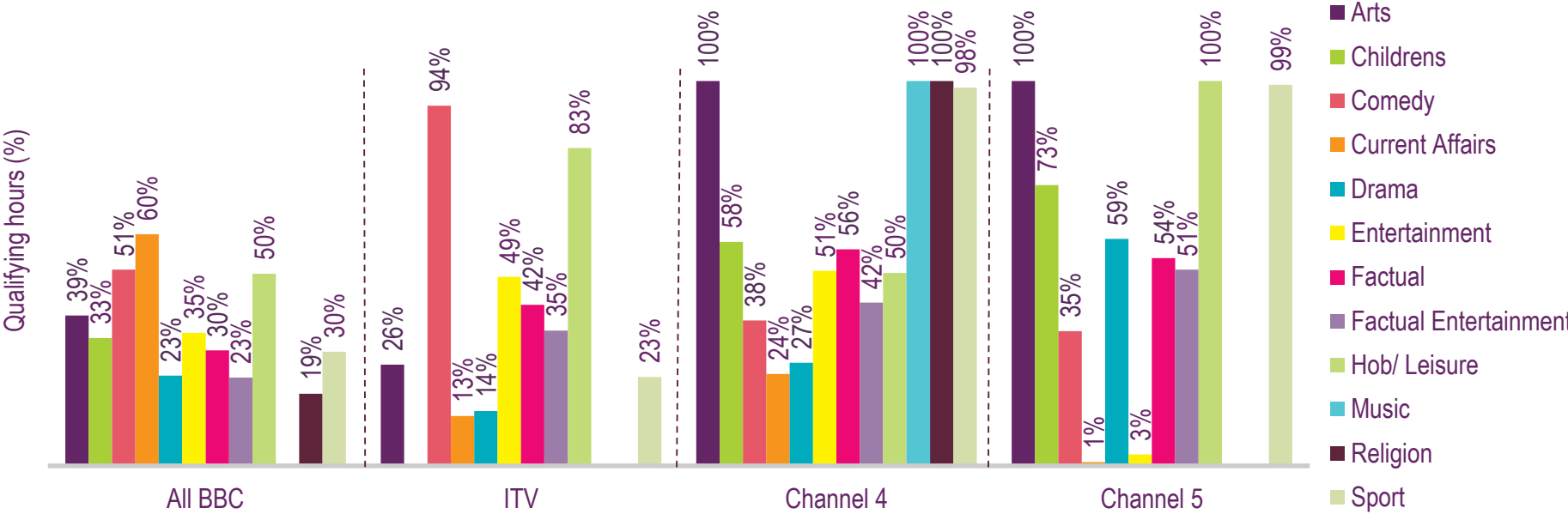
Source: Ofcom/broadcasters

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 fall in Channel 5 qualifying hours in 2015 was the production company Princess Productions, producer of The Wright Stuff, being classed as a non-qualifying independent producer from that year.

Qualifying hours commissioned from qualifying independent producers

Performance by genre, 2016



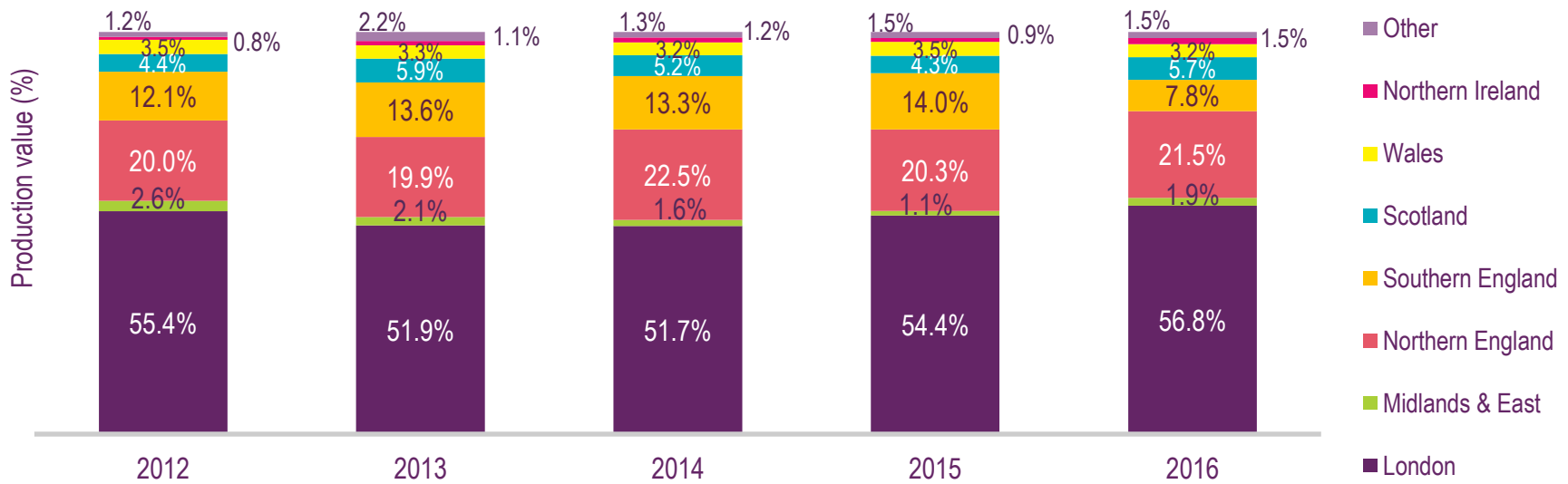
Source: Ofcom/broadcasters

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>



Broadcasters' expenditure on Out of London productions

Percentage of network programming by value (BBC, ITV, C4, C5 only), 2012 - 2016



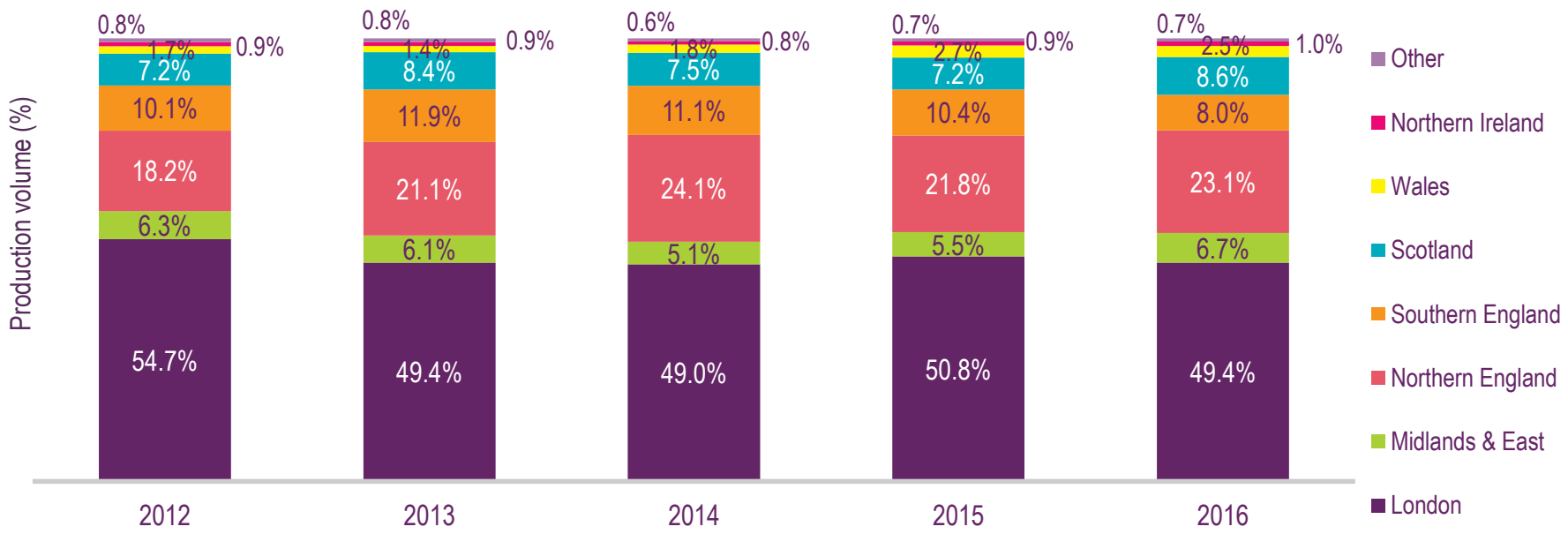
Source: Ofcom/broadcasters

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 nation or macro region. See www.ofcom.org.uk/data/assets/pdf_file/0019/87040/Regional-production-and-regional-programme-definitions.pdf on Ofcom website for further details.



Broadcasters' hours of Out of London productions

Percentage of network programming by volume (BBC, ITV, C4, C5 only), 2012 - 2016

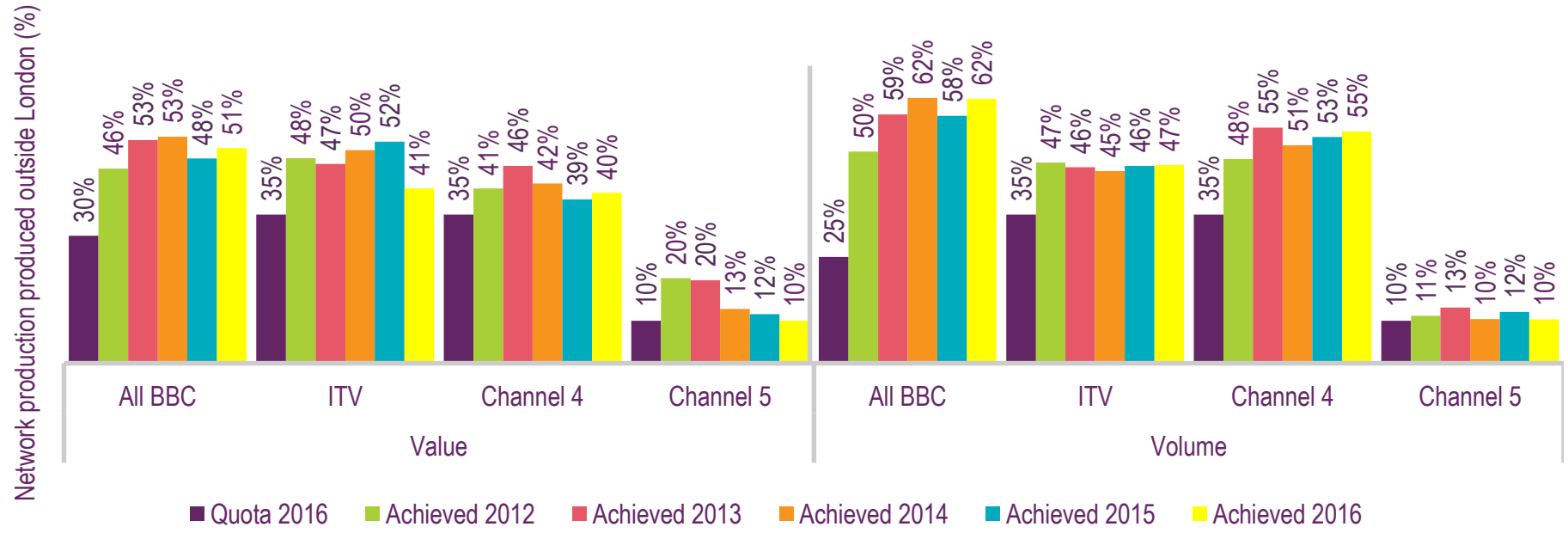


Source: Ofcom/broadcasters

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 nation or macro region' See www.ofcom.org.uk/data/assets/pdf_file/0019/87040/Regional-production-and-regional-programme-definitions.pdf on Ofcom website for further details.

Broadcasters' performance against the Out of London quota

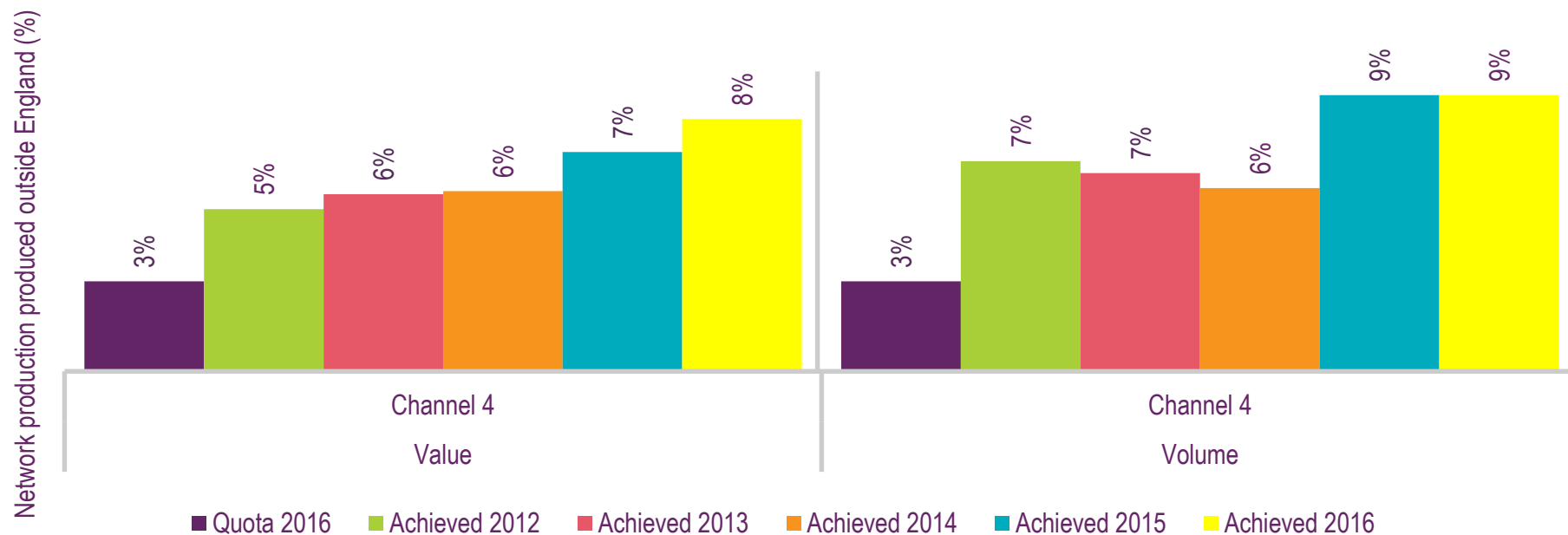
Programming produced outside London (BBC, ITV, C4, C5 only), 2012 - 2016



Source: Ofcom/broadcasters
 Note: Channel 4 quota increased from 30% to 35% in 2012.

Channel 4 performance against the Out of England quota

Programming produced outside England (C4 only), 2012 - 2016



Source: Ofcom/Channel 4. For details see page 39 of the attachment to variations of the Channel 4 licence at https://www.ofcom.org.uk/data/assets/pdf_file/0018/40266/channel_4_attachment_to_variation_no._18.pdf

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

Distribution of spend on qualifying productions by macro region and channel (%), 2012 - 2016

	BBC					ITV					Channel 4					Channel 5				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
London	54.2%	47.5%	46.7%	51.9%	49.4%	51.7%	53.1%	49.9%	47.9%	58.9%	58.9%	53.6%	57.7%	61.5%	59.9%	80.5%	80.5%	87.2%	88.4%	90.0%
Midlands & East	3.7%	2.7%	1.7%	1.8%	1.5%	0.3%	0.1%	0.0%	0.0%	0.1%	3.4%	3.2%	3.2%	1.0%	5.2%	4.0%	4.7%	3.9%	2.6%	2.4%
Northern England	16.7%	17.2%	23.1%	17.4%	19.7%	27.4%	24.8%	28.0%	27.6%	33.0%	20.6%	22.2%	17.6%	19.2%	15.6%	0.1%	0.9%	1.9%	3.1%	3.0%
Southern England	7.4%	8.5%	7.6%	9.3%	7.6%	20.3%	21.9%	22.0%	24.1%	7.4%	11.0%	13.1%	15.3%	9.9%	10.0%	10.1%	8.7%	5.9%	4.5%	3.6%
Scotland	7.6%	10.9%	9.2%	7.7%	10.3%	0.3%	0.0%	0.0%	0.0%	0.0%	3.2%	3.8%	4.6%	5.0%	5.2%	3.6%	4.9%	1.0%	0.5%	0.2%
Wales	6.8%	6.8%	6.5%	7.1%	5.8%	0.03%	0.00%	0.06%	0.28%	0.10%	1.9%	1.4%	1.1%	2.0%	2.8%	0.0%	0.3%	0.0%	0.0%	0.2%
Northern Ireland	1.3%	2.2%	2.5%	1.8%	3.1%	0.00%	0.00%	0.04%	0.04%	0.00%	0.4%	0.7%	0.3%	0.3%	0.5%	1.6%	0.0%	0.0%	0.9%	0.6%
Other	2.3%	4.1%	2.8%	3.0%	2.6%	0.00%	0.00%	0.00%	0.03%	0.45%	0.7%	2.1%	0.3%	1.1%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Regional	45.8%	52.5%	53.3%	48.1%	50.6%	48.3%	46.9%	50.1%	52.1%	41.1%	41.1%	46.4%	42.3%	38.5%	40.1%	19.5%	19.5%	12.8%	11.6%	10.0%

Source: Broadcaster returns

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

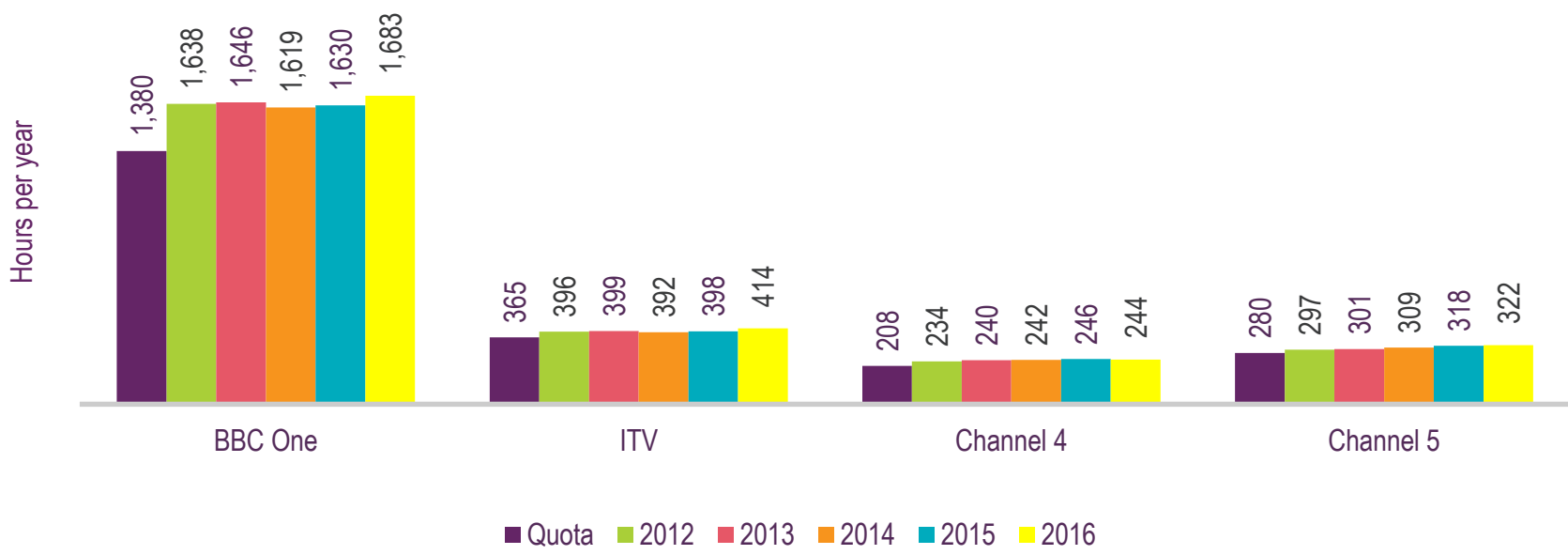
Distribution of hours of qualifying productions by macro region and channel (%), 2012 - 2016

	BBC					ITV					Channel 4					Channel 5				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
London	50.2%	41.5%	37.6%	41.8%	37.8%	52.8%	53.9%	54.8%	53.6%	53.4%	52.0%	44.6%	48.7%	46.8%	45.5%	88.9%	86.9%	89.6%	87.9%	89.7%
Midlands & East	3.9%	2.7%	1.8%	2.0%	1.6%	16.0%	15.2%	15.1%	16.4%	17.6%	2.6%	3.5%	2.1%	1.1%	7.4%	2.5%	3.5%	2.8%	1.9%	2.4%
Northern England	18.4%	23.3%	30.6%	24.5%	27.7%	21.0%	20.2%	21.3%	22.0%	24.2%	22.4%	26.1%	23.4%	26.3%	24.4%	0.1%	0.8%	1.1%	2.6%	2.5%
Southern England	8.4%	11.3%	10.0%	10.6%	8.6%	10.1%	10.8%	8.6%	7.6%	4.5%	15.7%	18.3%	19.5%	16.0%	13.2%	6.1%	5.9%	5.7%	6.6%	4.5%
Scotland	13.4%	15.7%	13.8%	13.2%	16.6%	0.09%	0.03%	0.03%	0.14%	0.03%	4.1%	4.8%	4.8%	6.3%	6.3%	1.8%	2.6%	0.8%	0.4%	0.1%
Wales	2.6%	2.5%	3.3%	4.9%	4.3%	0.03%	0.00%	0.12%	0.14%	0.09%	2.2%	1.1%	1.1%	2.6%	2.4%	0.1%	0.3%	0.0%	0.1%	0.4%
Northern Ireland	1.5%	1.7%	1.5%	1.8%	2.1%	0.00%	0.00%	0.03%	0.08%	0.00%	0.7%	0.7%	0.2%	0.3%	0.5%	0.6%	0.0%	0.0%	0.5%	0.3%
Other	1.6%	1.3%	1.3%	1.2%	1.3%	0.00%	0.00%	0.00%	0.03%	0.09%	0.4%	0.9%	0.1%	0.7%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Regional	49.8%	58.5%	62.4%	58.2%	62.2%	47.2%	46.1%	45.2%	46.4%	46.6%	48.0%	55.4%	51.3%	53.2%	54.5%	11.1%	13.1%	10.4%	12.1%	10.3%

Source: Broadcaster returns

Performance against national and international news quota, all day

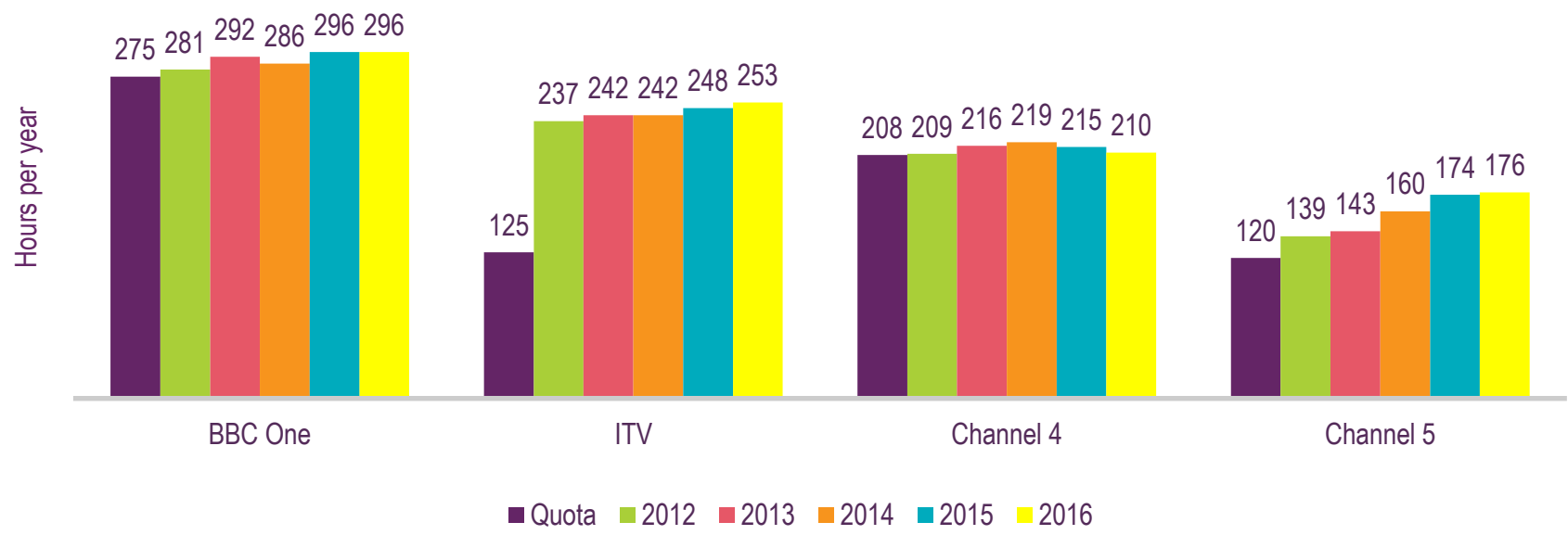
Annual number of hours of broadcast news and weather, all day 2012 – 2016



Source: Ofcom/broadcasters
Channel 5 quota increased from 260 to 280 hours in 2015

Performance against national and international news quota, peak-time

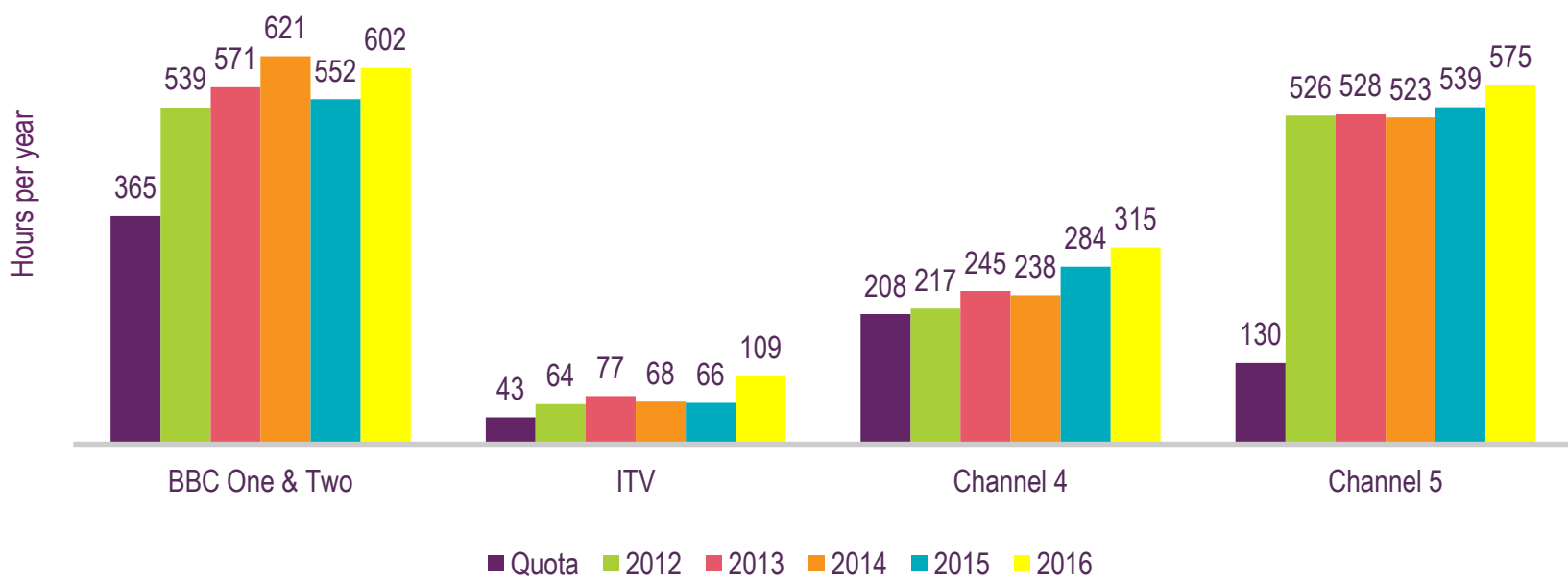
Annual number of hours of broadcast news and weather in peak-time, 2012 – 2016



Source: Ofcom/broadcasters.
Channel 5 quota increased from 100 to 120 hours in 2015

Performance against the Current Affairs quota, all day

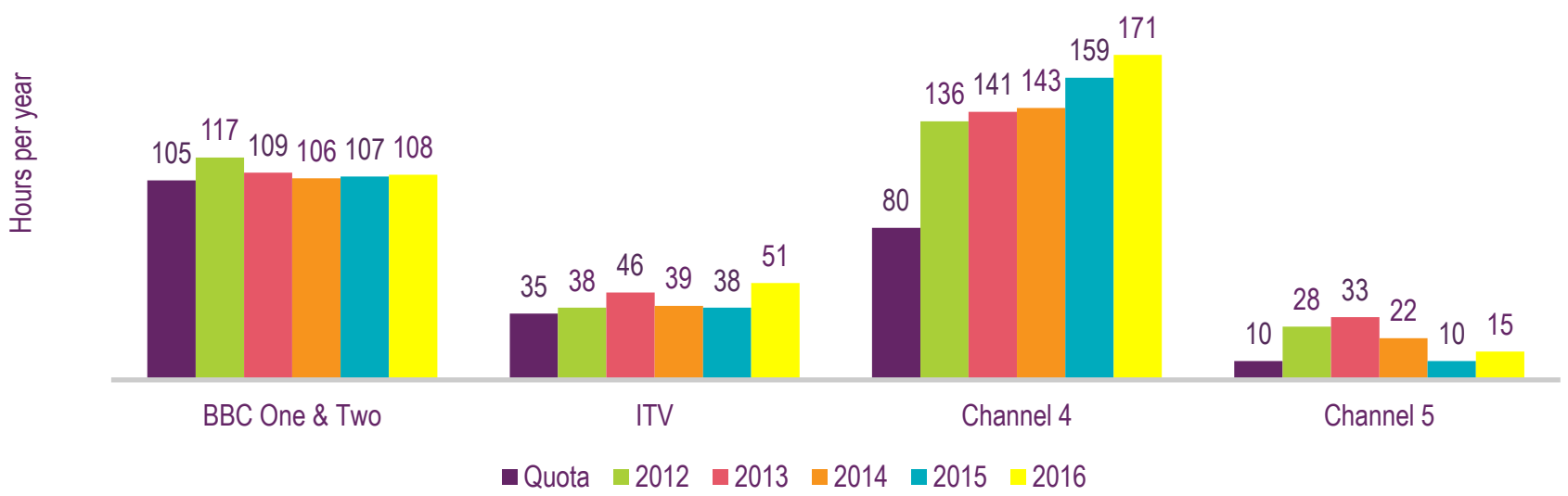
Annual number of hours of broadcast Current Affairs programming, 2012 – 2016



Source: Ofcom/broadcasters.

Performance against the Current Affairs quota, peak time

Annual number of hours of broadcast Current Affairs programming, 2012 – 2016

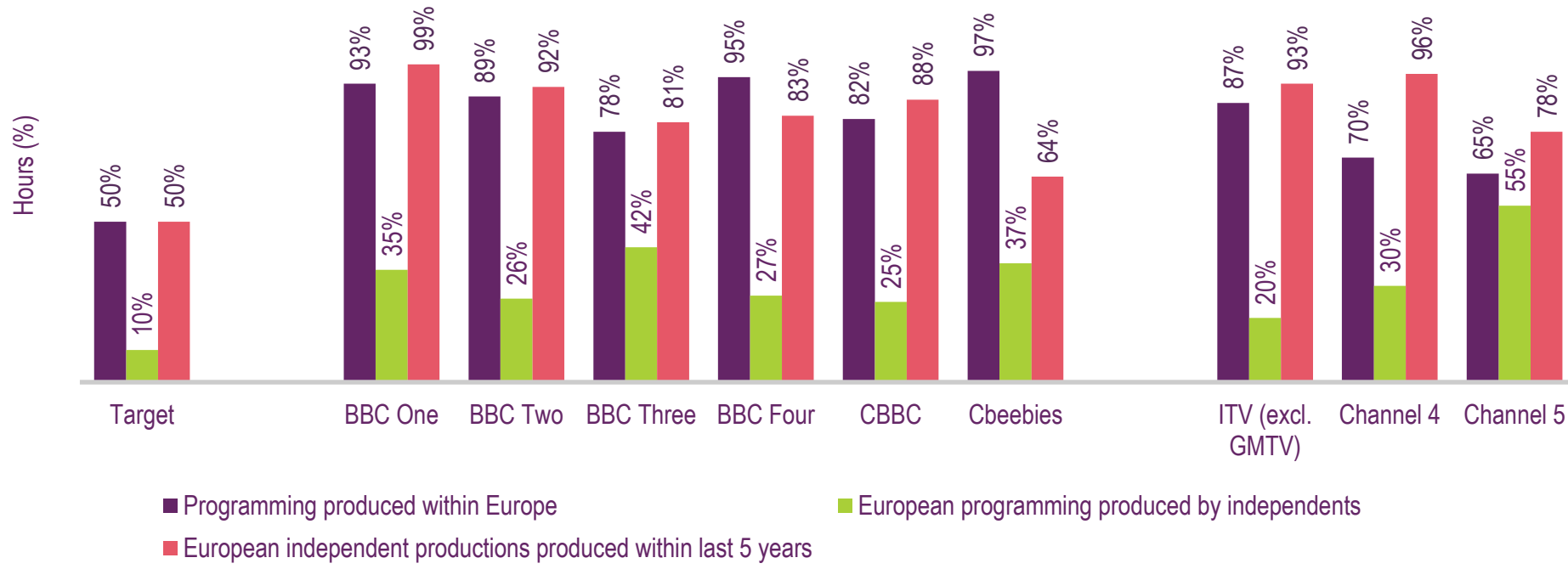


Source: Ofcom/broadcasters.



Performance against European programming requirements

Performance of PSB broadcasters against the AVMS Directive quota, 2016



Source: Ofcom/broadcasters. BBC Three data includes only the broadcast hours prior to the channel moving to online only. See [Introduction \(III\)](#) for details of AVMS quota system.