



# The Communications Market in Wales

## **2 TV and audio-visual content**

## 2.1 TV and audio-visual content

### 2.1.1 Recent developments in Wales

#### High-definition television

During 2008/9 a reorganisation of the DTT platform took place to create a dedicated high-definition television (HDTV) multiplex on which capacity could be reserved for public service broadcasters (PSBs). In October 2008, HD capacity was awarded by Ofcom to Channel 4 and S4C in Wales (in a joint bid) and to the Channel 3 licensees (ITV plc, Channel TV, STV and UTV).

Freeview HD is now available to 98% of viewers in Wales, as the HDTV multiplex was one of the three PSB multiplexes which broadcast from all 214 transmitters and relays.

Following a public competition, S4C, named 'Clirlun' as its new HDTV service on Freeview, which was launched on 30 April 2010. In addition, viewers in Wales, along with around 50% of viewers in the UK, were able to view the BBC HD channel and ITV1 HD, and able to watch the World Cup in HD on terrestrial television for the first time. However, viewers in Wales are not able to receive the Channel 4 HD service on Freeview, although the service is available on the Sky HD satellite service and the Virgin Media cable service.

HDTV has also been available for four years on the Sky satellite platform and on cable. In late January 2010 the broadcaster and platform owner announced that over two million households across the UK now paid for its HD service, with HD-enabled set-top boxes now being issued as standard to all new subscribers. The freesat HD and Virgin Media cable services also provide HDTV channels. However, S4C's Clirlun service will not initially be available on these platforms.

In autumn 2010, the BBC will launch an HD simulcast version of BBC One, which is also broadcast in standard definition (SD). However, due to technical and financial constraints the HD service will not carry BBC Wales' programmes or the other opt-out services for the other nations and regions, broadcast on BBC One (SD).

#### BBC iPlayer

The main BBC *Wales Today* weekday evening programme, screened at 6.30 pm, has been available on iPlayer since April this year and approximately two-thirds of BBC Wales' output is now also available on the platform.<sup>10</sup>

#### BBC Wales' Drama Village

Work on a new Drama Village, situated in Cardiff Bay, is under way and the site is due to be handed over to BBC Wales in June 2011. Production at the new centre of the BBC One network drama series *Casualty* is due to begin in September 2011, with the first episode produced in Wales scheduled for broadcast in January 2012<sup>11</sup>.

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<sup>10</sup> The bulk of the remaining one-third of BBC Wales' output consists of other *Wales Today* bulletins, some sports output which cannot be shown on iPlayer due to rights issues, and some archive programmes where restrictions also apply. Source: BBC Wales

<sup>11</sup> <http://www.bbc.co.uk/news/10402789>

## Local TV

Ofcom's report *Local and Regional Media*<sup>12</sup> in the UK noted that: "while local television has the potential to deliver public purposes ..... on a commercial basis, the economics of running a local television service are challenging."<sup>13</sup>

The main development in broadcast local television in Wales was the successful bid, by Cube Interactive, for interleaved spectrum on the Wenvoe transmitter. Following the completion of switchover in Wales in March, the company is now able to provide services, on the Freeview platform, that could reach up to 200,000 homes in the Cardiff and Newport areas of South East Wales. However, no launch date has yet been announced. In addition, Wales has a number of indigenous local providers, including MONTV, serving Monmouthshire, which operate internet-based local television services.

The UK Government is currently working on policy options to help create a regulatory environment which will support a strong, independent and vibrant local media sector. It has set out its vision for a network of local television services across the UK and has asked Nicholas Shott, the Head of UK Investment Banking at Lazard, to carry out an independent assessment of the commercial potential of local television in the UK. The findings of that review will help produce a local media action plan, due to be published in the autumn. In addition, the UK Government has cancelled the previous plans for pilots of the proposed Independently Funded News Consortia (IFNCs)<sup>14</sup>.

### **MONTV**

MONTV is a three-year-old local broadband TV channel in Monmouthshire, broadcasting local news, sports and events to the community, with weekly shows and an archive of about 1,000 hours of content.

The channel reached its first major landmark at Christmas 2009 when it hit 1,000,000 views and is rapidly nearing 1,500,000 views, with around 2,500 people logging on each day.

MONTV is now looking to offer similar services around the rest of Wales, offering communities an enhanced version of local news, with moving images and easy-to-access archived content. The platform also offers local businesses and advertisers a new way to reach their markets.

### **2.1.2 Digital switchover in Wales**

On 31 March 2010, Wales became the first nation in the UK to switch completely to digital television.

Along with the ten sites already transmitting digital terrestrial television (DTT), the remaining 204 relays have now been converted to digital transmission, with Tonyrefail in the South Wales valleys being the last transmitter to switch. Coverage for DTT in Wales (Freeview) increased at switchover from 63% to 98% of households for the three public service multiplexes, carried by all the transmitters in Wales and providing around 20 television channels, including the BBC and ITV services, Channel 4, S4C and Five. The three commercial multiplexes continue to be broadcast from ten sites, with full six-multiplex coverage available to around 73% of households in Wales, where reception of up to 40 television channels will be possible (including S4C-2, which will remain on the SDN commercial multiplex).

<sup>12</sup> <http://www.ofcom.org.uk/research/tv/reports/lrmuk/>

<sup>13</sup> <http://www.ofcom.org.uk/research/tv/reports/lrmuk/> (pages 6-7)

<sup>14</sup> [http://www.culture.gov.uk/news/ministers\\_speeches/7132.aspx](http://www.culture.gov.uk/news/ministers_speeches/7132.aspx)

The following map shows the six-multiplex reception areas in red and the three-multiplex reception areas in blue.

**Figure 2.1 Multiplex reception areas in Wales**



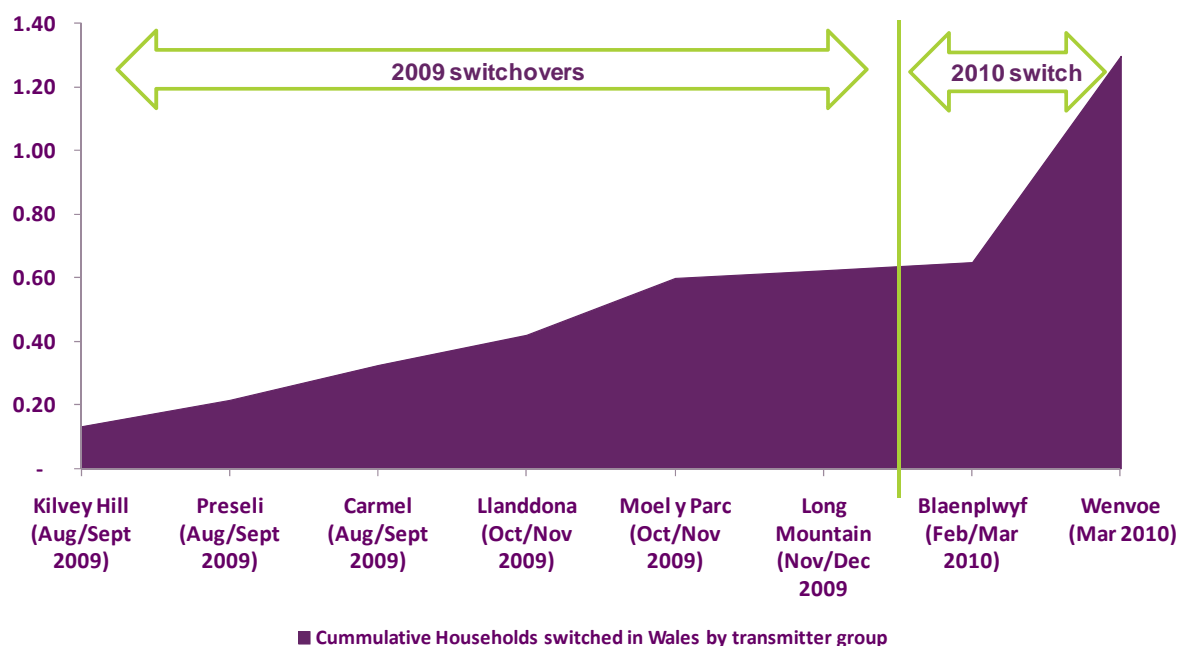
Source: Ofcom Digital Switchover Factsheet 3 – Digital Terrestrial TV Coverage: Wales TV Region

Although the population of Wales is around 5% of the UK total population, it is served by 20% of the UK's transmitters in a complex network of 214 main transmitters and relays. Historically, this network was developed by engineers to provide television services for viewers in areas such as deep valleys and remote locations where it was difficult to receive television signals. Wales also has a number of self-help schemes operating privately-funded relays serving very small communities. Ofcom is responsible for licensing these systems and a number were upgraded to digital transmission when switchover occurred in Wales.

Managing the digital switchover process in Wales was complex, both in terms of the technology/engineering issues and in ensuring that viewers in Wales were fully informed and supported. The table below sets out the stages of the process in Wales. First, the BBC Two analogue signal was switched off and replaced with the BBC A multiplex, providing the main BBC channels in digital form. A month later the three remaining analogue channels were switched off and replaced with the other two PSB multiplexes, D3&4, and the BBC's second multiplex.

The digital switchover process, coordinated by Digital UK, was completed in March 2010 without any significant technical problems. During the switchover period 83,000 applicants received support via the Switchover Help Scheme. In addition, Digital UK estimates that advice and support was provided to around 54,000 people through the Digital UK roadshows, advice points around Wales and the Digital Outreach scheme.

**Figure 2.2 Cumulative households switched in Wales, by transmitter group**



Source: Digital UK Switchover Programme Office

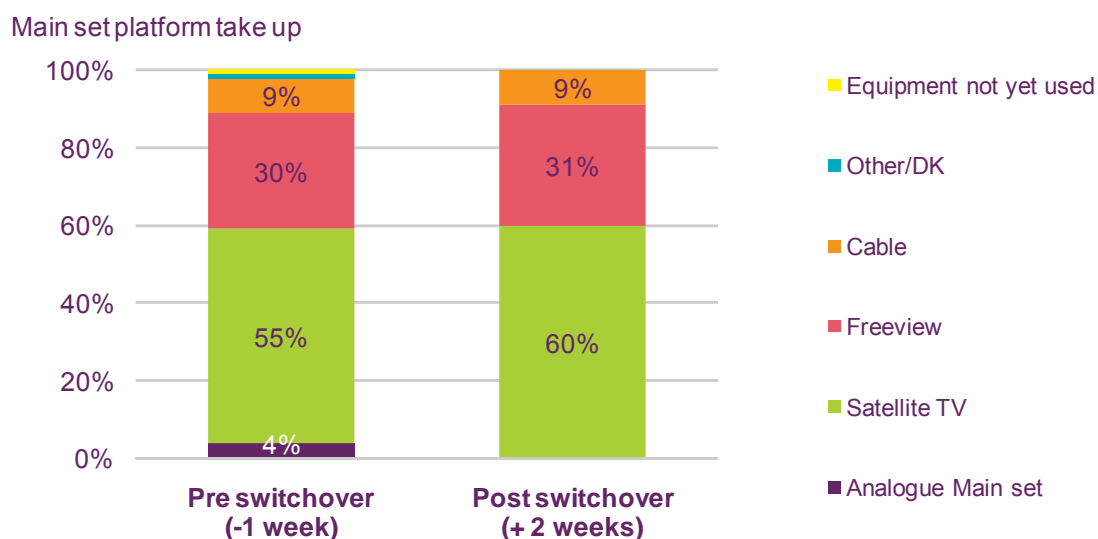
Among consumers in Wales, awareness of the switchover process was almost universal (above 95%) throughout 2009 and early 2010. Awareness increased to 98% in the week before switchover. Regional switchover dates were well understood; three-quarters of residents could state the month when they were switching before their first switchover date.

More than nine in ten residents felt positive or neutral about the switchover process before it happened; this rose to 95% when they were asked about the switchover process retrospectively. This is consistent with the low proportion of consumers in Wales (2%) who stated that they had problems with switchover on the day. Most of these problems were resolved by additional advice at the Digital UK contact centre, roadshows or advice points.

### Digital TV take-up in Wales grew as a result of switchover

Take-up of digital TV increased significantly as a result of switchover, and every household had access to digital TV by two weeks after the switch. Take-up increased steadily as the first switchover date approached, and the remaining 5% of analogue homes converted to digital during the four-week transition period after BBC Two was switched off and before the remaining analogue services disappeared. Satellite TV has strengthened its position as the strongest digital TV platform. In an area where satellite take-up has been historically high, post-switchover conversion results show that six in ten Welsh homes are now using satellite services on their main set, and Freeview take-up has increased slightly from 30% to 31% on main sets. More than 70% of homes in Wales are using Freeview somewhere in their home.

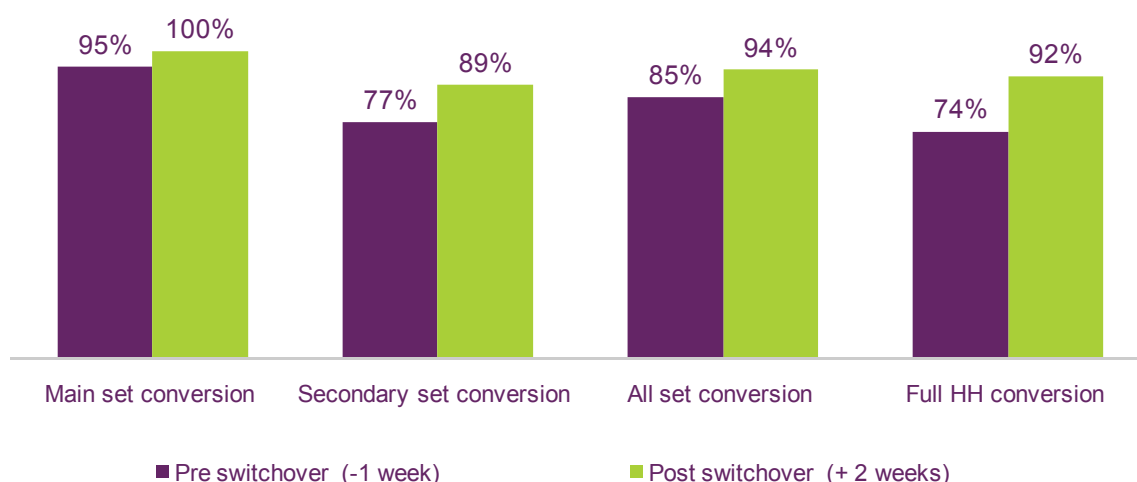
**Figure 2.3 Main TV set conversion, pre- and post-switchover, by platform**



Q Which, if any, of these types of television does your household receive at the moment?  
 Source: Digital UK Switchover Tracker pre- and post-switchover 'dipstick' surveys in West Wales (pre DSO August 2009 n=224, post-DSO October 2009 n=216), North Wales (pre-DSO October 2009 n=243, post-DSO December 2009 n=217) and South Wales (pre DSO February 2010 n=146, post-DSO April 2010 n=113)

Switchover did not just drive growth in main set conversion; it also resulted in increased digital take-up on secondary TVs across Wales. More than nine in ten residents (92%) in Wales now live in a home where every television set is converted to digital. As shown in Figure 2.4 below, many people in Wales converted their secondary TV set at the time of digital switchover. The number of secondary TV sets converted to digital grew 12 percentage points in the three weeks around switchover, up from 77% a week before switchover, to 89% two weeks after.

**Figure 2.4 Subsequent TV and household conversion, pre- and post-switchover**



Q Which, if any, of these types of television does your household receive at the moment?  
 Source: Digital UK Switchover Tracker pre- and post-switchover 'dipstick' surveys in West Wales (pre-DSO August 2009 n=224, post-DSO October 2009 n=216), North Wales (pre-DSO October 2009 n=243, post-DSO December 2009 n=217) and South Wales (pre-DSO February 2010 n=146, post-DSO April 2010 n=113)

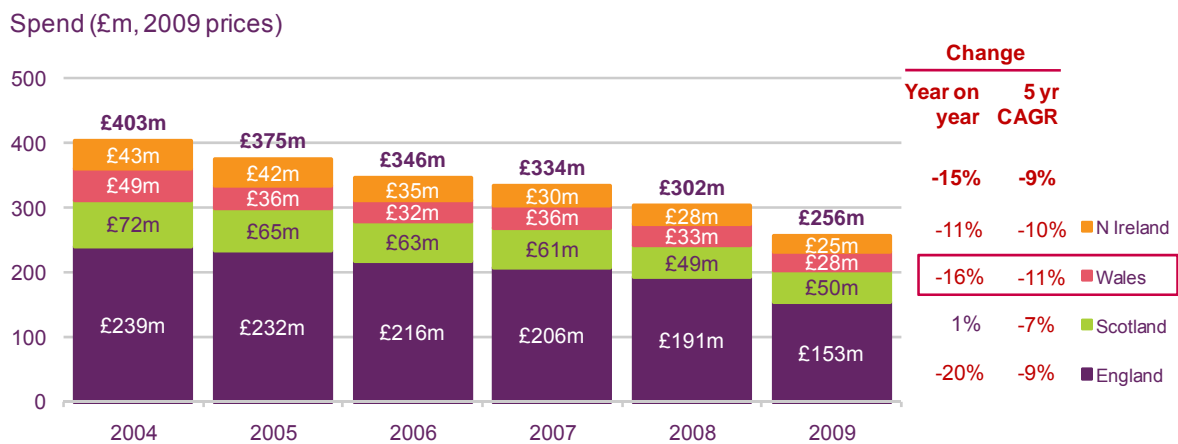
### 2.1.3 Spending by PSBs on TV content for viewers in Wales

#### PSB spend on TV programmes for viewers in Wales

A total of £256m was spent by the BBC and ITV/STV/UTV on producing programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2009, down 15% (£46m) on 2008.

The BBC and ITV spent a combined total of £28m on English-language TV programmes for viewers in Wales, also down 16% year on year from £33m. Spend on programmes for Wales represented 11% of total spending on nations and regions programming, unchanged from 2008.

**Figure 2.5 Spend on originated nations and regions output by the BBC, ITV1/STV/UTV, 2009**

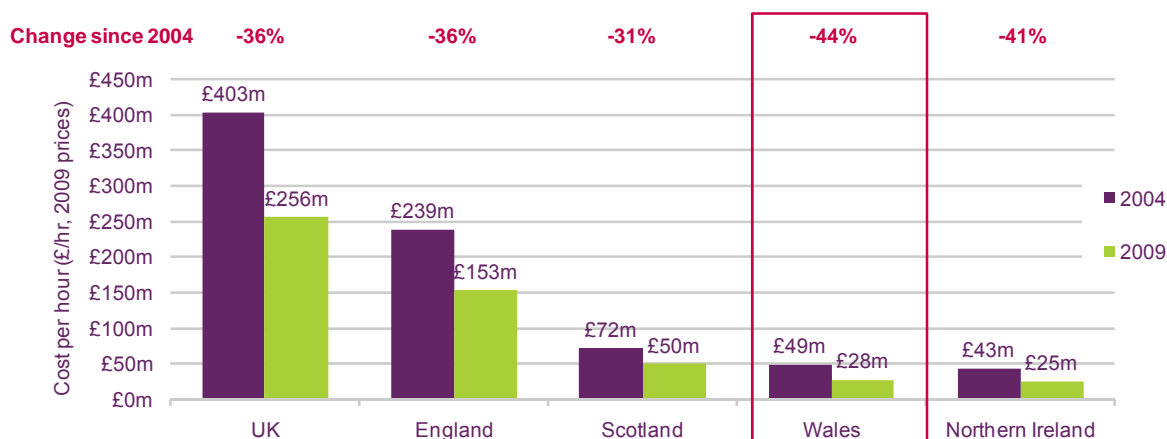


Source: Broadcasters. All figures expressed in 2009 prices.

Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Over a five-year period, investment in English-language programmes for viewers in Wales was down 11% per year since 2004 (a decrease of 44% in absolute terms), a slightly faster decrease than the UK average fall of 9% per year (a decrease of 36% in absolute terms).

**Figure 2.6 Spend by originated nations and regions output by the BBC, ITV1/STV/UTV, 2004 versus 2009**



Source: Broadcasters. All figures expressed in 2009 prices.

Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

By genre, the reduction in Wales was driven by an 18% (£1.6m) decline in spend on news programming for viewers in Wales to £7.6m and a 17% (£3.5m) reduction on non-news/non-current affairs output in the nation to £17.2m. Investment in current affairs programming was broadly flat in real terms, down 2% to £2.7m in 2009.

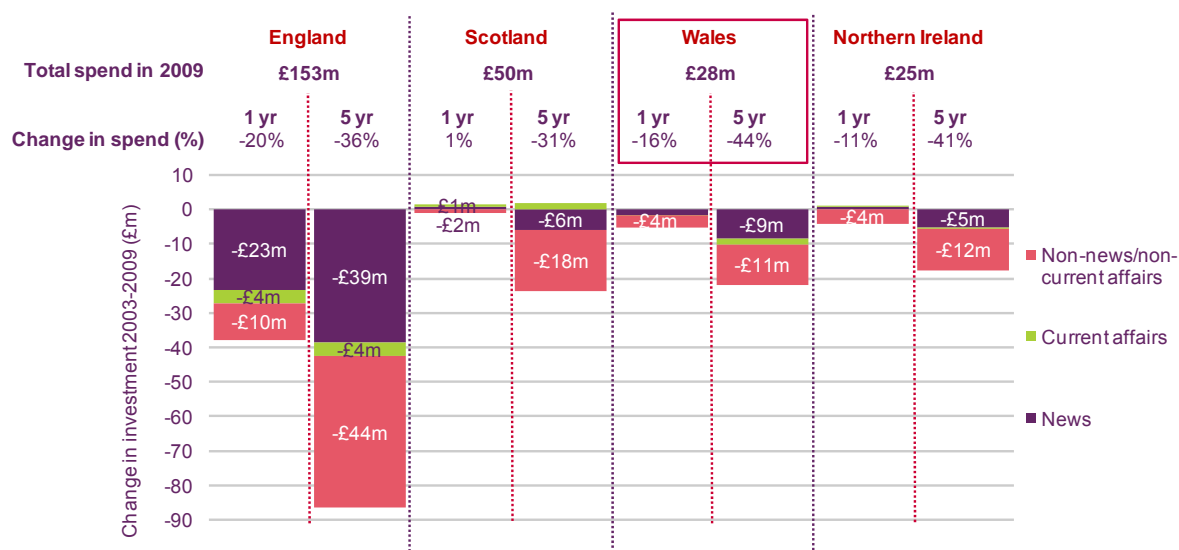
For the UK-wide average, investment in news fell by 13% (£24m) to £171m, while investment in non-news/non-current affairs programming experienced an 18% (£23m) reduction across all four nations to £61m. Spend on current affairs programming across all of the nations was down 11% (£3m) year on year to £23m.

Since 2004, total expenditure by the BBC and ITV on English-language TV programmes for viewers in Wales has fallen by just under half (44%) in absolute terms from £49m in 2004 to £28m in 2009.

Proportionally, this five-year reduction represents the sharpest decline in programming spend in any of the four nations. The bulk of the reduction in spending, £11m, was experienced by programmes covering non-news and non-current affairs. A further reduction of £9m came from the BBC/ITV's news output.



**Figure 2.7 Change in investment, by genre and nation, 2004 – 2009**

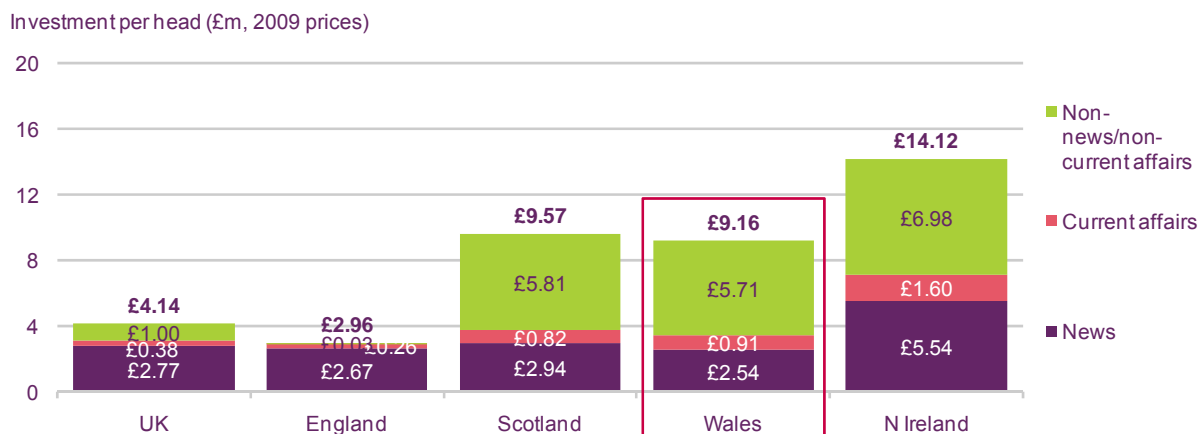


Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Adjusting programme investment by population size, viewers in Wales received real-terms expenditure per head of £9.16 in 2009 – compared to £11.01 in 2008. News programming accounted for 28% (£2.54) of spend per head in Wales in 2009, compared to current affairs (10% or 91p per head). Non-news and non-current affairs programmes, made for the nation, accounted for nearly two-thirds of spend (62% or £5.71 per head).

Spending per head in Wales represented the second-lowest spend per capita in 2009, behind Northern Ireland (£14.12) and Scotland (£9.57). Spend per head in the English regions was much lower, at £2.96, due to the larger population in England compared to Scotland, Wales and Northern Ireland, while the UK average was £4.14. These figures exclude spend on programmes produced in the native language within the nations.

**Figure 2.8 Investments per head made by the BBC and ITV1 in regional and national output, 2009**



Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

## 2.1.4 Hours of output of content for viewers in the nations

### Hours of programmes for viewers in Wales falls again

The BBC and ITV1/STV /UTV produced a total of 10,439 hours of programmes for the English regions, Scotland, Wales and Northern Ireland in 2009, down by 12.4% (1,473 hours) compared to 2008 and down by nearly a fifth over a five-year period.

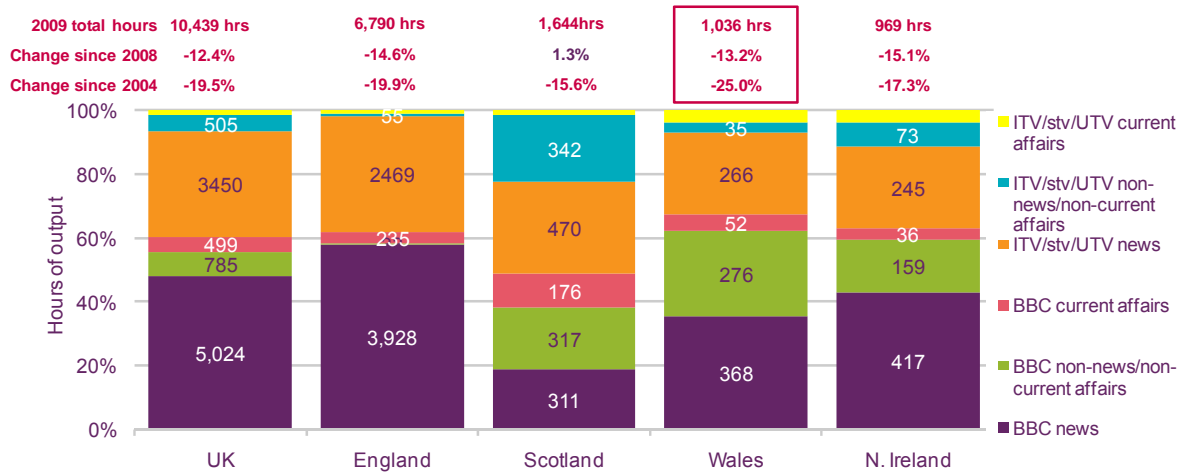
As part of the *Second Public Service Broadcasting Review: Putting Viewers First*, from the beginning of 2009 Ofcom reduced some of the quotas around the production of regional programming for the Channel 3 licences<sup>15</sup>. This was necessary to keep the cost of programme obligations to ITV in balance with the benefits to the broadcaster of continuing to hold the licences. Otherwise it might have been in ITV's interest to relinquish the licences, in which case all guarantees of any PSB delivery would have been lost.

In 2009, the number of English-language hours of programmes produced for viewers in Wales stood at 1,036, a decline of 13.2% (157 hours) year on year, and slightly higher than the UK average decline of 12.4%. Welsh hours were down by a quarter since 2004, the steepest decline of any of the nations over the five-year period. Most of the reduction in hours for Wales was attributed to non-news and non-current affairs programming produced by ITV, which fell from 158 hours in 2008 to 35 hours in 2009.

News and current affairs from the BBC accounted for nearly two-thirds (62%) of total hours of English-language output for viewers in Wales, while ITV's news programming accounted for just over a quarter (26%). Programming produced by the BBC for viewers in Wales accounted for 67% of all hours, with ITV accounting for the remaining third (33%).

<sup>15</sup> For more information, read the statement on short-term regulatory decisions: [http://www.ofcom.org.uk/consult/condocs/psb2\\_phase2/shortterm/](http://www.ofcom.org.uk/consult/condocs/psb2_phase2/shortterm/)

**Figure 2.9 Hours of regionalised output, by genre and broadcaster, 2009**



Source: PSB returns. Note: Hours data for first-run originations only. Hours excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Cost per hour data show that all of the nations produced programmes more cheaply (more cost-effectively) in 2009 than they did in 2004. The UK average cost per hour in 2009 was £25,000, down by £6,000 (or 28%) compared to 2004. Wales had the second-highest cost per hour in 2009, at £27,000, behind only Scotland (£30,000).

The cost per hour for programmes for Wales has reduced by 34% since 2004, the second largest reduction, behind only Northern Ireland, which saw a 41% reduction in cost per hour between 2004 and 2009 to £26,000 per hour.

In terms of genres, the cost per hour to produce regional news reduced the most in the five-year period across the UK, down 19% to £20,000 per hour. The cost per hour for current affairs across the UK was down 15% to £35,000. Non-news and non-current affairs programmes made for the nations cost on average £48,000, a 0.4% reduction on 2004.

**Figure 2.10 The cost of output for the nations, by genre, 2009**



Source: Broadcasters, all figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

## Non-network production in the nations and English regions

S4C spent £78.8m on original Welsh-language programming in 2009, a 5.2% increase on 2008. This includes spend on commissioned and in-house productions. The Welsh language broadcaster spent a total of £84.8m on programming in 2009. Of this, £6m was spend on repeats and acquisitions, down marginally from the £6.2m spent in 2008 and down by £1.9m from 2004.

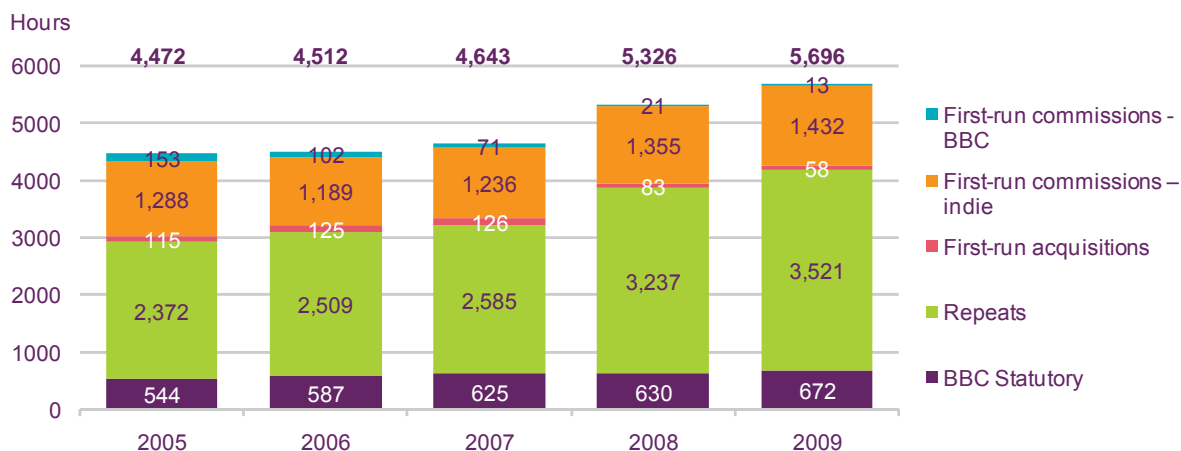
**Figure 2.11 Spend on Welsh-language output on S4C, by type**



Source: S4C data provided to Ofcom. Figures are in 2009 prices. Note: this excludes spend on acquisitions and repeats, and excludes BBC investment in statutory hours

The number of first-run hours in 2009 also increased, by 6.9% to 5,696 hours. The broadcaster commissioned independents to produce 1,432 hours of programmes in 2009, an increase of 767 hours. Repeats made up the majority of Welsh-language programming in 2009 (62%); independent commissions comprised the second largest component of the schedule at 25%; BBC statutory hours 12%; and acquisitions 1% of total output.

**Figure 2.12 Type of Welsh-language output on S4C, by hours**



Source: S4C annual accounts.

## 2.1.5 PSB television quota compliance

### Programme production in the nations and English regions

Production quotas for programmes produced outside London set minimum percentages for the four main PSBs, which must broadcast programmes that have been produced in the nations and English regions. The out-of-London production quotas have two elements – one relating to the value, which applies to the amount of *money spent* on programmes produced in the nations and regions, and the second relating to the *volume of hours* broadcast.

To qualify against the quota, programmes must comply with Ofcom's regional production definition, which became the industry standard in 2006 and establishes three criteria:

- having a substantive base in the relevant nation or regional area;
- achieving a minimum level of expenditure in the nation or region; and
- achieving a minimum spend on production talent based in the nation or region.

Programmes must meet at least two of these three criteria.

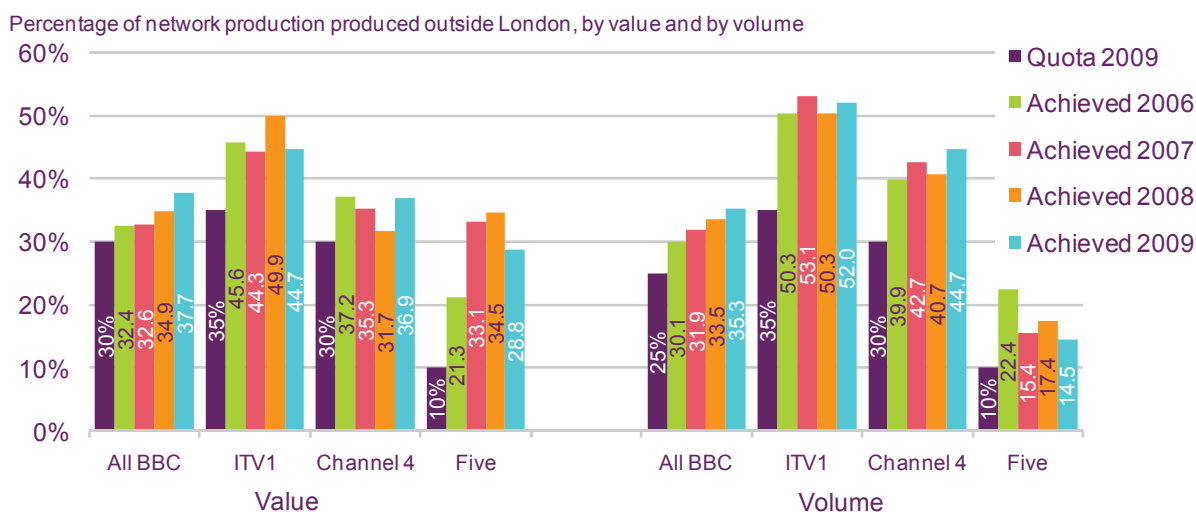
Figure 2.13 shows the broadcasters' achievement against the quotas over the last four years. The BBC's quotas are set at 30% by value and 25% by volume and apply across all its PSB channels. The BBC exceeded these quotas each year, steadily increasing the proportions year-on-year and achieving 37.70% by value and 35.34% by volume in 2009. The BBC plans to increase further its production and commissioning of programmes from outside London, and the relocation of key departments, such as Breakfast and Children's, from London to Salford Quays, Manchester, will contribute to the commitment to achieve 50% by 2016. Within this figure there is a further commitment to achieve 17% from the devolved nations.

Ofcom's second PSB Review recognized the need to align PSB requirements on ITV1/STV/UTV with the diminishing value to ITV of holding the licences. As a result, the quota level was reduced from 50% by value and volume to 35% with effect from 2009. The levels achieved in 2009 were 44.7% in terms of value and 52% by volume, which remain higher than the amounts achieved by the other three main PSB broadcasters.

In 2009 Channel 4 achieved 36.9% by value and 44.7% by volume, exceeding the existing quota of 30% as well as its new quota of 35%, which will come into effect from the beginning of 2010. Alongside the 2010 quota revision is the introduction of a minimum devolved nations quota of 3% by value and volume of programmes which must be produced outside England. Subject to resources, it is expected that this figure will grow in future years.

Five has a lower quota commitment, at just 10%, but has exceeded its obligations by large margins over recent years, reaching 28.8% by value and 14.5% by volume in 2009. These figures were lower than the levels achieved in previous years and are based on lower first-run originations expenditure figures than the other broadcasters.

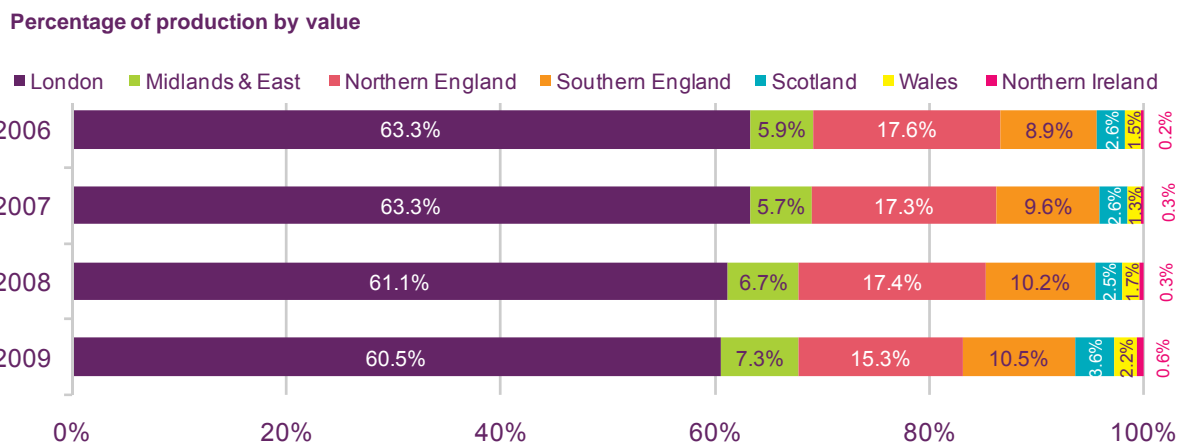
**Figure 2.13 Performance against the out-of-London production quotas**



Source: Ofcom/broadcasters

The proportion of spend on network original programme productions in the UK, by the four PSBs collectively, is given in Figure 2.14. The chart shows how expenditure was divided up among the UK's nations and, within England, among 'macro-regions'. The majority of programmes continue to be produced in London but the proportion is gradually falling – down from 63.3% in 2006 to 60.5% in 2009. Of the overall UK spend of £1,800m, a total of £1,089m was spent on programmes made in London and 33% of expenditure or £596m was in the English regions. The total for the devolved nations has increased by 38% since 2006, rising from £83m to £115m in 2009, or 6.4% of all UK expenditure on originated programmes. Spend in Wales has risen from 1.5% to 2.2% over the period and from 1.7% since 2008.

**Figure 2.14 Expenditure on out-of-London production**



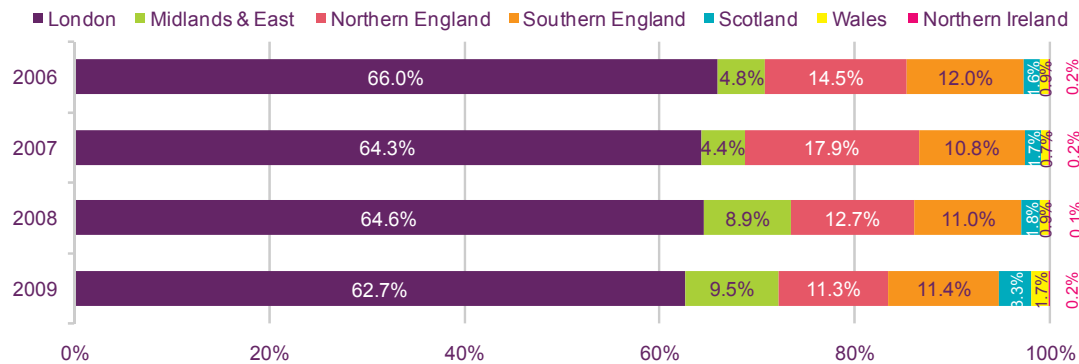
Source: Ofcom/ broadcasters

The proportion of hours of programmes produced outside the M25 has also increased; from 34% in 2006 to 37.3% in 2009 (Figure 2.15). Of the total of 14,700 hours of first-run UK-originated network programmes broadcast by the four main PSBs in 2009, around 5,400 hours were made in the nations and English regions. The volume of productions made in England stood at 4,700 hours, with 750 hours in Scotland, Wales and Northern Ireland. The share of hours produced in the devolved nations has increased to just over 5% in 2009, up from 2.7% in 2006. The number of hours produced in Scotland, and its share of total volume,

rose from 1.8% in 2008 to 3.3% in 2009, and in Wales the proportion increased to 1.7% from 0.9% the previous year. In Northern Ireland there was a small rise in share to 0.2% from 0.1% in 2008.

**Figure 2.15 Volume of out-of-London production**

Percentage of production by volume



Source: Ofcom/broadcasters

Figure 2.16 shows how the expenditure is divided up for each broadcaster. The BBC's proportion of spend in London has gradually reduced in each of the past four years, with out-of-London spend going up from 32.4% in 2006 to 37.7% in 2009.

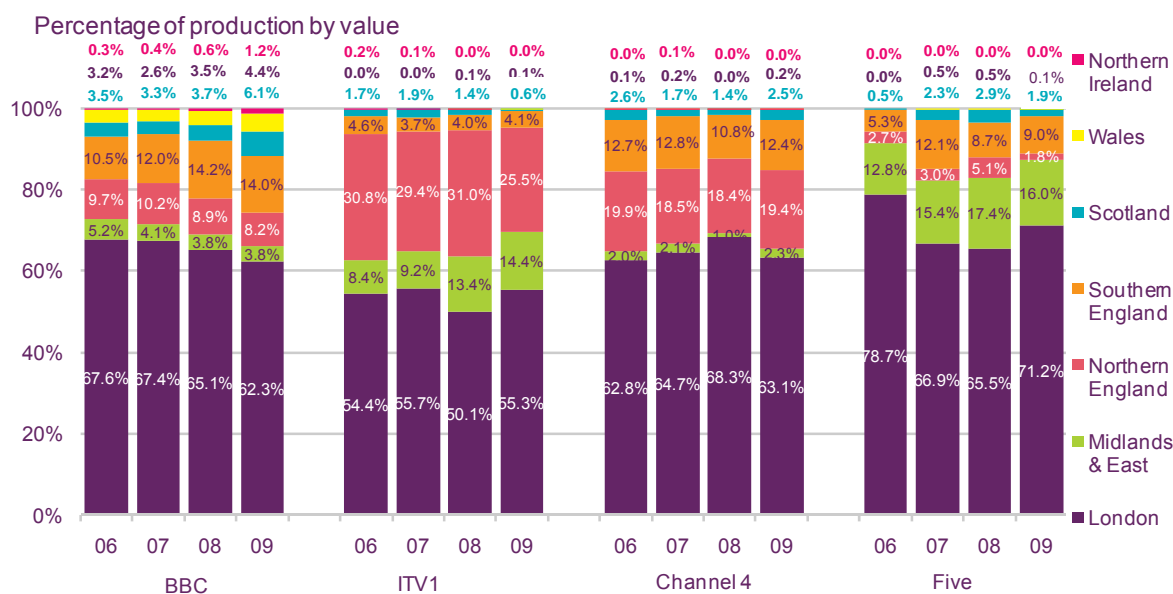
The BBC's spend in the nations has increased from 7% to 11.7% over the same period. Within this, Wales' share rose from 3.2% to 4.4% in 2009.

On ITV1/STV/UTV, the proportion of out-of-London expenditure fell from 45.6% in 2006 to 44.7% in 2009. Spend in the devolved nations has not shown signs of revival.

Channel 4's performance improved in 2009, with an increase in the proportion of out-of-London spend, from 31.7% in 2008 to 36.9%. Increases were more significant in the English regions than in the devolved nations. However, the proportion of spend in Wales returned to its 2007 level of 0.2% of the channel's qualifying expenditure.

Five's proportion of expenditure on out-of-London productions fell to 28.8% in 2009, compared with 34.5% in 2008, and the proportion of combined spend in Scotland, Wales and Northern Ireland also dropped.

**Figure 2.16 Breakdown of expenditure, by broadcaster**



Source: Ofcom/broadcasters

The volume of out-of-London production, by broadcaster, over the last four years is shown in Figure 2.17. The proportion of hours made or commissioned by the BBC in London has fallen each year, reducing by five percentage points, from 69.9% in 2006 to 64.7% in 2009. The number of hours made in the devolved nations increased, and the percentage in Wales rose to 2.2%, compared with 1.5% in 2006.

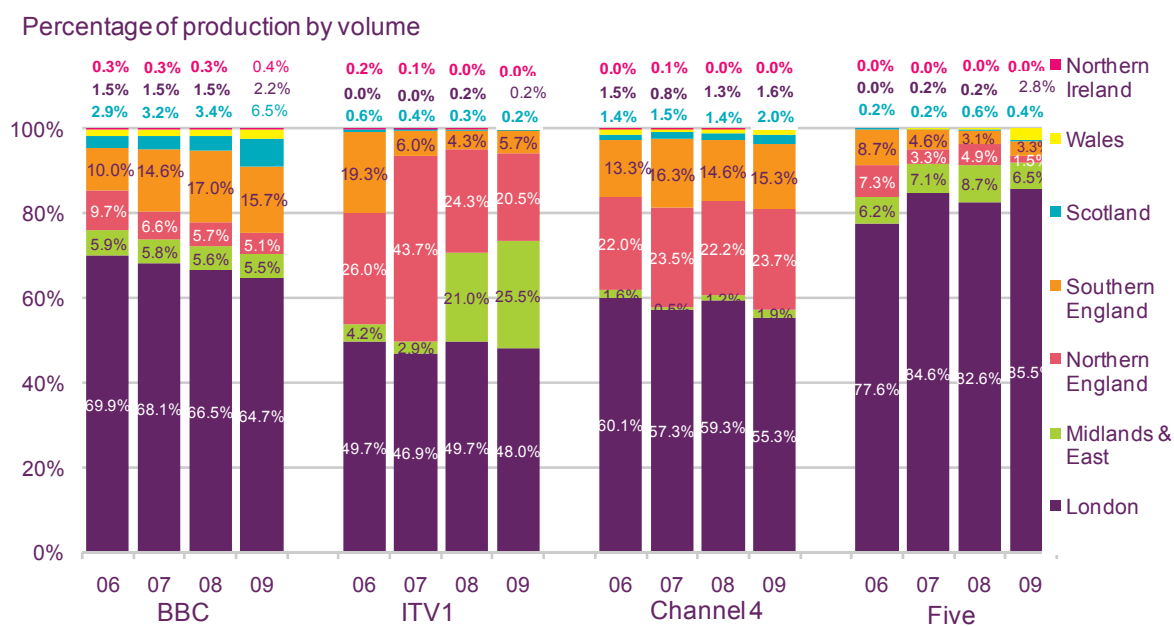
While the proportion of hours from outside London, that were broadcast by ITV1/STV/UTV in 2009 was a little higher; at 52% in 2009 compared with 50.3% in 2006, the levels in the devolved nations did not show any growth.

The proportion of Channel 4's hours made in London fell by five percentage points; from 60% to 55% during the period, with small increases in the proportions in Scotland and Wales. The aggregated figure for the nations was 3.6% in 2009, compared with 2.9% in 2006.

On Five, the percentage of out-of-London production by volume fell to 14.5%, its lowest level since quotas were introduced, and the proportions in the nations were mostly lower, with the exception of Wales, where the figure went up to 2.8%.



**Figure 2.17 Breakdown of production volume, by broadcaster**



Source: Ofcom/broadcasters

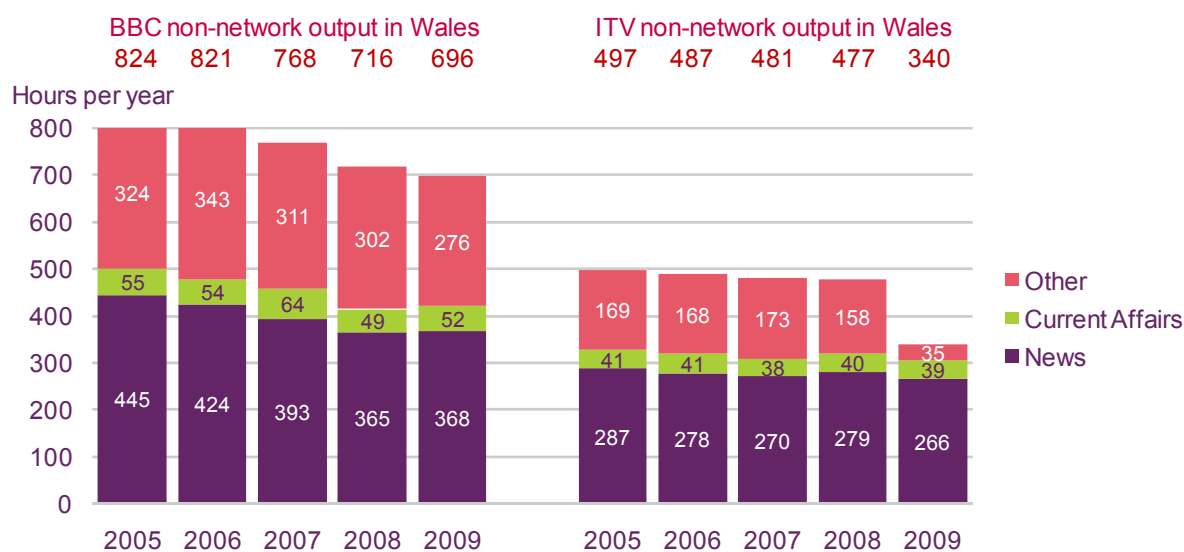
### Non-network production in Wales

The volume of non-network programmes broadcast over the last five years is illustrated in Figure 2.18. Hours shown by BBC Wales on BBC One and Two declined by 16% between 2005 and 2009, from 824 hours per year to 696 hours. While hours of news and current affairs remained stable year on year, the level of other non-network programmes fell from 302 hours in 2008 to 276 hours in 2009.

ITV Wales' non-network programming volumes have also reduced over the last five years (by 32%) and they fell substantially in 2009 as a result of the changes agreed as part of Ofcom's second PSB Review. While the volume of non-network news programmes during peak time remains a priority, it was agreed that the levels of news bulletins broadcast during the daytime would be reduced. The weekly quota figure of 5 hours 20 minutes a week was cut to 4 hours a week from 2009.

The quota for non-news programmes was also reduced as part of the PSB Review, from four hours to 90 minutes a week, although peak time, near-peak and current affairs elements within this quota were unchanged. The effect of this can be seen in Figure 2.18; current affairs remained stable across the years at around 40 hours and other non-network programmes reduced from 169 hours in 2005 to 35 hours in 2009.

**Figure 2.18 Non-network output in Wales, 2005-2009**



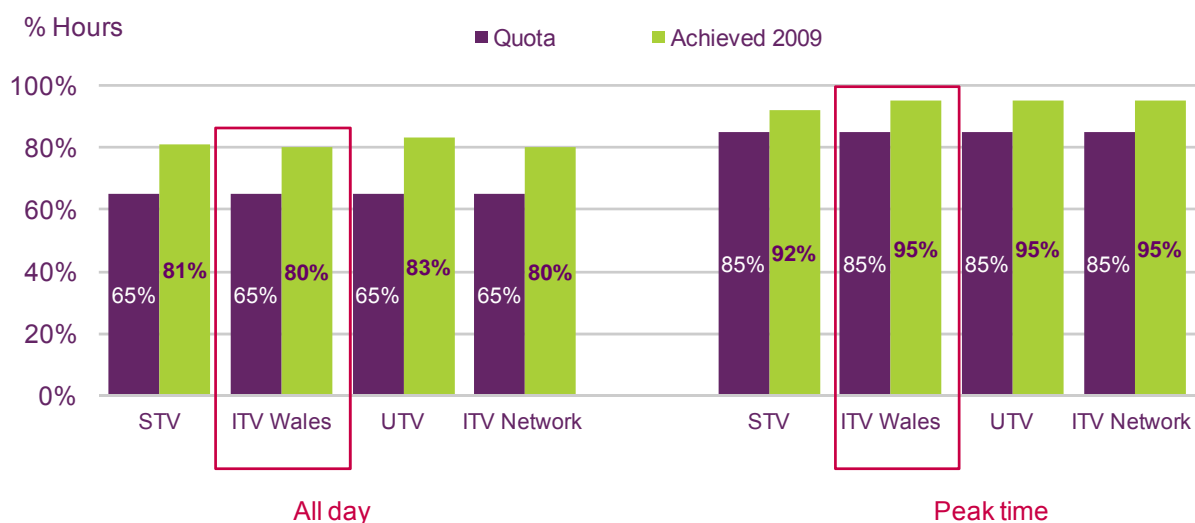
Source: Ofcom/broadcasters  
 Note: Figures exclude repeats

### Other quota compliance matters

In common with other ITV licensees broadcasting in the nations, ITV Wales opts out of some network material, replacing programmes with its own productions. In terms of compliance with the relevant network quotas, these changes did not adversely affect ITV Wales' ability to meet its licence commitments. Information on delivery in 2009, compared with the ITV network performance and the position in Scotland and Northern Ireland, is shown in Figures Figure 2.19 to Figure 2.21 below.

The original production quota for the full 24-hour day is set at 65% of all hours, and ITV Wales exceeded this, achieving 80% in 2009, on a par with the figure achieved by the ITV network. Similarly, in peak time, the figure delivered by the ITV network was the same as in Wales, at 95%, exceeding the quota of 85%.

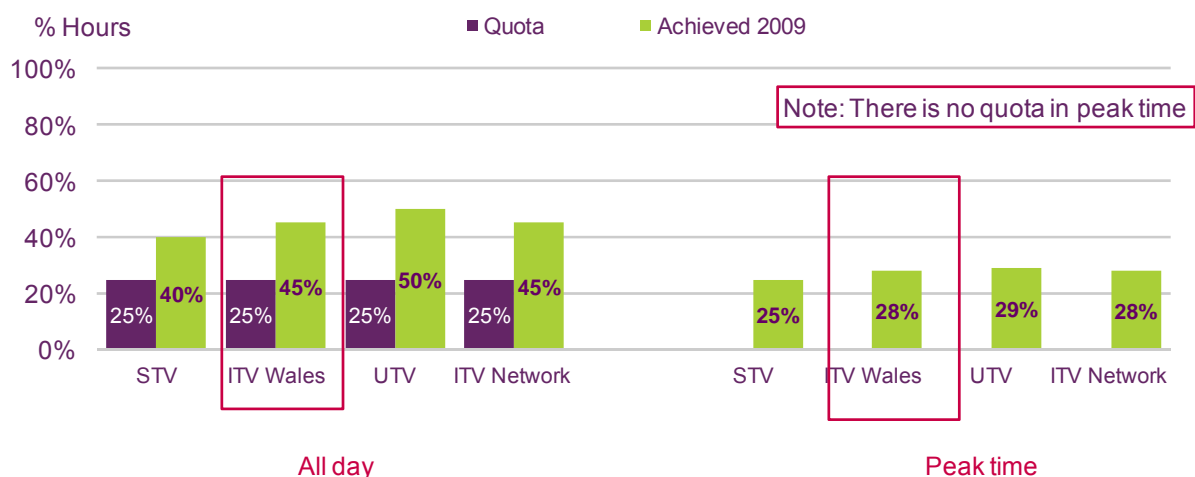
**Figure 2.19 ITV Wales performance against original production quotas, 2009**



Source: Ofcom/broadcasters

ITV Wales easily exceeded the 25% independent quota. The proportion achieved, at 45%, was the same as the level delivered by the ITV network (Figure 2.20). In peak time the figures were also the same for both, at 28%. In Northern Ireland higher proportions were reached across the day and in peak time, while in Scotland the levels achieved were lower than the network base (Note that there is no separate quota for peak time, but the proportions achieved are provided here for information).

**Figure 2.20 ITV Wales performance against the independent quota, 2009**

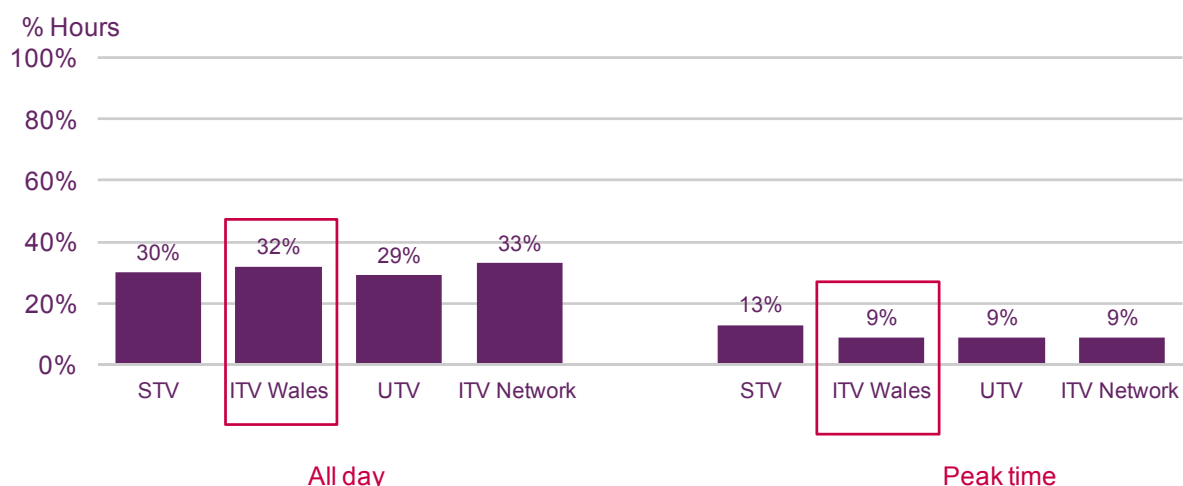


Source: Ofcom/broadcasters

There are no quotas limiting the number of repeats. But given the views expressed by viewers in surveys such as Ofcom's Media Tracker<sup>16</sup>, information is provided here to illustrate the position in the nations. Across the whole schedule, the proportion of repeats broadcast on ITV in Wales in 2009 was one percentage point lower than for the ITV network - 32%, compared with 33% - as shown in (Figure 2.21). In peak time the level was the same for ITV Wales and for the network, at 9%.

<sup>16</sup> Ofcom's Media Tracker is an annual survey of viewers' perceptions and attitudes to television. In 2009, of the respondents who said that they felt programme standards had got worse, the most popular reason cited was "More repeats" at 65%.

**Figure 2.21 Proportion of repeats broadcast by ITV Wales, 2009**



Source: Ofcom/broadcasters

### 2.1.6 Digital television take-up in Wales

#### Take-up reaches 97% in Q1 2010 as digital switchover takes hold

Following the completion of the digital switchover process in Wales in December 2009, take-up of DTV in Wales had reached 97%; this is higher than the UK average of 92%.

In rural Wales this was almost universal, with 99% of respondents saying they used DTV, compared to 97% in urban Wales. This figure was highest in North / Mid Wales at 100% compared to 94% in South East Wales.

The variation in these results could be partly due to the research being carried out shortly after switchover had occurred in Wales. It is also possible that some homes in Wales, close to the border with England, could also have continued to receive analogue services from England.

**Figure 2.22 Digital television take-up in Wales**

(% of TV homes) Figure above bar shows % point change in take-up of digital TV from Q1 2010



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with a TV in household (n = 8858 UK, 1060 Wales, 5600 England, 1452 Scotland, 746 Northern Ireland, 796 Wales urban, 264 Wales rural, 340 South East Wales, 356 South West Wales, 364 North/ Mid Wales)

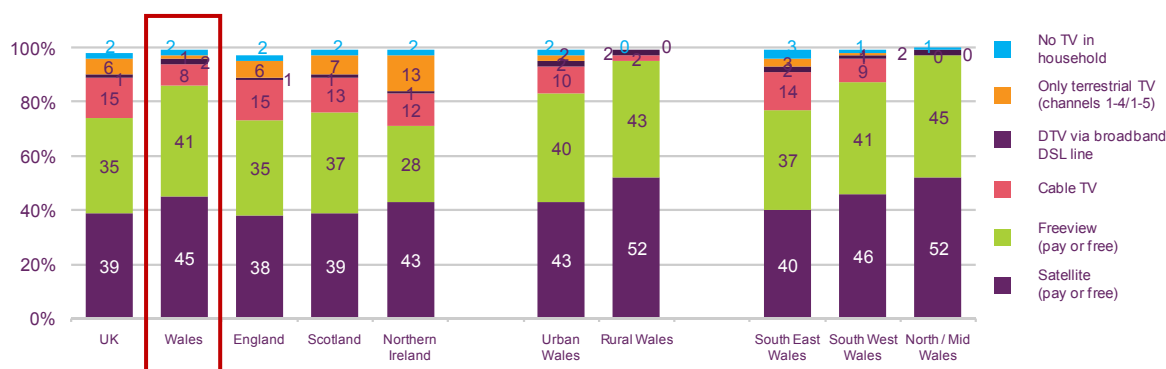
QH1a. Which, if any, of these types of television does your household use at the moment?

People in Wales are most likely to have digital satellite TV connected to the main set in the home (45% of the total). Freeview is the second most popular platform on main sets, accounting for a further 41% of homes. Cable television was installed on main sets in a further 8% of homes, with 2% having access to DTV via a broadband DSL line. One per cent of homes claimed that terrestrial TV (Channels 1-4/1-5) was still their main viewing platform, while 2% said they had no TV in the home.

Homes in rural Wales were more likely to take satellite (at 52% of the total) than homes in urban areas (43%). Satellite take-up was also higher than average in North and Mid Wales at 52%, while Freeview take-up was also high at 45%; this might be explained by lower cable availability in these areas. Urban Wales cable take-up averaged 10%, compared to 2% in rural Wales.

**Figure 2.23 Main TV set platform share in Wales**

Proportion of respondents (%)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North / Mid Wales)

QH1a. And which of these do you consider is your main type of television?

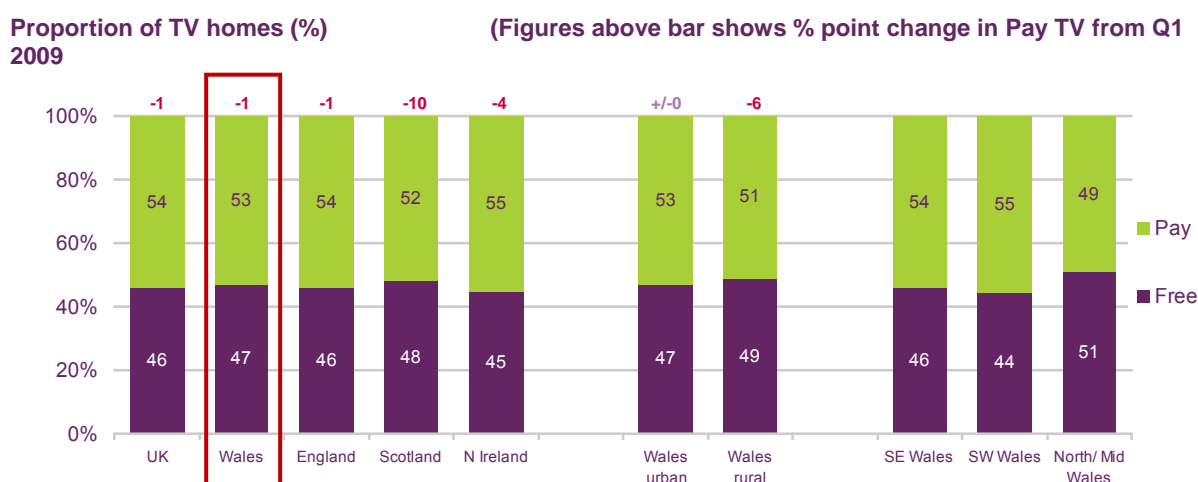
Note: Figures may not add to 100% due to rounding, also an element of survey respondents not differentiating between digital and analogue TV platforms.

### More than half of homes in Wales (53%) take a pay-TV service

Fifty-three per cent of DTV homes in Wales took a pay-TV service such as Sky or Virgin Media in Q1 2010, slightly lower than the UK-wide average of 54%. Take-up of pay-TV was slightly higher in urban areas of Wales (53%) than in rural areas (51%). Among the regions in Wales, take-up of pay-TV was higher in southern Wales (54-55%) than in North and Mid Wales, where just under half (49%) subscribed to pay-TV services (Figure 2.24).

Of those with either cable or pay-satellite in Wales, 77% took a pay-satellite service with the remaining 16% taking cable, compared to the UK-wide averages of 66% and 28% respectively. Satellite is even more popular in rural areas of Wales, with 87% of pay-TV homes subscribing to satellite services, compared to 74% in urban areas.

**Figure 2.24 Proportion of TV homes with free and pay television**



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with a TV in household (n = 8858 UK, 1452 Scotland, 5600 England, 1060 Wales, 746 Northern Ireland, 1158 Scotland urban, 294 Scotland rural, 364 Glasgow, Clyde & Lanarkshire, 352 Lothian & Forth, 359 Grampian Tayside & Fife, 377 Other Scotland)

QH1a. Which, if any, of these types of television does your household use at the moment?

### 2.1.7 Broadcast television viewing

During 2009, people in Wales<sup>17</sup> watched 5% fewer hours of television than people in the rest of the UK, at 3.6 hours a day compared to the UK average of 3.8 hours a day. However, average viewing levels in Wales are rising (up by 4% since 2004) at a rate faster than the UK average (1% over the same period).

The proportion of the population in Wales who watched at least 15 consecutive minutes of television in any one week (known as reach) in 2009 was about the same as the UK average (93%). Compared to 2004 levels, reach in Wales remained relatively consistent, similar to the UK average change across the same period. Reach of the main PSB channels<sup>18</sup> in Wales was 88% in 2009, slightly lower than both Scotland (89%) and Northern Ireland (89%).

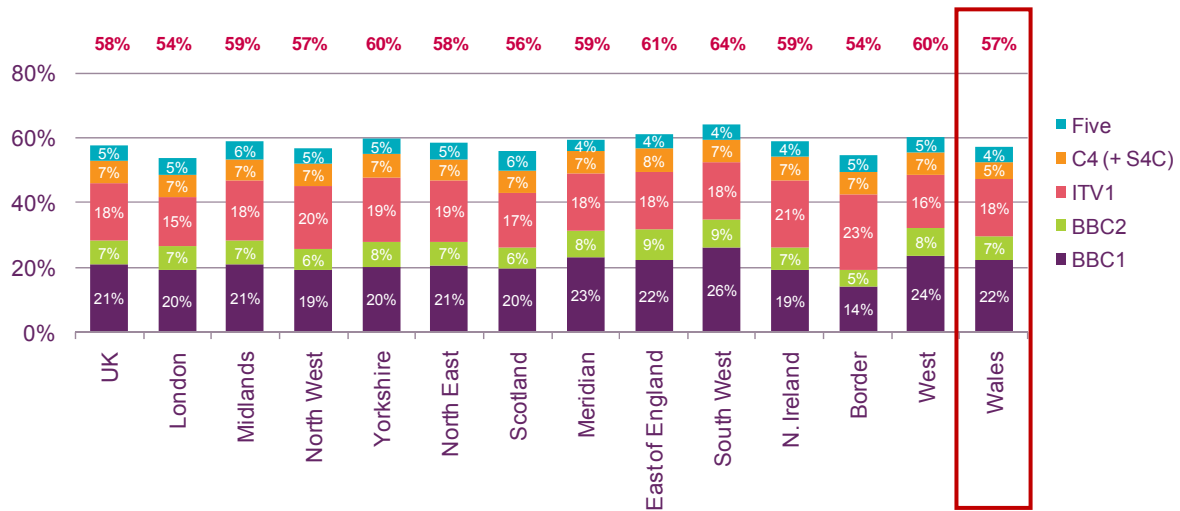
Figure 2.25 shows that the main PSB channels attracted a combined total 57% share of viewing in Wales in 2009, which was one percentage point lower than the UK average. Patterns of viewing in Wales differed slightly from the UK as a whole, as a result of the presence of both S4C and Channel 4 (on digital television platforms). Channel 4 in Wales attracted a 3% share, in contrast to the UK average of 7%; S4C attracted a 2% share. Five's audience share in Wales (4%) was one percentage point lower than the UK average of 5%. BBC One generated a higher audience share than the UK average (22% compared to 21%), while BBC Two and ITV1 shares were the same as the UK average (7% and 18% respectively).

<sup>17</sup> This is based on people who live in the ITV1 Wales region, as defined by BARB.

<sup>18</sup> The main PSB channels consist of BBC One, BBC Two, ITV1, Channel 4 (& S4C) and Five

**Figure 2.25 Share of the five terrestrial networks, all homes, 2009**

Audience share in all homes (%)



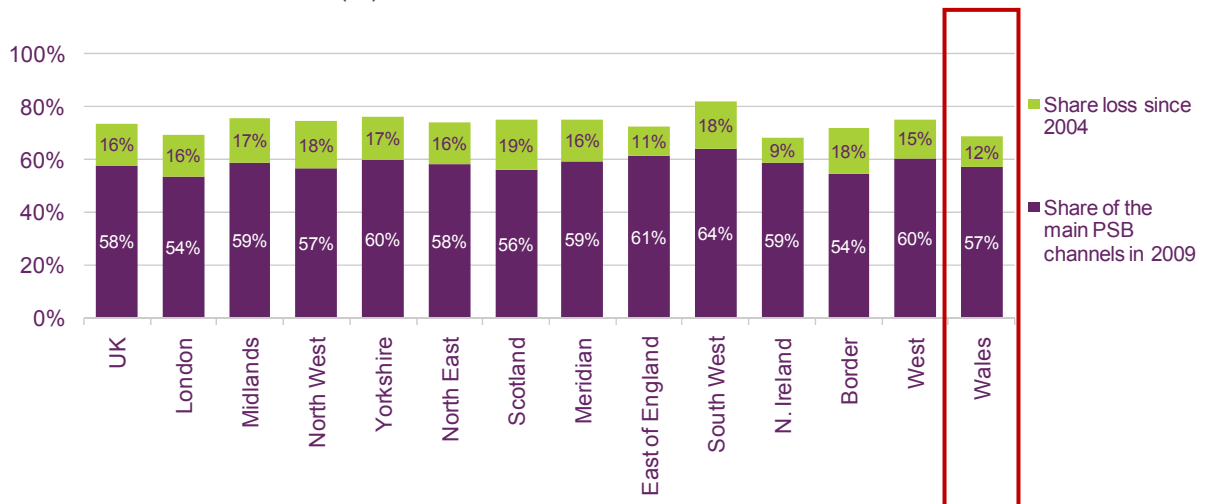
Source: BARB

Note: Labels refer to the ITV region where the audiences are resident, as defined by BARB.

Across the UK the main PSB channels collectively experienced a share reduction of 16 percentage points between 2004 and 2009. In comparison, these channels lost 12 percentage points in Wales (Figure 2.26), lower than most English regions and UK nations, except for Border (18%) and East of England (11%).

**Figure 2.26 Reduction in combined share of the main PSB channels, 2004 - 2009**

Audience share in all homes (%)



Source: BARB

Note: Labels refer to the ITV region where the audiences are resident, as defined by BARB.

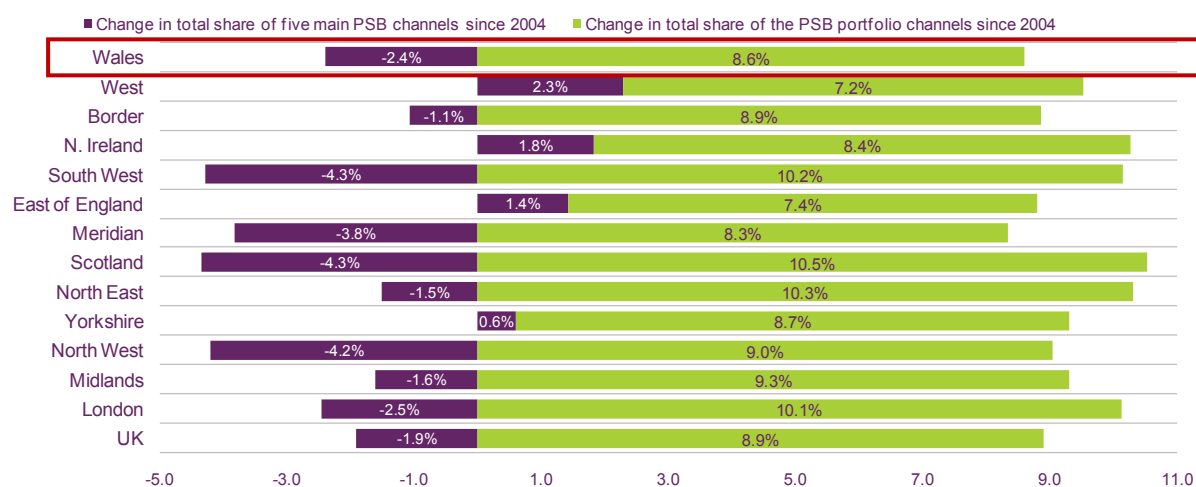
## Growing popularity of PSB portfolio channels offsets the main PSB channels' share loss in Wales

In multichannel homes, the main PSB channels (including S4C within the Channel 4 service) lost two percentage points share in Wales between 2004 and 2009 – similar to the UK-wide decline. The PSB portfolio channels<sup>19</sup> collectively gained nine percentage points of share in Wales over the same period, again similar to the UK average gain (Figure 1.3).

In multichannel homes in Wales in 2009, the most popular channel viewed beyond the main PSB channels was ITV2, with a 3% viewing share (ITV2 was also the most-viewed channel UK-wide, with an average share of just over 2%), followed by ITV3 with a 2% share, in comparison to the UK overall where the second most-viewed channel was E4.

**Figure 2.27 Net change in the audience share of the main PSB channels and the PSB portfolio channels in multichannel homes, 2004 – 2009**

Change in share (percentage point)



Source: BARB.

Note: PSB portfolio channels include all PSB channels except for the main channels.

Note: Labels refer to the ITV region where the audiences are resident, as defined by BARB.

According to BARB, people in Wales consumed fewer hours of early-evening television in 2009 than people in any other nation. They watched an average of 16.8 hours per head per year – over five hours less than viewers in Scotland and more than one hour less than the UK average. Levels of consumption in 2009 were the lowest over the period 2004 – 2009 and have fallen by four and a half hours since 2004 (as shown below in Figure 2.28).

<sup>19</sup> PSB portfolio channels include all the PSB channels except the main channels. For example, BBC Three, ITV2, E4, Fiver.



**Figure 2.28 Combined total hours of viewing per person of early evening regional/national news bulletins, all homes, 2004 to 2009**

Hours/viewer/year

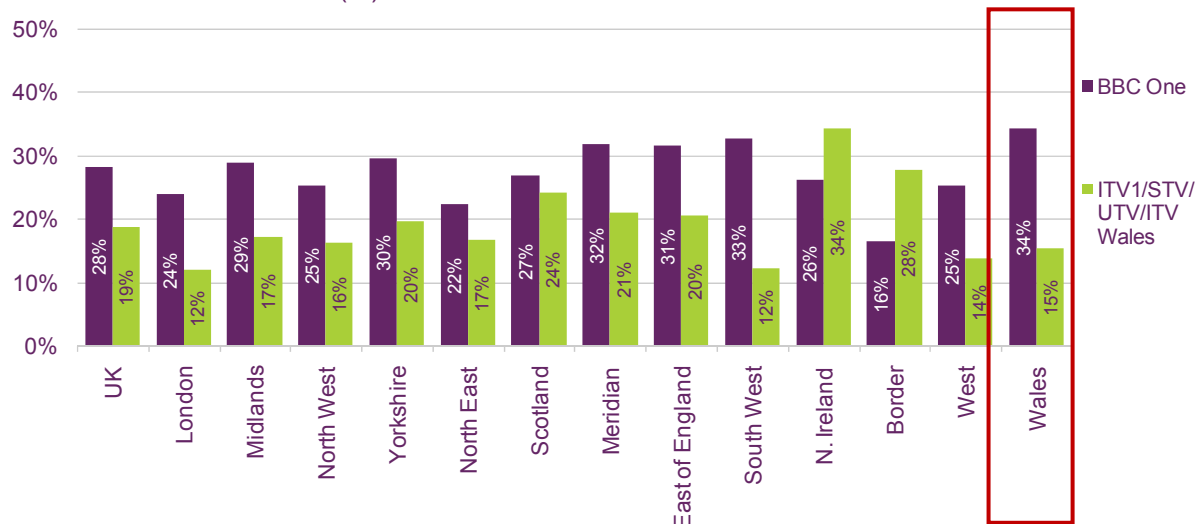


Source: BARB. Analysis done on BARB genre of Regional News, start time 17:55-18:35, programmes with 10 mins+ duration, channels BBC One and ITV1 combined, Monday to Friday.

Figure 2.29 illustrates that in 2009, BBC One's early evening news bulletin, *Wales Today*, was more popular than the equivalent anywhere else in the UK, attracting a 34% share, six percentage points higher than BBC One's UK average of 28%. ITV1 Wales' early evening news bulletin attracted less than half of BBC One's bulletin's share, at 15%, and this was four percentage points lower than ITV1's UK-wide viewing share of 19%.

**Figure 2.29 BBC One and ITV1/STV/UTV/ITV1 Wales early evening news bulletin shares, 2009**

Audience share in all homes (%)



Source: BARB. Analysis based on day part analysis of BBC One Monday-Friday 18:30-19:00 and ITV1 Monday-Friday 18:00-18:30.

Note: Labels refer to the ITV region where the audiences are resident, as defined by BARB.

### Television is used less for local news in Wales than in Scotland and Northern Ireland

Figure 2.29 illustrates that 44% of people in Wales claimed that television was their main source for local news, while 16% said they chose radio and 12% newspapers. Television as the main source of local news was five percentage points lower than the UK average of 49%, and lower than in any other nation. Newspapers were cited by 12% of people in Wales,

compared to a UK figure of 22%. By contrast, radio (16%) and 'other' (5%) were higher than the UK-wide averages of 11% and 2% respectively. A total of 8% of people in Wales said they 'do not get/watch news', compared to the UK average of 2%.

**Figure 2.29 Sources of local news in each nation, 2009% of respondents**

What is your main source of news about what is going on in your local area?



Source: Ofcom Media Tracker Survey 2009  
 Base: All adults 15+. n = 2044 (UK), 1713 (Eng) 180 (Sc), 113 (Wa), 108 (NI)  
 Only responses ≥ 5% labelled

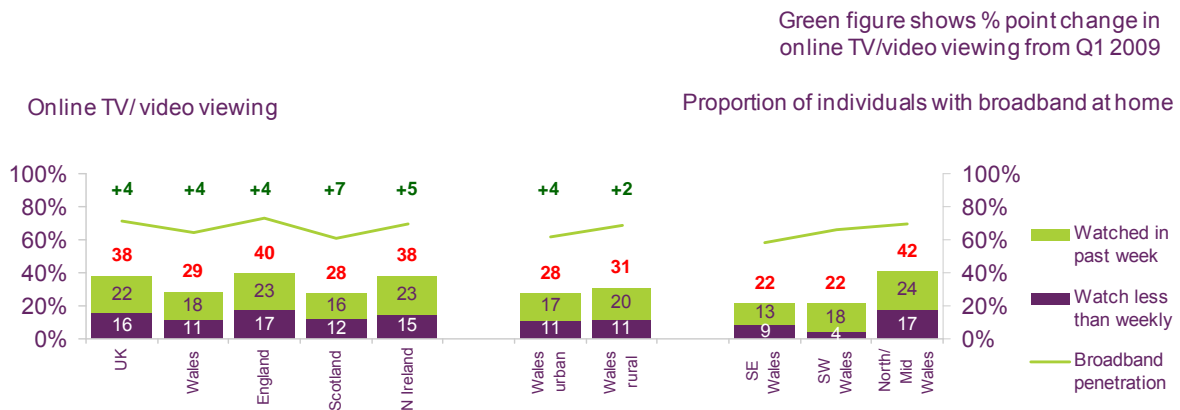
### 2.1.8 Audio-visual content viewing over the internet

#### Percentage of adults living in a household that has used the internet to watch TV or video content

Audio-visual content available online includes catch-up TV, promotional content (e.g. for films), user-generated content and music videos. Sites like YouTube that let consumers share content with each other, and video content embedded in social networking sites, have continued to grow in popularity. The success of services like the BBC iPlayer, Sky Player and ITV player has shown that among some consumers there is also an appetite for free-to-view made-for-television content online.

In Wales over a quarter of households (29%) had used the internet to watch TV or video content (see Figure 2.30). This is in line with the comparable figure for Scotland, but still significantly less than the UK average (38%). These variations may well reflect the differences in broadband penetration across the UK nations. The proportion of people in Wales using the web to watch TV/video content rose by four percentage points year on year – on a par with the UK-wide average. There were significant differences in the proportions of adults watching online TV / video content, with this ranging from 22% in South East and South West Wales to 42% in North / Mid Wales – possibly driven in part by the higher broadband penetration in this area.

**Figure 2.30 Proportion of adults living in a household that has used the internet to watch TV or video content**



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/ Mid Wales)

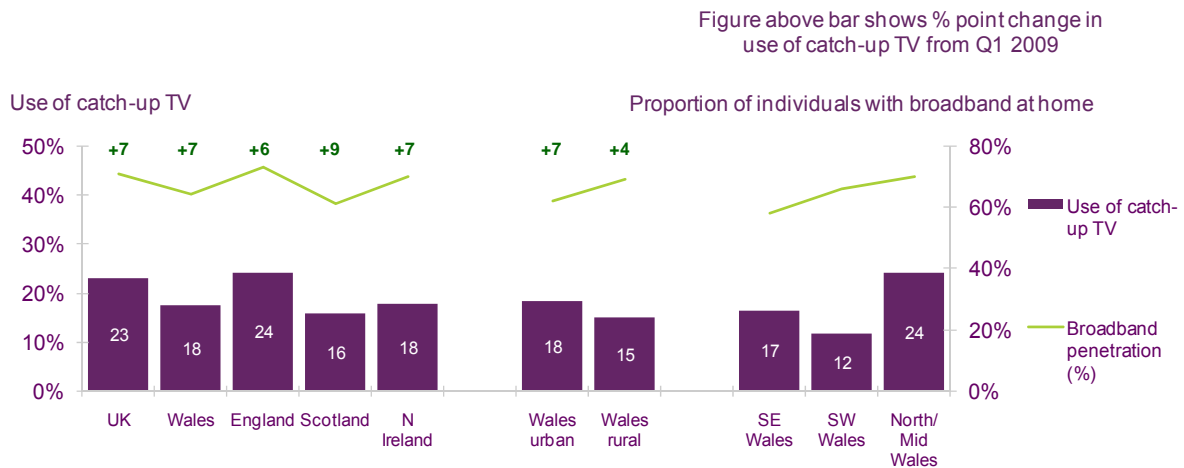
QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?/ And, which, if any, of these activities have you or members of your household used the internet for in the last week?

### Watching catch-up TV was most popular in North and Mid Wales

Catch-up TV formed a significant part of the consumption of TV content online during the past year. Across the UK just under a quarter (23%) of adults claimed that someone in their household used the internet to watch catch-up TV online. Take-up was highest in England (24%) and lowest in Scotland (16%). In Northern Ireland and Wales the figure stood at 18%. Lower take-up outside England may be a result of lower broadband take-up in those areas. Use of catch-up TV has grown rapidly over the past year, with growth of at least six percentage points in each nation. Growth was fastest in Scotland, at nine percentage points.

There was some variation in take-up of catch-up TV within Wales. Take-up was highest in North and Mid Wales (24%) and lowest in South West Wales. A large part of these differences in take-up appears to be due to different levels of broadband penetration.

**Figure 2.31 Proportion of adults living in a household that has used the internet to watch catch-up TV (e.g. iPlayer and Sky Player)**



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/ Mid Wales)

QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?/ And, which, if any, of these activities have you or members of your household used the internet for in the last week?

### A fifth of people in Wales use the internet to watch video clips and webcasts

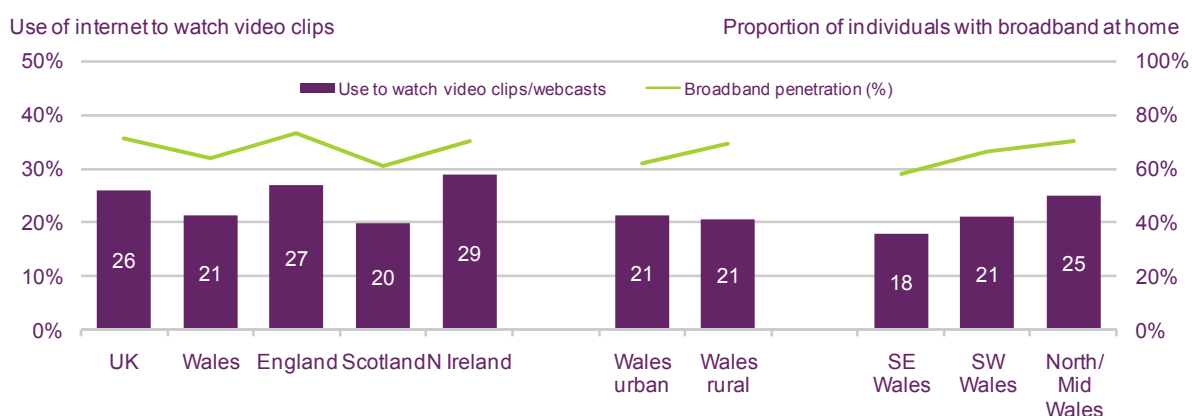
Despite the rapid growth in watching catch-up TV online in some areas, it still forms only a part of consumers' engagement with audio-visual content online. Many people's main engagement with audio-visual content online is through sites offering video clips or short webcasts. Examples of this sort of content include YouTube and webcasts of programmes like Big Brother.

But the boundary with long-form and broadcast content is beginning to blur. Both Channel 4 (October) and Five (December) signed deals with YouTube in late 2009 to make their broadcast catch-up content available on the site.

Across the UK use of the internet to watch video clips and webcasts ranges from 20% of households in Scotland to 29% in Northern Ireland, possibly reflecting the younger population skew in Northern Ireland. The UK average take-up was 26%. Unsurprisingly, this type of activity broadly reflects levels of broadband take-up.

Within Wales there was no discernable difference in take-up between rural and urban areas. Take-up was highest in North and Mid Wales (25%), and lowest in South East Wales (18%), and this appears to reflect levels of broadband take-up in these areas.

**Figure 2.32 Use of internet for watching video clips/webcasts**



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/Mid Wales)

QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?/ And, which, if any, of these activities have you or members of your household used the internet for in the last week?

### Take-up of leading games consoles is lowest in Wales

In recent years games consoles have developed from simple games-playing machines into sophisticated pieces of technology, supporting a variety of converged services. Consumers can, among other things, use them to:

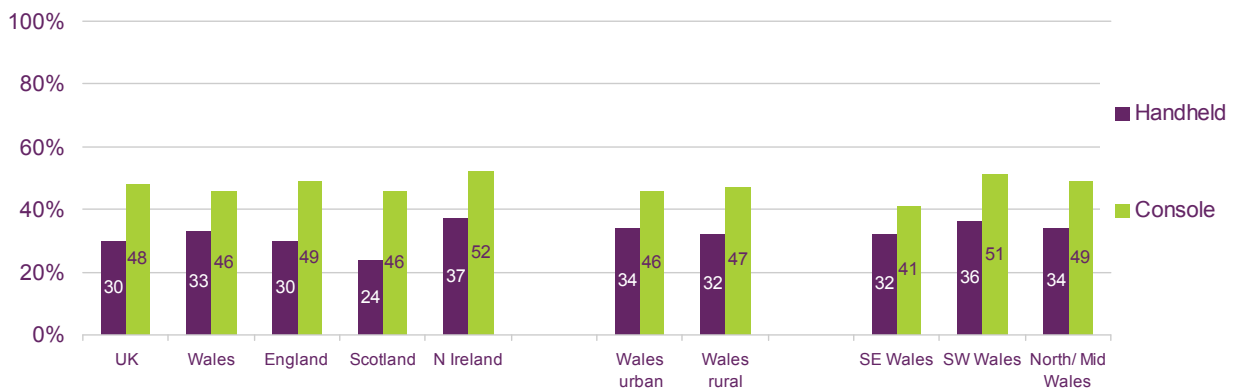
- watch audio-visual content on demand – including streaming and downloading films on demand and watching content on catch-up services such as the BBC iPlayer;
- watch high-definition content using the Blu-ray drive on the Playstation 3;
- download new content such as games and extras such as trailers and add-on game content (e.g. extra items or levels) to their console;
- play networked games and communicate and chat with other players; and
- watch live streamed television from Sky on the Xbox 360.

As functionality has increased, games consoles have expanded out of their traditional niche segments (typically younger men) to reach a wider audience, and nearly one in every two households now have these converged devices.

Figure 2.33 shows the take-up of games devices (handheld and consoles) across Wales. Take-up of consoles such as the Nintendo Wii or Microsoft Xbox was lowest in Wales and Scotland (both 46%). Take-up of handheld consoles such as the PlayStation Portable was higher in Wales than the UK average (33% vs. 30%).

Across Wales, take-up of consoles varied from 41% to 51% in South East and South West Wales respectively.

**Figure 2.33 Take-up of leading games consoles**



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/ Mid Wales)QB4. Which games console/s do you or does anyone in your household have at the moment?