Public service broadcasting in the internet age

The Nations of the UK and their regions

Statement

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About this document

As part of Ofcom's Public Service Broadcasting Review, we have considered the differing contexts, and PSB performance since 2008 (including 2014 data), in each of the Nations of the UK, and in regions within those Nations where appropriate. This document sets out our findings and identifies future challenges in meeting audiences' needs in each of the UK's Nations and regions.

This document is supported by a data annex which includes the key data relating to Nations' and regions' content. The PSB Annual Report 2015, to be published in July 2015, also contains relevant data for the period 2009-2014.

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Section 1

How the media landscape differs across in the Nations of the UK

The UK-wide media and communications industry has undergone radical change since 2008

1.1 Ofcom's third review of public service broadcasting, published alongside this report, shows that the UK media and communications industry has undergone radical change since 2008. This has been driven by the completion of the switch from analogue to digital broadcasting, the rise of broadband internet as a medium for consuming television and the rapid take-up of connected and mobile devices. As connectivity has improved, the internet has become increasingly central to people's lives, including in how they select and view TV content.

1.2 The backdrop for the PSB Review is therefore the growth in the power and possibilities of the internet. Although live television remains the dominant mode of viewing for most people, catch-up TV, watched over the internet, and programming and content premiered on the internet is becoming increasingly important to audiences, especially to younger audiences. Today, only 50% of 16-24s' audio-visual consumption, and 61% of 25-34s' is through live television (i.e. TV viewed at the time it is broadcast).[1] Viewing of international and national TV news by young people (16-34s) has dropped by almost 30% since 2008, to 33.7 hours per person per year.[2] PSB programmes are, of course, available on demand as well as on live television; the BBC iPlayer and Channel 4's All4, in particular, have driven those broadcasters' reach. These developments have affected people in all areas of the UK.

1.3 While growth in the use of the internet has affected all the Nations and regions of the UK, there are some key areas where the devolved Nations display different media behaviour to the UK, and to England, which reflects the different contexts of each Nation. For example, in Scotland in 2013, the internet was cited as respondents' main source of news about their Nation, after both TV and newspapers, while it was second after TV in Northern Ireland (11%) and Wales (13%); more than 60% of respondents in Northern Ireland and Wales cited television as their main source of news about their Nation, and 80% in Scotland.[3] People in Scotland also watch less audio-visual content online than those in other Nations of the UK, or the UK average, although the level of broadband penetration is in line with the UK average.

1.4 Each Nation and region of the UK has its own identity, which PSB should reflect, as well as different levels of availability and use of different technologies and services.

1.5 In recent years the constitutional settlement for the Nations and regions of the UK has come under intense political scrutiny. Since 2008 it has become increasingly important to people that they can access high-quality news about their Nation or region. Following the independence referendum in Scotland and the subsequent announcement by the new Government of plans for further devolution throughout the

[1] This includes DVDs, short-form, recorded TV, catch-up and other on demand services, and traditional linear TV. Source Ofcom's *Digital Day* research 2014
[2] BARB
[3] Ofcom *Media Tracker*.

UK, this is likely to pose a considerable challenge to the PSB system's ability to meet audience needs in the UK as a whole and in the Nations and regions individually.

1.6 It is therefore important to consider the varying contexts in which PSB operates in each Nation, its performance within this context, and the specific challenges this poses for the future, above and beyond the challenges faced by PSB as a whole.

The market context in which PSB operates is different in each Nation of the UK

1.7 England's population dominates the UK, accounting for 84% (53.9 million people) of the total population, while Scotland accounts for 8% (5.3 million people), Wales for 5% (3.1 million people) and Northern Ireland for 3% (1.8 million people). But, as noted above, each nation has its own identitiy and it is important that PSB reflects these differences. It is also important to note that London accounts for just 13% of the total UK population (8.2 million people). Including the rest of south east England brings this total to 27%, or 16.8 million people, so most of the UK population lives outside that part of the UK where most of the programmes have historically been made.

1.8 The PSBs – and it is only the PSBs which must do this – aim to reflect the different Nations and regions of the UK in a number of ways:

1.8.1 First, they make programmes in the Nations and regions for broadcast across the whole of the UK. Such programmes include dramaset in the nations and regions, such as *Shetland*, *The Fall*, *Vera*, *Broadchurch* and *Cucumber*; episodes of long-running series set around the UK, such as *Grand Designs*, *Countryfile* and *Come Dine With Me*; and programmes made outside London which are more generic, such as *Waterloo Road*, *Doctor Who* and *Casualty*. In so doing, they can portray the Nations and regions not only to themselves but to the rest of the UK, in high quality productions that achieve mass audiences, with budgets which would not be affordable for programmes made specifically for each Nation or region. However, this is not a guarantee that the particular Nation or region will be portrayed in the programme; this depends on how the area is used in the production (for example, Liverpool doubles for Birmingham in *Peaky Blinders*).

1.8.2 Second, they provide Nations' and regions' news and current affairs. These are broadcast on the highest-reach networks – BBC One and ITV/STV/UTV – in prominent slots, which helps them to achieve large audiences.

1.8.3 Third, they produce some non-news programmes for the devolved Nations, which aim to reflect the specific culture of each Nation. There are no such programmes made for the English regions any more.

1.8.4 Finally, they produce language services for the Nations, which aim to produce a wide range of output across all key genres for their audiences: S4C, the Welsh-language broadcaster for the 562,000 who speak Welsh; BBC Alba, in Gaelic, for the 58,000 Gaelic speakers, and a wider group with an interest in Gaelic, in Scotland, and Irish Gaelic and Ulster-Scots programming, for the 10% and 8% respectively of people with some ability in these languages in Northern Ireland. These services also attract audiences who do not speak the languages in which these channels are broadcast, particularly for sport and music programming.

1.9 In aiming to reflect the needs of the Nations and regions, the PSBs have limited resources and must balance them between these four approaches, to try to provide the most effective programming for their audiences.

1.10 Our audience research suggests that the importance people place on their Nation or region being portrayed fairly to the rest of the UK has increased across the UK since 2008.[4] In recent years the constitutional settlement for the Nations of the UK has come under intense political scrutiny, while there has been increasing discussion of the role of the regions of each Nation in their political and cultural life. The importance to people that they are provided with high quality news about their Nation or region has been rising across the UK since 2008. Following the 2014 independence referendum in Scotland, and the subsequent announcement by the new UK Government of plans for further devolution across the UK, this is likely to pose a considerable challenge to the PSB system's ability to meet audience needs in the UK as a whole and in the Nations and their regions individually.

1.11 The Nations of the UK are each made up of regions with different identities and needs, so wherever practicable this report endeavours to address the issues raised at a regional level, as well as the national level. In particular, viewers in England and Scotland have programmes available at a regional level. However, it is not always possible exactly to map the individual regions, or the identities within them, given the nature of the data available.

1.12 The rest of this section sets out the key differences in market context for each of the Nations, including outlining the key obligations for the PSBs.

The context in Northern Ireland

1.13 One of the most striking characteristics of the media landscape in Northern Ireland is the popularity of local media. UTV holds the Channel 3 licence for Northern Ireland and must provide at least six hours per week of programming for Northern Ireland, including four hours of news programming and 26 minutes of current affairs. BBC Northern Ireland is required to provide at least 280 hours of news and current affairs programming per year for Northern Ireland, and an additional 80 hours of non-news programming on BBC One Northern Ireland. BBC Two Northern Ireland is required to provide a further 55 hours per year of non-news programming.

1.14 In 2014, Northern Visions launched its local TV service for Belfast, NvTv, which provides at least 15 hours per week of local programming.

1.15 A number of services licensed in the Republic of Ireland are also available in Northern Ireland, including the Irish language channel TG4, and RTÉ, the Irish public service broadcaster.

1.16 Coverage of the PSB DTT multiplexes is the lowest of the four Nations in Northern Ireland, covering 97% of households.

1.17 Local commercial radio and BBC Radio Ulster/Foyle are among the most listened to radio services in any part of the UK. The number of community radio stations has also grown over the past few years.

1.18 The newspaper sector, although declining, is still relatively strong, with three daily newspapers and a plethora of weekly press. Plurality of provision is increased in

[4] Please note that the question asked in the PSB Tracker, which collects these data, changed in 2010.

Northern Ireland by the availability of radio stations and newspapers from the Republic of Ireland.

1.19 Northern Ireland has the highest availability of next generation access (NGA) networks across the whole of the UK, although broadband take-up is slightly lower than the UK average.

The context in Scotland

1.20 The BBC and Channel 3 licensees provide a variety of TV services in Scotland. BBC Scotland provides Scottish versions of BBC One and BBC Two for the whole of Scotland, and is required to provide 265 hours per year of Scotland-specific news and current affairs on BBC One. It must also provide 330 hours per year of non-news programming across BBC One and Two, the largest amount of specific non-news and current affairs content of any devolved Nation. The BBC also provides the Gaelic service BBC Alba, available nationwide, which must include about five hours of originated content per week, excluding news.

1.21 The Channel 3 licensee, STV, serves most of Scotland, and is required to provide at least 5 hours 30 minutes of programming per week, including four hours of news, and 33 minutes of current affairs. This service has two separate regions, the Central region, and the Northern region, both of which have two sub-regions. Each sub-region has at least 25 minutes of bespoke news programming per week.

1.22 ITV Border serves the south of Scotland and Cumbria, splitting its output to provide programming focusing on Scottish issues in the south of Scotland. In 2014, the licence was amended to require ITV Border to provide 3 hours 5 minutes of news and an additional 90 minutes of non-news programming specifically for the Border Scotland sub-region.

1.23 Local TV has launched in Scotland, with services on-air in Edinburgh and Glasgow. Services are due to launch in Aberdeen, Ayr and Dundee in the coming years. All of the local TV services in Scotland are provided by STV.

1.24 Scotland also has a relatively healthy commercial radio sector, with profits remaining steady in recent years. Local commercial radio attracts a greater proportion of listening among Scottish audiences than in the other Nations, although there is a lower level of radio listening overall. BBC Radio Scotland and BBC Radio nan Gaidheal (in Gaelic) provide national services across the whole of Scotland and the number of community radio stations has grown over the past few years.

1.25 The Scottish national press remains popular, although readership is declining with an increasing proportion of the audience going online for news.

1.26 The proportion of premises in Scotland with access to next generation access (NGA) networks is lower than the UK average, but broadband take-up is in line with the UK average.

The context in Wales

1.27 Wales is served by BBC Wales, ITV Wales and S4C. BBC Wales is required to produce at least 470 hours per year of programming specifically for Wales across BBC One and BBC Two, of which 250 hours is news and current affairs programming on BBC One. ITV Wales, which now operates under a single licence for Wales, provides a service to the whole of Wales, consisting of at least 5 hours 30 minutes per week of programming, of which four hours are news, and 47 minutes of current affairs. S4C provides a Welsh language service for the whole of Wales, producing around 2,000 hours of first-run programming per year, not including the programming provided to it by the BBC.

1.28 There is no separate programming for different regions within Wales from the PSBs. However, Wales currently has one broadcasting local TV station, Made in Cardiff, operated by Made Television. This provides a local service for Cardiff, with additional programming from across the Made Television network. Local television services are due to launch shortly in Swansea and Mold.

1.29 In Wales, the absence of a strong indigenous print media is in stark contrast to Scotland and Northern Ireland. Most readers of daily newspapers in Wales read UK newspapers which include very little content that relates specifically to Wales and its devolved elected institution, the National Assembly for Wales.

1.30 Wales has lower coverage on the commercial DTT multiplex and higher take-up of satellite television than the UK average. This is coupled with lower levels of listening to local commercial radio than in other Nations, compared to BBC services, although the number of community radio stations in Wales is increasing. BBC Radio Wales (in English) and BBC Radio Cymru (in Welsh) provide national services for the whole of Wales. Total broadband take-up in Wales is lower than the UK average.

1.31 Ofcom's Advisory Committee for Wales emphasised in its response to the consultation that Wales is served less comprehensively, outside the BBC, than any of the other UK Nations, with weaker print media and commercial radio services offering a reduced challenge to the BBC in terms of a plurality of voices.

The context in England

1.32 England makes up the bulk of the overall UK population. On television, there are 14 BBC regional news services, while ITV provides 15 services. Each regional news service broadcasts a half-hour early-evening weekday news bulletin, with shorter bulletins at other times. The BBC also produces half-hour regional current affairs programmes and political programmes for part of the year. ITV does not produce any regional programming for England beyond regional news.

1.33 There are now 14 local TV services broadcasting across England, with a further ten services licensed and due to launch in the coming years.

1.34 Radio listening and reach is in line with the UK average; nearly half of all listening is to BBC network stations. There are 38 BBC Local Radio stations, which are generally county-sized and which between them cover the whole of England. Their output is speech-based and they reach 6.6 million listeners a week (this compares to the reach of the BBC network services in England of 7.6 million for Radio 1, 9.1 million for Radio 4 and 4.9 million for Radio 5 Live).[5] The performance of BBC Local Radio varies around the country: listening is generally higher in areas that are more rural and further from London. BBC Radio Cornwall has a weekly reach of 32% of the population in Cornwall, while in London, BBC Radio London has only a 3% reach.[6]

1.35 There are around 130 commercial radio services providing local programming in England. Each service has to produce a minimum of 7.0 hours a day of local

[5] RAJAR: average weekly reach in the 3 months to Q1 2015.
[6] RAJAR: average weekly reach in the 6 months to Q1 2015.

programming in daytime, which must include breakfast and local news bulletins throughout daytime. There are also almost 200 community radio services around the country. England also has the highest proportion of digital radio listening of any nation.

1.36 Broadband take-up and average speeds in England are in line with the UK average.[7] England also has the highest penetration of cable, television and digital radio coverage.

[7] Ofcom's Infrastructure Report 2015

Section 2

PSB performance in the UK Nations and the English regions

Overall, PSB remains strong

2.1 Overall the PSB system is broadly delivering the outcomes set out in legislation across the UK as a whole. As a result, citizens and consumers in each UK Nation have access to a wide range of high quality content from the PSBs.

2.2 However, there are some aspects of PSB performance that are specific to each UK nation and their regions. The rest of this section considers these elements of PSB performance in the context set out above, and includes 2014 data.

PSB content forms the cornerstone of programme production in the devolved Nations and English regions outside London

2.3 All the PSBs have obligations to create content that is made outside London, and in some cases outside England. The BBC and Channel 3 licensees also have obligations to provide news and non-news content specific to Scotland (and in the case of STV/ITV Border, regions within Scotland), and in Wales, Northern Ireland and the English regions. The wider multichannel market does not have such obligations. As a result the PSBs play a critical role in providing content for and from the UK Nations and their regions.

2.4 The BBC contributes the most in terms of volume of content and spend in the UK Nations and English regions outside London, with the Channel 3 licensees playing an important role in offering a plurality of voices in the devolved Nations. Channel 4 is increasing its commitment to the devolved Nations, with a licence obligation to make 9% of its content in the Nations from 2020.

The balance of network production has shifted since 2008

2.5 The balance of qualifying spend on first-run UK-network regional productions has changed around the country since 2008, with slightly less than half now taking place outside London.[8] In particular, spend has increased markedly in Scotland, more than doubling since 2008 to 5.2%[9] of total qualifying PSB network spend in 2014, and in Wales, where network spend has increased from 1.7% to 3.2% . In Northern Ireland since 2008, spend has more than tripled to 1.2%, but from a very low base (0.3%). These spend figures do not quite match the proportion of the UK population in each nation, but they are moving closer. There have also been increases in southern and northern England (particularly the North West) (to 13.4% and 22.5% respectively). Driven largely by broadcasters relocating departments and productions, particularly to Salford, there has been a corresponding fall of nearly ten percentage points in spend in London but also, notably, in the Midlands and East of England, where spend is less than a third of its 2008 level.

[8] This expenditure does not include network news production. For more information on qualifying network spend and output, see http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/

[9] Although there was a year-on-year decline, from 5.9% to 5.2%, in 2014.

2.6 Qualifying hours of UK-network output from Scotland have more than quadrupled, to 7.5%, although this is a year-on-year decline from 8.4% in 2013. Hours of output from Northern Ireland have also grown to nearly 1% (now 0.8%), although from a very low base (0.1%), while hours from Wales have doubled to 1.8%. In England, London has seen a substantial fall in hours, now making up under half of all hours compared to nearly 65% in 2008, in favour of northern England (particularly the North West), which now makes up almost 25% of hours. Output from the Midlands and the East of England has declined from what was already the lowest volume (8.9%) and spend (6.7%) of network production among the English regions, to 5.1% and 1.6% respectively, although this area accounts for 25% of the population.

2.7 The majority of first-run network spend and output made outside England is driven by the BBC and Channels 4 and 5, rather than ITV, which reported only one programme (made in Scotland) made outside England in Ofcom's 2014 *Made Outside of London Register*.[10] Most of the other programmes were from the South and North of England.[11]

Non-network spend and hours have declined

2.8 While network production in the Nations has grown in real terms since 2008, spend on first-run programming specifically for each Nation or region (including news and current affairs) fell from £404m in 1998 to £358m in 2008 and to £277m in 2014. Wales and the English regions have seen the steepest real declines in spend on first-run originations between 2008 and 2014, at 30% and 31% respectively.[12] With the exception of Scotland, where output has risen by 886 hours since 2008, this decline in spend has been matched by declines in hours, although not to the same degree.[13] This is primarily as a result of the decreased Channel 3 licence obligations for programming in each Nation and their regions in 2008.

2.9 Hours of programming specifically for each Nation or region have fallen in all UK Nations over the period, excluding Scotland. Within this, BBC hours in English in Scotland[14] and the English regions have remained broadly stable, but have dropped in Wales and shown more variation in Northern Ireland.

2.10 The Channel 3 licensees in Northern Ireland, Wales and the English regions have all reduced their hours of non-network programming, while STV in Scotland has almost doubled its hours over the period. Except in Scotland, the BBC has been the largest provider of all types of programming, while since 2009, ITV (in the English regions and Wales) and UTV have primarily provided news and current affairs. This has

[10] http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/compliance14/Made_Outside_of_London.pdf

[11] Although ITV and Channel 5 have obligations to produce or commission content from outside London, only the BBC and Channel 4 have made commitments to produce content in the devolved Nations.

[12] Not including spend on Gaelic and Welsh language programming, or total spend on BBC Alba and BBC spend on S4C.

[13] Not including ITV Border's obligations, which changed in January 2014. The details of these obligations are included in Section 1 of this document. The output and spend figures for the ITV Border region as a whole are counted under England, but included £725,000 on current affairs programming for the ITV Border Scotland sub-region, amounting to 83 hours of content. There were also 21 hours of non-news/non-current affairs programming broadcast specifically for viewers in the sub-region.

[14] They increased in 2014 in Scotland from 791 hours per year to 867, primarily as a result of specific programming for Scotland relating to the independence referendum and the Commonwealth Games.

resulted in a total reduction of 697 hours by the Channel 3 licensees, and a smaller reduction, of 81 hours, by the BBC.[15]

2.11 The decline over the period reflects in large part the reduction in the Channel 3 licence obligations in 2008, and a continuing decline in hours from UTV and ITV Wales. Scotland bucks this trend because of the efforts of STV, which has consistently delivered above its licence commitments, and above the level of BBC provision, particularly in relation to programming other than news and current affairs. It is worth noting that this is largely, although not exclusively, through one programme, *The Nightshift*, a live overnight compilation of news items and archive footage with an interactive chat element.

2.12 In Northern Ireland and Wales, the BBC has formed the backbone of programming specific to those Nations, particularly outside news, although it is worth noting that from 2008 to 2014, the number of BBC non-network first-run hours in Wales decreased by 15%.[16] In Northern Ireland, UTV continues to deliver to a higher weekly non-news licence obligation (2.0 hours) than its counterparts in Scotland and Wales (1.5 hours), and its spend on programming for Northern Ireland has remained broadly steady since 2009, after the sharper decline the previous year.

2.13 Historic figures show that there was a 31% decrease in BBC and Channel 3 first-run spend on programming for the Nations and regions between 1998 and 2014 in real terms (while overall first-run spend on network programming by the PSBs remained flat in real terms over the same period). The decrease over this period is attributable to the 68% decrease in real-terms Channel 3 spend, counteracting the 14% increase in real-terms BBC spend. First-run hours over this period fell to a lesser degree; by 20%. Channel 3 hours decreased by 44%, offsetting the BBC's increase of 22%, although it is worth noting that much of this uplift occurred between 1998 and 2002, since when the BBC's output has remained broadly stable.

Satisfaction with delivery of news for the UK Nations and regions has increased, although viewing is declining

2.14 Audiences in all the UK Nations consider that the provision of news for their Nation or region is one of the most important of the PSB purposes, and the level of importance has increased across the UK, and particularly in Scotland.

2.15 The total hours of viewing to Nations' and regions' news has declined by over four hours (15%) since 2008 to 24.0 hours per person in 2014. More recently, viewing to this genre has fallen for the fourth consecutive period, from 27.6 hours in 2010 and from 25.3 hours in 2013. The Channel 3 licensees have seen greater declines than BBC One in hours of viewing per year to their Nations' and regions' news, with a decline of 3.7 hours per person between 2008 and 2014. By contrast, BBC One has declined by 0.6 of an hour per person over the same period. Hours of viewing per year to international/national news on the main five PSB channels have also declined since 2008, by 7.8 hours per person per year, although this is a smaller proportional decrease (of just under 10%), compared to Nations' and regions' news.

2.16 Audience satisfaction with PSB delivery of news for the Nations or regions has also increased significantly in all the UK Nations across the period. Most notably, both Northern Ireland and Scotland have seen improved audience satisfaction, and were the only two Nations where satisfaction with news delivery by the Channel 3 licensee

[15] Not including hours of Gaelic and Welsh language programming, BBC Alba output or S4C output.
[16] Not including BBC spend on S4C.

increased significantly in this respect, above the levels of Wales and England. In Northern Ireland satisfaction has risen; over three-quarters of respondents scored it highly in 2014, the highest of any Nation, while since 2010, all three devolved nations have seen increases in satisfaction of over 20 percentage points.

2.17 The increased importance and satisfaction placed on news for the Nations and regions by audiences may reflect the changing constitutional settlement in the UK, and particularly in Northern Ireland and Scotland, and may reflect the emphasis that UTV and STV place on their news provision. UTV's news attracts a larger audience share in Northern Ireland than the BBC Northern Ireland news in the subsequent slot, as does ITV Border's evening news bulletin, serving viewers on a cross-border basis. Elsewhere, BBC news for the Nations and regions generally attracts larger audience shares than do the Channel 3 licensees. This is true even in Scotland, where STV delivers more news for Scotland than the BBC (mainly because it broadcasts regional news for different parts of Scotland), and above the quotas in its licence. However, in 2014 the share of STV's weekday evening news bulletin fell for the third consecutive year, to 22.9%. Share to BBC One's evening news bulletin also declined year-on-year (to 30.5%) but remained above its 2008 level and above STV's.

2.18 Although audiences tell us that the importance of news for the Nations and regions, and their satisfaction with it, have increased, spend on Nations' and regions' news by BBC and the Channel 3 licensees has declined in real terms; by 23% between 2008 and 2014, with a smaller decline in hours (9%). This may be due in part to efficiencies in news-gathering, using new technology, as well as a decline in spend in England.

Nations' language services play an important role

2.19 In Wales, S4C operates independently, albeit funded mainly through the licence fee administered to it by the BBC Trust, partially through the receipt of some BBC programming, and partially by DCMS. In Scotland, the BBC and MG Alba operate BBC Alba in partnership, and both contribute funding to it. Northern Ireland has no dedicated indigenous language channel, with Irish language and Ulster-Scots programming supported by the Irish Language Broadcasting Fund, and the Ulster-Scots Broadcasting Fund broadcast primarily via BBC NI, and services from the Republic of Ireland, TG4 and RTÉ. As a result, spend on these services varies widely.

2.20 The combined spend of S4C and the BBC on programming for S4C, in real terms, was £92m in 2013. S4C has seen a large real-terms decline in first-run spend, which fell by £23m from 2009 to 2013, to £64m. BBC Alba's real-terms spend has also declined, from a peak of £20m in 2009, although the rate of decline has slowed in recent years in real terms. In line with its higher spend, S4C commissions the largest number of first-run hours (1,978 in 2013) compared to 643 from BBC Alba.

2.21 BBC Alba's audience has increased substantially since its launch on satellite in 2009, reaching an estimated 17.6% of Scottish viewers per week in 2013. This is in part due to the channel becoming available on Freeview and digital cable in June 2011.[17] Weekly reach to Welsh programming on S4C has declined from 19.5% in 2008 to 14.1% in 2014, now reaching 373,000 viewers in an average week[18], although its

[17] Reach figures for BBC Alba are not directly comparable to other services due to a different measurement methodology. Reach is based on claimed 15+ minutes of viewing weekly, not BARB data.
[18] BARB. Individuals 4+ S4C region.

online use is increasing. By 2013/14, its weekly reach among Welsh speakers in Wales had fallen below 200,000, although this still accounted for 35% of Welsh speakers in Wales.[19] S4C's audience share in Wales fell to 1.0% in 2014 from 1.3% in 2010.[20] During 2013/14 indigenous language programming broadcast on BBC NI reached an audience of 660,000, just under 40% of the population of Northern Ireland.

2.22 Respondents from all three devolved Nations noted the importance of indigenous language services to PSB provision and the independent production sector, highlighting in particular the role the S4C plays in supporting Welsh independent producers. Respondents also emphasised the role played by this content in broadening the range of genres provided by non-network programming, as both BBC and Channel 3 production for Wales is focused on news and current affairs.

Representation and portrayal is a continuing issue for audiences

2.23 Ofcom's PSB Tracker shows that audiences in all the UK Nations attach a high degree of importance to PSB portraying their Nation or English region fairly to the rest of the UK; Northern Ireland audiences rank first among the UK Nations in considering this to be important. While audience opinions on importance vary by Nation, there is considerably less variation in satisfaction with delivery, where less than half of the audiences in each Nation say they are satisfied.

2.24 Satisfaction scores for all Nations have improved across the period, except in Wales, where they remained stable: Northern Ireland improved to 45% satisfaction in 2014, the highest level of any nation, as well as the largest improvement. Scotland has also seen a significant increase in satisfaction since 2008. However, this is the PSB purpose where the largest gaps remain between perceived importance and satisfaction with delivery.[21]

2.25 Ofcom's 2015 research into audiences' perception of the representation and portrayal of their nation or region on the main five PSB channels showed that this is an issue for some audiences, although generally not as stark as protected characteristics such as ethnicity or disability. Audiences' views on positive and negative portrayal are likely to be more divergent in the devolved Nations than in the UK overall or in the English regions. Fewer respondents from Wales and Northern Ireland thought that people from their nation were neutrally portrayed, while in Scotland and Northern Ireland, many more respondents had an opinion on the tone of portrayal of people from their Nation. Given this relative polarity of views in the devolved Nations, respondents from Northern Ireland were more likely (at 26%) to think that people from their nation were negatively portrayed.

2.26 However, audiences in Scotland, Wales and Northern Ireland were more likely than in any other area except London and the South East to think that people from their nation were portrayed positively. Indeed, at over 30%, respondents in Wales and Northern Ireland were ahead of respondents in London and the South East (26%) in considering that people from their nation were portrayed positively. Among

[19] S4C 2014 Annual Report.
[20] BARB introduced a new panel on 1 January 2010, and a new regional definition of Wales was used instead of 'any homes that could receive S4C', which increased the universe population. Other changes were the inclusion of Channel 4 and all ITV viewing (not just the ITV Wales region) to the share calculation. Therefore total TV viewing increased, from which S4C's share is calculated. Data have been compared to 2010 for consistency.
[21] Please note: the wording of this question changed in 2010.

respondents in Scotland this measure stood at 25%. Twenty per cent of respondents in the North of England considered that people from their region were negatively portrayed;this is the highest proportion across the UK (above all other English regions and the devolved Nations).

2.27 In terms of representation, audiences in Northern Ireland are the most likely to think that there are too few people from Northern Ireland on the main five PSB channels, at 42%. Twenty-one per cent of all PSB viewers also consider that there are too few people from Northern Ireland on PSB channels, the highest proportion in any nation or region.

Section 3

Potential areas of concern

The potential for further audience fragmentation poses a challenge for the delivery of PSB in future

3.1 The PSB Review identified that changes in technology and audience behaviour, while opening up a range of exciting opportunities for PSB to be delivered in new ways, would also set new challenges for PSB. For instance, the pressures on the funding of PSB content may increase if some of the market dynamics that we are seeing accelerate. There are also scenarios in which the evolving trend to online viewing happens much more quickly.

3.2 Our Review therefore identified a number of potential changes to the system which might help secure the delivery of PSB. Ensuring that new PSB content continues to be well funded, widely available and easily discoverable applies just as much in each Nation of the UK as it does across the UK as a whole.

3.3 But there are also some unique challenges in the Nations and English regions.

Key challenges to Nations' and regions' content

3.4 There are ways in which the challenges above may be particularly relevant to aspects of provision in the Nations and in the English regions.

3.5 News and non-news programming for the Nations and regions is delivered only by the BBC, via licence fee funding, and the Channel 3 licensees (ITV, ITV Wales, STV and UTV), in exchange for certain regulatory assets. The future provision of this content is therefore more reliant on the PSB system than for many other genres.

3.6 Changes in audience behaviour could reduce the value of regulatory assets over time. This may have direct implications for the extent to which regulation can secure commitments from the Channel 3 licensees. There have already been substantial declines in non-news output for the UK Nations and their regions by the Channel 3 licensees, except in Scotland, since the reductions to the licence obligations in this area in 2008. This could, in due course, have an impact on news for the Nations and regions. Although it is possible that some licensees, such as STV and UTV, will continue to have other institutional incentives to exceed their regulatory requirements, such an outcome may not be guaranteed.

3.7 The BBC's ability to fund programming specific to each Nation or region in future is a matter for Charter review. That process also has broader implications for provision in the Nations and English regions. For instance, S4C receives 90% of its funding from the licence fee, which also contributes funding for local TV in the UK. The BBC also carries out other key functions in the Nations, such as operating BBC Alba in Scotland, and broadcasting Irish language programming funded by the ILBF in Northern Ireland.

3.8 Production outside London for the PSBs' main services is currently delivered as a percentage of overall output. Any reduction in overall investment by the PSB system will therefore be reflected in production in each of the UK Nations.

In Scotland, respondents' main concern is around the sustainability of the Scottish production market

3.9 Scotland has seen substantial improvements in spend and volume of UK-network production, reaching nearly 6% of network spend and over 8% of volume of production, as well as benefiting from the highest level of non-network output of any nation or region from its Channel 3 licensee, STV. While this is welcome, we note some stakeholder concerns about the extent to which the increase in network production, in particular, has created a sustainable Scottish industry, and the related health of the independent sector, particularly given the prevalence of 'lift and shift' policies, where production of an existing commission is simply moved elsewhere. We also note that STV, although providing some programming to the UK networks, receives few commissions from the ITV network.

3.10 It is worth noting that STV's provision of a much higher level of non-network output, particularly in relation to non-news content, is not secured by its licence. It currently makes this amount of content because it sees a commercial rationale for doing so, and there is no reason to suspect that this will change in the near future. However, should this cease to be the case for any reason, it could cut back to the lower level of its licence obligations.

3.11 Scotland-specific services such as Scottish news and BBC Alba have seen improvements in terms of audience satisfaction, and are clearly valued by audiences. Satisfaction with trustworthiness in news programmes in Scotland has remained stable since 2008, with seven in ten respondents rating it highly.

3.12 It may be that the recent political profile of Scotland in UK-wide affairs, due to the independence referendum, the Smith Commission and discussion of further devolution, has enhanced representation of Scottish issues at a UK network level, and may have improved perceptions of representation. Scottish audiences are most likely of those in any other nation or region to consider that they currently see 'about the right number' of Scottish people on the five main PSB channels.

Plurality is a continuing challenge in Wales

3.13 The BBC and S4C together support the vast majority of production in Wales, and BBC services are particularly widely used (both on TV and radio).

3.14 Unlike Scotland and Northern Ireland, which have Nation-based Channel 3 licensees, ITV holds the Welsh licence, operating ITV Wales. ITV Wales achieves a lower audience share than STV and UTV for its evening news, with BBC One's evening news output proportionally more popular. It is therefore of concern that the BBC's output for Wales in English has fallen by over 100 hours since 2008. Some respondents emphasised their concern that it is likely, in the context of discussions around increasing devolution, that audiences in Wales may not benefit from the same plurality of opinion as other audiences.

3.15 Although the proportion of network output and spend has increased in Wales since 2008, it has declined since its peak in 2012.

3.16 Since 2008, Welsh audiences have seen a substantial drop of 30% in output specifically for Wales, driven primarily by declines in non-news output. Audiences in Wales are largely dependent on the BBC for Wales-specific programming in English, particularly for non-news content, although ITV Wales continues to make an important contribution by producing at least 90 minutes of popular non-news content per week, in accordance with its licence obligations.

3.17 S4C's output plays an important role in providing programming, across a wide range of genres, Welsh-speaking audiences in Wales. It attracts the largest amount of funding for such content of any nation, reflecting the fact that the number and proportion of Welsh speakers is higher than that of other indigenous languages, and that Welsh enjoys official parity with English. S4C, however, has seen large reductions in its total funding in recent years, and the level of its future funding is not certain. Over the same period its audience share has declined. Stakeholders such as Teledwyr Annibynnol Cymru, which represents Welsh independent producers, and Ofcom's Advisory Committee for Wales, have emphasised the crucial role that S4C plays in the Welsh independent production sector, as the largest commissioner of content in Wales.

PSBs in Northern Ireland perform well with programmes made for Northern Ireland, but provide little programming for the UK networks

3.18 Programming by both BBC NI and UTV remains popular with Northern Ireland audiences, and the amount of Northern Ireland programming produced has declined only slowly since UTV's weekly programming obligations were reduced in 2008. UTV has a slightly higher licence obligation than the other Channel 3 licensees.

3.19 Looking at levels of production for the UK networks, Northern Ireland may suffer from issues of scale: since 2008 it has benefited least from increases in network programme production across the UK Nations. The share of both network spend and hours produced in Northern Ireland remains well below the proportional share of the UK population, and is dominated by the BBC. While efforts are being made to increase PSB network production in Northern Ireland –with some success – this will remain a challenge, and is unlikely to sustain a thriving independent production sector.

3.20 This issue of scale is also reflected in levels of portrayal at a network level. It is perhaps unsurprising that audiences in Northern Ireland are the most likely of all the UK Nations and their regions to think that they are under-represented on the five main PSB channels, given the smaller contribution it makes to network production. While audiences' perceptions of representation, portrayal and satisfaction may be complex, it is clear that a large proportion of the audience in Northern Ireland do not feel their needs are being met.

3.21 Northern Ireland does not have an indigenous language channel comparable to S4C or BBC Alba, although the Republic of Ireland's TG4 plays a vital role in providing Irish language programming, and is widely available in Northern Ireland. Both Irish language and Ulster-Scots programming are established and important parts of the broadcasting ecology in Northern Ireland, and areclearly valued by audiences, although principal funding from the ILBF and USBF is secured only until 2016.

Regional differences in England pose a challenge for PSB

3.22 Although the majority of network and non-network production and output is made in England, there are considerable disparities between the English regions. The bulk of production for the UK networks remains in London and the South East, although there has been an increase in the North of England, and particularly the North West, as production moves to Salford. But this, coupled with increased production in the other Nations, has resulted in large reductions in the Midlands and East of England, which together make up around 25% of the UK population.

3.23 Respondents to our consultation emphasised that this lower level of production and spend has had an economic impact on producers in these regions; it may also have influenced audience attitudes about representation, as viewers here are the least likely of any nation or region to see themselves at least weekly on PSB channels.

3.24 There is also very little non-news programming specifically for the English regions, with the BBC being the only provider.

3.25 There is clearly a trade-off between creating sustainable regional hubs, and ensuring diversity of supply from around England. Without hubs in the Midlands, South West and North East, broadcasters will need to consider others ways of ensuring that people in these areas feel represented and fairly portrayed on screen.