

## 2 Television and audio-visual content

### 2.1 Recent developments in Wales

#### BBC Cymru Wales

##### Programming

Highlights of BBC Wales' Dylan Thomas season included a re-telling of *Under Milk Wood*, starring a array of Welsh acting talent. Tom Hollander's portrayal of Thomas in *A Poet in New York* won acclaim from audience and critics (and was recognised with the RTS award for best actor). Across the season of programming, more than 800,000 people across Wales followed the BBC's coverage.

Wales continues to provide a major contribution to the BBC's UK television output – with *Doctor Who*, *Casualty*, *Crimewatch*, *Atlantis*, *Hinterland* and *A Poet in New York* broadcast across BBC One, BBC Two and BBC Four. In 2014/15, total television network production spend in Wales represented 7.1% of network television spending.

Peter Capaldi's introduction as the new Doctor was seen by 9.2 million viewers across the UK, and there were more than 18.9 million requests to watch his first series on BBC iPlayer - an average of 1.6 million requests for each of the 12 episodes.

##### Audience performance

The BBC's television services continue to perform better in Wales than in any other nation for reach, share and viewing hours (and viewer appreciation scores are also ahead of the UK average).

Despite the overall decline in national programming for Wales over recent years, BBC Wales's English language TV service added an average of 1.8 points to network share - the highest annual contribution for almost a decade, but reach fell, reflecting the reduction in content volume, particularly in drama.

##### Key strategic developments

BBC Wales made further savings through its Delivering Quality First plan, with cumulative efficiencies of £18m since April 2012. This has been achieved through the reduction of support costs and overheads, and targeted efficiencies outside peak time across television and radio.

BBC Wales' plans to relocate to Cardiff city centre saw the announcement of the conditional sale of Broadcasting House and Tŷ Oldfield in Llandaff, and planning permission for the new proposed Wales Broadcasting House. The decision to relocate followed a detailed three-year study, prompted by the ageing facilities in Llandaff and the pressing need to modernise the outdated and unreliable technology.

BBC Wales continued to develop its online and mobile service – there were 3.5 million weekly unique browsers to BBC Wales content, with news and sport still the key drivers. The number of unique browsers to its Welsh language online service has quadrupled over the last three years, and BBC Cymru Fyw, the Welsh language online news service, continued to see strong audience growth. Alongside these developments, the inclusion of S4C as a full

BBC iPlayer channel has led to an average of 110,000 weekly viewing sessions to S4C so far in 2015.

## **ITV Cymru Wales**

Channel 3 licences were renewed for a further ten years from January 2015, and for the first time ITV Cymru Wales has a stand-alone licence for Wales. The separate Channel 3 licence for Wales was created by redrawing the boundaries of ITV's Wales and West licence.

Under the terms of the new licence ITV Cymru Wales is required to produce four hours of news, sport and weather as well as 90 minutes of non-news programming every week.

In June 2014, after 30 years at Culverhouse Cross in Cardiff, ITV Cymru Wales moved to new headquarters in Cardiff Bay. The new studios, based at Assembly Square next to the National Assembly for Wales, house over 100 ITV personnel. The new premises contain all ITV Cymru Wales' news, programming and production facilities, including a bespoke HD studio and editing and production facilities.

*My Grandfather Dylan*, shown in October 2014, became the first ITV Cymru Wales commission to be screened on the ITV network in almost 20 years. Made for ITV Cymru Wales by Welsh independent producer Green Bay Media, the programme commemorated the centenary of the birth of Dylan Thomas.

In November 2014, ITV Cymru Wales, in collaboration with Shiver, delivered its first network commission for the weekly current affairs programme *Tonight – Who owns Britain?*

## **S4C**

S4C's role in reflecting national events and life in Wales remains highly appreciated by both Welsh and non-Welsh speaking viewers.

2014-15 saw a significant increase in S4C's annual reach across the UK - to 8.4 million viewers (2013-14: 6.5 million). S4C content also became available on the BBC iPlayer in late 2014 - a tangible example of the new partnership between the two broadcasters. This, alongside S4C's own video-on-demand service, had a year-on-year increase of 193% in on-demand viewing in the last quarter of 2014-15.

Drama remains a cornerstone of S4C's offering and the past year included two new series *Cara Fi* and *35 Diwrnod* as well as several one-off short dramas and the two soaps: *Pobol y Cwm* celebrated its 40th anniversary in autumn 2014, and *Rownd a Rownd* will celebrate its 20th later in 2015. An original film, *Dan y Wenallt*, was broadcast to mark the Dylan Thomas centenary and sat alongside new factual programming.

Themed seasons continued, including a week to commemorate the end of the miners' strike. This included a range of factual programming including a series by Adam Price and *Y Streic a Fi*, a one-part drama featuring actors new to S4C.

While the licence fee income is known until the end of the current Charter period, the channel awaits confirmation of the level of funding it will receive from central government for 2015/16. Nevertheless, in 2014/15 80.9% of S4C's public income was invested directly in programme content, primarily from the independent production sector. S4C's Annual Report states that every £1 invested by S4C in the economy generates total added value of £2.09. And in 2014/15, S4C's own costs remained low, at 3.98% of the channel's expenditure.

The then Secretary of State for Culture Media and Sport, Sajid Javid, announced in April 2014 that Huw Jones has been reappointed Chairman of the S4C Authority for four years from June 2015.

### **Channel 4 licence renewal**

In March 2014, Ofcom announced that Channel 4's licence would be renewed for a ten-year period. Ofcom decided that Channel 4's quota for programming produced outside England (in Scotland, Wales and Northern Ireland combined) should triple, from its current level of 3% of money spent and hours broadcast to 9% from 2020.

### **Local TV**

Cardiff's local TV station, Made in Cardiff, launched on 15 October 2014. It is available on Freeview channel 23 within the transmission area for the channel, and on Sky Guide 134 and Virgin 159.

The Made TV group holds licences for local TV in Cardiff, Bristol, Leeds, Middlesbrough and Newcastle. The other two local TV stations in Wales, Bay TV Swansea and Bay TV Clwyd in Mold, are both due to launch in 2015.

Made in Cardiff was found in breach of the Broadcasting Code for an episode of *Brits Behind Bars*, broadcast in December 2014, following a number of other recent Code breaches for programming on local television services provided by this licensee.

The station has recently announced that it is attracting a weekly audience of 196,000 viewers (after six months of being on air), as far North as Merthyr Tydfil, across to Bridgend and east to Newport.

Swansea Bay TV's application for an extension to its licenced coverage area, to include Neath and Port Talbot, was approved by the Broadcast Licensing Committee in early 2015. This can be achieved by making changes to the proposed equipment at the Kilvey Hill transmitter and will not require additional transmitters.

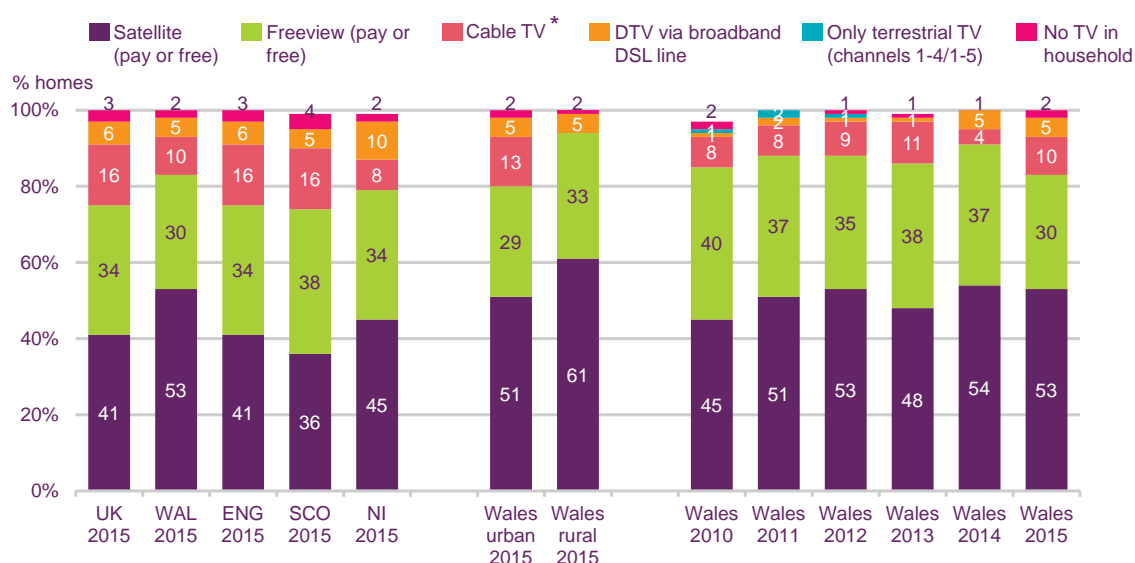
## 2.2 Digital television take-up in Wales

Over half of Welsh households receive satellite television through the main set, which continues to be higher than the UK average

Figure 2.1 shows that in 2015, satellite penetration across Wales as a whole remained unchanged since 2014 (at 53%). This is also true for Freeview take-up (30%)<sup>18</sup> and DTV via a broadband connection (5%). Cable take-up has increased by 6pp to 10% over the year, returning it to 2013 levels<sup>19</sup>.

As in previous years, satellite television has higher penetration in rural areas of Wales (61% in rural areas vs. 51% in urban areas), where cable services are not available (take-up is 0% in rural areas vs. 13% in urban areas). Both urban (29%) and rural areas (33%) had similar take-up of Freeview television in 2015.

**Figure 2.1 Main television set share, by platform**



Source: Ofcom Technology Tracker, wave 1 2015

Base: All adults aged 16+ (n = 3756 UK, 496 Wales, 2264 England, 492 Scotland, 504 Northern Ireland, 249 Wales urban, 247 Wales rural, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015)

QH1a. Which, if any, of these types of television does your household use at the moment?/ QH1b And which of these do you consider is your main type of television?

Note: \* See footnote 19

<sup>18</sup> The difference of 7pp between Q1 2014 and 2015 for Freeview is not statistically significant at the 95% confidence level.

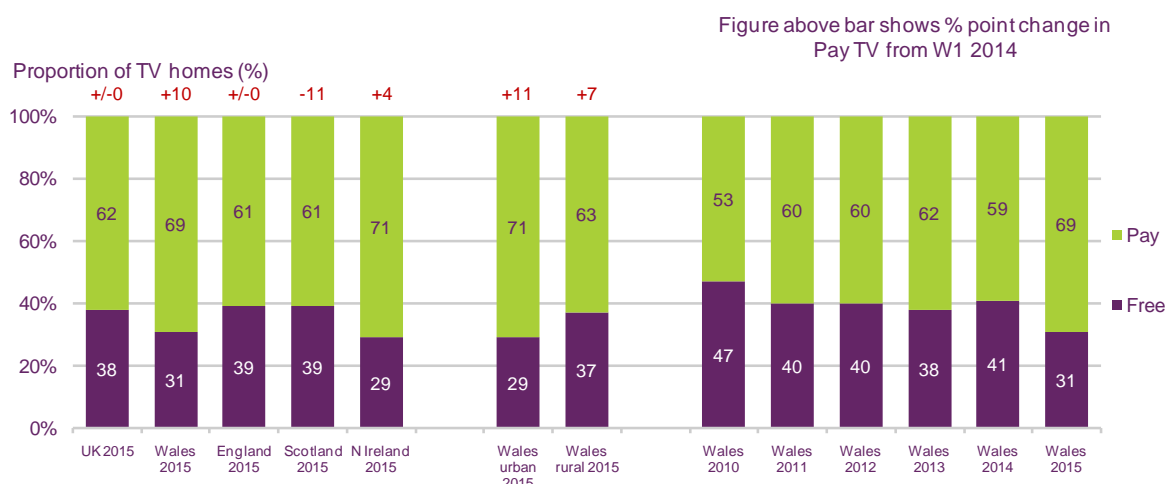
<sup>19</sup> Decline in Wales cable TV as the main television set in 2014 - market research surveys are subject to sample error and will occasionally report anomalous results.

## There has been an increase in take-up of pay TV in households in Wales, driven by an increase among urban households

In 2015, seven in ten households in Wales (with a television set) had pay TV<sup>20</sup> (69%). This is higher than the UK average (62%). Compared to 2014, households in Wales are more likely to subscribe to pay-TV services (69% vs. 59%), with this 10pp increase at least partly attributable to the increase for cable TV (6pp increase) as seen in Figure 2.1<sup>21</sup>.

In 2015, take-up of pay-TV in Wales was higher in urban areas than in rural areas (71% vs. 63%), with the incidence in urban areas (71%) increasing by 11pp since 2014 (from 60%)<sup>22</sup>.

**Figure 2.2 Proportion of homes with free and pay television**



Source: Ofcom Technology Tracker, wave 1 2015

Base: All adults aged 16+ with a TV in household (n = 3616 UK, 485 Wales, 2197 England, 472 Scotland, 462 Northern Ireland, 243 Wales urban, 242 Wales rural, 1060 Wales 2010, 483 Wales 2011, 508 Wales 2012, 485 Wales 2013, 480 Wales 2014, 485 Wales 2015)

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

## Over half of households in Wales have access to HDTV services, in line with the UK average

Seventy-six per cent of households in Wales claimed to have either HDTV services or an HD-ready television set, with this figure unchanged since 2014. More than half of households in Wales (53%) receive HDTV services, with a further 23% claiming to have a HD-ready TV, but not receiving HD services.

In Wales, HD-ready set ownership was higher in urban (78%) than in rural (70%) households.

<sup>20</sup> Free TV refers to households that only receive Freeview with free channels (without any additional subscriptions to services such as Netflix or Top Up TV etc.) or only receive Freesat satellite TV. Pay TV refers to all other types of television service

<sup>21</sup> Please see footnote 19

<sup>22</sup> Please see footnote 19

**Figure 2.3 Proportion of homes with HD television**



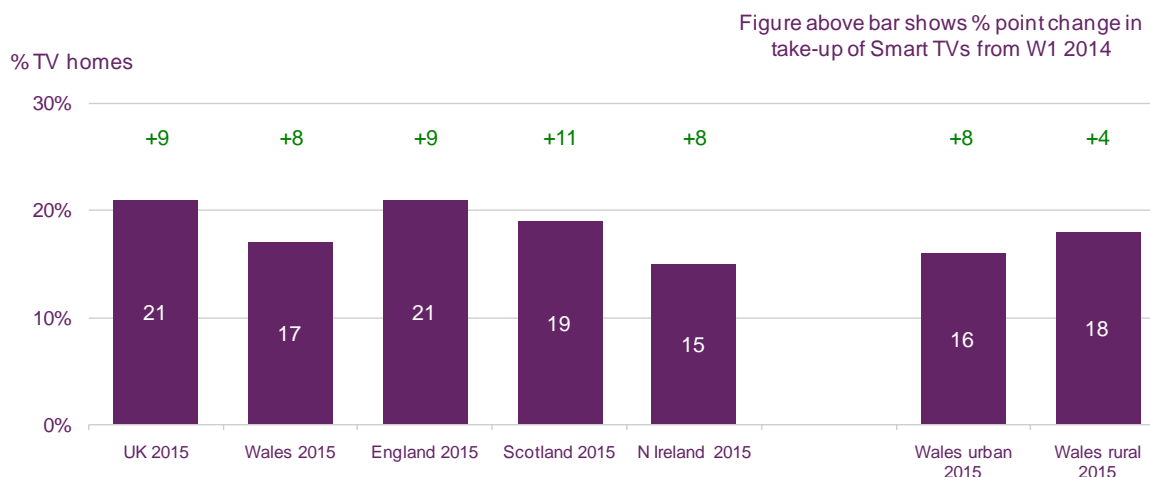
Source: Ofcom Technology Tracker, wave 1 2015  
 Base: All adults aged 16+ (n = 3756 UK, 496 Wales, 2264 England, 492 Scotland, 504 Northern Ireland, 249 Wales urban, 247 Wales rural)  
 QH53. Is the main TV in your household an HDTV set or HD ready?/ QH54. For the main TV set, does your household have an HD TV service – from either Sky, Virgin Media, Freesat or Freeview?

**Seventeen per cent of TV households in Wales have a smart TV set, an increase of 9% year on year**

Among those in Wales with a television in the household, 17% claimed to have a smart television set, which is an increase since 2014 (from 9%).

There was an increase since 2014 among those in households in urban areas saying they had a smart TV set (16% vs. 8%), bringing the incidence of urban smart TV set ownership in 2015 into line with rural areas (16% for urban areas and 18% for rural areas).

**Figure 2.4 Smart TV take-up**



Source: Ofcom Technology Tracker, wave 1 2015  
 Base: All adults aged 16+ with a TV in household (n = 3616 UK, 485 Wales, 2 197 England, 472 Scotland, 462 Northern Ireland, 243 Wales urban, 242 Wales rural)  
 QH18. Are any of your TV sets 'smart TVs'? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

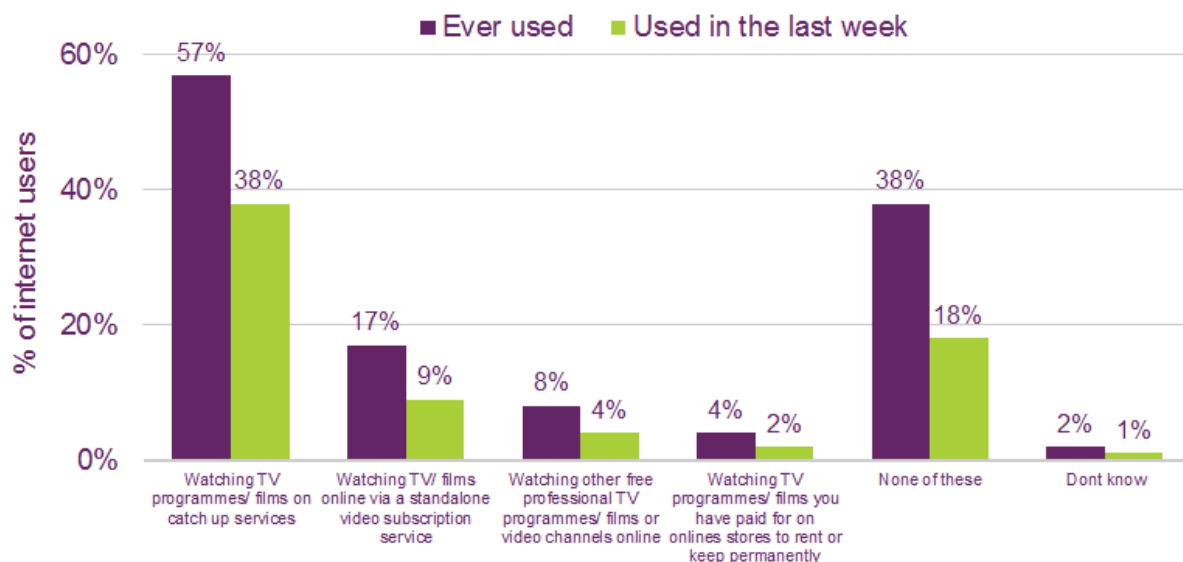
## Catch-up services are the most popular way to watch TV programmes and films online among internet users in Wales

Among those in Wales who use the internet at home or elsewhere (e.g. on their smartphone, tablet or laptop), almost three in five (57%) say they have ever watched TV programmes or films on a catch-up service (e.g. iPlayer, ITV Player, All 4). Just under two in five (38%) of internet users claim to have watched these services in the past week.

Use of stand-alone video subscription services (e.g. Netflix, Amazon Instant) is less popular, with just under one in five (17%) internet users in Wales claiming to have ever used them. Less than one in ten (8%) internet users in Wales had ever watched TV programmes or films from free professional sources (e.g. official YouTube Channels, producers' websites) and less than one in twenty (4%) said they had watched TV programmes or films they had bought or rented digitally.

Just under two in five (38%) adults in Wales who use the internet at home or elsewhere have never used any of these services.

**Figure 2.5 TV programmes, films: demand via any service**



Source: Ofcom Technology Tracker, wave 1 2015

Base: All Wales adults aged 16+ who use the internet at home or elsewhere (n = 413)

QH17 (QH46)/QH18 (QH47): Thinking about your personal use of TV programmes and films online and on-demand services that you may use on any device (e.g. smartphone, TV set, tablet or laptop) anywhere, which of the following, if any, have you personally ever used? And which, if any, of these have you used in the last week?

## 2.3 Broadcast television content

### Broadcast TV viewing

BARB analysis is based on viewing to scheduled TV programmes such as those listed in TV listings magazines or on electronic programme guides (EPG) on TV sets. Broadcast TV viewing refers to TV programmes watched on the TV set live at the time of broadcast (traditional TV viewing), and recordings of these programmes or viewing of these programmes through catch-up player services (referred to as time-shifted), up to seven days after they were televised.

### People in Wales spend an average of 4 hours 11 minutes per day watching TV

In 2014, people in Wales spent an average of 251 minutes (4 hours 11 minutes) per day watching television, higher than Scotland at 239 minutes (3 hours 59 minutes), Northern Ireland at 227 minutes (3 hours 47 minutes) and the UK average of 220 minutes (3 hours 47 minutes). Of the 251 minutes spent watching television, 131 minutes were spent watching the main five PSB channels.<sup>23</sup> This was higher than in all other nations and the UK as a whole. Including the PSB portfolio channels,<sup>24</sup> viewers in Wales spent 183 minutes a day watching the PSB family of channels. (Figure 2.6).

**Figure 2.6 Average minutes of television viewing per day, by nation: 2014**



Source: BARB, *Individuals (4+)*. Main five PSB channels = BBC One, BBC Two, ITV, Channel 4 and Channel 5, including HD variants but excluding +1s. PSB portfolio channels = BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC streaming channels, ITV+1 Network (inc ITV Breakfast), ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1, CITV, Channel 4+1, E4, E4 +1, More4, More4 +1, Film4, Film4+1, 4Music, 4seven, Channel 5+1, 5\*, 5\*+1, 5USA, 5USA+1. HD variants are included where applicable.

\*Note: This figure reflects the average across the English regions with the highest in Border at 250 minutes (4 hours 10 minutes) and lowest in West at 197 minutes (3 hours 17 minutes) respectively.

<sup>23</sup> Main five PSB channels = BBC One, BBC Two, ITV, Channel 4 and Channel 5. Includes HD variants but excludes +1s.

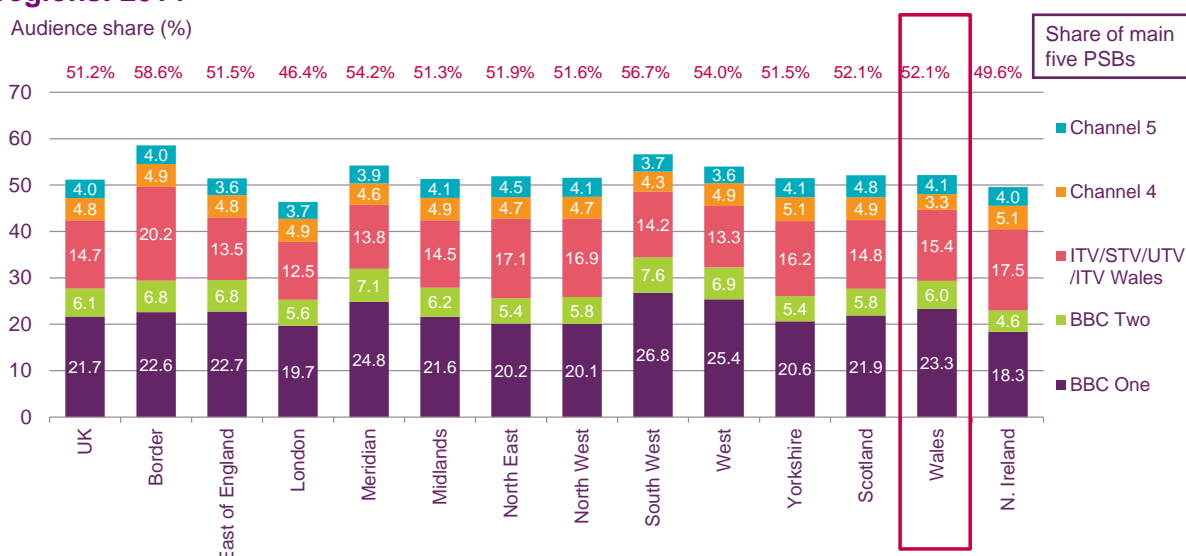
<sup>24</sup> PSB portfolio channels = BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC streaming channels, ITV+1 Network (incl ITV Breakfast), ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1, CITV, Channel 4+1, E4, E4 +1, More4, More4 +1, Film4, Film4+1, 4Music, 4seven, Channel 5+1, 5\*, 5\*+1, 5USA, 5USA+1. HD variants are included where applicable.



## Over half (52.1%) of all viewing is to the main five PSB channels

In 2014, the main five PSB channels accounted for a combined 52.1% share of total TV viewing in Wales, equal to their combined share in Scotland and one percentage point higher than the average 51.2% share across the UK. Viewing to BBC One in particular was highest in Wales compared to in other UK nations and regions, at 23.3%; 1.6 percentage points higher than viewing to BBC One across the UK as a whole and five percentage points higher than viewing to BBC One in Northern Ireland. Viewing to Channel 4, however, was lowest in Wales (3.3%) compared to the UK as a whole (4.8%) and all the other UK nations and regions (Figure 2.7).

**Figure 2.7 Share of the main five PSB channels in all homes, by UK nations and regions: 2014**



Source: BARB, Individuals (4+). HD channel variants are included but not +1s.

Note: Chart shows figures rounded to one decimal place. Numbers may not appear to sum up to total share of main five PSBs due to rounding.

## The combined share of the main five PSB channels has decreased by 3.1pp in Wales since 2009

As can be seen in Figure 2.8, between 2009 and 2014 there was a 3.1 percentage point reduction in the combined share of the main five PSB channels in Wales. This decline was lower than that seen in Northern Ireland (9.2pp), Scotland (3.9pp) and the UK as a whole (6.6pp).

From 2009 to 2014, all UK nations and regions except Border<sup>25</sup> saw a reduction in the combined share of the main five PSB channels.

<sup>25</sup> In Border, however, their combined share increased from 54.4% to 58.6%. This may be explained by the profile of the ITV Border region; it has the highest proportion of 65+ adults of all the BARB ITV regions and the highest proportion of 45+s overall (67%).

**Figure 2.8 Reduction in combined share of the main five PSB channels, all homes: 2009 and 2014**



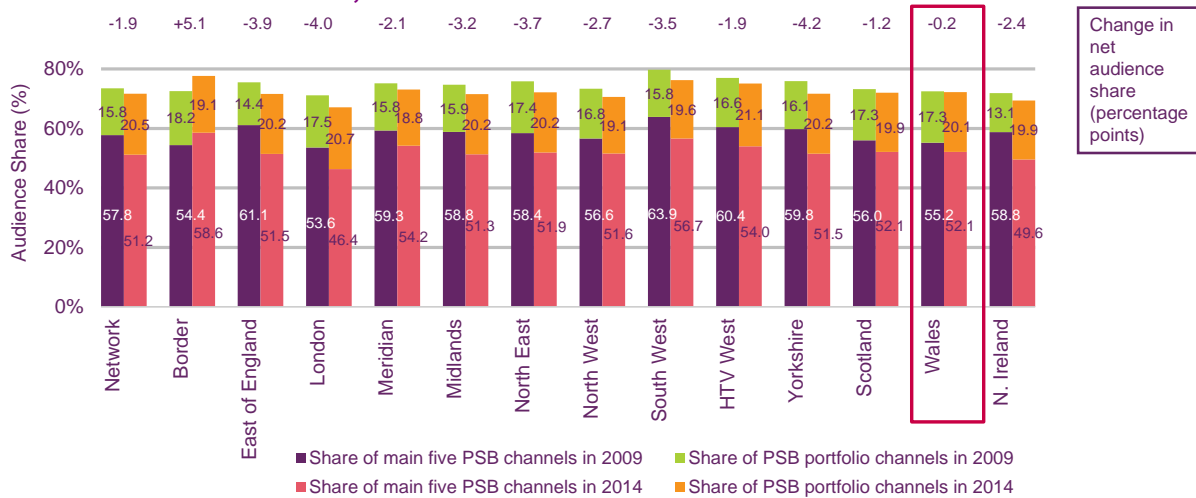
Source: BARB, Individuals (4+). HD channel variants are included but not +1s.

Notes: i) Following digital switchover in Wales in 2010, S4C ceased to carry Channel 4 content. S4C is therefore included in the main five PSB channels in 2009 but not in 2014. S4C's average share in Wales in 2014 is 1.8% ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with some caution.

**The total share of the main five PSBs and their families of channels was 72.3%**

While the main five PSB channels' share of viewing decreased by 3.1pp, the PSB portfolio channels increased their share of viewing in Wales by 2.9pp between 2009 and 2014. Overall, the net share loss between 2009 and 2014 for the main five PSBs and their families of channels was the lowest decline seen in the nations and regions (0.2pp). Border was the only region to experience an increase in share of viewing to the main five PSBs and their families of channels (5.1pp) (Figure 2.9). In 2014 the total share of the main five PSBs and their families of channels was 72.3% in Wales.

**Figure 2.9 Net change in the audience share of the main five PSB channels and their families of channels, all homes: 2009 and 2014**

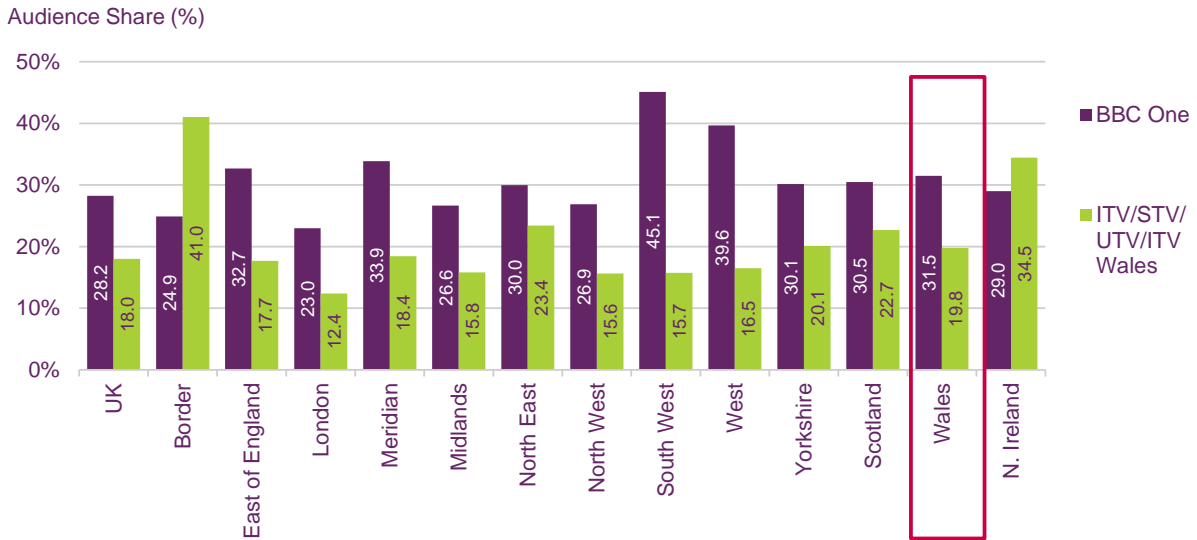


Source: BARB, Individuals 4+. Main five PSB channels = BBC One, BBC Two, ITV, Channel 4 and Channel 5, including HD variants but excluding +1s. PSB portfolio channels = BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC streaming channels, ITV+1 Network (incl ITV Breakfast), ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1, CITV, Channel 4+1, E4, E4 +1, More4, More4 +1, Film4, Film4+1, 4Music, 4seven, Channel 5+1, 5\*, 5\*+1, 5USA, 5USA+1. HD variants are included where applicable. Notes: i) Following digital switchover in Wales in 2010 S4C ceased to carry Channel 4 content. S4C is therefore included in the main five PSB channels in 2008 but not in 2014. S4C's average share in Wales in 2014 is 0.9% ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre and post panel change data should be compared with some caution.

**BBC One's early evening local news' bulletin attracted a 31.5% share in Wales, higher than the UK average**

In 2014, BBC One's early evening local news bulletin attracted an average share of 31.5% share of TV viewing in Wales between 6.30pm and 9pm; this was higher than the average share for the regional early evening news bulletins in Scotland (30.5%), Northern Ireland (29.0%) and the UK average for the same slot (28.2%). ITV Wales' counterpart bulletin attracted a lower share, although at 19.8% it was still higher than the Channel 3 UK average (18.0) (Figure 2.10).

**Figure 2.10 BBC One and ITV/ STV/ UTV/ ITV Wales early evening news bulletin shares, all homes: 2014**

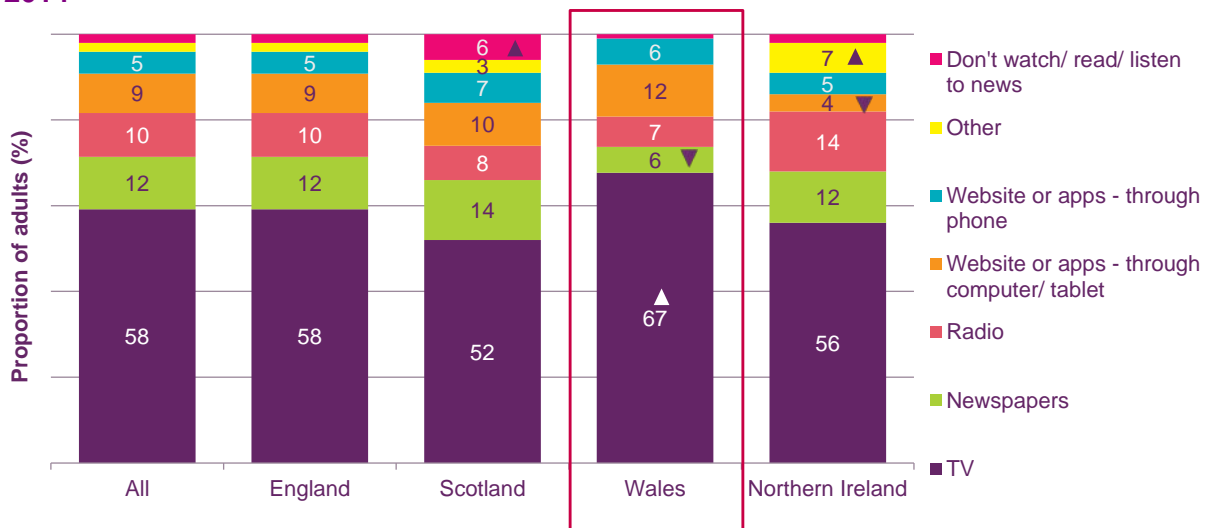


Source: BARB, Individuals (4+).BBC One includes HD variant. ITV excludes HD variants and +1. Note: Early evening ('local') news bulletin figures based on 'regional news' genre programmes, start time 17:55-18:35, 10 mins+ duration, BBC One and ITV (exc HD), weekdays. UK figures based on share to respective early evening news bulletin day part. BBC One's early evening news bulletin is transmitted between 18:30 – 19:00 and ITV/STV/UTV/ITV Wales' is transmitted between 18:00 – 18:30.

**Respondents in Wales are most likely to use the TV as their main source of UK and world news**

In 2014, 67% of adults aged 16+ in Wales cited television as their main source of UK and world news. The next single most popular source was 'on a website or app through a tablet or a computer' (12%). However, when combining the figures for those who responded 'on a website' or 'apps through a phone, computer or tablet' this figure increases to almost a fifth (18%) (Figure 2.11).

**Figure 2.11 Respondents' main media source for UK and world news, by nation: 2014**



Source: Ofcom Media Tracker 2014. Base: All (2,074); England (1,577); Scotland (183); Wales (154); Northern Ireland (160). Significance testing (indicated by a triangle) shows any difference in the main source of news between any nation and all adults.

## 2.4 TV programming for viewers in Wales

The following section outlines spend and hours of programming for viewers in Wales, Scotland, Northern Ireland, and the English regions, provided by the BBC and ITV/ STV/ UTV. The figures exclude Gaelic and Welsh-language programming but include some spend on Irish-language programming by the BBC. See section 2.6 for details on S4C.

**Historical financial figures are presented in nominal terms and not adjusted for inflation. The reason for this is to align the CMR suite of reports and to provide a 'base' view of the overall market to inform any further analysis.**

### Programme definitions

First-run originations - Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

First-run acquisitions - A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

Repeats - All programmes not meeting one of the two definitions above.

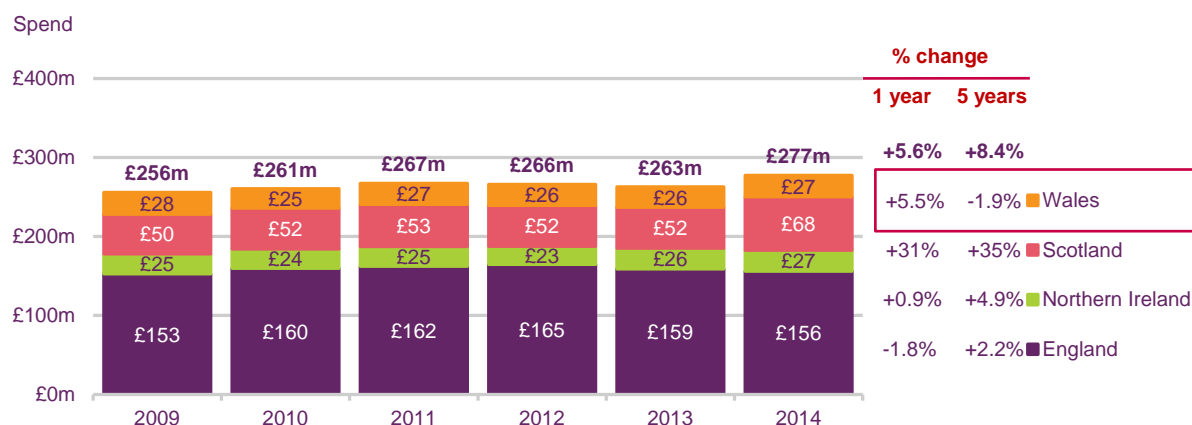
### **BBC and Channel 3 licensees' spend on first-run originated content for viewers in Wales remained stable in 2014**

£277m was spent by the BBC and ITV/ STV/ UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2014, up by £14m (or 5.6%) on 2013, and up by 8.4% since 2009 in nominal terms.

The majority of this increase was attributable to exceptional spending in Scotland relating to both the Referendum on Scottish Independence and the Commonwealth Games, held in Glasgow during July and August.

In nominal terms, the year-on-year spend by the BBC and ITV Wales on first-run originated programming for viewers in Wales has increased from £26m in 2013 to £27m in 2014, a rise of 5.5%, and has decreased by 1.9% since 2009.

**Figure 2.12 Spend on first-run originated nations' and regions' output by the BBC/ITV1/ STV/ UTV**



Source: Broadcasters. All figures are nominal.

Note: Spend data for first-run originations only. Excludes spend on BBC Alba and S4C output but includes some spend on Irish language programming by the BBC. These figures do not include spend on network content. Spend on programming for the ITV Border region is included under England. For more information on S4C, please see Section 2.6.

**Total spend on current affairs and news programming for people in Wales increased year on year by 16% and 15% respectively**

Turning to total spend by genre, including acquisitions and repeats, BBC and ITV Wales spending on current affairs programming in Wales increased in nominal terms by 16% in 2014, compared with 2013, and was 29% higher than in 2009. Spend on news also increased, by 15% year on year, and by 30% compared to 2009. There was a 2% decrease in spending on non-news/ non-current affairs programming compared to the previous year, and a 23% drop since 2009. These figures reflect an overall 6% increase in nominal terms in total spend by the BBC and ITV Wales on all programming for people in Wales.

**Figure 2.13 Change in total spend on nations and regions output, by genre and nation: 2009-2014**

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
<b>Current Affairs</b>	22%	21%	10%	-1%	28%	43%	49%	61%	16%	29%
<b>News</b>	5%	6%	2%	4%	9%	8%	24%	17%	15%	30%
<b>Non-news/non-current affairs</b>	11%	11%	-2%	119%	-13%	-7%	27%	33%	-2%	-23%
<b>Total Spend in 2014</b>	£285m		£163m		£27m		£69m		£27m	
	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
<b>Change in Spend</b>	8%	9%	2%	4%	0%	5%	29%	32%	6%	-3%

Source: Broadcasters. All figures are nominal.

Note: Excludes spend on BBC Alba and S4C output but includes some spend on Irish language programming by the BBC. These figures do not include spend on network content. Spend on programming for the ITV Border region is included under England.

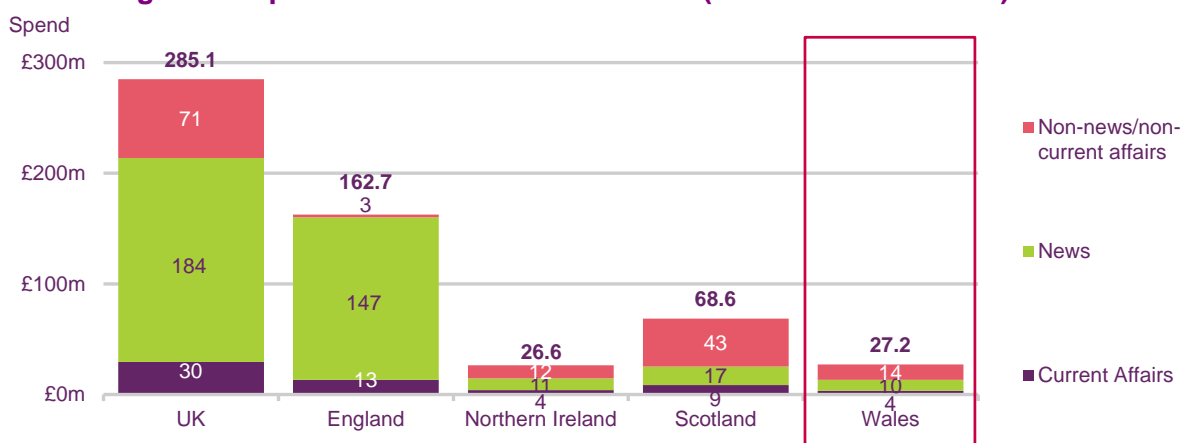
## Expenditure by the BBC and ITV on non-network programming for viewers in Wales increased by 6% year on year

Expenditure on non-network content broadcast by the BBC and ITV for people in Wales increased by 6% in nominal terms to £27.2m in 2014.

Spend on non-news/non-current affairs accounted for 50.5% of total spend; news accounted for a further 36.4%, with current affairs making up the remaining 13.1%.

In addition to this, according to the latest annual report for financial year 2014/2015, the BBC contributed £76m to the funding of S4C. It also incurred a further £24.5m of costs in delivering other content to S4C under the terms of the operating agreement<sup>26</sup>, and contributed £5m to content shown on BBC Alba in Scotland. Please see Section 2.6 for more information about S4C.

**Figure 2.14 Total spend by the BBC/ ITV1/ STV/ UTV on non-network nations/regions output for the main PSB channels (BBC1 and Channel 3): 2014**



Source: Broadcasters.

Note: Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. These figures do not include spend on network content. Spend on programming for the ITV Border region is included under England.

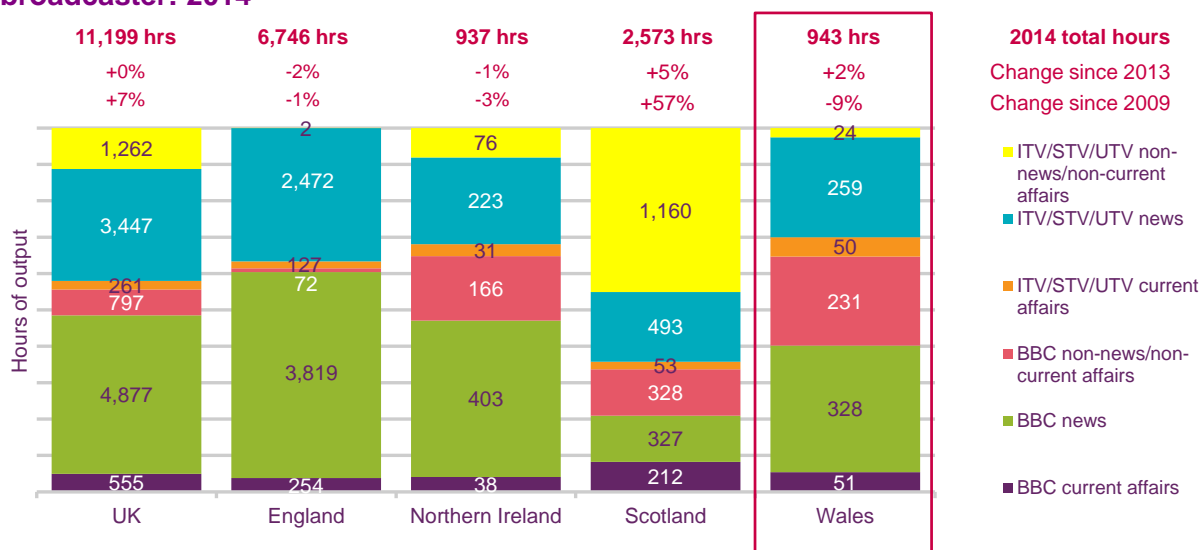
## First-run originated hours in Wales down by 9% since 2009

The BBC and ITV1/ STV/ UTV produced a total of 11,199 hours of first-run originated content for the English regions, Scotland, Wales and Northern Ireland in 2014, down by just 33 hours on 2013, and up by 7.3% (760 hours) since 2009.

Wales saw the largest fall in the number of hours of first-run originated programming over the five-year period, a decrease of 9% to 943 hours in 2014. However, there was an increase in first-run originated output year on year, up by 2% (20 hours) on 2013.

<sup>26</sup> [http://www.s4c.co.uk/production/downloads/e\\_cytundeb-gweithredu-s4c-bbc.pdf](http://www.s4c.co.uk/production/downloads/e_cytundeb-gweithredu-s4c-bbc.pdf)

**Figure 2.15 Hours of first-run originated nations/regions output, by genre and broadcaster: 2014**



Source: Broadcasters.

Note: Hours data for first-run originations only. Excludes hours for BBC Alba and S4C output but includes some hours of Irish-language programming by the BBC. These figures do not include hours of network content. Hours broadcast in the ITV Border region are included under England.

**Total cost per hour for nations’ programming has increased by 6% since 2009 for Wales – second only to Northern Ireland**

When analysing the cost of making programmes for the nations, Wales had the highest average cost per hour in 2014 at £26,000, £2,000 more than the UK average.

In nominal terms, over the five-year period, cost per hour increased by 6% in Wales, compared to the UK average increase of 5%.

**Figure 2.16 Cost per hour for total nations’ and regions’ output, by nation: 2009-2014**



Source: Broadcasters. All figures are nominal.

Note: Excludes spend on BBC Alba and S4C output but includes some spend on Irish language programming by the BBC. These figures do not include spend on network content. Spend on programming for the ITV Border region is included under England.



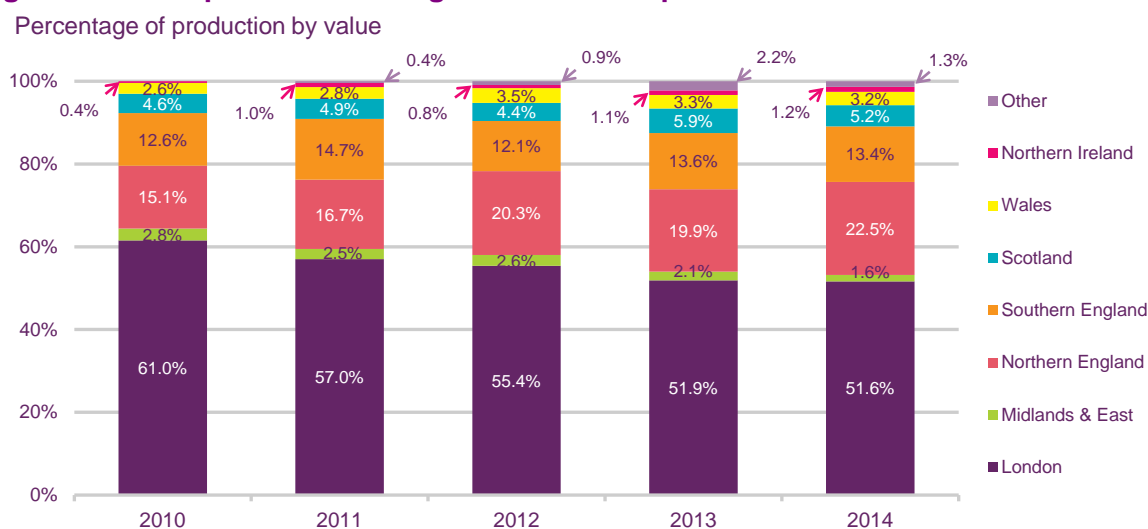
## 2.5 PSB television quota compliance

### Wales' share of total spend on qualifying<sup>27</sup> original network productions remained steady in 2014

Figure 2.17 illustrates the distribution of spend on qualifying first-run commissioned network programming by the five main PSB channels<sup>28</sup> in the five years to 2014. In Wales the share of total spend decreased marginally; from 3.3% in 2013 to 3.2% in 2014. As in previous years, the majority was spent within the M25: 51.6%, down from 51.9% in 2013. A further 22.5% of first-run spending was captured by producers based in the north of England and 13.4% in southern England.

In 2014 the proportion of spending on originated network productions outside London increased for the fourth year in a row. In contrast, London spending continued a downward trend, falling by 0.3pp. This shift may be attributable in some part to the BBC relocating a significant production base, including the majority of BBC Sport, to Salford, and no London-based events on the scale of the royal wedding or the 2012 Olympic Games to act as a counterweight in 2014.

**Figure 2.17 Expenditure on originated network productions: 2010–2014**



Source: Ofcom/broadcasters

Note: This expenditure does not include network news production<sup>29</sup>. The category 'other' refers to programmes made by producers based within the M25 which qualify as regional productions on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region, and therefore cannot be attributed to a single region.

### The proportion of originated network production hours produced in Wales increased to 1.8% in 2014

The proportion of first-run hours produced in Wales increased from 1.4% in 2013 to 1.8% in 2014.

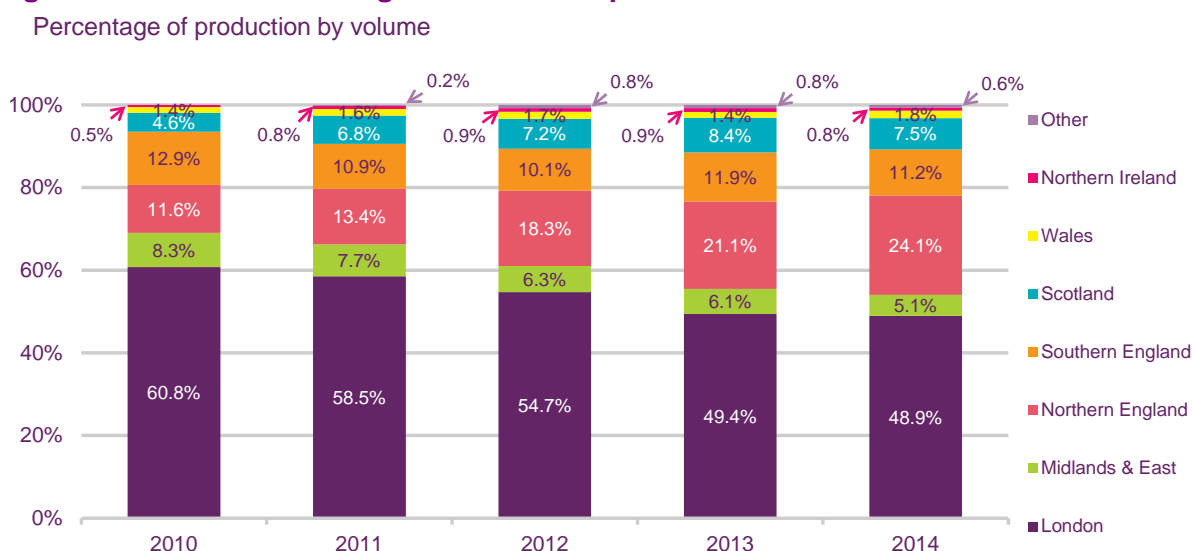
<sup>27</sup> This expenditure does not include network news production. For more information on qualifying network spend and output, see [http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg\\_prod/](http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/)

<sup>28</sup> The five main PSB channels are BBC One, BBC Two, ITV, Channel 4 and Channel 5.

<sup>29</sup> See [http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg\\_prod/](http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/) on Ofcom website for further details

In terms of volume of hours, in 2014, for the second year running, less than half (48.9%) of first-run network programmes were produced within the M25, down from 60.8% in 2010. A further 24.1% were produced in northern England, up from 21.1% in 2013, as well as 11.2% in southern England and 7.5% in Scotland. The greater rise in volume produced outside London, when compared to spend, is in part attributable to lower production costs in other regions than in the Greater London area.

**Figure 2.18 Volume of originated network productions: 2010–2014**



Source: Ofcom/broadcasters

Note: These hours do not include network news production<sup>30</sup>. The category 'other' refers to programmes made by producers based within the M25 which qualify as regional productions on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region, and therefore cannot be attributed to a single region.

## 2.6 Welsh-language programming

### Welsh-language output and spend

In 2013, S4C entered into an agreement with the BBC Trust, wherein it was agreed that S4C would be part-funded by the television licence fee. As part of the terms it was agreed that S4C would receive £76.3m in financial year 2013/2014, falling year on year to £74.5m in 2016/2017. According to the latest annual report, for financial year 2014/2015, the BBC contributed £76m to the funding of S4C, in line with the agreement. DCMS also continues to provide funding of £6.7m to S4C. The remaining 2% of funding comes from S4C's advertising revenue and commercial activities.

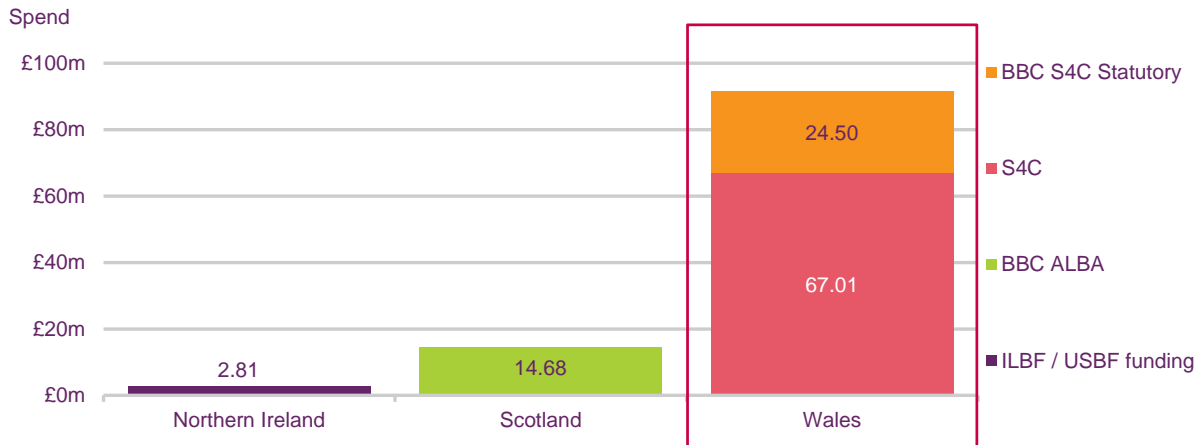
The BBC has a statutory obligation to provide ten hours of content per week free of charge to S4C, including the *Newyddion* (news) service, the soap opera *Pobol y Cwm* and some sports and special events output, the value of which was agreed at £19.4m per annum. In 2014 the BBC spent £24.5m on production and related costs for S4C content.

<sup>30</sup> See [http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg\\_prod/](http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/) on the Ofcom website for further details.

## Overall spend on programming on S4C was £91.5m

The combined spend of S4C and the BBC on programming on S4C totalled £91.5m in 2014. This included £24.5m spent by the BBC in delivering programmes outside S4C's budget under the terms of the operating agreement, and £67.0m in commissioning, acquisition and repeats costs incurred by S4C directly.

**Figure 2.19 Other spend on other programming in the devolved nations: 2014**

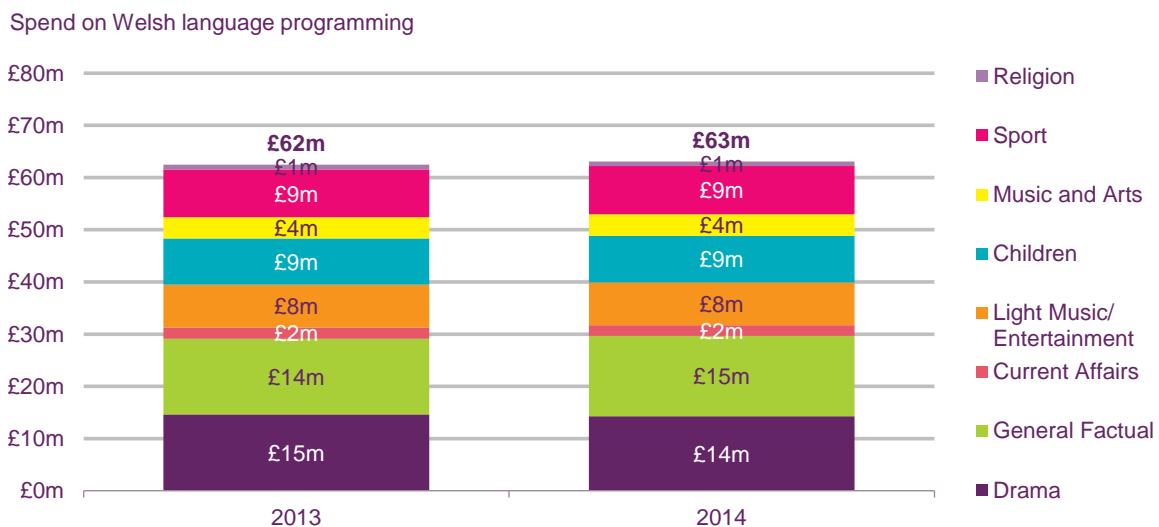


Source: Broadcasters.

Note: 'BBC S4C Statutory' refers to the cost to the BBC of programming supplied to S4C by the BBC as part of their statutory agreement. ILBF/ USBF refers to additional production contributions by the Irish Language Broadcast Fund and the Ulster Scots Broadcast Fund. BBC S4C Statutory and S4C figures cover the 2014/15 financial year, ILBF/ USBF and BBC Alba figures cover the 2014 calendar year.

S4C spend (excluding the previously-mentioned BBC production spend) on first-run commissioned programming in 2014 remained steady year on year in nominal terms at £63m. This is the first year since 2011 that there has not been a decline in spend in nominal terms.

**Figure 2.20 Spend by S4C on first-run Welsh-language programming**

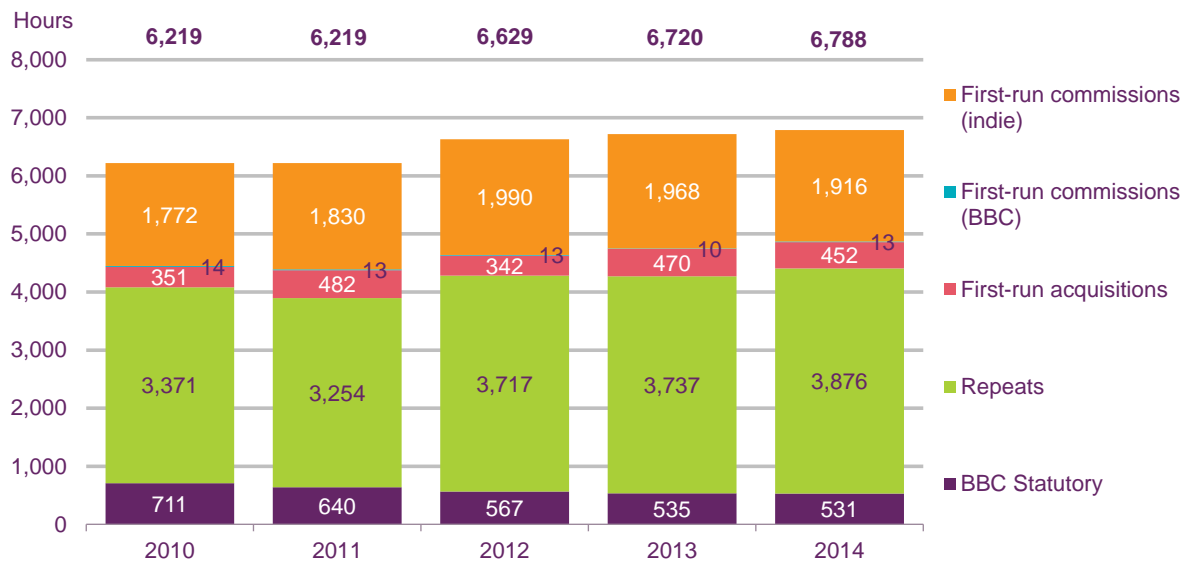


Source: S4C. All figures are expressed in nominal terms. Note: Does not include programming provided by the BBC under the statutory obligation.

The total number of hours broadcast by S4C in 2014 rose by 68 hours to 6,788 hours, which was driven by an increase in repeats. Repeats also continued to make up the majority of the channel's output, accounting for 57% of all programming during the year. Repeated hours were up by 4%; from 3,737 hours in 2013 to 3,876 hours in 2014. First-run commissions from indie companies fell by 3% year on year, bringing the total to 1,916 hours in this category.

First-run acquisitions experienced a 4% decrease in 2014 year on year, but the total hours in this category remained 32% higher than the 2012 level, at 452 hours. BBC statutory programming hours fell by 1%, but at 531 hours they remained above the obligation of 520 hours per year. First-run commissions from the BBC increased from ten to 13 hours for the year.

**Figure 2.21 Type of Welsh-language output on S4C, by hours**



Source: S4C