



Public Service Broadcasting Annual Report 2011

Research Document

Publication date: 21st July 2011

Public Service Broadcasting: Annual Report 2011

Executive summary

- Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of their delivery of the public service purposes as set out in the Communications Act 2003. Ofcom's Public Service Broadcasting (PSB) Annual Report provides an evidence base for assessing the delivery of PSB on the main five PSB channels (BBC One, BBC Two, ITV1, Channel 4 and Channel 5), the BBC digital channels and S4C.
- Spending on PSB network programming across the main five PSB channels and the BBC digital channels increased by 2% in real terms in 2010 to £2.9bn, although it was down by 12% since 2006. A similar trend was evident for first-run originated programmes, with expenditure flattening out in 2010 at £2.5bn, ending a five-year period of year-on-year declines; but over a four year period, spending was down by 12% in real terms.
- 2010 was a big year for sport (Vancouver Winter Olympics and the Fifa World Cup), and first-run spending on that genre rose by nearly 40% year on year; excluding this genre from first-run spending, investment in 2010 fell by 6% year on year.
- Year-on-year real-term spend on first-run originations varied across channels. Expenditure rose proportionally furthest on the BBC's digital channels, up by 9% to £208m, while in absolute terms, BBC One's spending increase was greatest (up by £53m to £816m). The most pronounced proportionate reduction in first-run investment in 2010 was on Channel 5, down by 13% to £62m; in absolute terms, Channel 4 spending fell by the greatest amount, down by £32m, to £321m.
- Over a four-year period first-run spend overall decreased by 12%; the reductions were most substantial on Channel 5 (down 49%) and Channel 4 (down by 25%). Significant reductions in first-run content spend were also made by ITV1 (down by 15%) and on BBC Two (down by 11%), whereas BBC One saw no change.
- Spend on nations and regions output by the BBC and Channel 3 combined fell by £93m or 26%, from £359m in 2006 to £266 million in 2010. Channel 3 spend declined by 43% to £85m; for the BBC it fell by £30m or 14% over the same period, to £181m.
- Viewing of television looks to have continued its long-term increase since 2006 (3.6 hours per day), rising from 3.8 hours in 2009 to 4.0 hours in 2010, according to BARB figures. Viewing of the main five PSB channels declined from 2006 to 2009 (2.5 hours per day to 2.3 hours per day), but in 2010 returned to 2006 levels at 2.5 hours.
- Share of viewing of the main five PSB channels in multichannel homes declined from 58% in 2006 to 54% in 2010. This decline, however, was offset by an increased

share of viewing among the PSBs' digital portfolio channels¹, from 11% in 2006 to 18% in 2010. As a result, the PSB channels saw their total combined shares increase from 69% to 72% in multichannel homes over the corresponding time period.

- Audiences continue to value PSB programming. Ofcom's PSB Tracker shows that audience ratings of the *importance* of the PSB purposes and characteristics remained high in 2010, with some significant increases since 2007:
 - There were long-term increases in the perceived importance of Purpose 2: '*as a result of its programmes I've become more interested in particular subjects*' (61% of UK adults rated it 7/8/9/10 out of 10 in 2007, versus 65% in 2010) and '*it shows interesting programmes about the history, science or the arts*' (69% in 2007 to 73% in 2010).
 - Significant long-term increases were also recorded for the importance of a number of PSB characteristics: providing '*well-made high quality programmes*' (84% of UK adults rated it 7/8/9/10 out of 10 in 2007, versus 87% in 2010), '*enough new UK made programmes*' (72% to 76%) and '*programmes with new ideas and different approaches*' (71% to 74%).
- However, in 2010 opinion of the delivery of the PSB purposes and characteristics continued to vary.
 - The statements that ranked highest on delivery were related to Purpose 1: 70% of UK adults scored the delivery of '*its programmes help me understand what's going on in the world*' highly, and 68% *did so for 'its news programmes are trustworthy*'. '*Well-made, high quality programmes*' was the highest-ranking characteristic, at 64%. Over half of all audiences thought the PSB channels delivered well for most other purposes and characteristics.
 - There were lower scores related to Purpose 3 concerned with reflecting and strengthening our cultural identity. The results showed that only a third (33%) thought the PSB channels did well on '*portraying my region well to the rest of the UK*' and providing '*programmes about my region or nation*' (35%).
- No significant changes were recorded year on year against perceived delivery of the PSB purposes and characteristics. However, a number of longer-term increases have been identified since 2007, most notably an increase in the PSB channels' contribution to '*stimulating knowledge and learning*' as well as '*high quality, innovative*' programming.
- Against the trend of long-term declines in spend, no significant increases were recorded year on year or versus 2007 in audience opinion of the delivery of '*enough new programming made in the UK*', with 45% of respondents scoring the PSB channels well on this.
- There have been a number of significant changes in the ways audiences can consume media, which are likely to have affected attitudes towards TV and PSB delivery. For example, many people now have access to digital video recorders, as well as TV and internet on-demand services which provide more choice and control.

¹ PSBs' digital portfolio channels include BBC digital channels as well as commercial PSB digital channels, e.g. ITV2, ITV3, E4 and More 4.

Ofcom's duties

Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of their delivery of the public service purposes as set out in the Communications Act. The designated public service broadcasters are the BBC², ITV1³, GMTV, Channel 4, Channel 5 and S4C⁴. These purposes can be summarised as⁵:

- to deal with a wide range of subjects;
- to cater for the widest possible range of audiences – across different times of day and through different types of programme; and
- to maintain high standards of programme-making.

Based on the public service purposes presented in the Communications Act, in its first PSB Review⁶ Ofcom developed a range of PSB purposes and characteristics to provide a detailed description of public service broadcasting (see Figure 1 below).

Figure 1 PSB purposes and characteristics

PSB purposes

Purpose 1: Informing our understanding of the world - To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas

Purpose 2: Stimulating knowledge and learning - To stimulate our interest in and knowledge of arts, science, history and other topics through content that is accessible and can encourage informal learning

Purpose 3: Reflecting UK cultural identity - To reflect and strengthen our cultural identity through original programming at UK, national and regional level, on occasion bringing audiences together for shared experiences

Purpose 4: Representing diversity and alternative viewpoints - To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of

² The BBC PSB channels are BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC HD, BBC News and BBC Parliament and BBC One HD. Note: the focus in this annual report is upon generalist channels. BBC HD has been excluded from much of the analysis in the report as much of its output is simulcast from the core BBC channels and therefore would represent a disproportionate amount of broadcast hours and spend.

³ The Channel 3 regional licensees are usually referred to in this report by the most commonly used collective terms, ITV1, or simply ITV. However, these terms are not used within the devolved nations. Instead Channel 3 is referred to as STV in north and central Scotland, UTV in Northern Ireland and ITV1 Wales in Wales.

⁴ The public Teletext service was a designated public service broadcaster. The licensee, Teletext Ltd, provided text pages behind the analogue broadcasts of ITV1 and Channel 4 and channel 100 on digital terrestrial television. The licensee also operated other digital services, such as Teletext Holidays and the services behind the digital broadcasts ITV1 and Channel 4, outside of the scope of the licence. On July 16 2009, the Daily Mail & General Trust plc (DMGT) announced its intention to hand back its PSB licence and shut down both the PSB analogue and PSB Digital Terrestrial Television service. Teletext Ltd ceased to provide the public teletext services in December 2009, and its licence was revoked by Ofcom in January 2010.

⁵ See section 264 of the Communications Act for the full wording and more detail on these.

⁶ http://www.ofcom.org.uk/consult/condocs/psb2/psb2/psb_phase2.pdf

other people and other communities, both within the UK and elsewhere

PSB characteristics

High quality - well-funded and well-produced

Original – new UK content rather than repeats or acquisitions

Innovative – breaking new ideas or re-inventing exciting approaches, rather than copying old ones

Challenging – making viewers think

Engaging – remaining accessible and attractive to viewers

Widely available – if content is publicly funded, a large majority of citizens need to be given the chance to watch it

Trust⁷

The first PSB Review also stated that, in delivering its duties, Ofcom should develop a new approach to assessing the effectiveness of the public service broadcasters, taken together, in delivering PSB. This assessment would include an audience tracking survey to evaluate audience opinions, as well as broadcaster spend, output and viewing data. The aim was to provide a common basis for understanding the delivery of PSB, and resulted in the publication of the PSB Annual Reports.

The PSB Annual Report sets out to provide an evidence base for assessing the delivery of PSB, building towards Ofcom's PSB Reviews that must be conducted at least every five years⁸. While the key purpose of this report is to show how PSB is being achieved in the UK as a whole, it also looks at the contributions of the individual PSB channels. Separate data on PSB compliance with quotas will be published later in 2011.

The Digital Economy Act 2010 is also now in force and the majority of sections applied from June 2010. In addition to the requirements outlined above, the Act extends Ofcom's PSB Review duties to include public service content online and on video-on-demand (VoD). It also introduced new powers for Ofcom to monitor and enforce the Channel 4 Television Corporation's (C4C) media content duties.

For the purpose of this report, delivery of PSB has been defined by assessing three areas: PSB broadcasters' spend and output; viewing; and audience opinion of PSB delivery.

⁷ Although trust was not outlined as a PSB characteristic in Ofcom's PSB Review 2004, it is considered alongside the PSB characteristics throughout the report. It was added to the PSB tracker in 2007 to monitor the extent to which people trust the main PSB channels as the digital TV environment expands.

⁸ The Department for Culture, Media and Sport has announced its intention to amend this duty so that a review would only be conducted at the discretion of the Secretary of State. The Secretary of State would also determine the scope of the review. The amendment would be made through the Public Bodies Bill, which is currently being considered by Parliament. For more details, see http://www.culture.gov.uk/news/media_releases/7485.aspx.

PSB spend⁹

- 2010 saw a number of events which affected spend and viewing patterns when compared with 2009: the 2010 Fifa World Cup, the Vancouver Winter Olympics, and the general election.
- Figure 2 below shows that a total of £2.9bn was spent by the UK-wide public service broadcasters in 2010 on all television content (originated or acquired, first-run or repeated). This comprised of largely equal contributions from the BBC on the one hand (£1.45bn) and the commercial PSBs (ITV1, Channel 4 and Channel 5) on the other (£1.48bn).
- Year on year, overall spend rose by 2% in real terms, marking a break with the historic trend between 2005 and 2009 of year-on-year annual reductions in expenditure on content. BBC spending rose by £40m (3%) while that of the commercial PSBs increased by £10m or 1%.
- However, over a four-year time horizon, overall spending fell by 12%, or £0.4bn, from £3.3bn, and the downward pressure on budgets was such that total expenditure on content in 2010 matched that of the year 2000, with all the gains in spending during the early part of the decade having been offset by those more recent reductions.
- Year on year, spending on first-run originated programmes also increased by 2%. In 2010, first-run spend still commanded a large proportion of all content spending among the commercial PSBs and the BBC. In common with expenditure on all PSB content, first-run spending flattened out in 2010, marking the end of a five-year period when investment in first-run output had declined consistently year on year. In 2010, it stood at £2.5bn, accounting for 84% of all spending. However, with 2010 being a big year for sport, first-run spending on that genre rose by nearly 40% year on year; excluding this genre from first-run spending, total spend in 2010 fell by 6% year on year.
- By broadcaster type, the BBC spent £1.33bn on first-run originations during 2010, up by 4% year on year, compared to £1.13bn by ITV1, ITV Breakfast, Channel 4 and Channel 5 (which was static compared to 2009). Over a four-year period spending on first-run originations fell by 12%. Spending by the commercial PSBs fell by 21% in real terms, compared to a decrease of 4% for the BBC.

PSB spend by channel

- By channel, year on year, the largest proportionate increases in spending on all content were experienced by the BBC's digital channels (up by 8% year on year, or £18m), by Channel 5 (up by 5% or £8m) and by BBC One (up by 5% or £44m). BBC Two's content budget contracted the furthest in 2010, down by 6%, or £22m, to £348m, followed by Channel 4's (down by 2% or £8m), as illustrated in Figure 2.
- Over the past four years, spending patterns on total content among the PSBs were different to the year-on-year trend. Many PSB channels saw double-digit reductions in spend, with Channel 5's (-24%) and Channel 4's (down 17%) falling proportionally the furthest. Owing to their size, the spend reductions on BBC One (-£72m) and ITV1 (-£124m) were the most substantial.

⁹ All spend figures in this report are given in 2010 prices. Figures are adjusted to allow for inflation and therefore figures may not match those quoted in previous reports. All spend and output data are based on programmes broadcast in each year reported in the PSB annual report.

- Among first-run originations, the 2% annual rise in originated output included substantial variation by channel. Expenditure rose proportionally furthest on the BBC's digital channels, up by 9% or £17m to £208m, while in absolute terms, BBC One's spending increase was greatest (at £53m, or 7%, to £816m). The most pronounced reduction in first-run investment in 2010 was on Channel 5, down by 13%, or £9m, to £62m.
- Over a four-year period, the reductions in first-run spend were most substantial on Channel 5 (down 49% to £62m) and Channel 4 (down by 25% or £104m to £321m). Significant reductions in first-run content investment were also made by ITV1 (down by £133m or 15%) and on BBC Two (down by £39m or 11%).

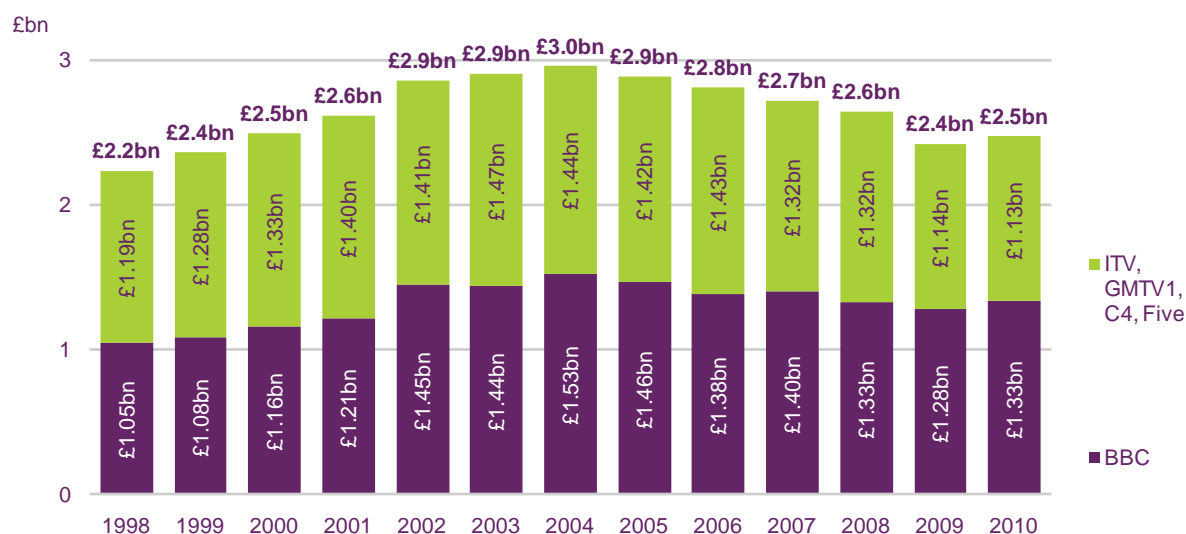
Figure 2 Content spend, overall and on first-run originations (2010 prices)

	Spend on first-run originated output							Spend on all hours of output							First run spend as a % of all spend		
	2006	2009	2010	Change (£m)		Change (%)		2006	2009	2010	Change (£m)		Change (%)		2006	2009	2010
				4 yr	1 yr	4yr	1 yr				4 yr	1 yr	4 yr	1 yr			
BBC One	£813m	£763m	£816m	£4m	£53m	0%	7%	£942m	£825m	£869m	-£72m	£44m	-8%	5%	86%	92%	94%
BBC Two	£347m	£323m	£307m	-£39m	-£15m	-11%	-5%	£393m	£369m	£348m	-£45m	-£22m	-11%	-6%	88%	87%	88%
BBC digital	£226m	£191m	£208m	-£18m	£17m	-8%	9%	£252m	£212m	£230m	-£22m	£17m	-9%	8%	90%	90%	91%
BBC Total	£1386m	£1277m	£1332m	-£54m	£55m	-4%	4%	£1586m	£1407m	£1447m	-£139m	£40m	-9%	3%	87%	91%	92%
ITV1/GMTV	£882m	£719m	£749m	-£133m	£30m	-15%	4%	£971m	£837m	£847m	-£124m	£10m	-13%	1%	91%	86%	88%
Channel 4	£425m	£353m	£321m	-£104m	-£32m	-25%	-9%	£570m	£483m	£475m	-£96m	-£8m	-17%	-2%	74%	73%	68%
Five	£122m	£72m	£62m	-£60m	-£9m	-49%	-13%	£214m	£154m	£162m	-£52m	£8m	-24%	5%	57%	47%	38%
Commercial total	£1429m	£1144m	£1132m	-£297m	-£12m	-21%	-1%	£1755m	£1474m	£1483m	-£272m	£10m	-16%	1%	81%	78%	76%
GRAND TOTAL	£2815m	£2421m	£2464m	-£351m	£43m	-12%	2%	£3341m	£2881m	£2930m	-£411m	£49m	-12%	2%	84%	84%	84%

Source: Ofcom/broadcasters. Note: figures are expressed in 2010 prices. BBC figures include BBC One, BBC Two, BBC digital (BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament). The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

- Figure 3 shows that over a ten-year period, growth in the early part of the decade has been offset by reductions in the latter half, with the effect that spending in 2010 matched that of the year 2000 in real terms. But the contribution of the BBC and the commercial PSBs within the total in 2010 had almost exactly reversed when compared to the year 2000; £1.13bn from the latter and £1.33bn from the former.
- These trends partly reflect the fact that for the BBC, its licence fee rose in real-terms during the early part of the decade, and for the commercial PSBs, television advertising revenue declined in 2009 as a result of the economic downturn.

Figure 3 Spending by the BBC and commercial PSBs on first-run originated output (£bn, 2010 prices)



Source: Ofcom/broadcasters. Note: figures are expressed in 2010 prices. BBC figures include BBC1, BBC2, BBC3, BBC4, CBBC, CBeebies, BBC News, BBC Parliament. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

- Figure 4¹⁰ provides an estimate of the ratio between spend on broadcast first-run originated television programming¹¹ and revenue (for commercial PSBs) and Ofcom’s estimate of the licence fee allocated to television services in the case of the BBC.
- The analysis indicates that the commercial PSB channels increased spend as a proportion of revenue from 36% in 1998 to 56% in 2009; the ratio declined to 50% in 2010, primarily as a result of rising commercial income brought about by the television advertising recovery. The BBC’s ratio fell from 62% in 1998 to 57% in 2009, rising to 60% in 2010. A variety of factors may have influenced this trend, including:
 - rising expenditure on non-content costs (such as those connected with infrastructure investment and distribution over new digital platforms). It is also possible that the ratio increased latterly for commercial PSBs because content spending strategies had not yet caught up with declining advertising revenue.
 - cyclical influences over commercial PSB revenue, which will have the tendency to drive down the ratio during periods of economic growth, and push it up during recession (all other things being equal).
 - production efficiencies that have the potential to deliver programmes of comparable quality, genre or length at a reduced cost. A range of new production techniques have been adopted to reduce the cost of programme

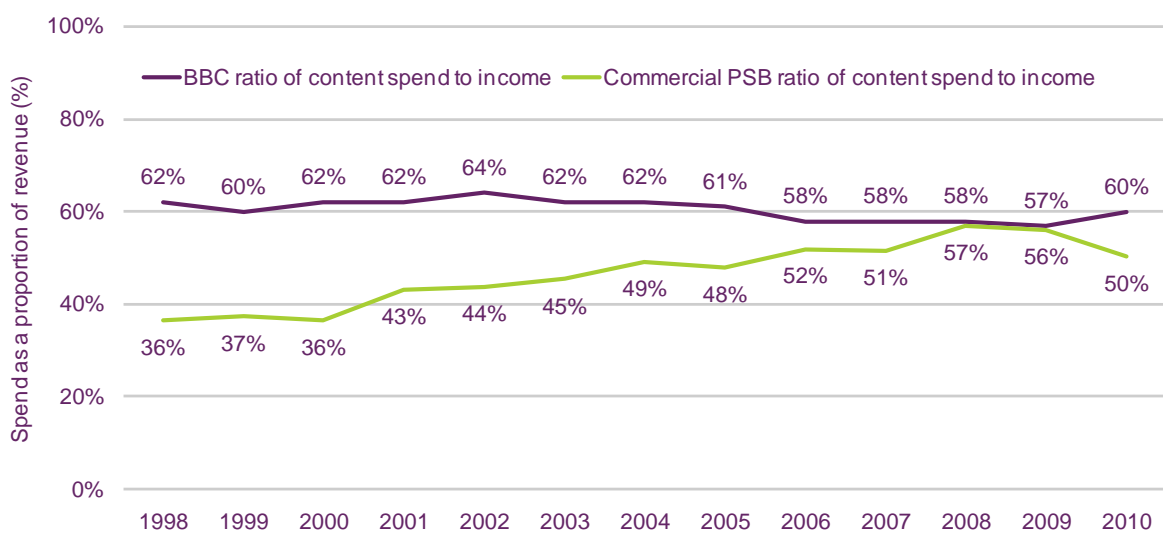
¹⁰ This analysis provides an indication of the ratio between first-run investment and revenue, drawing on broadcaster data, public domain data, and Ofcom estimates.

¹¹ Spend is all day, all genres. It includes all spending on networked output by the BBC, ITV1, Channel 4 and Five. It also includes BBC, stv, ITV1 and UTV spending on programmes for viewers in the nations and regions and the BBC’s spend on programmes for S4C and BBC Alba.

production (e.g. using the same set for the production of a programme format for several different countries).

- additional funding for new programmes from producers (not commissioners) to ensure that commissioned output is fully funded; this can include up-front loans secured against ‘back-end’ revenue streams such as DVD sales and programme exports.
- changes to programmes, scheduling and commissioning strategies will also influence the ratio, for example, the BBC Children’s strategy to produce fewer new programmes, but aiming to make these ‘bigger and better’.

Figure 4 PSB first-run originated television programming: ratio of spend to income



Source: Broadcasters and Ofcom estimates drawing on data from the BBC’s Annual Reports and Accounts. Spend is all day, all genres. It includes all spending on networked output by the BBC, ITV1, Channel 4 and Five. It also includes BBC, stv, ITV1 and UTV spending on programmes for viewers in the nations and regions and the BBC’s spend on programmes for S4C and BBC Alba. BBC TV income is based on Ofcom estimates of total licence fee revenue that is spent on TV-related services which includes content, distribution, and infrastructure spending, and pro-rata, a share of remaining overheads.

Spend by programme genre

- Figure 5 shows that among first-run originated hours, Sport was the genre that experienced the greatest increase in year-on-year spending (up by 39% to £596m); this was driven by coverage of both the Vancouver Winter Olympics and the FIFA World Cup in South Africa. Spending on first-run Films also rose by 25% over the same period, but spending was far lower in that genre, at £22m.
- Drama and Soaps first-run spending fell furthest between 2009 and 2010 – down by 12% year on year to £520m. Spending on Education fell further, by 28%, although spending in that genre only came to £19m in 2010.
- Over a four-year period, among the biggest genres of Factual, Entertainment and Comedy, and Drama and Soaps, spending on first-run output fell by 17%, 8% and

28% respectively to £418m, £436m and £520m. Spending among the smaller genres of Arts/Classical Music, Religion/Ethics and Education fell by 30%, 34% and 23% respectively to £46m, £13m and £19m. There was a significant increase in spending on first-run Film (149%), and in Sport (9%).

- Sport played a big role in driving up spending on first-run originations during 2010. If it were excluded from the table below, then spending on first-runs fell year on year by 6% in real terms to £1,878m.
- Across all hours of output (originated or acquired, first-run or repeated), spending rose the furthest year on year in Sport (an increase of 38% or £164m - 2010 was a World Cup year) and Film (up by 10% or £21m). Spend on News and Current Affairs also increased by 2% (or £5m) year on year, driven partly by the fact that a general election was held in 2010.
- The largest proportional reductions year on year in spend on all hours were experienced in the Religion/Ethics and Education genres (-15% and -27% respectively), the latter of which may be driven in part by Channel 4's strategy to move school's programming online. The largest absolute reduction was seen in broadcast hours of Drama/Soaps, where expenditure fell by £72m.
- The only genre where spending increased over a four-year period was Films, where spending rose by 23% since 2006. The greatest reductions in spending were experienced by Religion/Ethics (down by 34%), Arts/Classical music (-30%), Education (-29%) and Drama/Soaps (-23%).

Figure 5 PSB overall content and first run originated spend, by genre (2010 prices)

	Spend on hours of first-run originated output						Spend on all hours of output						First run spend				
	2006	2009	2010	Change (£m)		Change (%)		2006	2009	2010	Change (£m)		Change (%)		2006	2009	2010
				4yr	1 yr	4yr	1 yr				4yr	1 yr	4yr	1 yr			
News/current affairs	£340m	£303m	£307m	£-33m	£4m	-10%	1%	£342m	£303m	£308m	£-34m	£5m	-10%	2%	100%	100%	100%
Arts/classical music	£66m	£49m	£46m	£-20m	£-3m	-30%	-5%	£68m	£51m	£48m	£-20m	£-4m	-30%	-7%	97%	95%	96%
Religion and ethics	£20m	£16m	£13m	£-7m	£-2m	-34%	-15%	£21m	£16m	£14m	£-7m	£-2m	-34%	-15%	98%	98%	98%
Education	£25m	£27m	£19m	£-6m	£-7m	-23%	-28%	£27m	£27m	£19m	£-8m	£-7m	-29%	-27%	92%	100%	99%
Factual	£505m	£466m	£418m	£-87m	£-48m	-17%	-10%	£527m	£482m	£430m	£-97m	£-52m	-18%	-11%	96%	97%	97%
Drama and soaps	£727m	£588m	£520m	£-207m	£-68m	-28%	-12%	£889m	£757m	£685m	£-204m	£-72m	-23%	-9%	82%	78%	76%
Entertainment/comedy	£472m	£434m	£436m	£-37m	£2m	-8%	0%	£550m	£483m	£489m	£-61m	£5m	-11%	1%	86%	90%	89%
Film	£9m	£18m	£22m	£13m	£4m	149%	25%	£194m	£218m	£239m	£45m	£21m	23%	10%	5%	8%	9%
Sports	£549m	£427m	£596m	£47m	£169m	9%	39%	£600m	£432m	£596m	£-4m	£164m	-1%	38%	91%	99%	100%
Children's programmes	£101m	£94m	£87m	£-14m	£-8m	-14%	-8%	£124m	£112m	£102m	£-22m	£-10m	-18%	-9%	81%	84%	85%
TOTAL	£2815m	£2421m	£2464m	£-351m	£43m	-12%	2%	£3341m	£2881m	£2930m	£-411m	£49m	-12%	2%	84%	84%	84%

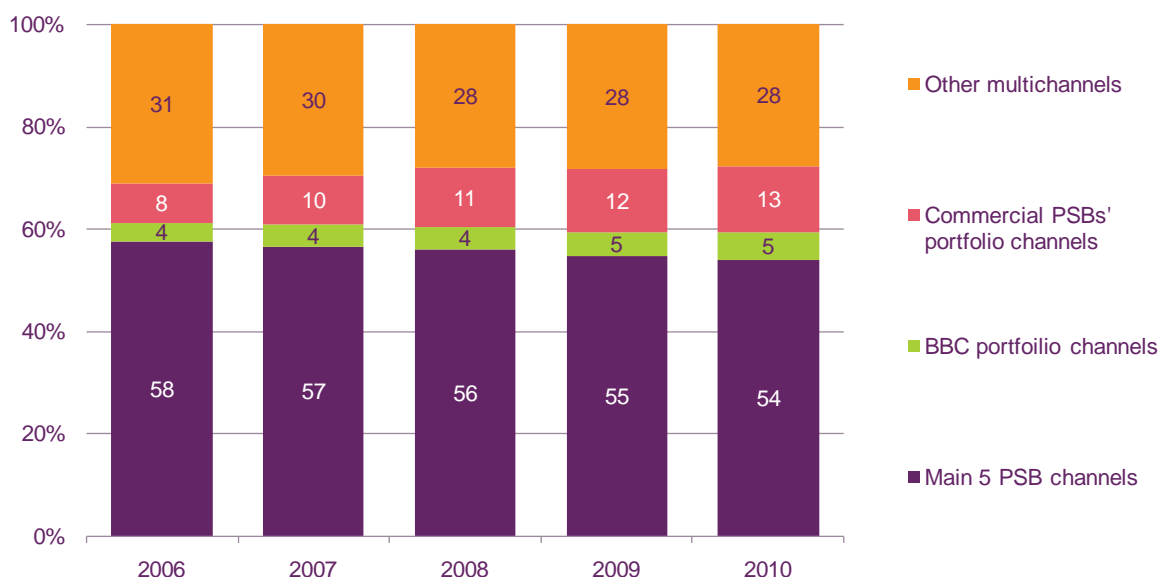
Source: Ofcom/broadcasters. Note: figures are expressed in 2010 prices. BBC figures include BBC One, BBC Two, BBC digital (BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament). The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

PSB viewing

Viewing of channels

- It should be noted that a new BARB panel was introduced in 2010. Consequently data pre- and post-panel change (2010) are based on different panels and therefore are not strictly comparable and findings should be considered with caution.
- While the average hours of total daily TV viewing increased from 3.6 hours in 2006 to 4.0 hours in 2010, the average hours of total daily viewing of the main five PSB channels remained the same over the corresponding time period (2.5 hours).
- As illustrated in Figure 6 below, among multichannel viewers, there was a decrease in combined share of the main five PSBs from 58% in 2006 to 54% in 2010. However, this decline was offset by an increase in the share of the BBC digital channels (5% in 2010) and the commercial PSBs' portfolio channels (13% in 2010). As a result, the PSB channels saw their total combined shares increase from 69% to 72% in multichannel homes.

Figure 6 Share in multichannel homes: 2006-2010



Source: BARB, 2006-2009 = All individuals, multichannel universe; 2010 = All individuals in multichannel homes, network universe. PSB portfolio channels are the BBC digital channels plus commercial PSB digital channels, e.g. ITV2, ITV3, E4, more4. The actual number of channels that make up the PSB portfolios has increased over the years, and the proportion of people with multichannel television has also grown substantially year on year. Note: New BARB panel introduced 1st Jan 2010. As a result pre- and post-panel change data should be treated with caution.

- In 2010 15% of all viewing of the main five PSB channels among all individuals with DVRs (40% of the population) was time-shifted¹²; this has remained stable since 2007. This was similar to the average proportion of viewing that was time-shifted across all TV in 2010 (14%).

¹² Time-shifted viewing is defined in BARB analysis as viewing of programmes recorded and subsequently played back within seven days, as well as viewing after pausing or rewinding live TV. Viewing outside the seven-day window is not measured.

- Weekly reach¹³ for all the BBC channels increased between 2006 and 2010; while ITV1, Channel 4 and Channel 5 each experienced some decline. Of the main five PSB channels, BBC One's weekly reach increased from 77% in 2006 to 79% in 2010, whilst BBC Two increased from 52% to 55%. ITV1's weekly reach declined marginally, from 69% to 68%; while Channel 4 declined by three percentage points – 57% down to 54%. Channel 5's weekly reach also fell from 42% to 40%.
- The average weekly reach of the PSBs' portfolio channels combined increased from 60% in 2006 to 71% in 2010, although the rate of increase has slowed down in recent years (an increase of 0.8% from 2009 to 2010). (Increased digital television penetration since 2006 is likely to have been an important factor in the increased reach of the PSBs' portfolio channels.)

Analysis of key PSB genres¹⁴

News and Current Affairs

Spend and output

- In 2010, spending on News and Current Affairs among PSB channels excluding BBC News and BBC Parliament rose by 2% to £262m, which may have been driven in part by the fact that a general election was held in 2010. However, hours fell modestly (by 0.3%) with increases in output from BBC One, BBC Two and ITV1 (of 20 hours, 35 hours and 16 hours respectively) offset by reductions on Channel 4 (-82 hours) and Channel 5 (-55 hours).
- In peak time (18:00 to 22:30) both hours and spend rose during 2010 – by 2% and 5%, to 1,406 hours and £135m respectively.
- Over a four-year time period, hours in peak time were 8% higher (1406 versus 1302) having dipped in the intervening period as low as 1,299 hours in 2007. Spend over the same period rose in real-terms by 3%. Across the day, spending was down by 11% in real-terms, while hours rose by 3%.

Viewing

- Between 2006 and 2010, viewing of News on the main five PSB channels declined from 91 hours per individual (aged 4+) a year in 2006 to 88 hours a year in 2010.
- The bulk of decline was in ITV1 viewing, where News viewing dropped by eight hours to a total of 18 hours in 2010. BBC Two, Channel 4 and Channel 5 each experienced a decline of one hour in viewing, whereas viewing on BBC One increased from 53 hours in 2006 to 62 hours in 2010.
- There was an additional 13.5 hours of News viewed on the BBC digital channels in 2010 (BBC Three, BBC Four, BBC News, BBC Parliament, BBC HD). Nearly all of this was on BBC News (96%).
- Overall hours of viewing of Current Affairs increased on the main five PSB channels from 35 hours in 2006 to 50 hours in 2010. Increases on BBC One (20 to 29 hours)

¹³ Average weekly reach is defined as the proportion of the population that watched at least 15 consecutive minutes of a channel in an average week.

¹⁴ The BARB viewing figures use different datasets to spend and output figures which have slightly different programme classifications.

and on ITV1 (9 to 15 hours) were the key contributing factors, while viewing of this genre on the other main PSB channels was relatively small and remained similar to 2006.

- An average of 2 hours 45 minutes of Current Affairs was viewed on the BBC digital channels in 2010; compared to zero minutes of Current Affairs on these channels in 2006 (i.e. there was no viewing). The majority of viewing was via the BBC News channel (64%), with notable contributions also from BBC Parliament (13%) and BBC Three (12%).

Nations and regions

Spend and output

- Spend on nations and regions output by the BBC and Channel 3 combined fell by £93m or 26%, from £359m in 2006 to £266 million in 2010. Investment by the Channel 3 broadcasters declined by 43% over this time to £85m (though spending was up by 1% year-on-year, partly as a result of STV choosing to broadcast a greater volume of non-networked content in 2010). Spend on BBC nations and regions output also fell by £30m or 14% over the same period, to £181m (but was up by 0.6% year-on-year).
- Spending on output for viewers in England stood at £165m in 2010 (down by 26% over a four year period); in Scotland the comparable figure was £52m (down by 20%) while in Wales it was £25m (down by a quarter (25%)). In Northern Ireland spend totalled at £24m, down by 34% over the same period.
- Between 2006 and 2010, total hours of nations and regions output was down by 779 hours (or 7%) from 11,825 hours to 11,046, though hours rose year-on-year by 6%.
- Hours for viewers in England stood at 7,156 in 2010, down by 9% over a four year period. In Scotland they totalled 1,881 (up by 14% due to the greater volume of non-networked content broadcast by STV). Hours in Wales stood at 1,002 (a reduction of nearly a quarter (23%) over the period), and 1,007 in Northern Ireland (10% fewer hours than in 2006).

Viewing

- Across the UK in 2010, the average individual watched a total of 88 hours of UK/national News and a total of 28 hours of nations/regions News. Time spent viewing each of these genres varied by devolved nation:
 - Viewers in Scotland spent more time watching UK/national News programming than in the other devolved nations (96 hours). Viewing of nations news (34 hours) was also higher than the UK average.
 - Viewers in Northern Ireland spent the least amount of time watching UK/national News (80 hours). In contrast, viewers in Northern Ireland spent the most time watching nations/regions news (41 hours), significantly higher than the UK average.
 - Viewing of nations/regions News in Wales (29 hours) was the lowest of the devolved nations, but more than the UK average (28 hours). The average individual watched 84 hours of UK/national News programming; which was approximately 4 hours less than the UK average individual.

- Compared to 2006, share of viewing of Channel 3 and BBC One evening nations/regions News fell across the whole of the UK; the average share of the main weekday evening nations/regions news fell by 2% on Channel 3 and by 1% on BBC One in 2010.
 - In the devolved nations in 2010 Channel 3's share was down 2% in Northern Ireland, but increased in Scotland (by 1%) and in Wales (by 2%) compared with 2006. On BBC One, share increased by 1% in Northern Ireland, remained flat in Scotland and decreased by 8% in Wales.

Factual programming

Spend and output

- Overall hours of Factual programming were largely unchanged year on year – down by 50 hours in 12 months to 13,085 hours. The most pronounced increases in the volume of factual output were on Channel 4, which rose by 141 in 2010 compared to 2009 and Channel 5, where hours rose by 147 during 2010.
- Spending on Factual output across the day fell by 11% in real terms between 2009 and 2010, to £430m, pointing to a reduction in the cost per hour of factual output across the PSB channels.
- Since 2006, the number of hours of Factual output has risen substantially, up by 24%, or 2,515 hours, over the period. Spending fell over the same period, by 18% or £97m.
- By sub-genre, the rise has been driven principally by content outside the Specialist Factual genre. Over a four-year period, Specialist Factual hours were up by 2% while those of Other Factual and Factual Entertainment rose by 51% and 24%. During 2010 alone, hours of Specialist Factual output were down by 7% to 4,349; those of Other Factual (including leisure, general factual and magazine programmes), and Factual Entertainment, were up (respectively by 3% and 4% to 4,860 and 3,876).
- Trends in hours year on year were not reflected in patterns of spending at the sub-genre level in Factual, pointing to a change in the cost per hour of all three factual categories. Spending on Specialist Factual fell by 7% year on year to £173m; that of Other Factual fell by 4% (to £144m) and investment in Factual Entertainment programming declined by 17% (to £132m).
- Turning to peak-time hours, BBC Two continued to be the larger provider of Specialist Factual hours, and its broadcast hours rose by 11% year on year to 275 hours. Channel 4, as the second largest provider, broadcast 168 hours of Specialist Factual in peak, down by 3% over a twelve-month period.
- Since 2006, the overall provision of peak-time Specialist Factual hours fell by 80 hours or 9%. This was driven by declining hours on BBC One, Channel 5 and BBC Four.

Viewing

- Compared with 2006, viewing of Other Factual and Specialist Factual on the main five PSBs increased in 2010 – in line with the increase in spend identified above.

- Specialist Factual viewing increased to 30 hours in 2010 (an increase of one hour compared to 2006). As in 2006, viewing of BBC One (12 hours) and BBC Two (11 hours) were dominant contributors.
- Other Factual viewing increased to 135 hours in 2010 on the main five PSB channels (up by 9 hours on 2006). BBC One and Channel 4 were the most viewed, accounting for 35 hours each, although viewing of BBC One increased (by 7 hours) while it remained flat on Channel 4 compared to 2006.
- Across the BBC digital channels there were 6 hours of Other Factual viewing on BBC Three and 2 hours on BBC Four.

Children's programming

Spend and output

- Hours of Children's television programming broadcast in 2010 on the PSB channels remained relatively flat year on year, up from 12,651 hours in 2009 to 12,672 twelve months later. CBeebies and CBBC continue to be the main providers of children's television content, accounting for 65% of the total in 2010. Channel 4 and Channel 5 accounted for a further 15%. While hours remained flat, overall spending fell by £10m, or 9%, to £102m in 2010. Spending on first-run originations fell by 8% year on year to £87m in 2010.
- Hours of Children's television output rose by 3% since 2006, while spend was down by 18% or £22m in real terms over the same period. Year on year, spend on first-run originated Children's programming declined 8% to £87m.

Viewing

- In 2010, the amount of television watched by an average child (aged 4-15 years) was 2.5 hours per day. This represents an increase compared to the average 2.2 hours per day in 2006.
- However, the proportion of children's total viewing of the main five PSB channels has declined steadily between 2006 and 2010 (from 46% to 35%). Over the same period, there has been a gradual increase in the proportion of viewing of the BBC digital channels (CBBC and CBeebies) from 7% to 12%, while viewing of other multichannels has increased from 47% to 52%, now attracting the majority of total viewing by children.
- Viewing of Children's programming by children in multichannel homes shows a similar pattern to total viewing. The proportion of viewing of Children's programming represented by the main five PSBs has fallen significantly, from 19% in 2006 to 8% in 2010. Again, however, an increase in viewing of children's programming on the BBC digital channels from 21% to 30% has to a large extent offset this decrease. Alongside this, the proportion of viewing of children's programming on other multichannels also increased; from 60% in 2006 to 62% in 2010.

Contextual factors

- Over the past five years there have been a number of changes in media technology and consumption, which may contribute to audiences' overall perceptions of PSB.

- Many people now have access to new television channels and interactive technologies via their television set and online that provide more choice and control. Data from Ofcom's Technology Tracker (fieldwork 4th Jan-28th Feb 2011) indicate the following:
 - The vast majority of UK households (93%) now have digital TV;
 - Almost a third (32%) of households claim to have a High-Definition TV service;
 - A third of households (35%) with the internet at home claim to watch online catch-up TV;
 - 46% of all households claim to own a digital video recorder.

Audience opinion of PSB delivery

- Ofcom's PSB Tracker shows that audience ratings of the *importance* of the PSB purposes and characteristics¹⁵ remained high in 2010, with some increases recorded long term and year on year.
 - There were long-term increases in the perceived importance of two statements relating to Purpose 2: *'as a result of its programmes I've become more interested in particular subjects'* (61% of UK adults rated it 7/8/9/10 out of 10 in 2007 versus 65% in 2010) and *'it shows interesting programmes about history, science or the arts'* (69% in 2007 to 73% in 2010). This latter statement also increased in perceived importance year on year.
 - Significant long-term increases were recorded for the importance of a number of PSB characteristics: providing *'well-made high quality programmes'* (87% of UK adults rated it 7/8/9/10 out of 10 versus 84% in 2007), *'enough new UK made programmes'* (72% to 76%) and *'programmes with new ideas and different approaches'* (71% to 74%). Compared to 2009 there were increases in the perceived importance of *'programmes that make me stop and think'* (75% to 78%) and *'programmes that reflect the interests and concerns of people like me'* (69% to 71%).
- Audience opinion of the *delivery* of the PSB purposes and characteristics varied. The statements that ranked highest on delivery were related to Purpose 1: 70% of UK adults scored the delivery of *'its programmes help me understand what's going on in the world'* highly, and 68% did so for *'its news programmes are trustworthy'*. Over half of all audiences thought the PSB channels delivered well for most of the other purposes and characteristics. The main exceptions were related to Purpose 3, which is concerned with reflecting and strengthening our cultural identity. The results showed that a third (33%) thought the PSB channels did well on *'portraying my region well to the rest of the UK'* and providing *'programmes about my region or nation'* (35%).
- Although there were no significant changes in opinion of the delivery of the purpose and characteristics year on year, a number of longer-term trends were identified, most notably an increase in the perceived delivery against Purpose 2 (to stimulate interest and knowledge of the arts, science and history) as well as elements of Purpose 1 (to inform ourselves and others through news) and Purpose 3 (to reflect and strengthen our cultural identity).

¹⁵ The PSB purposes and characteristics are outlined in detail on page 4 of this report.

- With regard to perceived delivery of the PSB characteristics, audiences' opinions of the delivery of 'high quality' (59% to 64%) and 'programmes with new ideas and different approaches' (44% to 49%) increased from 2007 to 2010. However, delivery of "enough new UK made programmes" for the combined PSBs remained unchanged against 2007 (43% to 45%) – in contrast to the significant increase in importance on the same measure over the corresponding time period (72% to 76%).
- Figure 7 shows the proportion of UK adults who score each statement 7/8/9/10 out of 10 on importance and delivery. As seen in previous years, the most notable differences between perceived importance and delivery of the purposes and characteristics relate to nations/regions programming and the statements 'its regional news programmes provide a wide range of good quality news about my area' (79% importance vs. 52% delivery), 'it portrays my region well to the rest of the UK' (62% vs. 33%) and 'aside from news, it provides a wide range of high quality programmes about my region/nation, made for people in my region/nation.' (60% vs. 35%).

Figure 7 Audience rating of importance and delivery of PSB purposes and characteristics

Purposes	Importance	Delivery
Its news programmes are trustworthy	86%	68%
Its programmes help me understand what's going on in the world today	84%	70%
It covers big national events well, like sports, music events or major news stories	80%	68%
Its regional news programmes provide a wide range of good quality news about my area	79%	52%
Its programmes show a range of opinions of subjects and issues	75%	55%
It shows interesting programmes about history, sciences or the arts	73%	53%
Its entertainment and factual programmes show people from different parts of the UK	68%	56%
Its programmes show different kinds of cultures within the UK	68%	49%
As a result of watching its programmes I've become more interested in particular subjects	65%	52%
It portrays my region well to the rest of the UK	62%	33%
Aside from news, it provides a range of good quality programmes about my region/nation, made for people in my region/nation	60%	35%
It shows high quality soaps or dramas made in the UK	58%	54%
Characteristics		
It shows well-made, high quality programmes	87%	64%
I trust this channel	85%	59%
It shows programmes I want to watch	82%	54%
It shows programmes that make me stop and think	78%	52%
It shows enough new programmes, made in the UK	76%	45%
It shows programmes with new ideas and different approaches	74%	49%
Its programmes reflect the interests and concerns of people like me	71%	47%

Source: Ofcom PSB 2010 Tracker Survey. Percentage of respondents giving 7, 8, 9 or 10 rating out of 10. Base: Regular viewers of any PSB channel.

- Views in the devolved nations about the provision of nations/regions News varied by channel and nation:
 - BBC One: From 2007 to 2010, opinions of the delivery of BBC One's nations/regions News among its regular viewers remained stable in England (69%), Wales (65%), Scotland (60%), and Northern Ireland (75%).
 - Channel 3: From 2007 to 2010, opinions of the delivery of Channel 3's nations/regions News among its regular viewers became less positive since 2007 in Scotland (66% in 2007 declining to 57% in 2010), Wales (64% declining to 52%) and Northern Ireland (77% dropping to 69%), while remaining static in England (60%).

- The vast majority of parents/carers of children under the age of 15 continued to rate the provision of PSB Children's programming as important (85%), whereas 60% of parents scored the PSB channels highly on the delivery of children's content.
- Overall satisfaction that all the main PSB channels put together are providing the purposes and characteristics remained high, with almost three-quarters (71%) of those who ever watch any PSB channel claiming to be either quite, or very, satisfied. Overall satisfaction with PSB broadcasting is unchanged year on year and also versus 2007.
- Among the different age groups, satisfaction with PSB broadcasting in 2010 was higher among 16-24 year olds (80%) than among all respondents (71%) but lower among respondents aged 55-64 years old (67%). In terms of socio-economic group, respondents in the DE group claimed to be more satisfied than the average (73% vs. 71%), while those in the AB group claimed to be less satisfied (66%).
- In 2010, two-thirds (66%) of those who had internet access at home or at work said they used the internet for public service content¹⁶; this is the same level as seen in 2009.
- Two-thirds (65%) of respondents thought it important that *'the BBC and Channel 4 allow you to view programmes online through their websites'* and 79% rated it as important that *'the BBC and Channel 4 provide high quality, trustworthy website content'*.

Other areas of public service content

S4C

- Total hours of Welsh language programmes on S4C Digidol increased by 38% over a four year period to 6,219 hours in 2010, up by 9% year on year.
- First run hours commissioned by S4C (not including BBC statutory output) rose by 38% to reach 1786 hours in 2010. Of this total, 36% were General Factual programmes (635 hours) and output for children made up a further 22% (384 hours). On top of this, the BBC supplied a further 711 hours as part of its statutory commitment to the channel.
- The PSB Tracker showed that the strongest PSB associations with the channel, among regular viewers of S4C Welsh language programming in 2010, were related to purpose 1 (News) and purpose 3 (e.g. *'providing a range of good quality programmes about the nation'*).
- The majority of regular viewers of S4C said that they trusted the channel (80%) and thought it provided high quality programmes (71%).

¹⁶ In the PSB Tracker survey 'public service content' online is described as content and websites that does one or more of the following: informs our understanding of the UK or the world; encourages our interests in and knowledge about subjects; brings us together and strengthens our UK culture; makes us aware of different opinions or different cultures. This can cover a wide range of areas like news, current affairs, arts, sports, religion, local information, hobbies and interests amongst other things.

Further information

- Further information is provided in the following appendices:
 - a) PSB output and spend;
 - b) PSB viewing;
 - c) PSB audience impact;
 - d) Opinions and attitudes towards TV;
 - e) Background and methodology.