

## 2 Television and audio-visual content

### 2.1 Recent developments in Wales

#### **BBC Cymru Wales**

In July 2011, Rhodri Talfan Davies was appointed Director of BBC Cymru Wales, taking up the post in September 2011. He was previously Head of Strategy and Communications at BBC Wales.

In October 2011, the BBC published its 'Delivering Quality First' strategy – proposals for how the BBC can “best deliver the highest quality programmes and content to audiences” until the end of the BBC Charter in 2017.

According to the BBC, BBC Wales faces an overall budget reduction of 16% over the next five years and will aim to reduce non-content costs by approximately 25% over the period. Budget reductions across programming and content areas are estimated to be around 10%. The proposals are expected to result in between 110 – 125 post closures and a saving of £10.7m over the next five years.

The BBC will reduce the number of off-peak programmes broadcast on BBC Radio Wales and BBC Radio Cymru; focus sports rights investment on events which provide the greatest value and impact for audiences; and reduce the number of programmes shown on BBC Two Wales. The BBC will also launch BBC One Wales in HD in 2012 while maintaining BBC Two Wales in SD, and will appoint specialist correspondents to cover economics, culture and politics.

The First Minister, Carwyn Jones AM, officially opened the BBC Wales Drama Village in Cardiff Bay, the home of flagship drama productions including *Casualty*, *Doctor Who* and *Pobol y Cwm*. Work has started on the next phase of the Porth Teigr development which includes a Centre for Creative Industries.

#### **S4C**

In October 2011, the S4C Authority appointed Ian Jones as S4C's new Chief Executive. Since his appointment, he has announced a new-look schedule and a new commissioning structure, comprising a Director of Content and four Content Commissioners, responsible for commissioning content and multi-platform digital services.

#### **S4C governance**

The BBC Trust, the S4C Authority and the Department for Culture, Media and Sport have agreed new governance arrangements for S4C's future funding and accountability, to run until 2017. In 2013-14, the BBC will provide £76.3m in direct financial support. S4C's allocation will fall to £76m in 2014/15, £75.25m in 2015/16, and £74.5m in 2016/17 as part of the new relationship between the two broadcasters.

S4C will continue to be overseen by the S4C Authority, chaired by Huw Jones, and with an independent management board consisting solely of S4C executives. It will continue to commission programming from the independent sector, and will work with BBC Wales to deliver efficiencies in administrative and back-office functions.

## Local television

In December 2011, the Secretary of State for Culture, Media and Sport, Jeremy Hunt, announced that Cardiff and Swansea would be among the first locations across the UK to have their own local TV stations. These locations were identified as having significant levels of interest from potential operators and audiences. Bangor and Mold are included in a further 24 areas identified for a future round of licensing. In May 2012, Ofcom invited applications for 21 local TV channels across the UK, including Cardiff and Swansea.

3VTV, an internet TV channel aimed at residents of Blaenau Gwent, was launched in January 2012, broadcasting features and promoting local businesses. Films are being produced by a team at the University of Wales, Newport, working with local people and firms. Based at The Works regeneration site in Ebbw Vale, 3VTV is supported by a £450,000 grant from the Welsh Government.

## 2.2 Digital television take-up in Wales

### Virtually all TV homes in Wales receive digital television

Digital switchover in Wales is now complete: virtually all homes with a TV in Wales (99%) report that they have access to a digital television service. While 2% of households in rural Wales claim that they receive analogue terrestrial TV, they may have misunderstood the question, as analogue signals across the border in England have been switched off.

**Figure 2.1 Digital television take-up in Wales**



Source: Ofcom research, Quarter 1 2012

Base: All adults aged 16+ with a TV in household (n = 3713 UK, 508 Wales, 2214 England, 489 Scotland, 502 Northern Ireland, 246 Wales urban, 262 Wales rural, 797 Wales 2008, 970 Wales 2009, 1060 Wales 2010, 483 Wales 2011, 508 Wales 2012)

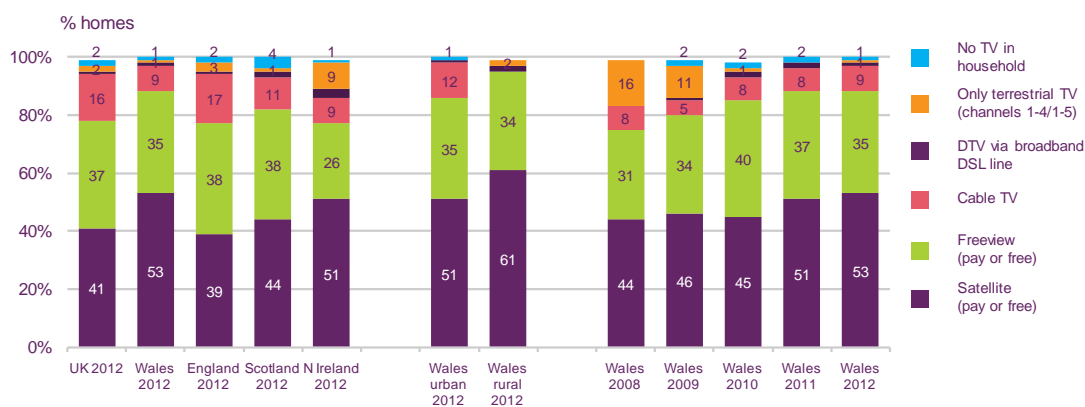
### Rise in satellite ownership sustained, and increasingly popular in rural Wales

The rise in the proportion of homes in Wales using satellite for their main TV set continues, and now stands at 53%. Use of satellite remains higher in Wales than in England and Scotland, and is comparable with Northern Ireland.

At an overall level there has been very little change in the mix of platforms being used to view digital television in Wales, but in rural areas, satellite is becoming increasingly popular. Satellite ownership in these areas (free or paid for), rose 10 percentage points to 61% over the past twelve months, largely at the expense of Freeview.

Similarly, the rising take-up of paid-for digital TV services, noted last year, has been sustained, at 60% of adults with a TV at home in Wales. Only modest differences were noted across the nations; from 57% in England to 63% in Northern Ireland.

**Figure 2.2 Main set TV share in Wales, by platform**



Source: Ofcom research, Quarter 1 2012

Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural, 811 Wales 2008, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012)

## 2.3 Smart TV and HDTV ownership

### Just over three in ten people in Wales have HDTV channels

Six in ten (61%) homes in Wales have an HD-ready TV set. Just over one third (36%) claim to have access to HDTV channels (via cable, satellite or DTT)<sup>8</sup>. The proportion claiming to have access to HD channels in Wales has risen from 30% last year and may have been driven by the rise in satellite ownership. HD channels are available on Freesat and Freeview HD without subscription.

**Figure 2.3 Proportion of homes in Wales with HD-ready TV sets and HDTV**



Source: Ofcom research, Quarter 1 2012

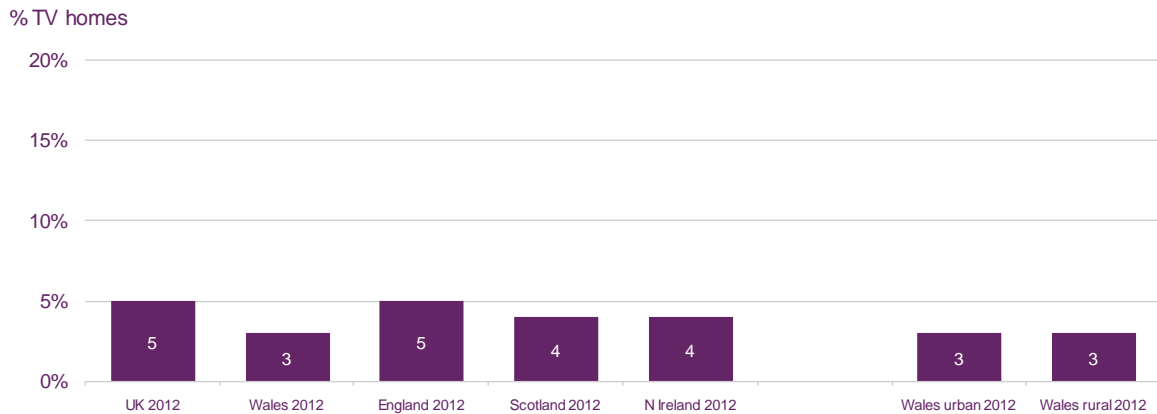
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural, 811 Wales 2008, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012)

<sup>8</sup> Note that these figures may be subject to an overclaim as some viewers may believe that having an HD-Ready TV set means that they are receiving HDTV channels.

### Three per cent of adults in Wales have a smart TV

A small proportion (3%) of homes in Wales claim to have purchased a smart TV with an integrated internet connection. Smart TV ownership in Wales is at a similar level to the UK average (5%).

**Figure 2.4 Smart TV take-up in Wales**



Source: Ofcom research, Q1 2012

Base: All adults aged 16+ with a TV in household (n = 3713 UK, 508 Wales, 2214 England, 489 Scotland, 502 Northern Ireland)

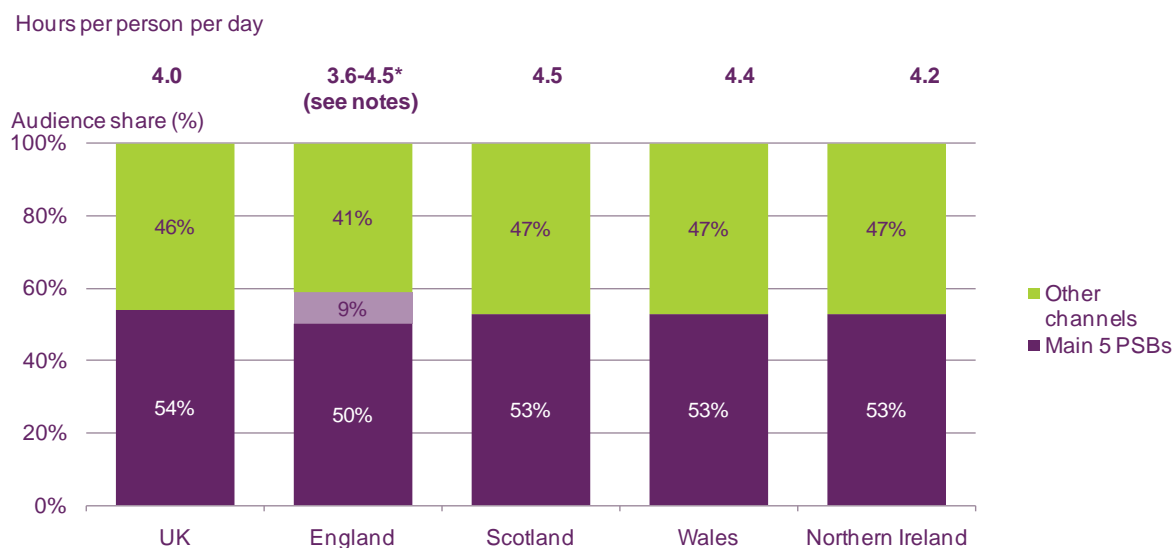
Question. Are any of your TV sets "Smart TVs"? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

## 2.4 Broadcast television viewing

### People in Wales spend on average 4.4 hours per day watching TV

In 2011, people in Wales spent 4.4 hours per day watching TV. This was slightly higher than the UK average of 4.0 hours (Figure 2.5).

**Figure 2.5 Average hours of daily TV viewing, by nation: 2011**

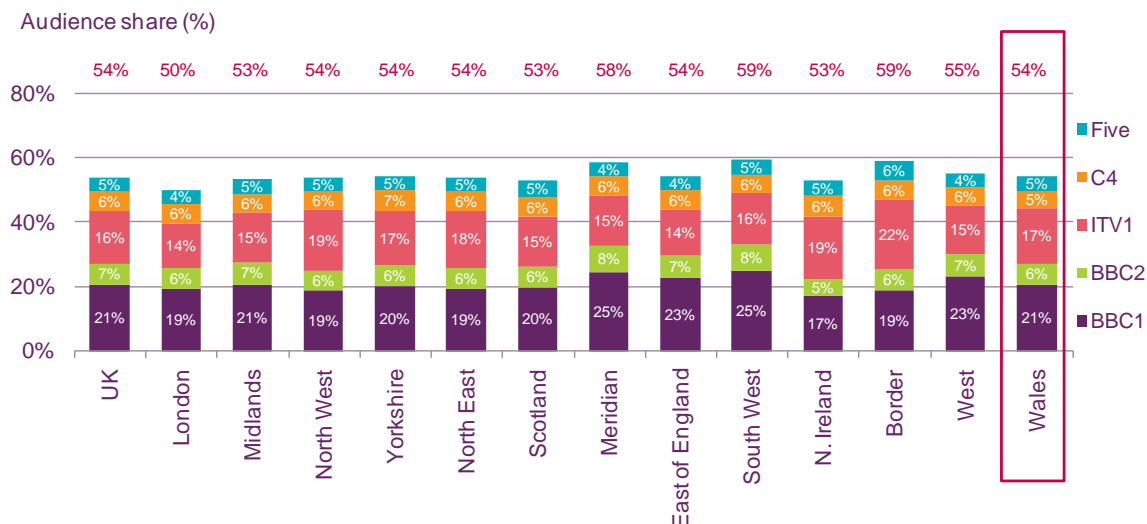


Source: TV = BARB. Based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Five.  
 \*Note: It is not possible to provide a single figure for 'England' so instead the PSB share is described as a range, reflecting the regions with the highest (North East – 59%) and lowest (West – 50%) figures respectively.

**Over half (54%) of all viewing is to the five main PSB channels**

In 2011, the five main PSB channels accounted for a combined 54% share of total TV viewing in Wales, comparable to that in the other nations and the same as the average share across the UK (54%).

**Figure 2.6 Share of the five main PSB channels, all homes: 2011**



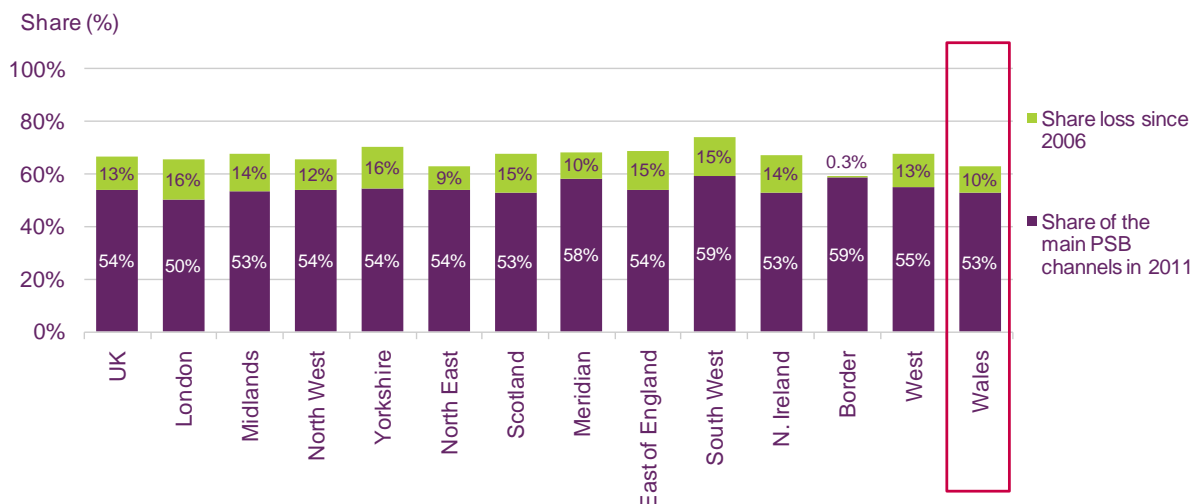
Source: BARB, all individuals (4+)

**The reduction in the combined share of the five main PSB channels between 2006 and 2011 was lower in Wales than in any of the other nations**

From 2006 to 2011, viewing of the five main PSB channels fell by 10% (falling to 53% in 2011) in Wales. This reduction was smaller than the average fall across the UK (13pp) and

less than that experienced in the other UK nations (Scotland 15pp and Northern Ireland 14pp).

**Figure 2.7 Reduction in combined share of the five main PSB channels, all homes: 2006 and 2011**



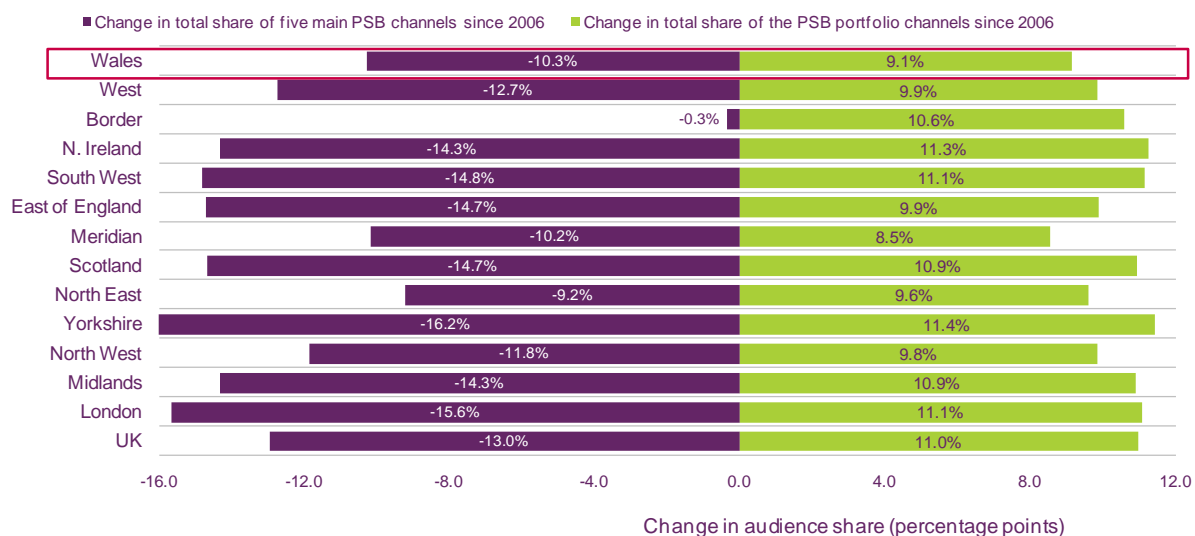
Source: BARB, all individuals (4+)

Note: 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 caution.

**The PSB channels' total combined share (including digital channels) decreased by 1.2pp between 2006 and 2011, less than the UK average net loss of 2.0pp**

From 2006 to 2011, the main five PSB channels experienced a 10.3pp decrease in their combined share of total TV viewing (compared to the UK average decrease of 13.0pp). But this reduction was largely offset by a 9.1pp increase (UK average 11.0pp) in the combined viewing share of their portfolio channels; resulting in a net loss overall of 1.2pp in the total combined channel share - less than the UK average net loss of 2.0pp and less than that experienced in any of the other nations.

**Figure 2.8 Net change in the audience share of the five main PSBs and the PSB portfolio channels, all homes: 2006 - 2011**



Source: BARB, all individuals (4+)

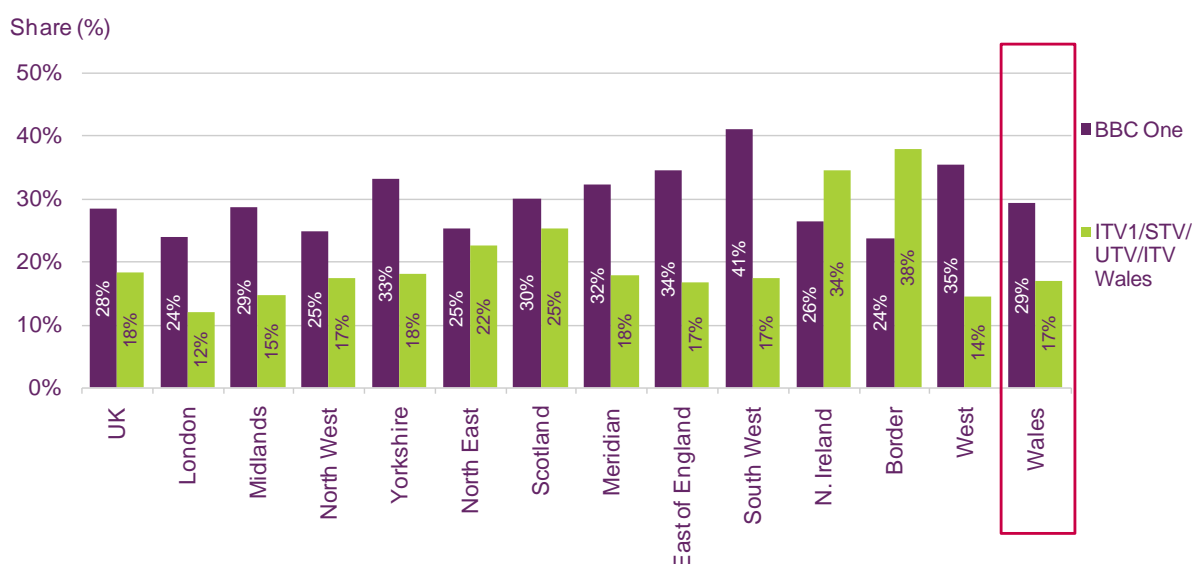
Notes: i) 'PSB portfolio channels' includes all the main PSB's multichannel channels (except for the five terrestrial channels).

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 caution.

**The BBC One and ITV1's early evening nations news bulletins in Wales performed similarly to the same slot at the UK network level**

In 2011, BBC One's early evening nations' news bulletin attracted an average 29% share of TV viewing in Wales – marginally more than the UK average (28%). ITV1's counterpart bulletin attracted a lower average share (17%); marginally less than the UK average (18%).

**Figure 2.9 BBC One and ITV1/STV/UTV/ITV Wales early evening news bulletin shares, all homes: 2011**



Source: BARB, all individuals (4+)

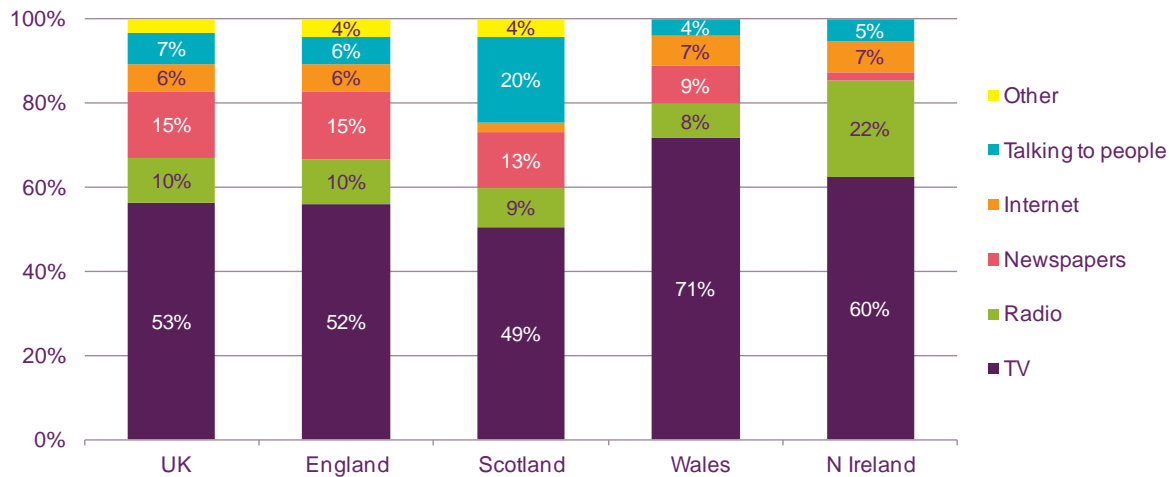
Note: Based on regional news programmes, start time 17:55-18:35, 10mins+ duration, BBC One and ITV1, weekdays

## Seven in ten adults in Wales name TV as their main source of local news

In 2011, 71% of adults in Wales stated TV as their main source of local news, higher than the UK average of 53% and the highest among the UK's nations. Newspapers were second with 9%, though this was significantly lower than the UK average of 15%.

**Figure 2.10 Main sources of local news for each nation**

**'Can you tell me what, if anything, is your main source of news about what is going on in your own local area'**



Source: Ofcom media tracker 2011.

Base: All adults; England (1,369); Scotland (172); Wales (107); Northern Ireland (106).

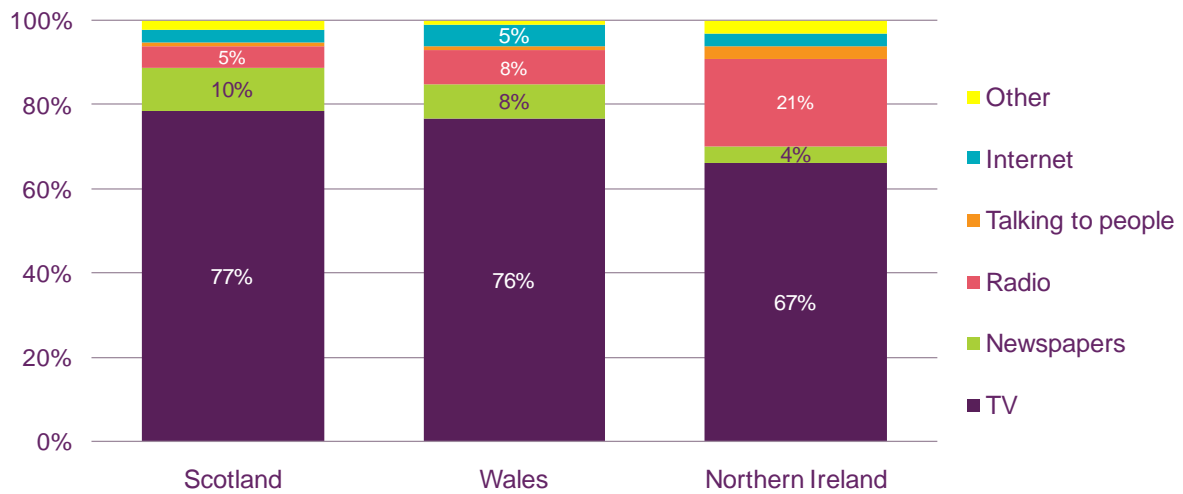
Only responses  $\geq 4\%$  labelled

In 2011, 76% of adults in Wales stated television as their main source of news about their nation – similar to the 77% in Scotland but significantly higher than the 67% in Northern Ireland. The internet was chosen by 5% of respondents in Wales, higher than in Scotland and Northern Ireland (both 3%).



**Figure 2.11 Main sources of nation's news, for each nation**

'Can you tell me what, if anything, is your \*main\* source of news about what is going on in [Scotland, Wales, Northern Ireland]?'



Source: Ofcom media tracker 2011.

Base: All adults in Scotland (172); Wales (107); Northern Ireland (106).

Only responses  $\geq 4\%$  labelled

## 2.5 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/UTV/STV. The figures exclude Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. See section 2.7 for details on S4C.

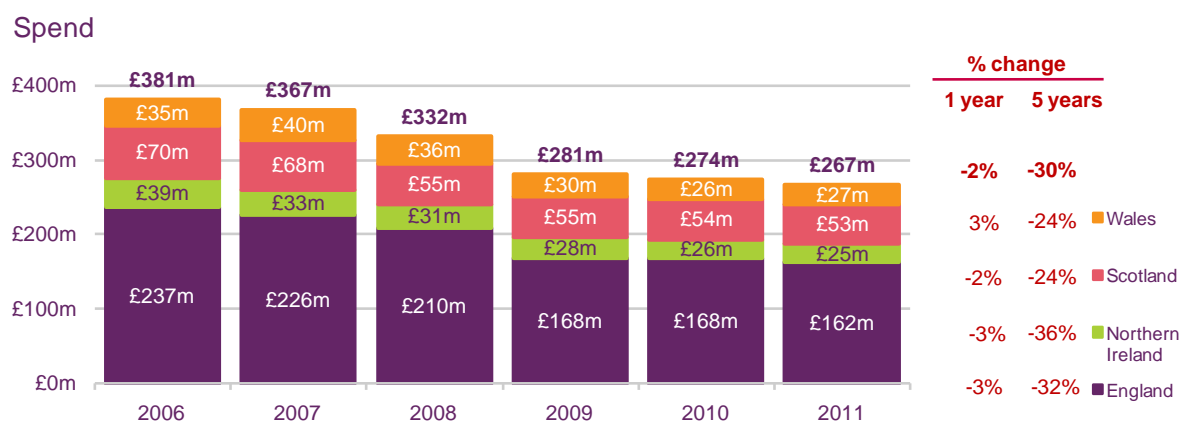
### Spend on first-run originated content for viewers in Wales increased by 3% year on year

£267m 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 2011, down by £7m (or 2%) from 2010 and down by 30% since 2006.

Spend in Wales decreased by 24% from 2006 to 2011. This figure is below the UK average, making Wales, along with Scotland, one of the least-affected nations over that period.

At £27m, spend by the BBC and ITV on first-run originated TV content specifically for viewers in Wales was up 3% since 2010, the only year-on-year increase among the four nations.

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



Source: Broadcasters. All figures expressed in 2011 prices.

Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC ALBA or BBC spend on S4C output. For information on Welsh language programming on S4C, please see Figure 2.19.

**Total spend on non-news programming for people in Wales increased by 7% year on year**

Turning to total spend, Wales increased its spend in 2011 on non-news/non-current affairs by 7% from 2010 - the highest proportional increase for this genre across the four nations. Conversely, year-on-year spending on current affairs in Wales was down by 13%.

**Figure 2.13 Change in total spend on nations' and regions' output, by genre and nation: 2006 - 2011**

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
Current Affairs	-13%	-26%	-13%	-31%	-23%	-36%	-8%	5%	-13%	-26%
News	-3%	-22%	-4%	-23%	-4%	-25%	-3%	-20%	2%	-3%
Non-news/non-current affairs	2%	-43%	-16%	-88%	2%	-42%	2%	-27%	7%	-35%
Total Spend in 2011	£272m		£165m		£25m		£55m		£27m	

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
Change in Spend	-3%	-29%	-5%	-30%	-3%	-36%	-1%	-23%	3%	-24%

Source: Broadcasters. All figures expressed in 2011 prices.

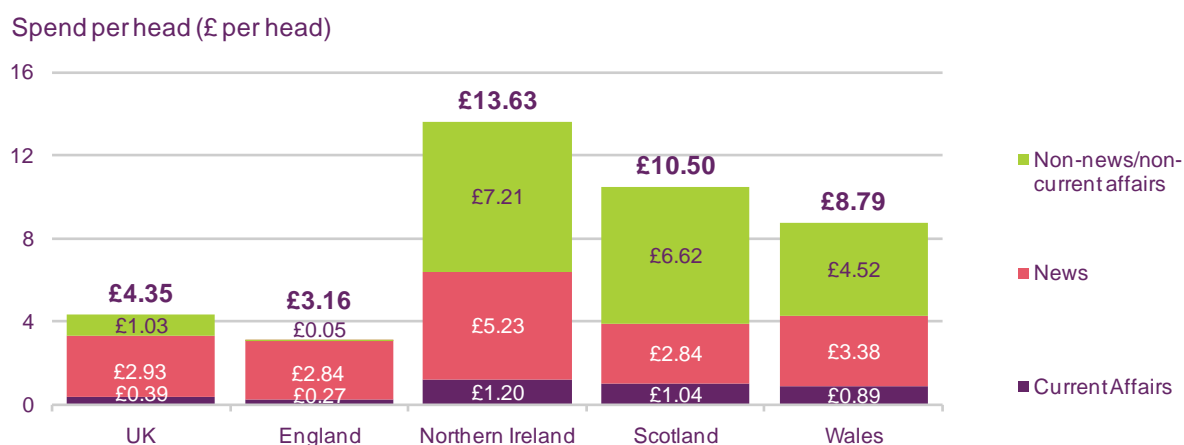
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC ALBA or BBC spend on S4C output.

## Expenditure per head of population in Wales increased by 2% on 2010

Expenditure per head of population on content for people in Wales increased by 2% to £8.79 in 2011.

Spend per head on non-news/non-current affairs accounted for around half of total spend (51%); news accounted for a further 38%, with current affairs making up the final 10%.

**Figure 2.14 Total spend per head by the BBC/ITV1/STV/UTV on nations'/regions' output**



Source: PSB returns. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. All figures expressed in 2011 prices. This does not account for total spend on BBC ALBA or BBC spend on S4C output.

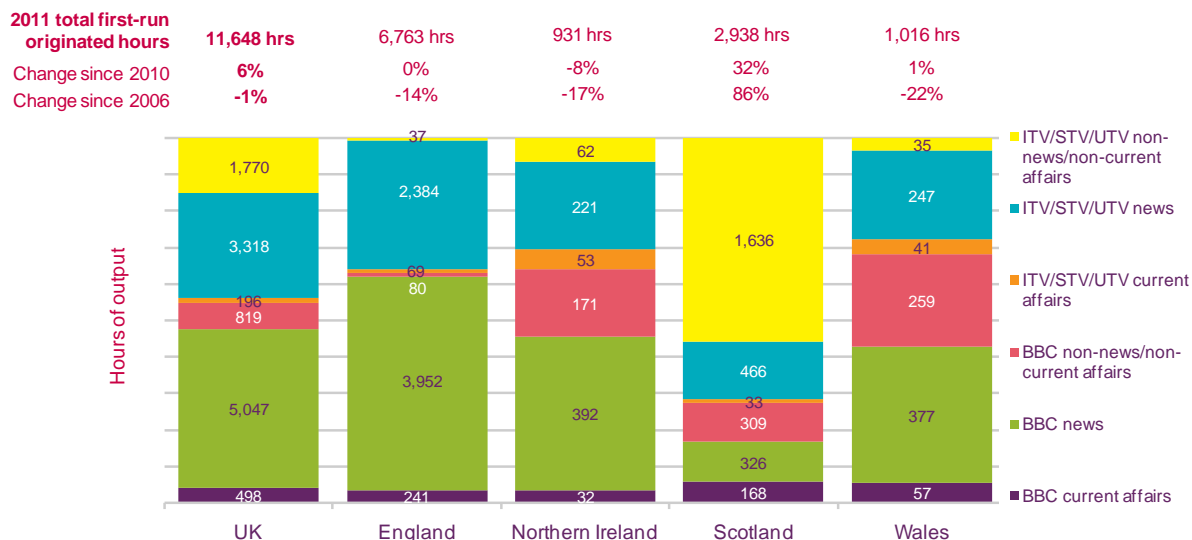
## Total number of first-run originated hours in Wales increased by 1% year on year

The BBC and ITV1/STV/UTV produced a total of 11,648 hours of first-run originated content for the English regions, Scotland, Wales and Northern Ireland in 2011, up 6% (or 651 hours) from 2010, and showing minimal change since 2006 (down 1%).

Wales had the largest relative reduction in first-run originated nations' output over the five-year period; down 22% since 2006 to 1,016 hours in 2011.

Over a one-year period, however, the number of first-run originated hours increased by 1% in Wales compared to the UK-wide average increase of 6%.

**Figure 2.15 Hours of first-run originated nations/regions output, by genre and broadcaster: 2011**



Source: PSB returns

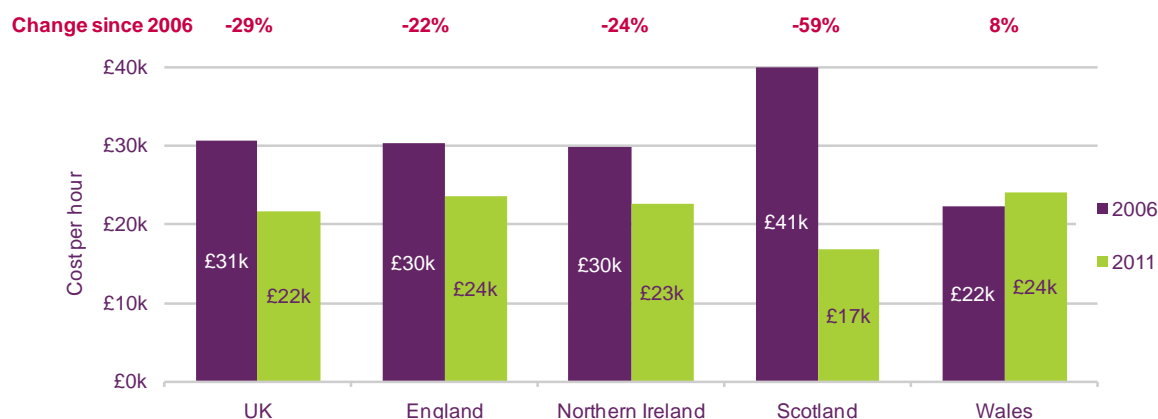
Note: Hours data for first-run originations only. Hours excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not include total hours for BBC ALBA or BBC hours on S4C output.

### Cost per hour for nations programming increases 2% year on year for Wales

Analysing the cost of making programmes for the nations, cost-per-hour calculations show that England, Scotland and Northern Ireland produced programmes more cost-effectively in 2011 than in 2006.

Over the five-year period, cost per hour increased by 8% in Wales, compared to the UK average reduction of 29%.

**Figure 2.16 Cost per hour for total nations' and regions' output, by nation: 2006 – 2011**



Source: Broadcasters. All figures expressed in 2011 prices.

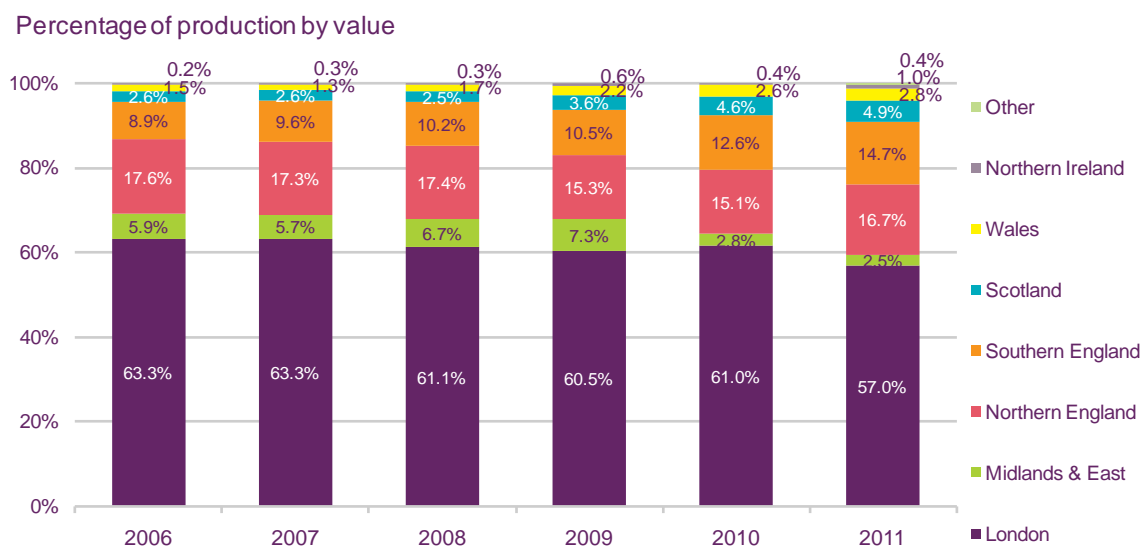
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC ALBA or BBC spend on S4C output.

## 2.6 PSB television quota compliance

Figure 2.17 illustrates the distribution of spend on qualifying first-run commissioned network programming in 2011 by the five main PSB channels. Fifty-seven per cent of qualifying expenditure was devoted to productions made within the M25 - down from 61% in 2010. A further 16.7% of first-run spending was captured by producers based in the North of England and 14.7% in Southern England.

In Scotland, first-run productions accounted for 4.9% of expenditure of network programming, up from 4.6% in 2010. In Wales, the figure rose from 2.6% to 2.8% in 2011. In Northern Ireland, the figure increased from 0.4% of total spending on first-runs to 1%.

**Figure 2.17 Expenditure on originated network productions: 2006-2011**



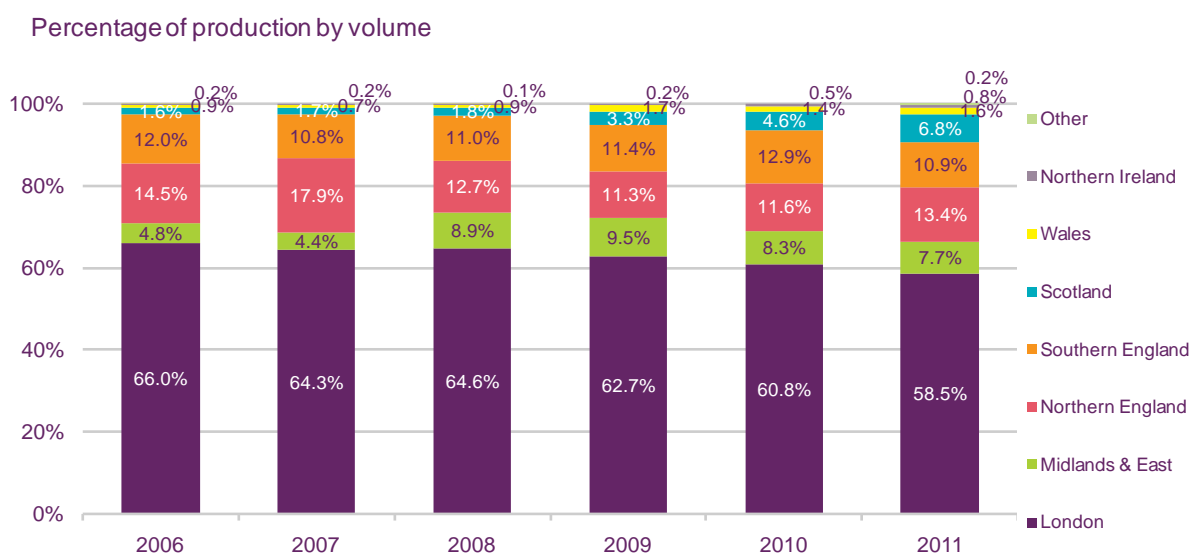
Source: Ofcom/broadcasters.

Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region. 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, 58.5% of first-run network programmes in 2011 were produced within the M25, down from 60.8% in 2010. A further 13.4% was produced in Northern England, 10.9% in Southern England and 7.7% in the Midlands and East.

Producers in Scotland delivered 6.8% of all first-run hours in 2011, up from 4.6% in 2010, while the comparable figure for Wales was 1.6% (up from 1.4% in 2010). First-run hours produced in Northern Ireland increased to 0.8% in 2011 (Figure 2.18).

**Figure 2.18 Volume of originated network productions: 2006-2011**



Source: Ofcom/broadcasters.

Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region. See [http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg\\_prod/on](http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/on) Ofcom website for further details.

## 2.7 Welsh language programming

### Spend on, and hours of, Welsh-language output

The BBC has a statutory obligation to provide S4C output, which is funded out of the BBC's licence revenue.<sup>9</sup> The 2011 obligation was to provide S4C with ten hours of output per week (520 hours per year) which the BBC exceeded by 120 hours in 2011, totalling 640 hours.

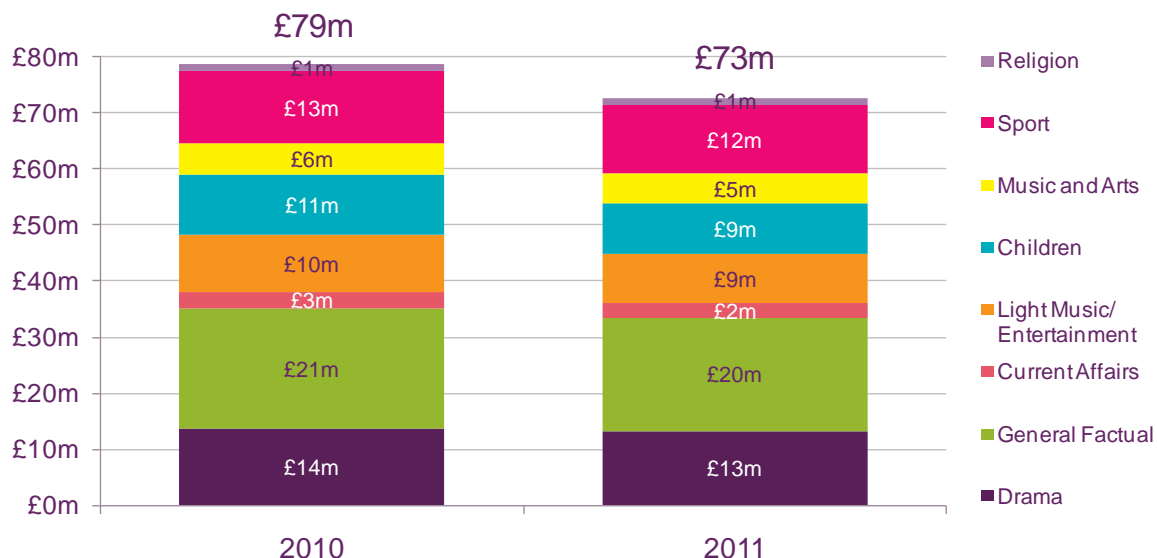
S4C spent £73m on first-run commissioned programming in 2011<sup>10</sup>; an 8% fall in nominal terms on 2010.

<sup>9</sup> Strategic Partnership Deed of Agreement between the BBC and S4C, renewed in 2011.

<sup>10</sup> £73m excludes the BBC's 2011 statutory contribution.

**Figure 2.19 Spend by S4C on first-run Welsh-language programming**

Spend on Welsh language programming

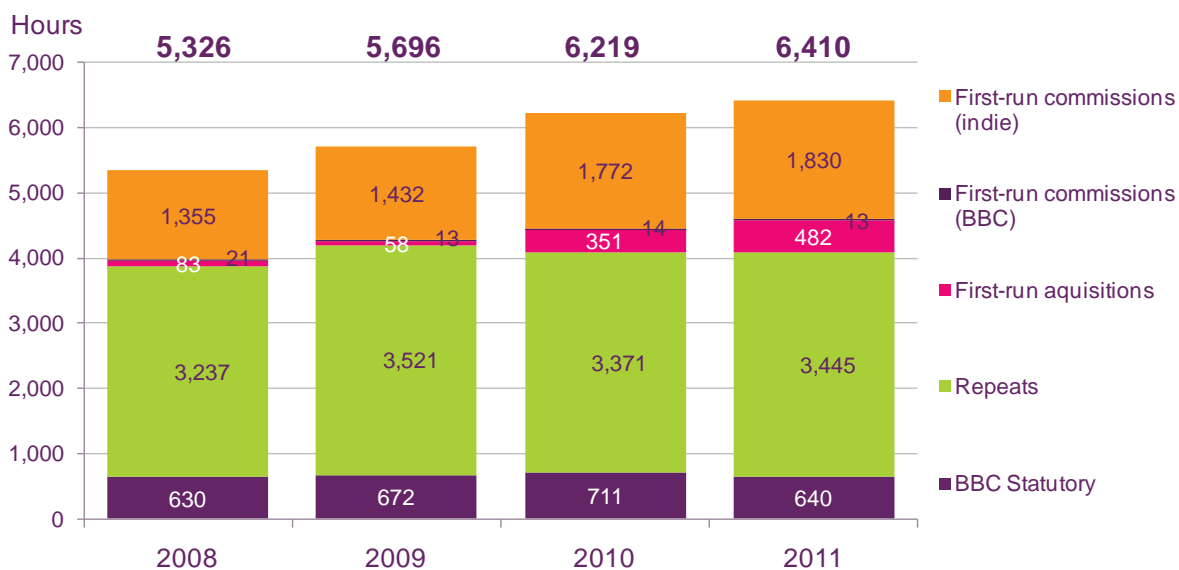


Source: S4C Annual Report and Accounts 2011 ([http://www.s4c.co.uk/abouts4c/authority/e\\_annualreports.shtml](http://www.s4c.co.uk/abouts4c/authority/e_annualreports.shtml)). All figures expressed in nominal terms. Note: excludes the BBC's contribution to S4C.

The total number of hours broadcast by S4C in 2011 rose to 6,410 hours. Repeats made up the majority of the channel's output in 2011. Repeated hours were up by 2%; from 3,371 hours in 2010 to 3,445 hours in 2011. The number of first-run acquisitions saw a 37% increase (from a small base) bringing the 2011 total to 482 hours (351 hours in 2010), the biggest relative increase across the categories. First-run independent commissions also increased from 1,772 in 2010 to 1,830 hours.

In terms of overall first-run commissions, with the exception of current affairs, light music and entertainment, and religion, all genres saw annual increases in the number of first-run hours broadcast, with total first-runs rising by 3% from 1,786 hours in 2010 to 1,843 hours in 2011.

**Figure 2.20 Type of Welsh-language output on S4C, by hours**



Source: S4C Annual Report 2011 ([http://www.s4c.co.uk/abouts4c/authority/e\\_annualreports.shtml](http://www.s4c.co.uk/abouts4c/authority/e_annualreports.shtml))