Communications Market Report: Scotland

Research Document

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Introduction

This is Ofcom's sixth annual review of communications markets in Scotland, offering an overview of the take-up and use of communications services across the nation.

We publish this report to support Ofcom's regulatory goal to research markets constantly and to remain at the forefront of technological understanding; it also fulfils the requirements on Ofcom under Section 358 of the Communications Act 2003 (the Act) to publish an annual factual and statistical report. And it addresses the requirement to undertake and make public our consumer research (as set out in Sections 14 and 15 of the Act).

The report highlights some challenges, most notably with broadband take-up remaining broadly flat year on year at 61%. Hence Scotland continues to fall behind the rest of UK, with Wales, Northern Ireland and England all showing steady increases in broadband take-up. Among the home nations Scotland has the lowest level of homes with fixed, fixed and mobile and mobile-only broadband. There is very low take-up among those aged 55 plus, and those in low-income households. We examine some of the likely reasons for these trends later in the report.

In the Greater Glasgow area only 50% of homes had access to broadband in 2010. In addition, Scotland is the only home nation to experience a decrease (10%) in satisfaction with broadband speeds.

Not all the broadband findings are negative: there has been an increase in the use of mobile broadband with almost one in ten households in Scotland now having access to a laptop or PC with a dongle. A fifth (21%) of adults with a mobile phone in Scotland also now have a smartphone handset. In terms of broadband uptake, Scotland actually compares well against the UK average among higher income homes and 35-54 year olds.

Earlier this year the Scottish Government published *Scotland's Digital Future: A Strategy for Scotland*. The report details plans to roll out next-generation access broadband (at 30 Mbit/s) by 2020 with significant progress by 2015 and to have broadband take-up equal to or above the UK average by 2013.

Ofcom is also aware of developments which could have an impact on the future provision of faster broadband services. The Highlands and Islands is one of the first four Broadband Delivery UK pilot areas benefiting from funding worth £35m. The project is designed to contribute to super-fast broadband in every part of the Highlands.

The challenges of geography and low population density result in Scotland having lower 2G mobile population coverage (85%) than the UK average (96%). Population coverage of 3G networks in Scotland is 84% - lower than in England, but higher than in Wales and Northern Ireland.

Turning to broadcasting, there is evidence of increased volume of network production in Scotland and associated expenditure. Spend on Scottish national and regional programming has also increased; the number of hours produced is up by 14% since 2009.

Since last year's report we have seen proposals aimed at boosting broadcasting production levels in Scotland. A report compiled by Scotland's Television Broadcast and Production Working Group outlined a vision for growth of 60% over the next three years for the Scottish television broadcast and production sector. It detailed actions needing to be taken to generate this growth, with broadcasters, independent production companies and the public sector all playing roles. In June, BBC ALBA was launched on Freeview, following approval by the BBC Trust in December 2010, and Virgin Media began carrying the channel in May 2011.

Ofcom has noted, in previous *Communications Market Reports,* the Scottish government's ambition to see the establishment of a Scottish digital network (SDN) which would aim to stimulate content production in Scotland. In January this year the Scottish Digital Network Panel published a report which included recommendations on how such a network could be established and funded.

The take-up of digital television – which stands at 97% in Scotland – has increased by six percentage points since last year. This high level of adoption by Scots is linked to the digital switchover process which was under way at the time of Ofcom's research.

There is also more viewing of TV over the internet in Scotland: up by seven percentage points since last year. This perhaps reflects Scotland's traditionally high levels of TV watching transferring to the online platform.

For radio, the headlines are similar to previous years, with the data showing the popularity of local commercial services. Scotland also has a very active community broadcasting sector with applications for new services expected later in the year.

The information set out in this report does not represent any proposal or conclusion by Ofcom in respect of the current or future definition of markets. Nor does it represent any proposal or conclusion about the assessment of significant market power for the purpose of the Communications Act 2003, the Competition Act 1998 or any other relevant legislation.

Finally, while this report highlights the key stories of take-up and use of communications services, we are publishing the full data set and charts in a searchable resource. This can be found at www.ofcom.org.uk/cmruk. Companion reports for the UK and each of the nations are once again being launched alongside this report; these can be found at www.ofcom.org.uk/cmr11

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Contents

Setting the scene

Key facts about Scotland

	Scotland	UK
Population[1]	Total for Scotland: 5,222,100 City of Glasgow: 592,820 City of Edinburgh: 486,120 City of Aberdeen: 217,120	61. 792m (mid-2009 estimate) Scotland accounts for approximately 8.4% of total UK population
Age profile[2]	The median age of the population in Scotland is 41. This is lower in city areas (35 in Glasgow City and 36 in City of Edinburgh) than in rural areas (46 in Argyll & Bute, Dumfries and Galloway and Eilean Siar)	Average age of the population: 39.5 years
Language[3]	92,400 people aged 3 and over (1.9 per cent of the population) had some Gaelic language ability in 2001.	n/a
Income[4]	Weekly household income: £611 Weekly household expenditure: £432.80	Weekly household income: £683 Weekly household expenditure: £455
Unemployment[5]	7.7%	7.7%

Sources: 1 and 2; Figures are estimates for 30 June 2010 from the National Records for Scotland 3: 2001 Census; Gaelic Report 4: ONS 5: ONS Labour Market Statistics February – April 2011

A note on our survey research

We conducted a face-to-face survey of 3,474 respondents aged 16+ in the UK, with 487 interviews conducted in Scotland. Quotas were set and weighting applied to ensure that the sample was representative of the population of Scotland in terms of age, gender, socio-economic group and geographic location.

Fieldwork took place in January and February 2011.

Respondents were defined as urban if they lived in a settlement with a population of 2000 or more, and rural if they lived in areas with smaller populations.

The survey sample in Scotland has error margins of approximately +/- 3-4% at the 95% confidence level. In urban and rural areas, survey error margins are approximately +/-4-6%.

In addition to the survey data, this report refers to information from a range of other sources, including data provided to Ofcom by stakeholders.

Tables summarising the data collected in our survey are published on Ofcom's website.

1 Scotland's communications market

1.1 Introduction and key findings for Scotland

Introduction

This section sets out a selection of the key facts and figures relating to communications markets in Scotland and across the UK nations in 2011, comparing and contrasting nations and highlighting changes that have taken place in the past year.

Key findings for Scotland

<u>TV and audio-visual content</u>

- While across the UK take-up of digital TV increased by four percentage points in the past year, the largest increase was recorded in Scotland, where DTV penetration rose by six percentage points to 97%. This was driven by digital switchover in Scotland, which was under way at the time the fieldwork was undertaken.

- Viewers in Scotland (along with those in Wales) watch more TV than those in other nations - 4.5 hours per day, compared to the UK average of 4 hours.

- Year-on-year spend by PSBs on first-run original programming for viewers in Scotland was up 1% to £52m; over five years, spend fell by 23%, with investment falling by £15m over that period.

- Hours of non-news/non-current affairs programming in Scotland was up by 26% in 2010. The big increase in non-news/non-current affairs output is likely to be explained by STV opting out of content that is broadcast across the UK on ITV1.

- In Scotland spend per head on UK-originated content broadcast by PSBs (on TV and radio) stood at £35.60 per head (up by 3.8%); networked and regional production both made substantial contributions to that total.

<u>Radio and audio</u>

- People in Scotland listen to an average of 21.8 hours of radio per week – the lowest level of listening in the UK.

- BBC radio accounted for a 45% share of total listening in Scotland – lower than the corresponding share in other nations, and compared to the UK average listening share of 55%. Local commercial stations accounted for 40% of listening, compared to a UK average of 32%.

<u>Internet and web-based content</u>

- Broadband take-up across the UK increased by 3% points to 74%, with year-on-year increases recorded in all of the UK nations with the exception of Scotland, which had the lowest level of broadband take-up (61%) (detailed analysis in section 4).

- Over half (54%) of those with broadband in Scotland use a social networking site.

Telecoms and networks

- While ownership of mobile phones has remained stable over the past year (up one percentage point to 86% of adults), one in five mobile owners in Scotland now has a smartphone. There has been a six percentage point rise in the proportion of adults accessing the internet via a mobile, although at 21% this still lags behind the UK average of 32%.

- Eight in ten homes in Scotland have a fixed-line phone, leaving 17% of households reliant on mobile telephony only (slightly higher than the UK figure of 15%). In Scotland, 3% of households have neither fixed nor mobile telephony.

1.2 UK communications market: fast facts

Figure 1.1 illustrates how take-up and use of a variety of communications services across the UK has changed over the past year.

Figure 1.1 Communication markets: fast facts

	UK	England	Scotland	Wales	Northern Ireland	Scotland urban	Scotland rural	UK urban	UK Rural
Digital TV take-up among TV homes	96 ↑+4	96 ↑+4	97 ↑+6	99	90	97 ↑+6	98 ↑+11	96 ↑+4	95 ↑+3
Broadband take-up	74 ↑+3	76	61	71 ↑+7	75	60	68	74 ↑+4	80 ↑+5
Mobile broadband	17 ↑+2	18 ↑+3	9	16	13	8	13	17	14
Mobile phone take-up	91 ↑+2	92 ↑+2	86	87	92	85	88	91 ↑+2	92
Use mobile to access internet	32 ↑+9	34 ↑+9	21 ↑+6	25	29 ↑+8	21	25 ↑+10	34 ↑+8	23
Smartphone take-up amongst mobile phone owners	30 ↑+	31 ↑+	21 ↑+	29 ↑+	23 ↑+	20 ↑+	25 ↑+	30 ↑+	30 ↑+
Fixed landline take-up	85	85	80	80	84	78	86	84	90
Households taking bundles	53	54	49	47	46	51	41	54 ↑+3	47
DAB ownership amongst radio listeners	37	39	31	27	28	30	32	37	40

X *Figure is significantly higher than UK average*

X *Figure is significantly lower than UK average*

↑+xx *Figure has risen significantly by xx percentage points since 2010*

Ofcom research Q1 2011Base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland, 2458 UK urban, 1016 UK rural, 1719 England urban, 264 England rural, 239 Scotland urban, 248 Scotland rural, 241 Wales urban, 252 Wales rural, 259 Northern Ireland urban, 252 Northern Ireland rural)Note: This is the first year in which we have collected survey data on smartphone use, so we cannot report a year–on-year increase. However, we are confident that ownership has increased significantly in the past year.

1.3 Availability of communications platforms and services

Availability of communications services varies across the UK's nations

Figure 1.2 shows the availability of communications services across the UK by percentage of population covered. The coverage of most services shown in the chart has not changed in the past year. Digital terrestrial television is an exception to this, having risen (substantially in Scotland) as a result of the completion of digital switchover in the past year in north and central Scotland. The charts shows that population coverage of communications services varies by service and by nation:

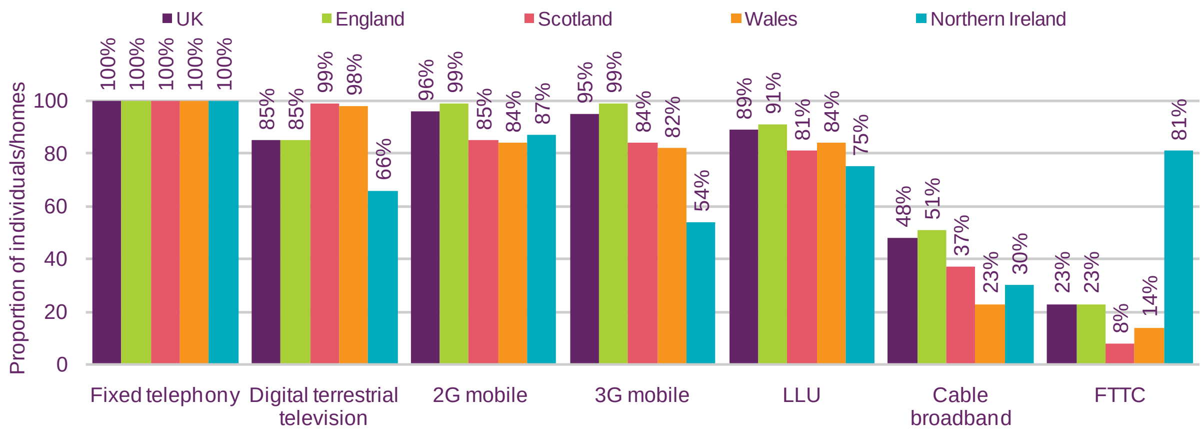
- Digital terrestrial television availability rose from 82% of the population in 2010 to 99% twelve months later. The digital switchover programme in Scotland, completed in June 2011, extended DTT coverage to most households, with coverage matching that of analogue terrestrial television.

- Fixed-line voice telephony and dial-up internet access are available to 100% of homes in the UK, as a result of the universal service obligation.

- At the end of 2010 89% of UK homes were in exchange areas that had been unbundled (up from 85% the previous year). In Scotland 81% of homes were connected to an LLU-enabled exchange at the end of 2010, the second lowest proportion among the UK nations, but this has risen from 70% in 2009.

- 2G mobile services were available to 85% of the Scottish population; broadly similar to levels of coverage in Northern Ireland and Wales. 3G population coverage is on a par with 2G coverage (84%) – the second highest among the nations. Population coverage for both 2G and 3G services is highest in England, at 99%.

Figure 1.2 Communications infrastructure availability across the UK's nations



Sources: Ofcom and: 1. DTT: Availability of 17 services. Ofcom estimates.
2. Proportion of population living in postal districts where at least one operator reports at least 90% 2G area coverage. Sourced from GSM Association / Europa Technologies (Q2 2011). Note that coverage data have been restated; this means that year-on-year comparisons are not possible.
3. Proportion of population living in postal districts where at least one operator reports at least 90% 3G area coverage. Sourced from GSM Association / Europa Technologies (Q2 2011). Note that coverage data have been restated; this means that year-on-year comparisons are not possible.
4. Proportion of premises able to receive DSL broadband services based on data reported by BT
6. Proportion of households passed by Virgin Media's broadband-enabled network
7. Proportion of households connected to an FTTC-enabled exchange

1.4 Take-up of communications platforms and services across the UK

Modest increases in take-up of established communications services across the UK nations

Take-up of the most established communications services remained stable or increased modestly in the past year. Digital television and mobile telephony services are approaching universal ownership, so year-on-year increases in take-up have slowed.

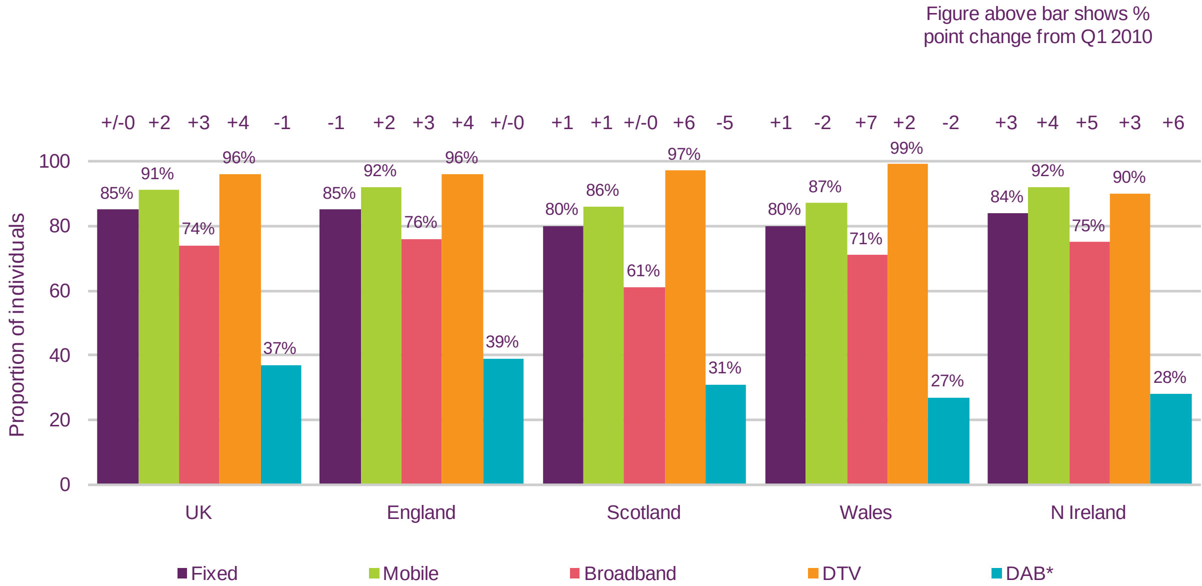
- The small fall in ownership of fixed-line telephones across the UK, that we reported on last year, has been sustained, with take-up remaining at 85%. Take-up of fixed-line telephones is lowest in Scotland and Wales (both at 80%).

- Broadband take-up in the UK (whether fixed or mobile) has continued to increase, with a three percentage point rise in the past year. However, in Scotland, broadband ownership remained at 61% and is now 13% points behind the UK average of 74%.

- Over nine in ten UK adults now own a mobile phone, following a two percentage point increase in take-up during the past year. There is modest variation in take-up between nations, with the lowest take-up in Scotland (86%).

- Digital television ownership has increased to 96% of the UK's adult population. In Scotland DTV penetration rose by six percentage points in the past year to match the UK average.

Figure 1.3 Communications service adoption across the nations of the UK: 2011

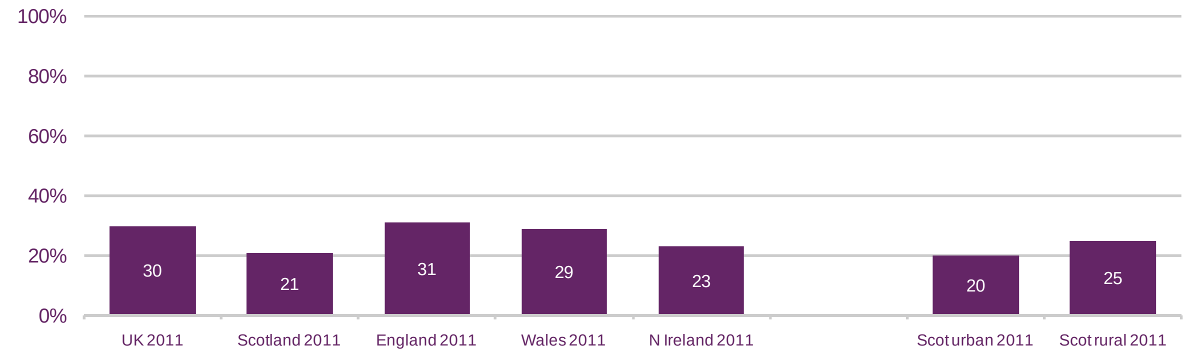


Source: Ofcom research, Q1 2011
Fixed line base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland)DTV, mobile and broadband bases: Adults aged 16+ with a TV in the household (n= 3412 UK, 1941 England, 479 Scotland, 483 Wales, 509 Northern Ireland)
*DAB base: Adults aged 16+ with any active radio sets in the household who listen to radio. *NB Data previous to 2011 are based on all who listen to radio (n = 2811 UK, 1629 England, 357 Scotland, 397 Wales, 428 Northern Ireland) See published tables for questions:*
www.ofcom.org.uk/static/marketdataresearch/statistics/main_set.pdf

Smartphone take-up

In Scotland one in five mobile owners has a smartphone (21%), the lowest across the four nations. Smartphone ownership is higher among ABC1 socio-economic groups and those aged 16-34. For a detailed study of smartphone users, see the *Communications Market Report: UK* at www.ofcom.org.uk/cmr11.

Figure 1.4 Smartphone ownership among mobile phone owners



Source: Ofcom research, Q1 2011
Base: Adults aged 16+ who personally use a mobile phone (n = 3091 UK, 1786 England, 425 Scotland, 416 Wales, 464 Northern Ireland)
Question. Do you personally use a smartphone? A smartphone is a phone on which you can easily access emails, download files and applications, as well as view websites and generally surf the internet. Popular brands of smartphone include BlackBerry, iPhone and Android phones such as the HTC Desire.

Fifteen per cent of adults in the UK rely on mobile voice telephony only. As highlighted in last year's report, Wales and Scotland have the highest proportion of mobile-only homes. Across the UK, lower-income homes are more likely to rely on mobile telephony. In Scotland, 3% of households have neither fixed nor mobile telephony.

Figure 1.5 Mobile-only households in the UK

Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland)
Question. Is there a landline phone in your home that can be used to make and receive calls? / How many mobile phones in total do you and members of your household use?

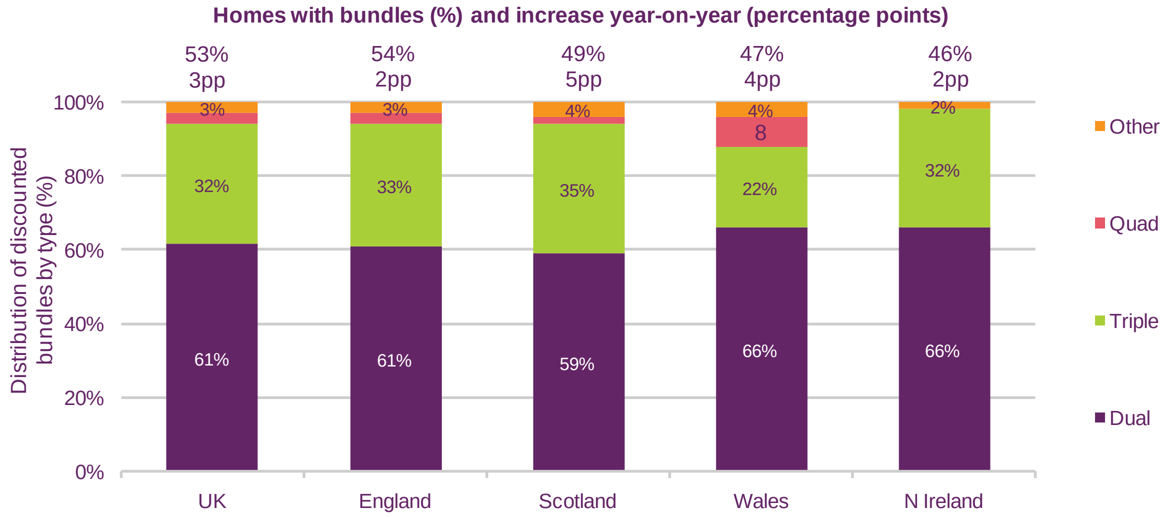
1.5 Consumer take-up of bundled services in the UK

Over half of all homes across the UK took a bundle of communications services at Q1 2011, up by three percentage points year on year.

The trend of purchasing two or more communications services from the same supplier continues to increase in popularity across the UK. Fifty-three per cent of UK homes now purchase communications services in this way, a three percentage point increase year on year, following a four percentage point increase from 2009-2010. The most popular type of bundle is a 'dual' package of two services (typically fixed-line telephony and broadband).

Take-up of bundled services is becoming an increasingly popular way to purchase services in the UK's nations, in particular in Scotland and Wales, where we have seen year-on-year increases of five and four percentage points respectively.

Figure 1.6 Take-up of bundles, by nation



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ with a package of services regardless of whether or not these include a discount (n = 1680 UK, 1035 England, 226 Scotland, 197 Wales, 222 Northern Ireland)
Note: Remaining percentages are Don't know responses

1.6 Spending by public service broadcasters on television and radio content across the UK's nations

Figure 1.7 illustrates patterns of spend on broadcast output. It adjusts for population size by expressing spend on a per-head basis. The chart illustrates four types of expenditure:

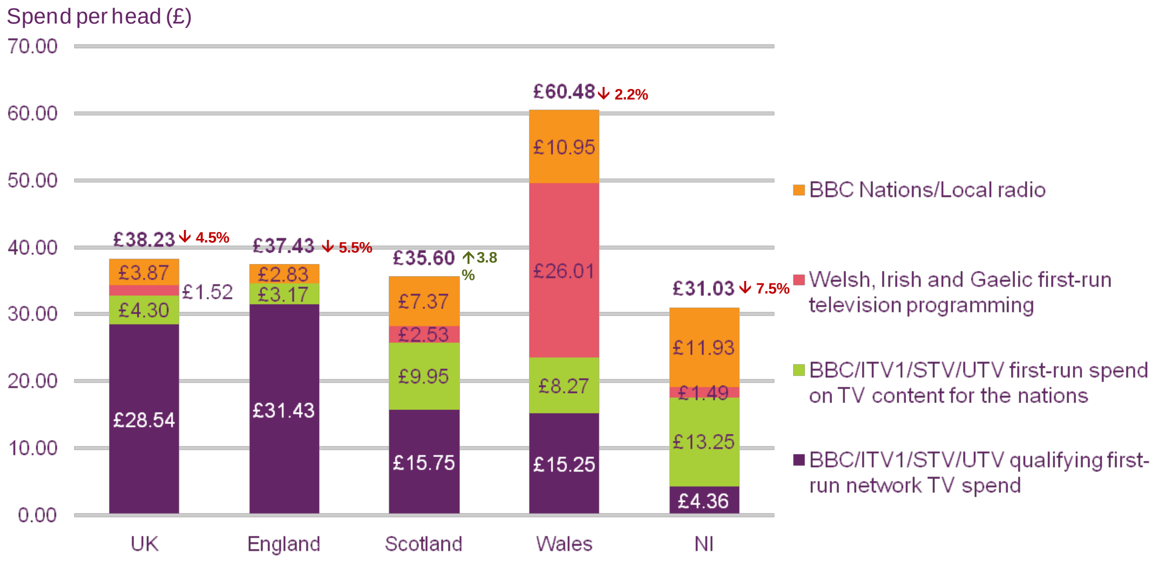
- the value of qualifying first-run networked TV spending – programmes that are produced in one nation/English macro region, and then broadcast to all UK viewers;
- BBC spend on radio services for listeners in the Nations (BBC Radio Foyle/Ulster, BBC Radio Wales/Cymru, BBC Radio Scotland/ nan Gàidheal and BBC Local Radio in England);
- spend by the BBC and ITV/STV/UTV on first-run programmes specifically for viewers in each nation; and

- TV content produced in Welsh (and broadcast on S4C), Gaelic (BBC ALBA) and the Irish language.

Total spend/head across the UK stood at £38.23 in 2010, down by 4.5% in real terms year on year; networked television productions accounted for three-quarters (75%) of that total, and nations/regional television output for a further 11%.

Patterns of spending across the four nations differed in terms of both their level and composition. In Scotland spend per head stood at £35.60 (up by 3.8%), and networked and regional production both made substantial contributions to that total.

Figure 1.7 Spend per head on UK-originated content broadcast by PSBs on TV and radio, 2011



Source: broadcasters, BBC and S4C annual report and accounts, and Ofcom calculations

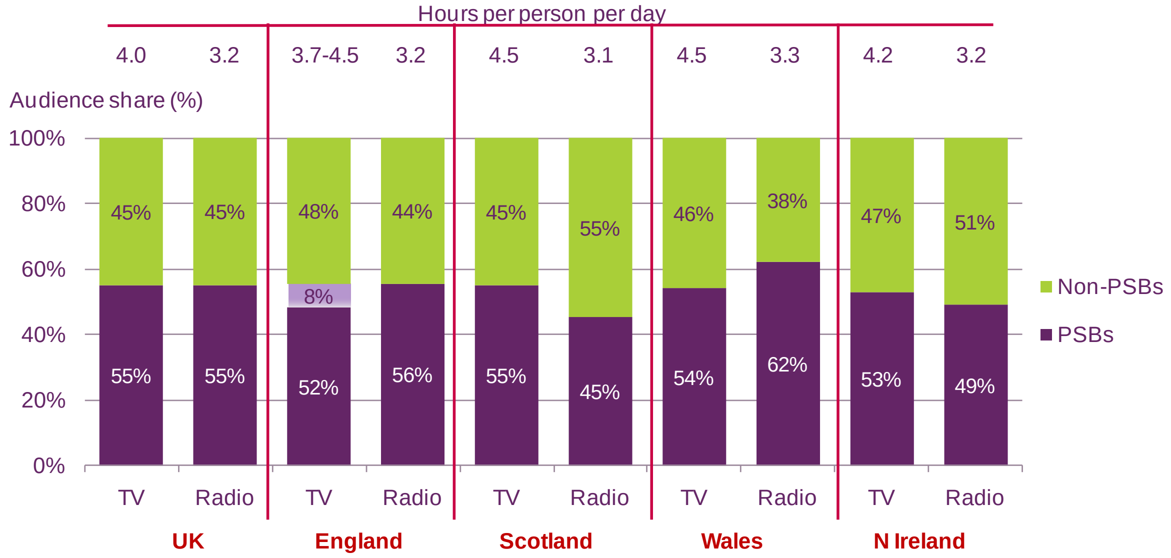
1.7 Consumption of television and radio services

People in Scotland spend an average 4.5 hours per day watching TV

In 2010, average daily TV viewing among individuals (aged 4+) was highest in Scotland and Wales (average 4.5 hours per day in 2010).

For radio listeners, average daily listening among adults (15+) in Scotland was 3.1 hours, a figure broadly similar across all the nations, and comparable to the figure for 2009.

Figure 1.8 Hours of daily viewing of television and radio, by nation: 2010



Source: BARB. i) TV: PSBs = BBC One, BBC Two, ITV1, C4+S4C, Five. (ii) Radio: PSBs = all BBC radio stations.
Notes: For England TV, a range is displayed reflecting the regions with the highest and lowest average daily viewing figures respectively
For Wales TV, viewing hours show an increase of 0.9 hours on 2009 figures. While it's likely that there has been an increase in viewing in Wale, due to digital switchover, this increase may also be attributable to the effects of the new BARB panel introduced at the start of 2010. There are two important changes to note regarding the new BARB panel: 1) It is based on completely different viewers to the previous panel, meaning that data comparisons pre- and post-2010 should be viewed with caution. 2) There was a redefining of border boundaries under the new panel change. Previously, viewing of C4 in some areas registered as 'out of area' and so did not count towards the Wales area viewing figures; under the new panel and re-defined regions, however, viewing of C4 from these regions is included.

2 Television and audio-visual content

2.1 Digital television take-up in Scotland

Almost all homes in Scotland now have digital television

A year ahead of the completion of digital switchover in the UK, almost all (97%) TV homes in Scotland now have access to digital television. This increase, of six percentage points from 91% in Quarter 1 2010, includes a nine percentage point increase in Scotland's rural areas. This was driven by digital switchover in Scotland, which was underway at the time the fieldwork was undertaken.

Consumers in Scotland aged 55+ (94%) and in DE socio-economic groups (94%) are a little less likely to have converted to digital television at home.

Figure 2.1 Digital television take-up in Scotland

Source: Ofcom research, Q1 2011
Base: All adults aged 16+ with a TV in household (n = 3412 UK, 479 Scotland, 1941 England, 483 Wales, 509 Northern Ireland, 232 Scotland urban, 247 Scotland rural, 916 Scotland 2008, 1002 Scotland 2009, 1452 Scotland 2010, 479 Scotland 2011)
QH1a. Which, if any, of these types of television does your household use at the moment?

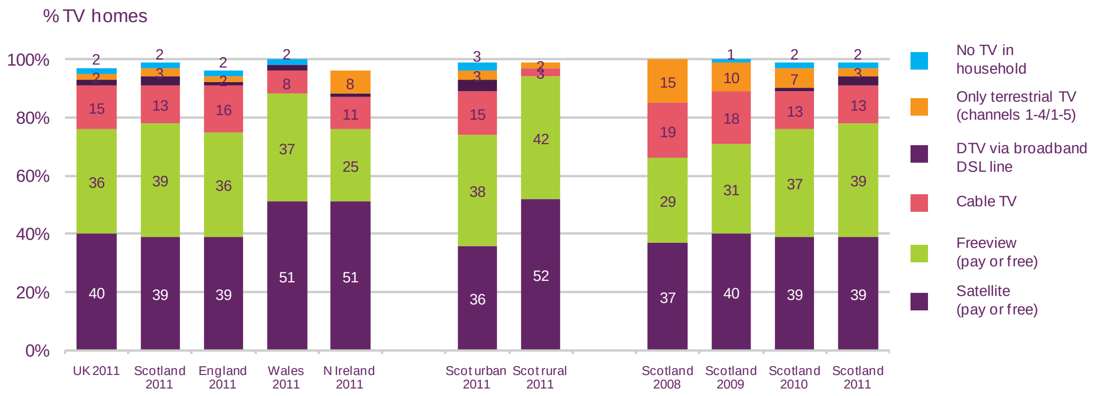
Satellite and DTT are the most widely used platforms on main TV sets in Scotland

The mix of platforms used to view digital television has remained broadly similar in Scotland over the last couple of years; though those using DTT has continued to creep up, driving analogue conversions during 2010.

The mix of platforms used in urban versus rural areas of Scotland differs, due to the lack of cable infrastructure in rural areas.

Fifty-six per cent of adults with a TV at home in Scotland have a pay TV service, which is an increase of four percentage points since Q1 2010, and on a par with the UK figure (57%).

Figure 2.2 Main set TV share in Scotland, by platform



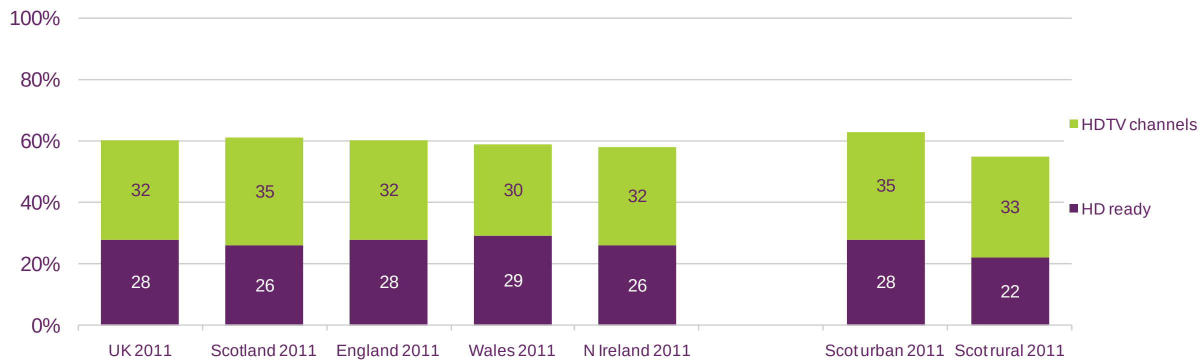
Source: Ofcom research, Q1 2011 Base: All adults aged 16+ (n = 3474 UK, 487 Scotland, 1983 England, 493 Wales, 511 Northern Ireland, 239 Scotland urban, 248 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011) QH1a. Which, if any, of these types of television does your household use at the moment?

2.2 Access to high-definition TV

Over a third of people in Scotland have access to HDTV channels at home

Six in ten homes in Scotland have an HD-ready TV set, and over half of these also claim to have access to HDTV channels (via cable, satellite or DTT). This equates to 35% of adults in Scotland with access to HDTV channels, marginally above the UK average (32%)[1]. The most commonly used platform to access HDTV channels in Scotland is Sky (used by 71% of HDTV subscribers), followed by Freeview (15%) and Virgin Media (12%).

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



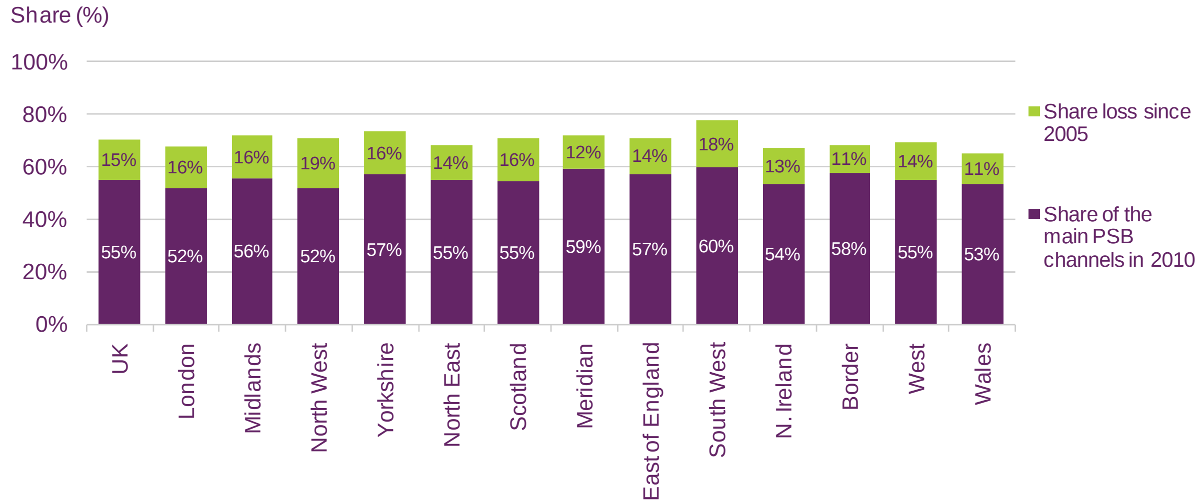
Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (3474 UK, 487 Scotland, 1983 England, 493 Wales, 511 Northern Ireland, 239 Scotland urban, 248 Scotland rural)
QH53. Is the main TV in your household an HDTV set or HD ready? / QH54. For the main TV set, does your household have an HD TV service – from either Sky, Virgin Media, Freesat or Freeview?

[1] This figure may be prone to over-claim, as some consumers may believe that having an HD-ready TV set means that HD channels are being received.

2.3 Broadcast television viewing

There was a 16 percentage point (pp) reduction during 2010 in the combined share of the five main PSB channels in Scotland (reaching 55%). This reduction was marginally higher than the average reduction across the UK (15pp) and greater than those experienced in the other nations and English regions, with the exception of the South West and North West of England.

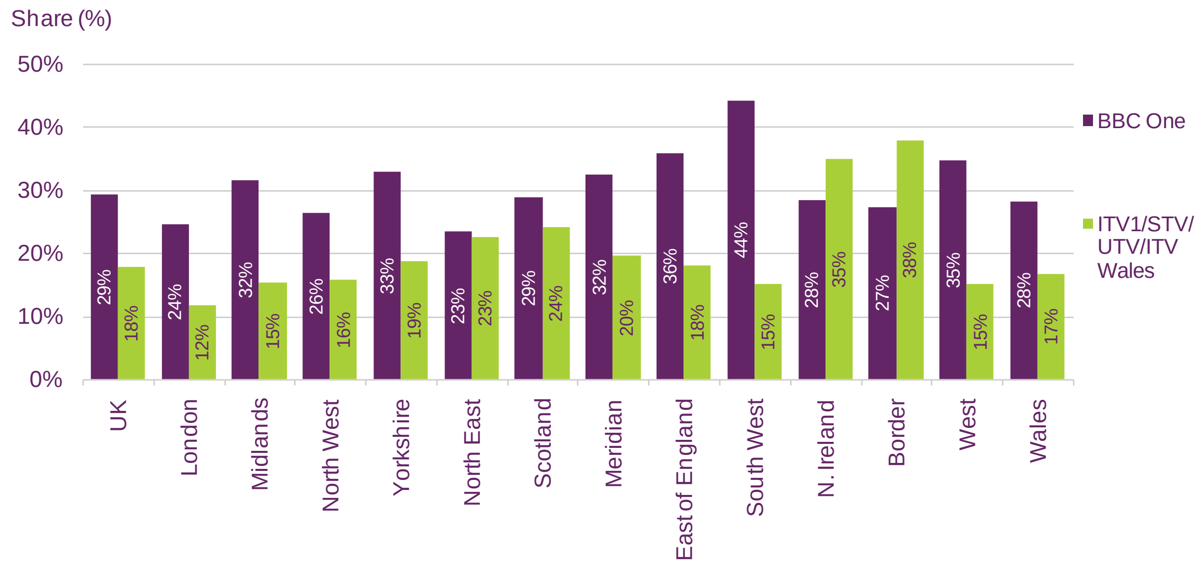
Figure 2.4 Reduction in combined share of the five PSB channels, all homes: 2005 and 2010



Source: BARB

Across Scotland, BBC One's early evening regional news bulletin attracted an 29% share of viewing – the same as the UK average. STV's counterpart bulletin attracted a lower average share (24%); but this was higher than the UK average for the local Channel 3 bulletins elsewhere (18%). In the Border area, ITV's bulletin had a 38% share – well above the UK average, and higher than the BBC share of 27% in that region.

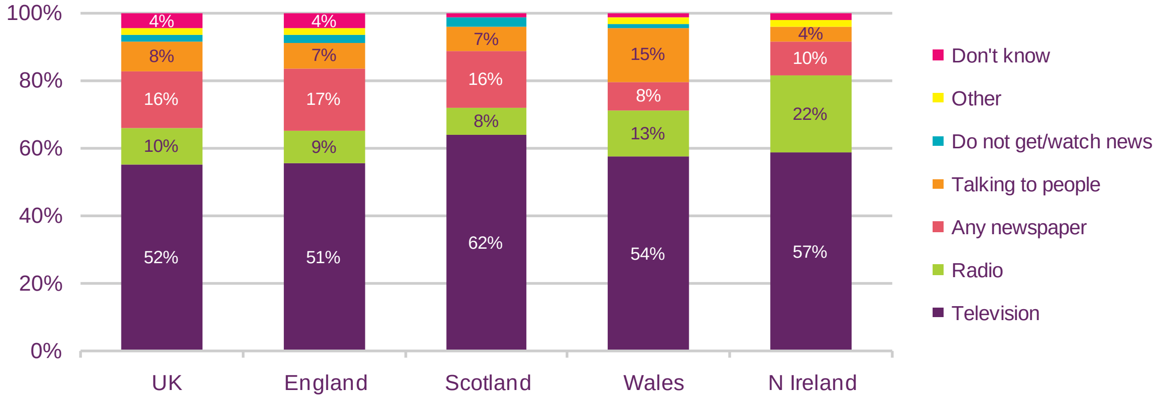
Figure 2.5 BBC One and ITV1/STV/UTV/ITV Wales early evening news bulletin shares, all homes: 2010



Source: BARB

In 2010, 62% of adults in Scotland claimed that TV was their main source of local news, significantly higher than the UK average of 52%. Newspapers were second most mentioned at 16%, the same as the UK average, followed by radio (8% vs. 10% UK average) and 'talking to people' (7% vs. 8% UK average).

Figure 2.6 Sources of local news in each nation: 2010



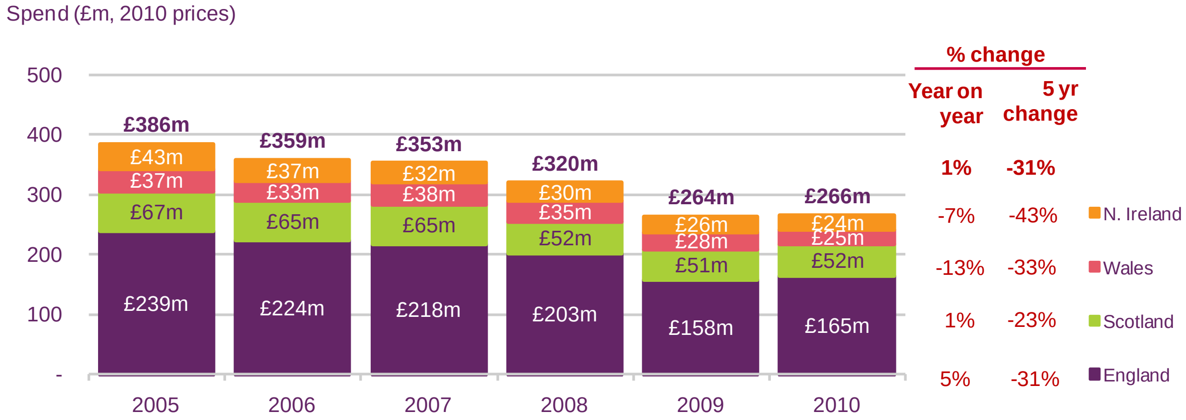
'Can you tell me what, if anything, is your main source of news about what is going on in your own local area?'
Source: Ofcom Media Tracker Survey 2010
Base: All adults 15+. n = 2,141 (UK), 1,726 (England) 194 (Scotland), 113 (Wales), 108 (NI)
Only responses ≥ 4% labelled

2.4 Spending by PSBs on TV content for viewers in Scotland

A total of £266m was spent by the BBC and ITV/STV/UTV on producing programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2010. This was up by £2m (1%) on 2009.

Year-on-year spend in Scotland was up by 1% from 2009 to £52m, although there was a reduction in spending of 23% in five years, with investment decreasing by £15m over the period.

Figure 2.7 Spend on originated nations' and regions' output by the BBC/ ITV1/STV/UTV



Source: Broadcasters. All figures expressed in 2010 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC.

Change in spend by genre

Figure 2.8 shows change in spend by the BBC and STV, by genre, over one- and five-year periods. On total spend Scotland was the least affected over the five-year period, with investment decreasing by a fifth (23%) compared to England's 31% reduction. Scotland's-23% was lower than the total UK average decrease in spend of 31%, a reduction in Wales of 33% and a fall in Northern Ireland of 43%.

Figure 2.8 Change in spend by genre and nation, 2005 - 2010

	England		Scotland		Wales		N. Ireland	
	1yr (£m)	5yr (£m)	1yr (£m)	5yr (£m)	1yr (£m)	5yr (£m)	1yr (£m)	5yr (£m)
News	4	-48	0	-3	2	-3	-1	-7
Current affairs	1	-3	0	-1	0	-1	-0	-1
Non-news/non-current affairs	1	-22	0	-11	-6	-9	-1	-11
Total Spend in 2010	£165m		£52m		£25m		£24m	

	England		Scotland		Wales		N. Ireland	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
Change in Spend	5%	-31%	1%	-23%	-13%	-33%	-7%	-43%

Source: Broadcasters. All figures expressed in 2010 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. Annual reductions in spending by genre are all below £0.5m, with the result that the each is shown as a zero in the table above.

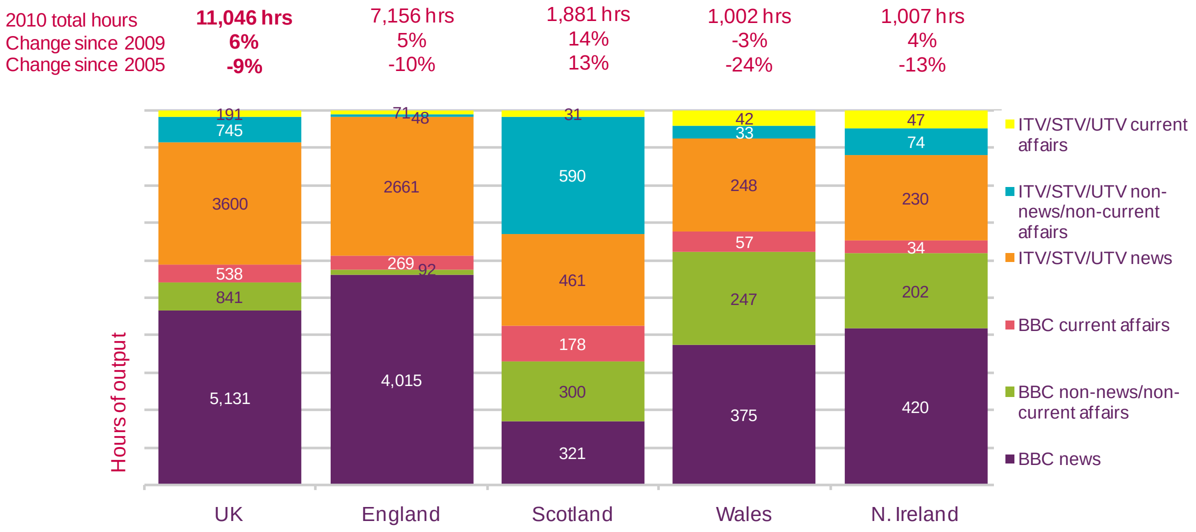
2.5 Hours of output of content for viewers in Scotland

The BBC and ITV1/STV/UTV produced a total of 11,046 hours of programmes for the English regions, Scotland, Wales and Northern Ireland in 2010, up 6% from 10,439 hours in 2009.

The number of hours produced specifically for viewers in Scotland was up 14% from 2009 to 1,881 hours compared to a 13% increase since 2005. This compares to a UK-wide average decline of 9% over this five-year period.

The number of hours for non-news/non-current affairs in Scotland was up by 26%, from 2009. The sizeable increase in non-news/non-current affairs output is likely to be explained by STV opting out of more networked content on Channel 3.

Figure 2.9 Hours of regionalised output by genre and broadcaster, 2010

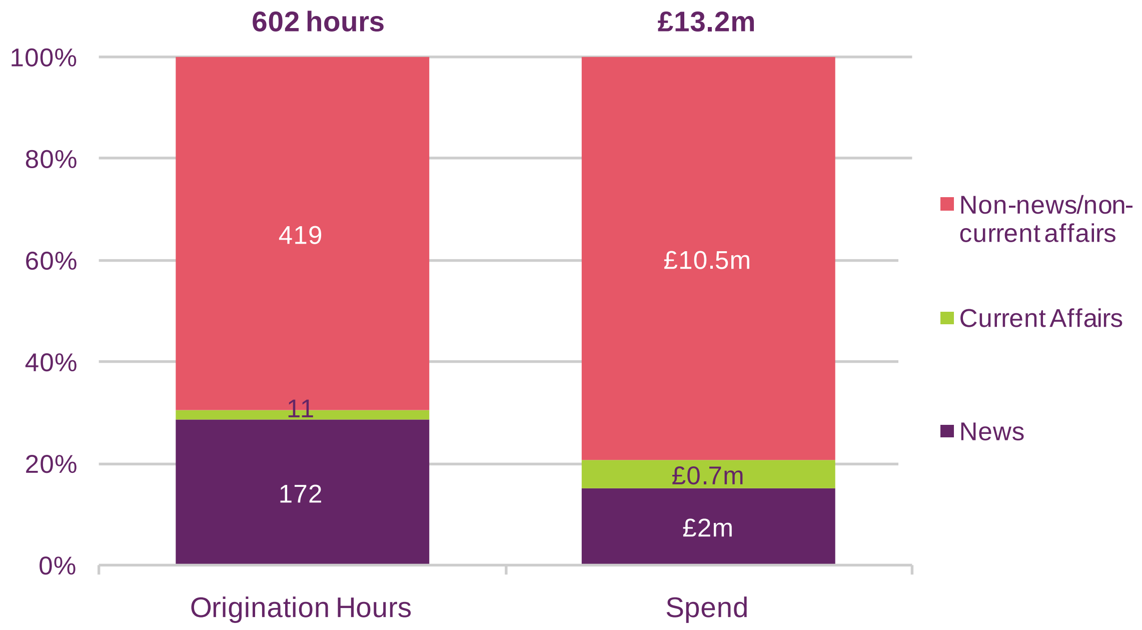


Source: PSB returns
Note: Hours data for first-run originations only. Hours excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. In terms of scheduled output on BBC services in 2010, the 2,567 hours on BBC Alba.

BBC ALBA

BBC ALBA is the Gaelic-language service backed by the BBC and MG Alba. The channel spent £13.2m on original programming in 2010, in line with its Service Licence Commitment. This represents an annual decrease of 25%. However in 2009 the cost of programmes transmitted peaked as stock had been built up in the pre-launch period for transmitting in the early days of the channel. This stock of programmes was completely used up by 2010. In 2010 BBC ALBA broadcast 2,567 hours, of which 602 (23%) were originations.

Figure 2.10 BBC ALBA originations, by hours and spend: 2010



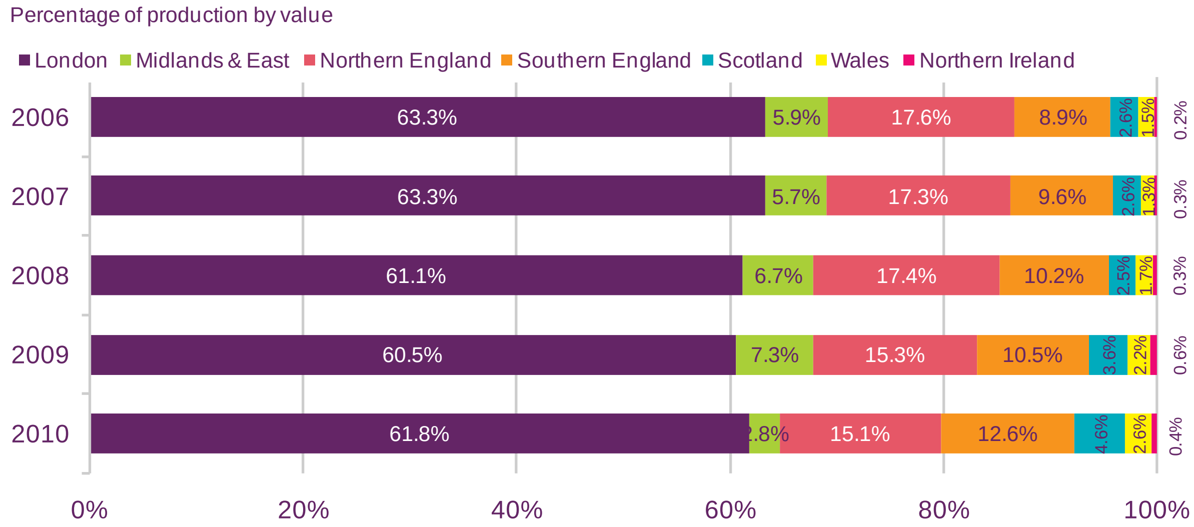
Source: BBC

2.6 PSB television quota compliance

Figure 2.11 illustrates the distribution of spend on qualifying first-run commissioned content in 2010 by PSB channels. Just over 60% of qualifying expenditure (61.8%) was devoted to productions made within the M25 area. This figure was a little higher (1.3 percentage points mostly as a result of the transfer of spending from the English regions to London)) than in 2009 (60.5%), but down from 63.3% in 2006. A further 15% of first-run spending was captured by producers based in the North of England (on a par with 2009) and 12.6% in Southern England (up from 10.5% in 2009).

In Scotland, first-run productions accounted for 4.6% of expenditure, up from 3.6% of total expenditure in 2009. In Wales, the figure rose from 2.2% to 2.6%. In Northern Ireland, the figure fell from 0.6% of total spending on first-runs to 0.4%.

Figure 2.11 Expenditure on out-of-London productions

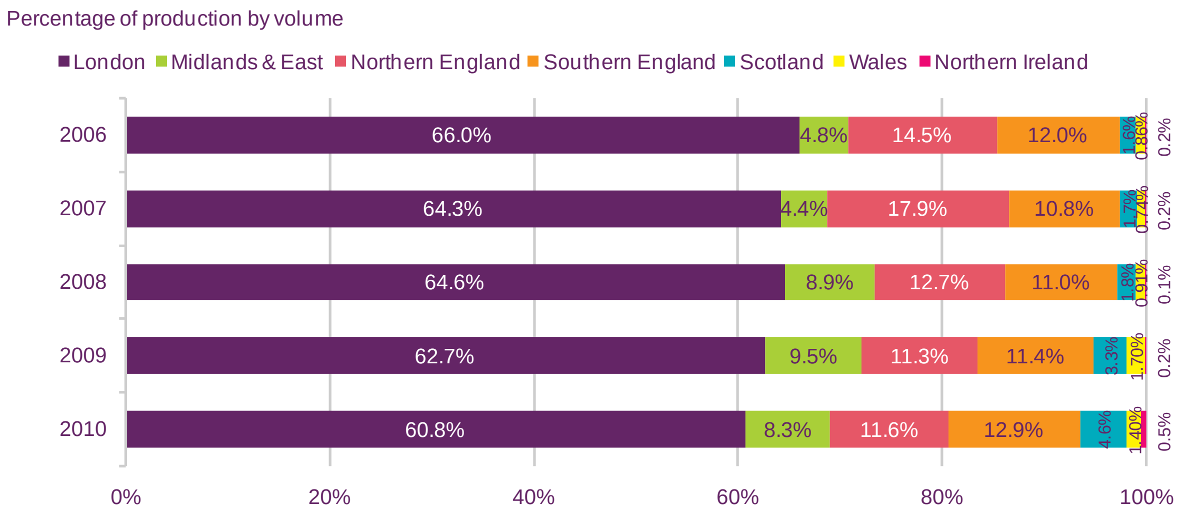


Source: Broadcasters

In terms of volume, 60.8% of first-run programmes made in the UK in 2010 were produced within the M25, down from 62.7% in 2009 and 66% in 2006. A further 11.6% was produced in Northern England, 12.9% in Southern England and 8.3% in the Midlands and East.

Producers in Scotland delivered 4.6% of all first-run hours during 2010, up from 3.3% twelve months earlier (and up from 1.6% in 2006), while the comparable figure for Wales was 1.4% (down from 1.7% in 2009 but still up on the 0.9% figure for 2006). First-run hours produced in Northern Ireland rose from 0.2% in 2009, to 0.5% in 2010 (Figure 2.12).

Figure 2.12 Volume of out-of-London productions



Source: Broadcasters

2.7 Production chains

BBC network TV spend in Scotland rose to over 7% of the total in 2010, with network TV hours produced in Scotland also increasing networked dramas including *Lip Service, The Deep, Single Father, Zen* and *Garrow's Law.*

Ofcom has also noted ITV's decision, reported in May of this year, not to re-commission *Taggart*. STV is reported to be exploring a range of options for the programme with a number of broadcasters and is committed to the *Taggart* brand. The decision did not affect Ofcom's out-of-London production figures in this report.

The MG ALBA/BBC partnership continues to hold commissioning rounds for BBC ALBA, which is now being carried on Freeview and cable. Commissioning includes volume supply deals with independent production companies.

2.8 Creative industries

In March 2011 Creative Scotland published its corporate plan: *Investing in Scotland's Creative Future*[2]. One of its aims is to have a sustainable film and TV sector with a digital network, and the BBC expanding its role in Scotland. One of the main strands is a programme driven by economic objectives to deliver more film and TV production capacity. Creative Scotland has pledged to establish partnerships with broadcasters.

[2] http://www.creativescotland.com/about/our-plans/corporate-plan

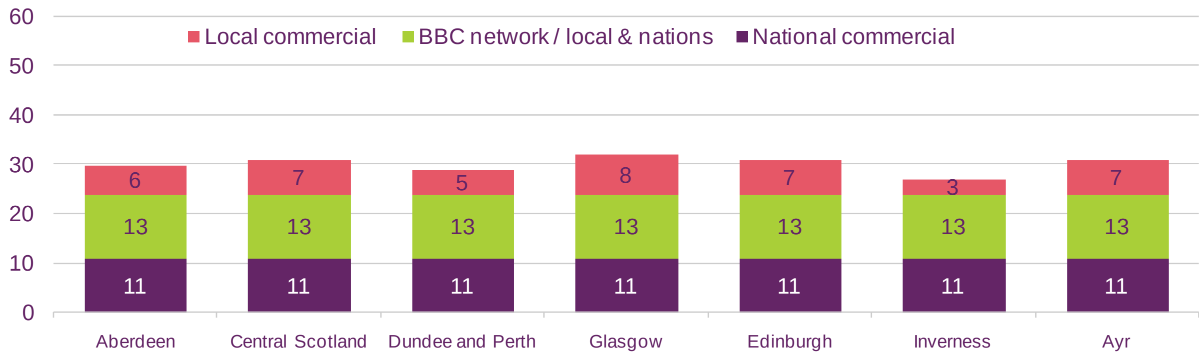
3 Radio and audio content

3.1 Radio service availability

Across Scotland, digital radio listeners in the Glasgow area have the greatest DAB choice with 32 stations, including the 22 national services, plus BBC Radio Scotland / BBC nan Gàidheal, and eight commercial stations available through local multiplexes. Listeners in Edinburgh and Central Scotland have access to a similar number of services, with 31 DAB stations available. Station choice was lowest in Inverness at 27, with three local commercial stations available on DAB.

For maps of current DAB coverage in Scotland, and information on how DAB coverage may improve in the future, see Ofcom's DAB planning consultation, published in June 2011[3].

Figure 3.1 Availability of DAB stations, by area



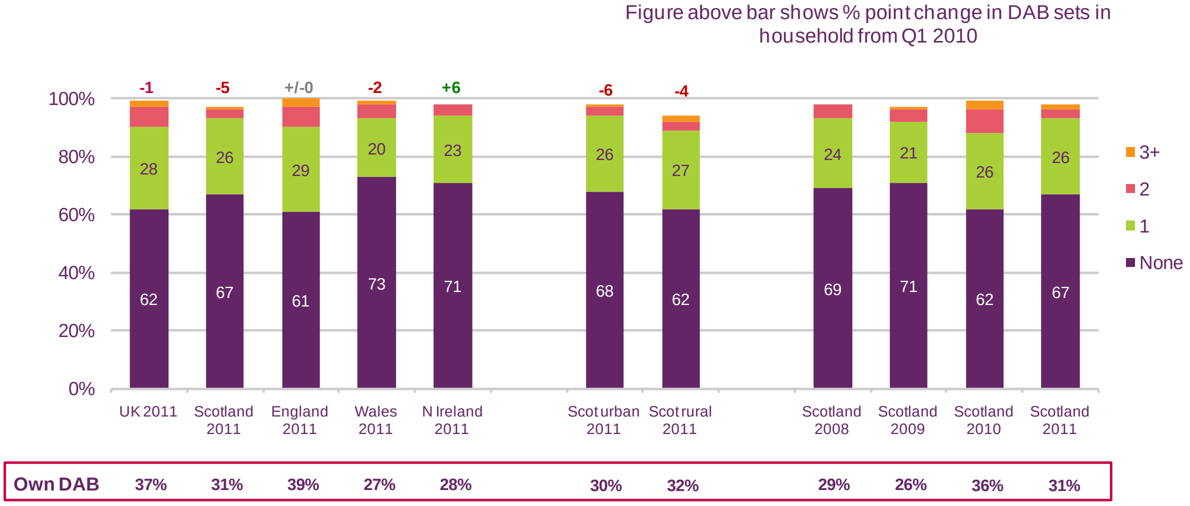
Source: Ofcom, June 2011
Note: This chart shows the maximum number of stations available in each area; local variations along with reception issues mean that listeners may not be able to access all of these

3.2 Digital radio set ownership

Three in ten adults in Scotland who listen to the radio report that they have a DAB radio set at home. The proportion of owners in Scotland appears to have fallen this year, although caution should be applied when using these data, since some respondents may confuse the description of a DAB radio set with an analogue set that has a digital display.

[3] http://stakeholders.ofcom.org.uk/consultations/dab-coverage-planning/

Figure 3.2 Ownership of DAB digital radios



Source: Ofcom research, Q1 2011
Base: Adults aged 16+ who listen to radio and have any active radio sets in the household that someone listens to in most weeks (n = 2811 UK, 357 Scotland, 1629 England, 397 Wales, 428 Northern Ireland, 174 Scotland urban, 183 Scotland rural, 766 Scotland 2008, 780 Scotland 2009, 1034 Scotland 2010, 357 Scotland 2011)
Q4. You said earlier that you have (NUMBER) radio sets in your home that someone in the household listens to in most weeks. How many of these radio sets are digital radios?

Among radio listeners in Scotland who do not have a DAB radio set, one in five (19%) say that it is likely that they will purchase a DAB set in the next year[4], on a par with the UK average (21%)[5].

3.3 Patterns of listening to audio content

Adults in Scotland listen to fewer hours of radio than those in other nations

Among adults (15+) in Scotland, average weekly radio listening in the year ending Q1 2011 stood at 21.8 hours and average weekly reach at 88.1% – both the lowest across all of the UK nations and comparing with the UK averages of 22.3 hours and 90.8% respectively.

[4] This finding should be treated with caution, as respondents' stated purchase intentions in survey research are often unreliable.
[5] This finding should be treated with caution, as respondents' stated purchase intentions in survey research are often overstated.

Figure 3.3 Average weekly reach and listening hours: year to Q1 2011

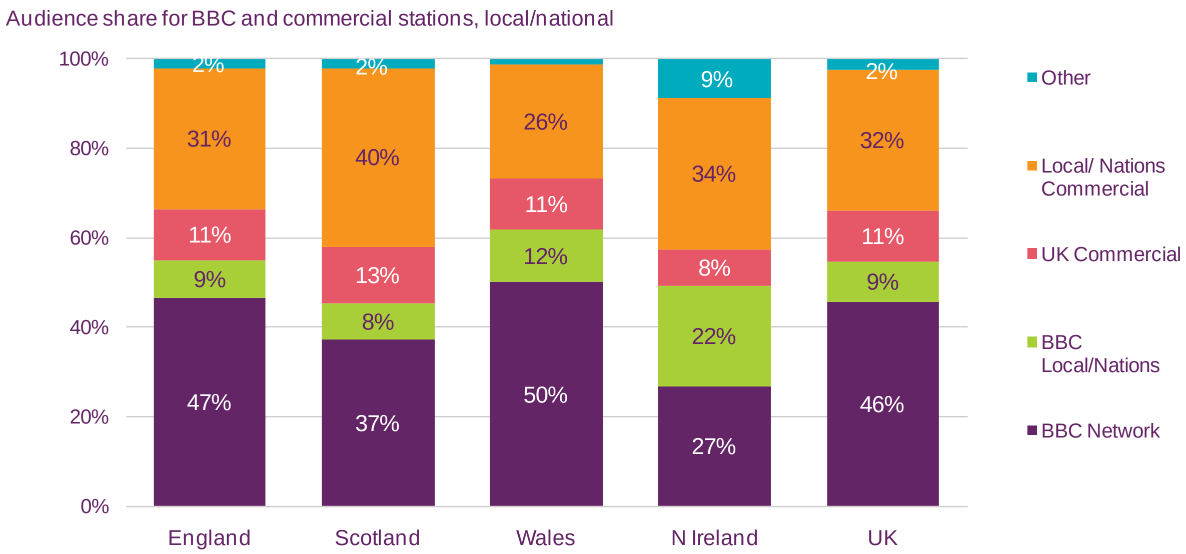
	England	Scotland	Wales	Northern Ireland	UK TOTAL
Average weekly listening	22.3 hours	21.8 hours	23.3 hours	22.2 hours	22.3 hours
Reach	90.9%	88.1%	92.9%	92.0%	90.8%

Source: RAJAR, All adults (15+), year ended Q1 2011. Reach is defined as the total proportion of the respective adult population who listened to at least five consecutive minutes in the average week.

Commercial radio stations are more popular in Scotland than in other nations

In the year ending Q1 2011, local commercial stations accounted for 40% of total radio listening hours in Scotland, a higher share for this sector than in any other UK nation (the UK average was 32%). National commercial stations attracted a 13% market share (UK average 11%) – again, the highest among the UK's nations. Conversely, BBC stations attracted a market share of 45% in Scotland, lower than in any of the other nations (the UK average share was 55%).

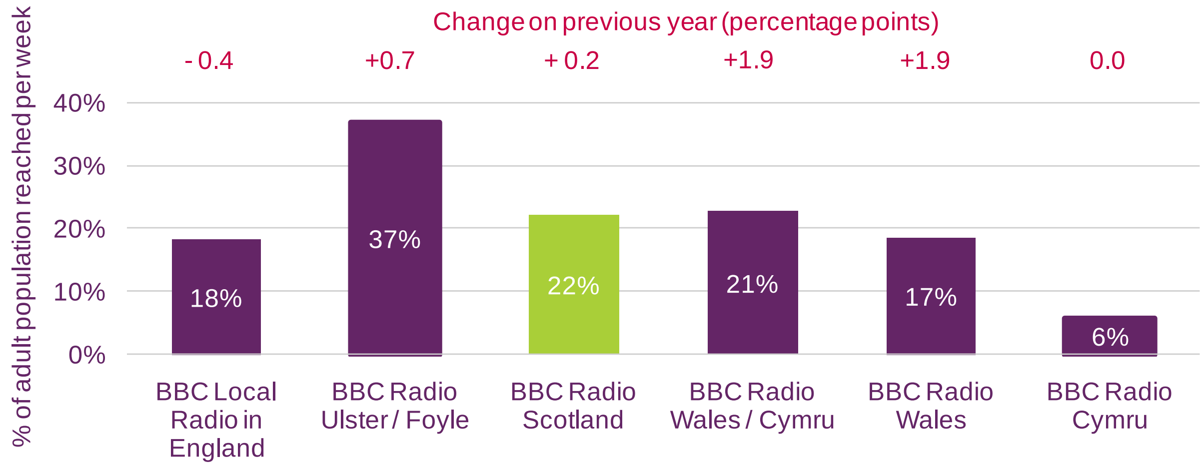
Figure 3.4 Share of listening hours, by nation: year to Q1 2011



Source: RAJAR, All adults (15+), year ended Q1 2011
Note: BBC Local/Nations includes both BBC Scotland and Radio Nan Gaidheal

Just over one in five (22%) of adults listened to BBC Radio Scotland on an average week in Q1 2011, up 0.2 percentage points on the previous year. Total listening hours to the national BBC stations in Scotland accounted for 8% of all radio listening hours in Q1 2011.

Figure 3.5 Weekly reach for national/ local BBC services



Source: RAJAR, All adults (15+), year ended Q1 2011. Reach is defined as the total proportion of the adult population within each respective TSA who listened to at least five consecutive minutes in the average week.

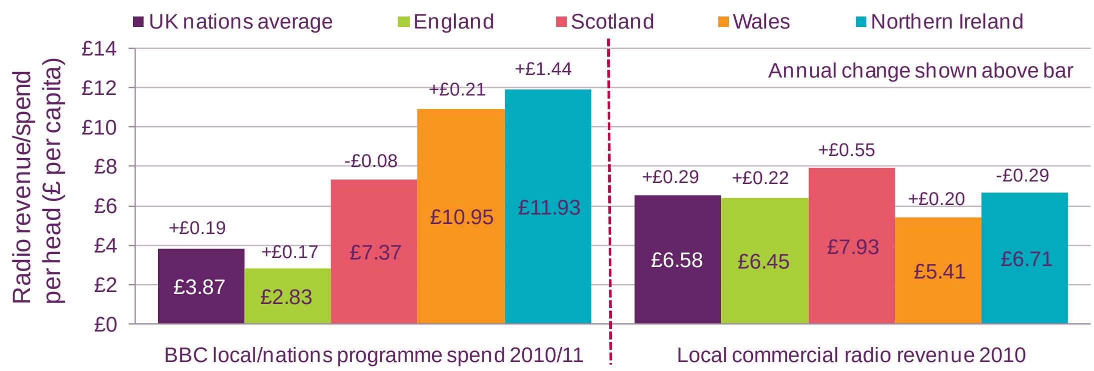
3.4 The radio industry

Commercial radio revenue and BBC Radio funding in Scotland

The commercial revenues generated by local radio stations in Scotland reached £41.4m in 2010. Adjusting for population size, Scotland has the largest revenue per head of the UK nations at £7.93, a £0.55 (7%) increase on 2009.

BBC Radio spend on BBC Radio Scotland and BBC Radio nan Gàidheal totalled £38.5m in 2010/11. Expenditure per head declined 1% on the previous year, now standing at £7.37. Scotland was the only UK nation to see BBC radio expenditure per head decline (albeit marginally) in 2010/11.

Figure 3.6 Local/nations radio spend and revenue, per head of population 2010/11



Source: Broadcasters, 2010
Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes revenues for the UK-wide commercial stations: Classic FM, talkSPORT, and Absolute. These figures supersede all others and are not directly comparable with historical data.

3.5 Scottish community broadcasting

Twenty community radio licences have been awarded in Scotland, with two of those handed back, leaving 18 still active. Over the past year Ofcom has awarded three stations in Scotland with extensions to their licences - Awaz, Revival and Black Diamond.

The Scottish Community Broadcasting Network works to provide support, advice and guidance to communities which are interested in community radio. Scotland's network of community radio stations joined forces to broadcast an exclusive interview programme featuring the leaders of the four main parties standing in the 2011 Scottish Parliamentary Election. This was the first time the stations had linked up to cover a Scottish election.

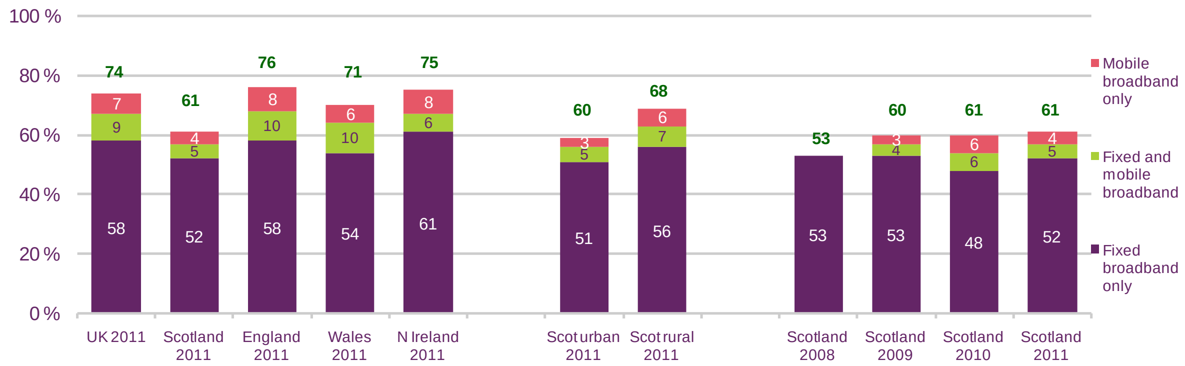
4 Internet and web-based content

4.1 Broadband take-up

Broadband take-up in Scotland is below the UK average

Since Quarter 1 2009, broadband take-up in Scotland has remained unchanged, standing now at 61%. At the same time, take-up in the other UK nations has been increasing; meaning that broadband take-up in Scotland is now at least ten percentage points behind all the other nations and lags behind the UK average by 13 percentage points. For more information on broadband take-up by area, see Ofcom's fixed broadband map: http://maps.ofcom.org.uk/broadband/

Figure 4.1 Broadband take-up at home



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 487 Scotland, 1983 England, 493 Wales, 511 Northern Ireland, 239 Scotland urban, 248 Scotland rural, 925 Scotland 2008,1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011)
QE9. Which of these methods does your household use to connect to the internet at home? (NB 2008 survey did not cover mobile broadband. 2008 measure shows any broadband)

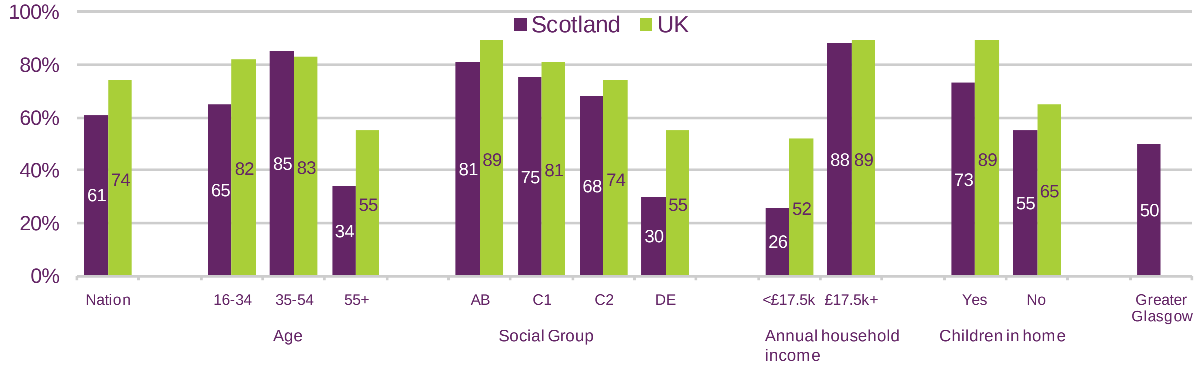
Broadband take-up is particularly low among over-55s and DE households

Figure 4.2, below shows that broadband take-up in Scotland varies dramatically by demographic factors. Take-up is particularly low in Greater Glasgow (50%), as we have reported in previous years, and among those aged 55+ (34%), DE socio-economic groups (30%), and in households with incomes less than £17.5k per annum (26%). The Greater Glasgow area has a relatively high proportion of low-income homes, which goes some way to explaining why take-up is particularly low in this area.

Lower broadband take-up among lower-income homes, DE socio-economic groups and older consumers is seen across the UK; however, in Scotland take-up is *particularly low* within these groups. Of the over-55s, 55% have broadband at home in the UK – in Scotland this figure is 21 percentage points lower, at 34%. Among DE socio-economic groups across the UK 55% have broadband at home; in Scotland this figure stands 25 percentage points lower, at 30%. So, the low broadband take-up in Scotland is almost entirely explained by particularly low take-up by these groups of consumers. Among those aged 35-54, broadband ownership in Scotland is virtually identical to the UK figure (85% in Scotland vs. 83% across the UK).

These demographic differences in broadband ownership and use were also found by the Scottish government in the 2009 *Scottish Household Survey*[6], with age and income being particularly strong determinants of likelihood to have an internet connection. The survey also found, as did Ofcom's survey, that take-up and use of the internet was particularly low in the Glasgow area.

Figure 4.2 Broadband take-up in Scotland compared to UK (by demographic)



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ in Scotland (n = 487 Scotland, 145 16-34s, 178 35-54s, 164 55+, 109 AB, 141 C1, 95 C2, 142 DE, 127 <£17.5k income, 90 £17.5k+, 159 children in home, 328 no children in home, 120 Greater Glasgow)
QE9. Which of these methods does your household use to connect to the Internet at home?
Note: "Greater Glasgow" includes Greater Glasgow and Clyde Health Board area + other parts of Lanarkshire.

[6] http://www.scotland.gov.uk/Topics/Statistics/16002/Tables09Internet

Why is broadband take-up low in Scotland?

As the demographic analysis above has shown, the overall broadband ownership figure in Scotland is explained by particularly low take-up among those aged 16-34, those aged 55+ and DE/ low income groups.

Computer ownership is low
Across the UK, the vast majority of home computers are now connected to a broadband service. This is also true in Scotland, although ownership of computers at home is lower there than the UK average (65% in Scotland vs. 77% in the UK). In Scotland, among those aged 55+, just 38% have a computer at home (which goes some way to explain why broadband take-up is 34%). Historically, increases in internet take-up across the UK have been partially driven by homes that already had a computer connected to the internet.

A high proportion of people do not use the internet at all (in any location)
30% of adults in Scotland say that they do not use the internet in any location, compared to 20% in the UK as a whole. Among internet users, take-up at home (87%) is not very different to the UK (93%).

Perceived lack of need or knowledge
Of those in Scotland who do not have internet access at home, the majority (76%) say that they are unlikely to get internet access at home within the next 12 months. When asked the main reason for this, the top reasons given were:

Don’t know how to use computers/ the internet (30%),
No need (22%),
Too old to use the internet (16%),
Don’t want a computer (8%),
Computer is too expensive to buy (8%),
Friends/ family member checks internet for me (5%),
Too expensive to set up (4%),
Satisfied using the internet elsewhere (3%),
Charges are too expensive (2%).

The most frequently cited reasons relate to lack of knowledge or need. Costs are also a barrier to take-up for a significant minority. Three in ten said that they “Don’t know how to use a computer”, which was a response given much less frequently in the UK as a whole (14%).

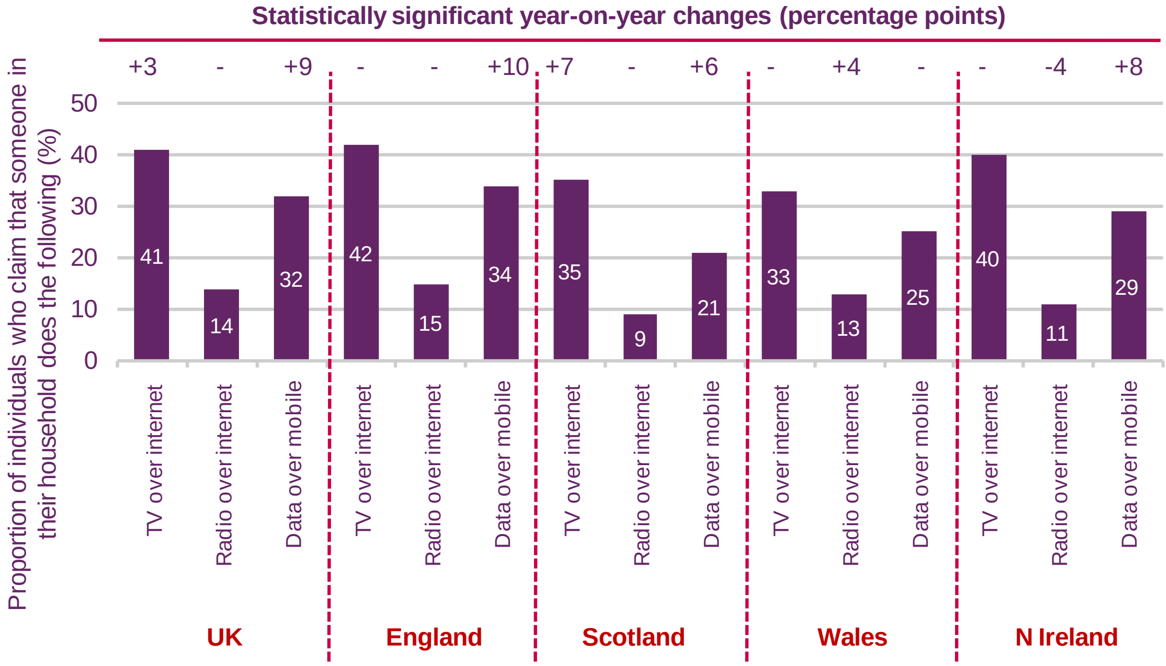
Among those in Scotland who do not have internet access at home, about one in five (21%) say that they use the internet in other locations, with the most common location being someone else’s home (18%).

Consumers’ use of data on mobile handsets in Scotland has increased by 40% in the past year

A fifth (21%) of Scotland’s consumers now say that somebody in their home uses their mobile phone to access data services (internet, emails, web-enabled apps etc). This is an increase of 6% points since last year. This rapid growth has been driven by the fast-increasing popularity of smartphones. Consumers’ use of smartphones is discussed in more detail in Figure 1.4, in section 1.

Watching audio-visual content over the internet continues to be a popular pastime, with over a third (35%) of homes watching services such as BBC iPlayer, 4oD and ITV Player, an increase of seven percentage points on the previous year.

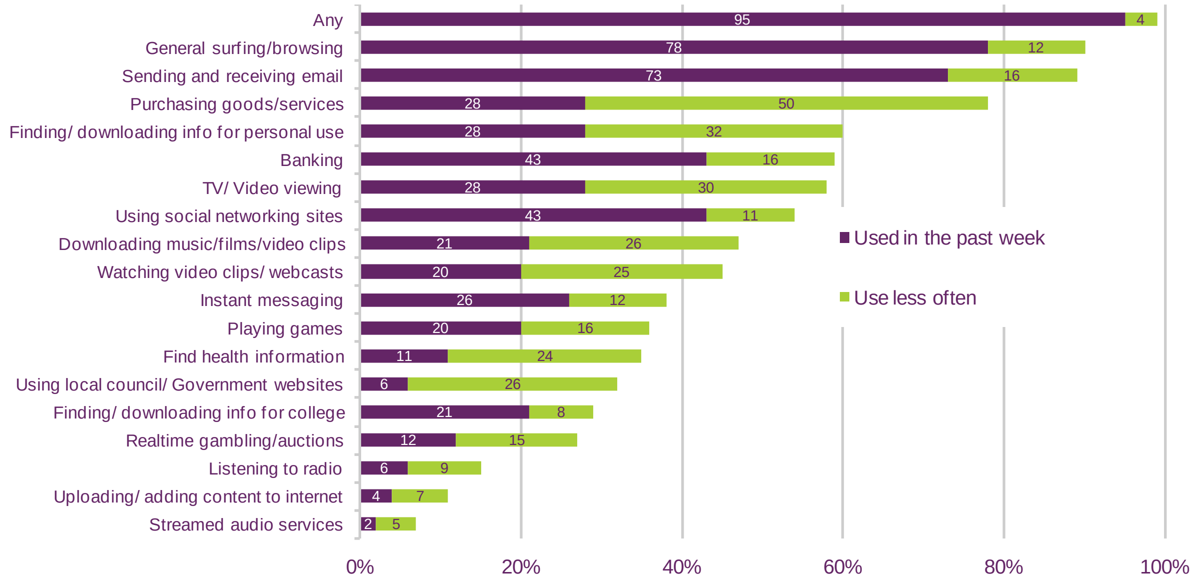
Figure 4.3 Consumers' use of converging platforms



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland)
Questions. Which, if any, of these do you or members of your household use the internet for whilst at home?/ Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?/ Includes download free applications, download paid for applications, send/ receive emails, accessing the internet, connecting to the internet using Wi-Fi, using VoIP service, download a new video clip, video streaming, TV streaming, accessing/ receiving, sports/ team news/ scores, accessing/ receiving news, use IM/ Instant messaging

Those in Scotland who do have a broadband connection at home use their connection for a range of purposes, as shown in Figure 4.4. The applications they use are similar to those used across the rest of the UK. A slightly lower proportion of consumers in Scotland use social networking sites, which is probably related to the fact that Scotland's 16-34 year olds – the age group most likely to use these sites – are less likely to have broadband connections.

Figure 4.4 Use of online applications among broadband users



Source: Ofcom research, Q1 2011
Base: Adults aged 16+ with a broadband connection at home (n= 317 Scotland)
QE5. Which, if any, of these do you or members of your household use the internet for while at home?

4.2 Recent developments in Scotland

A strategy to get more people using the internet, with greater access to high-speed broadband, was published by the Scottish Government in March 2011. Their aim is to have next-generation broadband available throughout Scotland by 2020 with significant progress by 2015. Funding of £1.5m was announced for 2011/12 to improve the uptake and use of broadband.

The Scottish government views next-generation broadband as an enabler of much of the ambitions and actions contained within its strategy. It has pledged to work with Business Gateway, Scottish Enterprise and Highlands and Islands Enterprise to explore how best to encourage the 25% of Scottish businesses currently not online, to get online, and to support the 75% already online to make better use of the broadband that is available to them. The Scottish government conducted research on the use of broadband by Scottish businesses, including a survey of 1,000 small to medium-sized enterprises and micro-businesses (with 0-9 employees). Around 25% of those businesses surveyed did not use the internet at all, with most of this 25% showing no intention of doing so in the next three years, believing the internet to have little relevance to their business. One reason given by survey respondents for non-use relates to lack of adequate IT skills. Cost was not cited as the main barrier.

5 Telecoms and networks

5.1 Broadband availability

Scotland had marginally the lowest proportion of UK homes connected to an ADSL-enabled exchange at the end of 2010

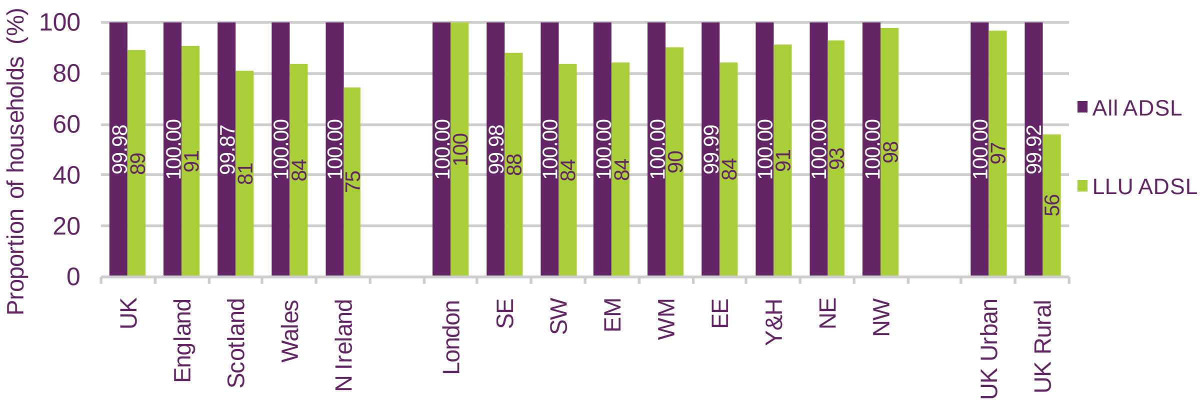
ADSL broadband is delivered over the copper phone line running from the local telephone exchange to the user's premises and has the highest availability of all of the technologies capable of delivering fixed broadband services in the UK. ADSL coverage therefore gives a good indication of overall UK broadband availability.

At the end of 2010 over 99.9% of UK homes were connected to an ADSL-enabled local exchange (although some people living in these areas may not be able to receive ADSL broadband services, or may only be able to do so at very slow speeds, as a result of the long length or poor quality of the copper telephone line from their premises to the local telephone exchange). Across Scotland, 99.87% of homes were connected to an ADSL-enabled exchange, with 20 local exchanges not ADSL-enabled.

Households connected to an ADSL-enabled exchange have access to broadband services delivered by the incumbent operator (Kingston Communications in the Hull area and BT for the rest of the UK), and consumers can choose between retail services provided either by the retail arm of the incumbent (Karoo or BT Retail), or other retail services which use wholesale services provided by the incumbent.

In addition, many exchanges have been 'unbundled'. This means that a local-loop-unbundling (LLU) provider has sited its own equipment in the incumbent operator's local exchange and provides ADSL broadband (either on a standalone basis or in conjunction with fixed voice services) over the incumbent's copper wire from the exchange to the customer premises. Those living in an unbundled exchange area are therefore likely to have a greater choice of providers and tariffs available to them than those living in exchange areas which have not been unbundled. In Scotland 81% of homes were connected to an LLU-enabled exchange at the end of 2010, the second lowest proportion among the UK nations.

Figure 5.1 Proportion of homes connected to ADSL-enabled and unbundled exchanges



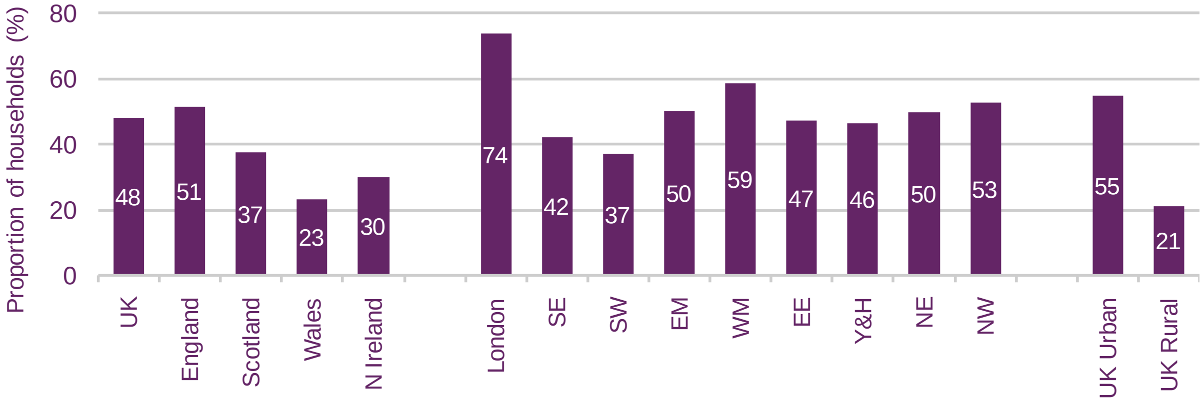
Source: Ofcom / BT, December 2010 data

Scotland had the second highest proportion of homes that were passed by Virgin Media's cable network, at 37%

At the end of 2010 48% of UK homes were passed by Virgin Media's cable broadband network, unchanged from a year previously. The cable network offers headline connection speeds of 'up to' 50Mbit/s (and 100Mbit/s in some areas) and is concentrated in urban areas, as the original cable franchises concentrated network build in highly populated areas in order to maximise their potential customer bases.

This is reflected in Figure 5.2 below, which shows that while 55% of homes in urban areas were passed by Virgin's cable broadband network in June 2010, only 21% in rural areas were. Similarly, among the UK nations the proportion of homes passed by Virgin Media's cable broadband network ranged from 23% in Wales to 51% in England; in Scotland 37% of homes were passed by the cable network at the end of 2010, the second highest proportion among the UK nations.

Figure 5.2 Proportion of households passed by Virgin Media's cable broadband network



Source: Ofcom / Virgin Media, June 2010 data

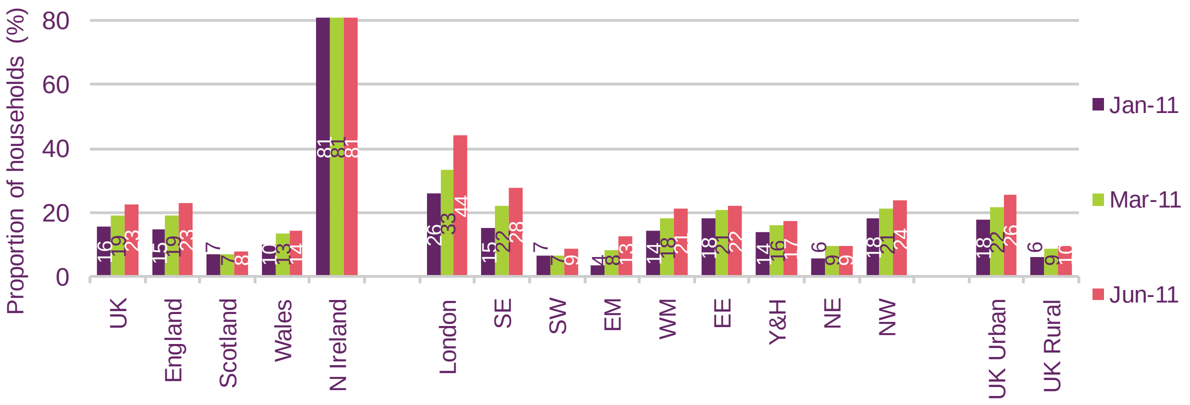
Scotland had the lowest proportion of homes connected to a fibre-to-the-cabinet enabled exchange in March 2011, at just 7%

Fibre-to-the-cabinet (FTTC) broadband involves running fibre-optic cable from the local exchange to the street cabinet and then using VDSL (a fast form of DSL) to provide broadband service to the end-user over the copper wire from the cabinet to the customer's premises. BT is now rapidly rolling out FTTC, and aims to make it available to two-thirds of UK homes by 2015. BT Retail's current FTTC service offers headline speeds of 'up to' 40Mbit/s; however, it recently announced that this will be increased to 'up to' 80Mbit/s in 2012. Ofcom research finds that average speeds delivered by BT Retail's Infinity service (fibre broadband) were around 32Mbit/s, more than four times as fast as average speeds delivered by 'up to' 20/24Mbit/s ADSL services.

At the beginning of June 2011 around 23% of UK homes were connected to a FTTC-enabled local exchange, with this proportion ranging from 8% in Scotland to 81% in Northern Ireland.

It should be noted that, on average, when an exchange is FTTC-enabled, cabinets serving only around 80% to 90% of premises in the exchange area have fibre-optic cable run to them. This means that the proportion of homes in Scotland that are able to receive FTTC services will be lower than the proportion connected to the exchange (approximately 6-7% at the beginning of June 2011 compared to the 8% connected to an FTTC-enabled exchange).

Figure 5.3 Proportion of households connected to an FTTC-enabled exchange



Source: Ofcom / BT

5.2 Mobile coverage

Although around nine in ten households in the UK have a mobile phone, there remain areas of the country where a lack of network coverage means that making mobile calls is not possible. These areas, sometimes known as 'mobile not-spots', are characterised by low population density and/or challenging terrain which present physical and economic obstacles which may deter operators from erecting and maintaining mobile masts.

How we measure the availability of mobile telephony in this report

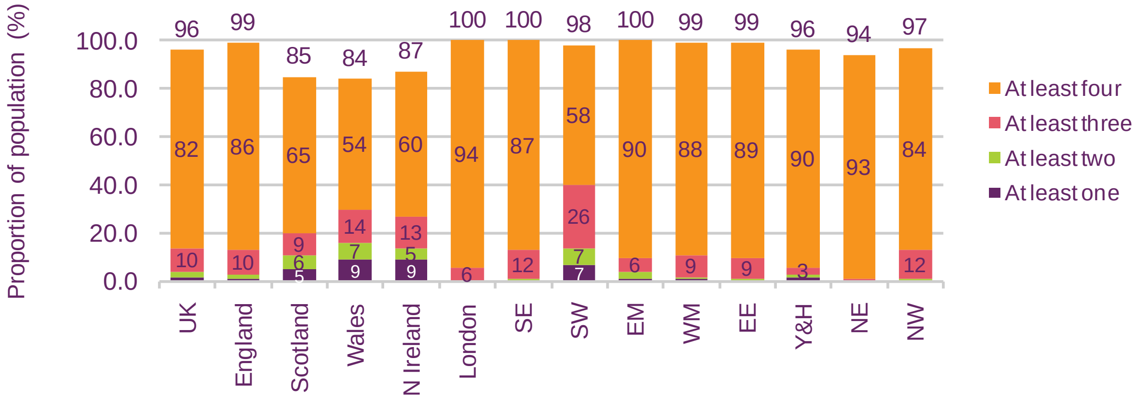
To evaluate the availability of mobile telephony services across the UK we examine the number of mobile networks with second generation (2G) and third generation (3G) coverage in each postcode district. For an operator to be counted as having coverage, its network footprint has to cover at least 90% of the postcode district, and by using this information in conjunction with population figures we can calculate the proportion of people living in postcodes that fall within this coverage threshold.

It is important to note that even if a postcode district does not meet or exceed this 90% threshold, it does not mean that mobile services are not available there; rather, that none of the mobile operators meets the 90% threshold that we use in this analysis.

Figure 5.4 details levels of mobile coverage based on population – it shows that 96% of people across the UK live in a postcode district with at least 90% 2G coverage from one or more operators. In the chart pack for this report we also detail mobile coverage by geography and provide maps indicating areas of mobile coverage.

2G mobile coverage is lower in Scotland than in the UK as a whole – 15% of the population in Scotland live in postcode areas where no operator has more than 90% coverage. Lower network coverage in Scotland, Wales and Northern Ireland, compared to England, is a reflection of large areas of low population density and areas where hilly or mountainous terrain limits the range of cellular masts.

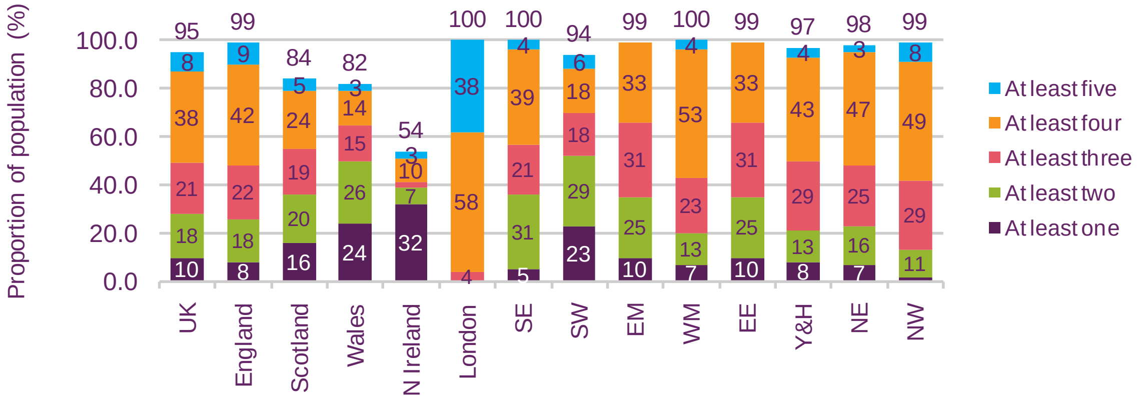
Figure 5.4 2G mobile phone population coverage (90%), by number of operators



Source: Ofcom / GSM Association / Europa Technologies; Q2 2011
Note: Figures show the percentage of population within postcode districts where at least one operator had at least 90% 2G area coverage; data not directly comparable to those published in the 2010 report.

3G mobile networks offer faster download speeds which offer a much better experience of mobile data services such as web browsing and downloading files from the internet. Across the UK, 3G coverage is generally lower than 2G coverage. In Scotland, population coverage of 3G networks is 84% - lower than in England, but higher than in Wales and Northern Ireland. However, whereas 65% of the population of Scotland live in areas where four operators provide a 2G network, just 29% live in areas where four or five operators have a 3G network. This makes it particularly important that consumers check coverage using operators' postcode checkers before choosing a network provider.

Figure 5.5 3G mobile phone population coverage (90%), by number of operators



Source: Ofcom/ GSM Association / Europa Technologies; Q2 2011
Note: Figures show the percentage of population within postcode districts where at least one operator had at least 90% 3G area coverage; data not directly comparable to that published in the 2010 report.

5.3 Service take-up

Ownership of telephony service in Scotland remains stable

Eight in ten homes in Scotland have a fixed-line phone. This figure has remained stable (up one percentage point) since last year. Mobile phone ownership among adults in Scotland has also remained stable (also up by one percentage point to 86%).

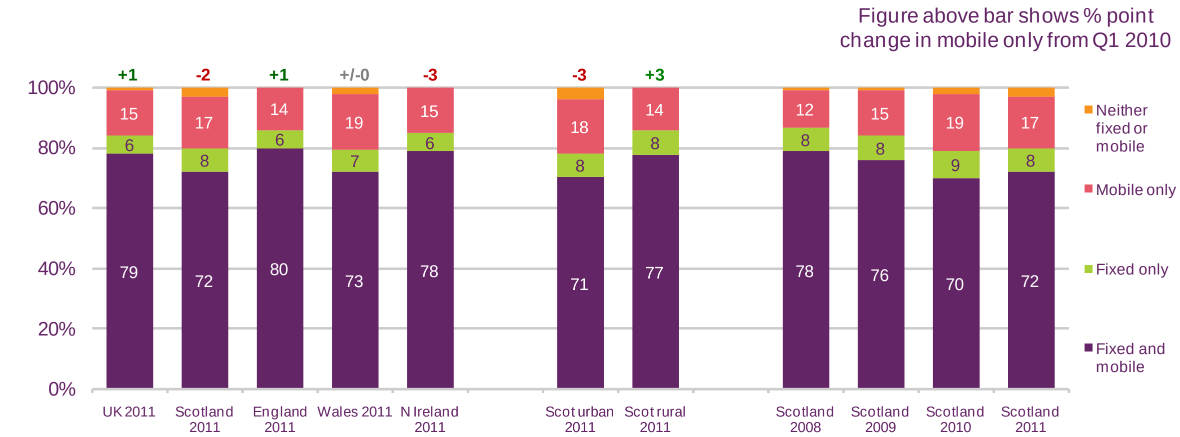
Figure 5.6 Take-up of communications services: 2011

Individual								
Voice telephony	Fixed Line	85%	**80%**	85%	80%	84%	78%	86%
	Mobile	91%	**86%**	92%	87%	92%	85%	88%
	Mobile-only home	15%	**17%**	14%	19%	15%	18%	14%
Internet	PC	77%	**65%**	78%	74%	78%	63%	70%
	Total Internet	76%	**64%**	78%	72%	76%	63%	70%
	Broadband (fixed and mobile)	74%	**61%**	76%	71%	75%	60%	68%
	Fixed Broadband	67%	**57%**	68%	65%	67%	56%	62%
	Mobile Broadband	17%	**9%**	18%	16%	13%	8%	13%

Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 487 Scotland, 1983 England, 493 Wales, 511 Northern Ireland, 239 Scotland urban, 248 Scotland rural)
QC1. Is there a landline phone in your home that can be used to make and receive calls?/ QD2. Do you personally use a mobile phone?/ QE1. Does your household have a PC or laptop computer?/ QE2. Do you or does anyone in your household have access to the internet/ World Wide Web at home?/ QE9. Which of these methods does your household use to connect to the Internet at home?

Seventeen per cent of adults in Scotland live in a mobile-only home, so are reliant on mobile telephony for incoming and outgoing calls. Mobile-only homes are more prevalent in urban (18%) than in rural areas (14%).

Figure 5.7 Cross-ownership of household telephony services



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 487 Scotland, 1983 England, 493 Wales, 511 Northern Ireland, 239 Scotland urban, 248 Scotland rural, 925 Scotland 2008,1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011)
QC1. Is there a landline phone in your home that can be used to make and receive calls?/ QD1. How many mobile phones in total do you and members of your household use?

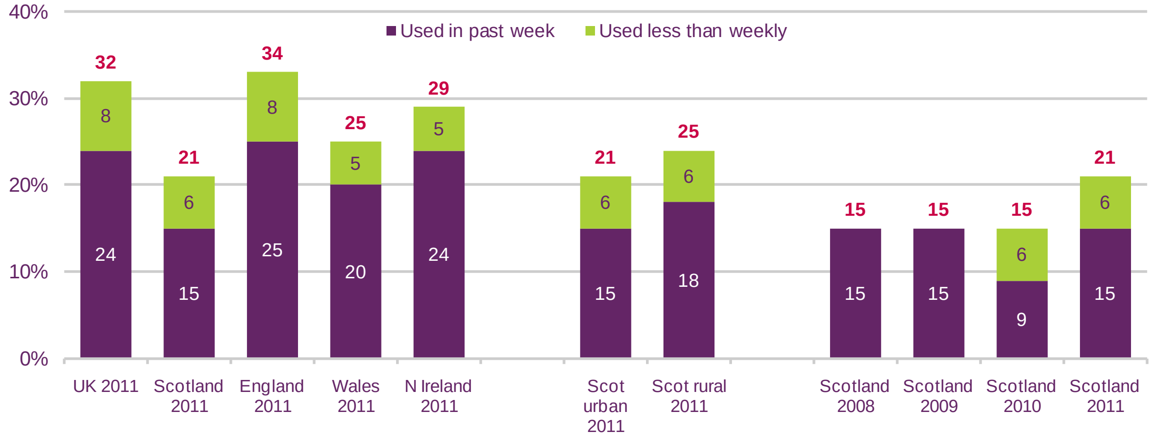
One in five mobile phone owners in Scotland now own a smartphone

A fifth (21%) of adults with a mobile phone in Scotland now have a smartphone handset. Ownership of smartphones is below the UK average of 30%, but still represents rapid adoption of a technology that has been widely available to consumers for only the last 2-3 years. Males (26%), 16-34 year olds (32%) and ABC1 socio-economic groups (28%) are among those most likely to have a smartphone in Scotland.

Use of a mobile phone to access the internet rises in Scotland

Twenty-one per cent of adults in Scotland use a mobile phone to access the internet (15% had done so in the last week, when we asked). This represents a six percentage point rise over the past year, which is likely to have been driven by the increasing popularity of smartphones. This figure is slightly higher than the proportion of smartphone owners (21% of mobile phone owners – equating to 18% of all adults).

Figure 5.8 Use of mobile phone to access the internet



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 487 Scotland, 1983 England, 493 Wales, 511 Northern Ireland, 239 Scotland urban, 248 Scotland rural, 925 Scotland 2008,1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011)
QD28A-B. Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for? And, which of these activities have you used your mobile for in the last week? (NB 2008 and 2009 surveys did not cover use in past week – 2008 and 2009 measures show any use)

Satisfaction with fixed broadband speeds falls in Scotland

Overall satisfaction with fixed broadband connections has fallen across the UK in the past year by four percentage points. The fall in satisfaction has been slightly more marked in Scotland, down by six percentage points to 86%. This may be explained by a particularly sharp fall in satisfaction with fixed broadband connection speeds, which has fallen by ten percentage points in Scotland to stand at 73%.

Figure 5.9 Satisfaction with speed of fixed broadband connection

Source: Ofcom research, Q1 2011
Base: Adults aged 16+ with a fixed broadband connection at home (n = 2243 UK, 294 Scotland, 1311 England, 303 Wales, 335 Northern Ireland, 137 Scotland urban, 157 Scotland rural, 489 Scotland 2008, 528 Scotland 2009, 778 Scotland 2010, 294 Scotland 2011)
QE8b. Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)?
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online

5.4 Recent developments

Scotland has one of the first four *Broadband Delivery UK* (BDUK) pilot areas, in the Highlands and Islands, with a value of £35m from the £530m fund. The project aims to help deliver next-generation broadband throughout the Highlands and Islands. It aims to cover around 40 population centres throughout the region.

6 Media literacy in Scotland

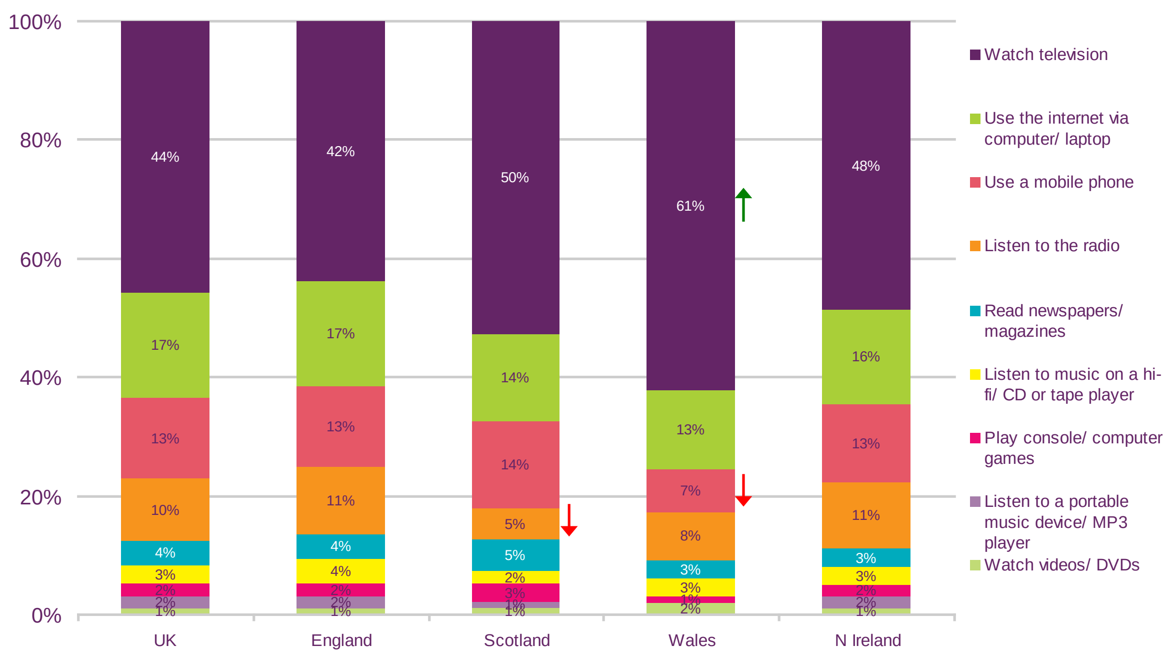
Ofcom recently published its report *Adults' Media Literacy in the Nations* report. A summary of the findings in Scotland is reproduced below, providing an overview of some of the key measures of media literacy across Scotland among adults aged 16 and over. The dataset comprises results from fieldwork conducted in spring and autumn 2010 among 256 adults in Scotland. The full findings are available here: www.ofcom.org.uk/medialiteracyresearch

6.1 Media preferences

Half of all adults in Scotland say that TV is the medium they would miss the most

When asked which medium they would miss the most, half of all adults in Scotland (50%) say television, similar to the UK average (44%). Adults in Scotland are less likely than all UK adults to say they prefer to listen to radio (5% vs. 10%), and, since 2009, fewer adults in Scotland say they prefer to listen to radio. Otherwise, preferred media activities among adults in Scotland do not differ from the UK as a whole and remain at similar levels to 2009.

Figure 6.1 Most-missed media activity



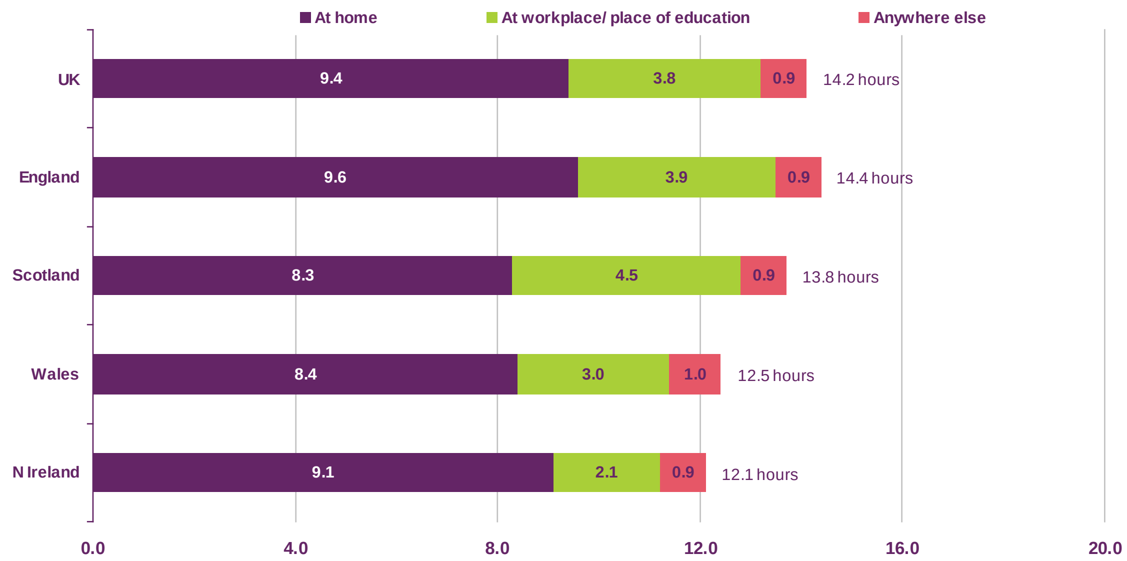
A2 – Which one of these would you miss doing the most? (Prompted responses, single coded)
Base: All adults aged 16+ (2117 UK, 1382 England, 256 Scotland, 240 Wales, 239 Northern Ireland).
Significance testing shows any difference between any nation and the UK.
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

6.2 Media use

Adults in Scotland claim to spend an average of 13.8 hours per week on the internet

The overall claimed volume of internet use per week among internet users in Scotland is similar to that for all UK adults who use the internet at home or elsewhere (13.8 hours vs. 14.2 hours).

Figure 6.2 Claimed volume of internet use per week



IN7A-C – How many hours in a typical week would you say you use the internet at home/ at your workplace or place of education/ anywhere else? (Unprompted responses, single coded)
Base: All adults aged 16+ who use the internet at home or elsewhere (1489 UK, 1004 England, 162 Scotland, 156 Wales, 167 Northern Ireland). Significance testing shows any difference between any nation and the UK.
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

6.3 Understanding of, and attitudes towards, the internet

Whereas UK internet users' attitudes to providing personal details online are mostly unchanged since 2009, internet users in Scotland are now less likely than in 2009 to say they would be happy to provide their personal email address, their home address or their home phone number. In 2009 internet users in Scotland were more likely than all UK users to say they would be happy to provide each of the types of personal details online that we asked about.

Attitudes towards the internet among users in Scotland are similar to those among all internet users in the UK. Most agree that internet sites must be free to be expressive and creative (74% vs. 75%) and also agree that internet users must be protected from seeing inappropriate or offensive content (81% vs. 83%). As in 2009, users in Scotland are less likely than all UK adults to agree that people who buy things online put their privacy at risk (50% vs. 59%); being more likely to choose a neutral response to this question (27% vs. 19%) rather than to disagree.

6.4 Trust and concerns about media

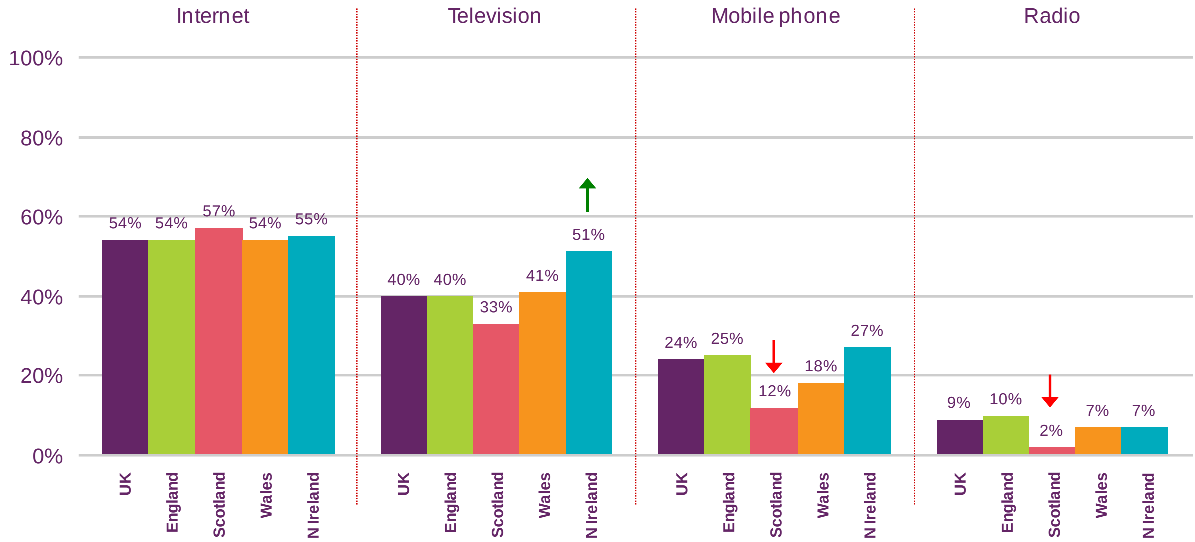
Adults in Scotland are more likely than the UK average to trust TV news

A majority of adults in Scotland using each medium say that they tend to trust the news output from TV and from news websites. Adults in Scotland are more likely than those in the UK as a whole to say they trust the news output from TV (68% vs. 54%).

The proportion of users in Scotland mentioning any concerns about media content is similar to that found in 2009, for television, the internet and mobile phones. Figure 6.3 shows that, as with the UK as a whole, around six in ten internet users in Scotland have concerns about what is on the internet (57% in Scotland vs. 54% in the UK). While internet users across the UK overall are less likely to say they have any concerns about what is on the internet than in 2009, this decline is not evident among users in Scotland. Users in Scotland are less likely than those in the UK overall to have concerns about mobile phones (12% vs. 24%) and about radio (2% vs. 9%). In 2009, users in Scotland were less likely than all in the UK to have concerns about television, but this measure is now at a similar level in 2010 (33% vs. 40%).

While adults in Scotland with televisions in their household are not significantly different to all UK adults in terms of having any concerns about what is on television (33% vs. 40%) and are as likely to have concerns that relate to quality of content/ repeats (23% vs. 24%), they are less likely to have concerns that relate to offensive content, such as bad language violence or nudity (13% vs. 22%).

Figure 6.3 Concerns about key media platforms



IN30/ T7/ M4/ R6 – Can you tell me if you have any concerns about what is on the internet/ TV/ mobile phones/ radio? (unprompted responses, multi-coded)
Base: All adults aged 16+ who use the internet at home or elsewhere (1489 UK, 1004 England, 162 Scotland, 156 Wales, 167 Northern Ireland), with any TVs at home (2075 UK, 1357 England, 245 Scotland, 236 Wales, 237 Northern Ireland), who use a mobile phone (1885 UK, 1245 England, 219 Scotland, 208 Wales, 213 Northern Ireland), who listen to radio at home (1605 UK, 1050 England, 178 Scotland, 201 Wales, 176 Northern Ireland). Significance testing shows any difference between any nation and the UK.
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010