The Communications Market in Scotland

2 TV and audio-visual content

2.1 TV and audio-visual content

2.1.1 Recent developments in Scotland

The Scottish Government and Scottish Broadcasting Commission

In September 2009, the Scottish Government published *Opportunities for Broadcasting - Taking Forward Our National Conversation*[6], which listed options for broadcasting under devolution and independence. In the same month, the Scottish Government reported on the progress of proposals in the Scottish Broadcasting Commission's 2008 Report *Platform for Success*. The Government welcomed announcements on increasing network production in Scotland, but described as "disappointing" the lack of progress towards establishing a Scottish Digital Network[7].

Interactive Scotland links up the digital world

Interactive Scotland, a new support network with the objective of stimulating growth and innovation in Scotland's digital media sector, was launched in March 2010. It was developed in response to industry demand for business growth support for the sector, and contributes to the Scottish Digital Media Industry Advisory Group's strategy, Digital Inspiration[8]. The project is funded by Scottish Enterprise and the European Regional Development Fund.

Scottish companies working in design/advertising, mobile, interactive software, internet, gaming, broadcast services, film, video production, exhibition services, next-generation learning, music and publishing can benefit from the service, which offers access to market intelligence and research; product and technology support; sector-specific business development; and partner connections.

The advisory services will be delivered on behalf of Scottish Enterprise by Innovation Centres Scotland Ltd, a specialist provider of physical and virtual incubation services, and strategy and design consultancy New Media Partners.

STV

STV reported a strong performance in 2009 against its original KPI growth targets, with a backdrop of "incredibly challenging market conditions", and in February 2010 outlined a new set of KPI targets for 2010-2012.

The company continues to identify new opportunities for revenue generation via its digital business; total video streams on stv.tv for 2009 were up 307% compared to the previous year.

STV will later this year launch STV Local, providing local information to many hyper-local sites in Scotland.

In 2009, STV's production arm, STV Productions, won its first-ever series commission for the BBC, delivering a series of *Antiques Road Trip* for BBC2. The series was re-commissioned for 2010. STV Productions has also recently confirmed a co-commission of six new episodes of *Taggart,* along with ITV and UKTV. The programme is now (August 2010) in production.

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[6] http://www.scotland.gov.uk/Publications/2009/09/23125613/0
[7] http://www.scotland.gov.uk/Topics/ArtsCultureSport/arts/Broadcasting/Progress-report
[8] http://www.digitalinspiration.org.uk/content/default.asp

BBC Scotland

Against a difficult financial backdrop, BBC Scotland reported some notable successes over the past year. The 6.1% network BBC spend target, set by the Director General and the BBC Trust for Scotland for 2012, was reached two years early and the BBC reports that studio utilisation rates reached their highest-ever levels, representing high levels of production activity.

Programme highlights across 2009/10 included the second part of the multi-platform *Scotland's History* series. The *This Is Scotland* season was transmitted in September 2009 and showcased the best of Scotland's culture, arts and music to a UK audience on BBC Four.

Nearly a million viewers tuned into *Reporting Scotland* on 4 January, as blizzards swept the country. In terms of factual output, *Jimmy's Food Factory,* produced by BBC Scotland*,* attracted nearly 6 million viewers on networked BBC One, the highest-rated science format on the channel. On the BBC Two network, *Simon King's Shetland Diaries* peaked with an audience of 3.2 million and, as part of the BBC Network Review strand moves, *The Review Show* began broadcasting from Pacific Quay in January 2010. It joined other network arts programmes from Scotland, including *The Culture Show* and *Artworks.*

BBC Scotland continued to supply around 20% of all BBC Children's programming for the BBC, most of it made in-house.

An average of 2.3 million users visited BBC Scotland websites every week, over 1.64 million of them accessing the news pages.

MG Alba

The Gaelic channel BBC ALBA is a partnership between MG ALBA and BBC Scotland. It is available on Sky and Freesat, with watch-again and live streaming online[9]. The BBC Trust is currently examining the option of carrying the channel on Freeview, with a decision expected in autumn 2010.

BBC ALBA broadcasts for seven hours a day, of which two hours are originations, including a half-hour nightly news service from BBC Scotland (An Là). At least 50% of its commissions are from the independent sector. In 2009, the channel broadcast 2,502 hours, of which 678 hours (27%) were originations (see Figure 2.9 below). From 2010/11 for two seasons, the channel will provide coverage of Scottish Premier League football. In June 2010, BBC ALBA secured exclusive rights to show Magners League rugby union in Scotland for the next four years[10].

Local TV

The UK Government is currently working on policy options to help create a regulatory environment which will support a strong, independent and vibrant local media sector. It has set out its vision for a network of local television services across the UK and has asked Nicholas Shott, the Head of UK Investment Banking at Lazard, to carry out an independent assessment of the commercial potential of local television in the UK. The findings of that review will help produce a local media action plan, due to be published in the autumn. In

[9] http://www.bbc.co.uk/iplayer/gd/playlive/bbc_alba/
[10] http://www.mgalba.com/en/aboutmgalba/news/2010/magners-league-rugby-09-06-10.html

addition, the Government has cancelled the previous plans for pilots of the proposed Independently Funded News Consortia (IFNCs)[11].

Inverness TV.net launched earlier this year

Highland Corporate Video Facilities and Zolk Ltd are behind InvernessTV.net - a local web-based TV service for the people of Inverness which enjoyed its formal launch in February 2010[12]. The service's online channels offer news, events, entertainment and sport, targeted at the local community and tourists.

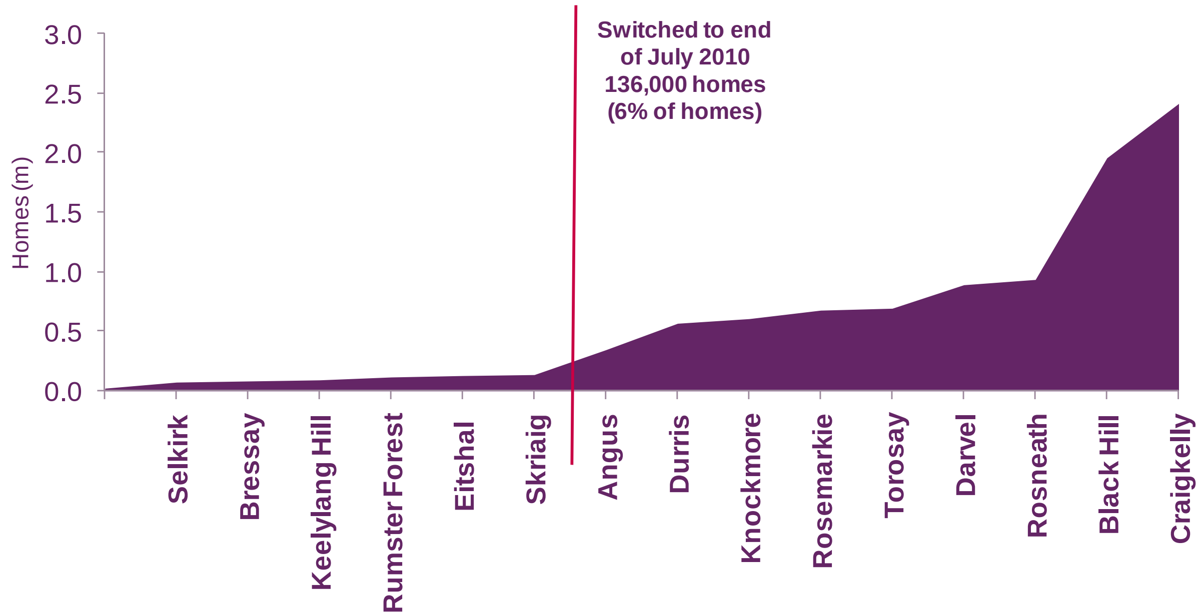
Distributing audio-visual content across Scotland using the internet

A new Glasgow-based advertising production company, Cask Productions, competes with larger UK competitors by using the web to transfer content to clients for approval and to suggest changes. It can then use the internet to upload commercials directly to the broadcasters.

2.1.2 Digital switchover in Scotland

Digital television switchover is now under way in Scotland. So far, 136,000 of the 2.4 million Scottish TV households have switched. Viewers in the Scottish Borders were the first to complete the transition in November 2008. The STV regions began the process in May 2010 and will continue until summer 2011. Across the UK, the project has already completed in the Border, Granada, Wales, West Country and West TV regions.

Figure 2.1 Cumulative households switched in Scotland, by transmitter group



Source: Digital UK Programme office

Scotland has 15 main transmitter groups, of which six have switched to digital-only broadcasting. This includes the Selkirk transmitter group, serving Scottish Borders, and Bressay, Keelylang Hill, Rumster Forest, Eitshal and Skriaig, serving mainly the Highlands and Islands of Scotland. Before the switchover process began, DTT coverage was lower in Scotland than the UK average. Switchover will extend the Freeview signal to the 199 relay

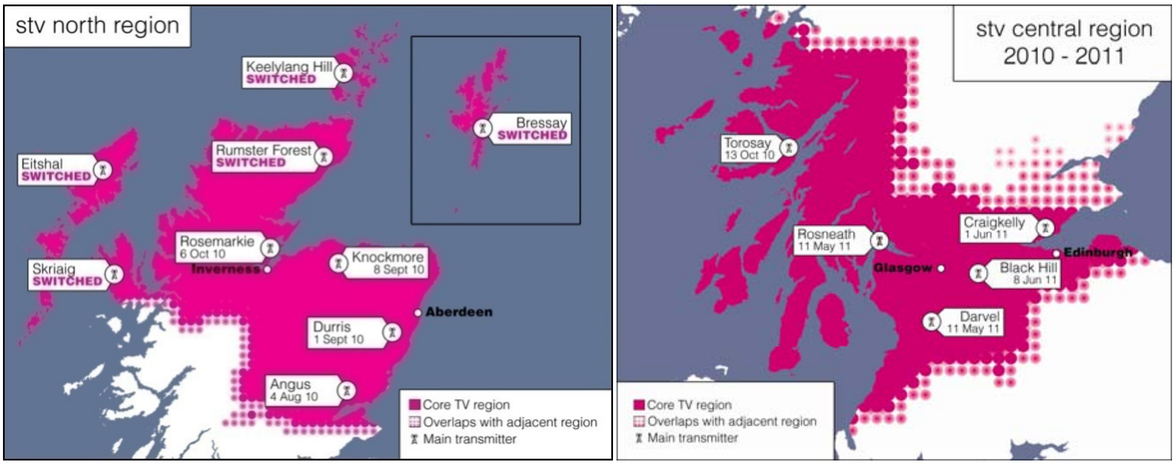
[11] http://www.culture.gov.uk/news/ministers_speeches/7132.aspx
[12] http://www.invernesstv.net/

transmitters across Scotland, boosting the digital terrestrial signal to 98.5% coverage across the nation.

STV North and Central

Switchover began in the STV North area on 5 May 2010 at the Bressay transmitter group on Shetland. The process will continue until the autumn, with all transmitters in the STV North TV region switching this year. Switchover begins in STV Central with the Torosay transmitter group, serving the south-west Highlands and Islands, in October 2010. The process will complete between May and June 2011 when the Darvel, Rosneath, Black Hill and Craigkelly groups will switch to digital-only broadcasting. The Black Hill transmitter and its relays serve around half the Scottish population, including Glasgow and much of Edinburgh.

Figure 2.2 STV North and STV Central switchover transmitter maps



Source: Digital UK

Digital UK is currently running an information campaign across the region to prepare viewers for switchover. This includes TV, radio and press advertising, booklets to every household, outside advertising, roadshows across the north of Scotland and a series of community events. In total there have been around 400 events in STV North, including around 150 public community events (at least one for every council ward in the STV North area). The Digital UK Scotland team leads switchover in the nation and offers local knowledge to help prepare viewers for the day when analogue TV signals are switched off.

The Switchover Help Scheme, run by the BBC under an agreement with the UK government, ensures that eligible older and disabled viewers are offered help and equipment to convert one TV set to digital. In addition, Digital UK has established a partnership with the charity sector to provide information, advice and support to potentially vulnerable viewers who are not eligible for the Help Scheme but may need some extra help in managing the switchover process.

Consumer experiences and readiness in Scotland

Awareness of the switch to digital among Scottish people was almost universal throughout 2009 and early 2010, and 99% of homes were aware of switchover just before it happened in those regions that have already switched.

In line with other switchover regions, 95% of people in Scotland felt comfortable with the switchover process; this is consistent among those who have switched already and those who are preparing for switchover.

Ninety-six per cent of homes were ready for switchover on the weekend before switchover started in Scottish Borders, the Shetland Islands, Orkney Islands, Caithness and north Sutherland. All households had access to digital TV two weeks after switchover finished in Scottish Borders. Post-switchover monitoring across all remaining switchover regions will reveal the final levels of digital TV take-up and platform conversion results.

In the remaining Scottish switchover regions, levels of digital TV take-up are over 93%, and a further 1% of homes own digital TV equipment which they are planning to use after switchover.

2.1.3 Spending by PSBs on TV content for viewers in Scotland

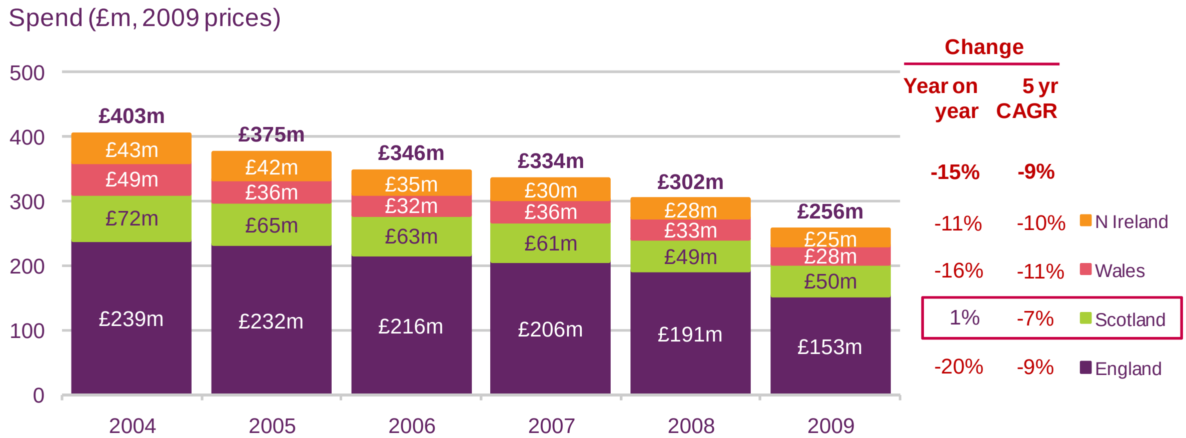
PSB spend on TV programmes for viewers in Scotland

A total of £256m 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 2009, down 15% (£46m) on 2008.

The BBC and STV spent a combined total of £50m on English-language TV programmes for viewers in Scotland in 2009, an increase of just under 1% year on year from £49m - Scotland was the only nation to see increased spend on programmes between 2008 and 2009. Our analysis of programmes made for viewers in Scotland excludes Gaelic-language output that has historically appeared on the BBC and STV. BBC ALBA, the channel dedicated to Gaelic programming, is covered in a separate piece of analysis (see page 59).

Spend on programmes for Scotland represented 19% of total spending on nations and regions programming, up from 16% in 2008.

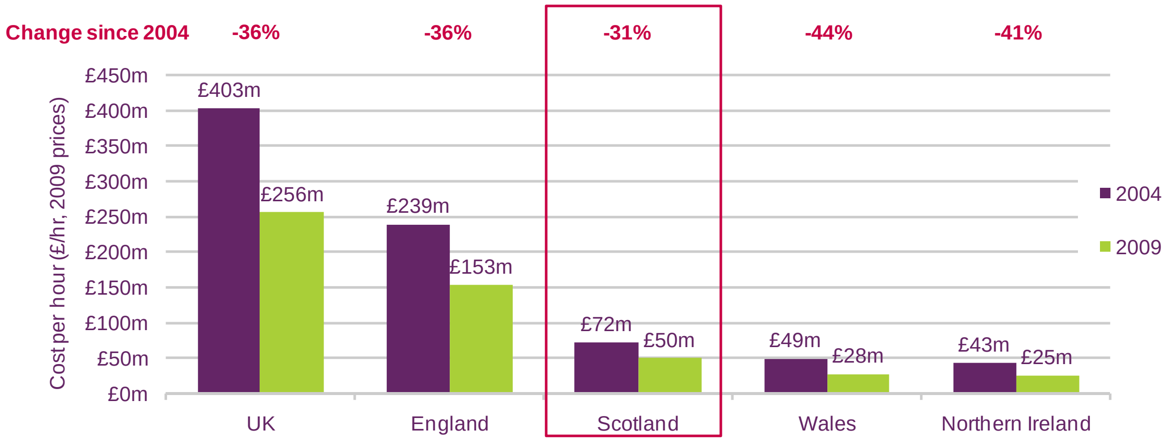
Figure 2.3 Spend on originated nations and regions output by the BBC, ITV1/STV/UTV, 2009



Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Over a five-year period, investment in English-language programmes for Scottish viewers was down 7% per year since 2004 (31% over the period), a slightly smaller decrease than the UK average decline of 9% per year (36%).

Figure 2.4 Spend by originated nations and regions output by the BBC, ITV1/STV/UTV, 2004 versus 2009



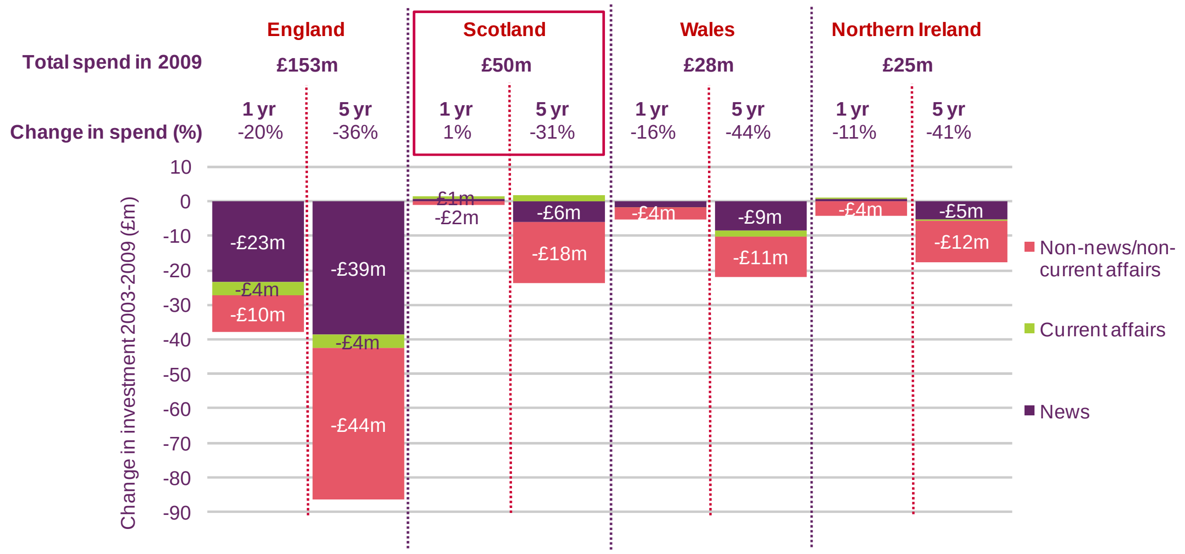
Source: Broadcasters. All figures expressed in 2009 prices.
Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

By genre, the steepest proportional decline in spending was seen in non-news/non-current affairs, which was down 1% (£1m) in 2009 to £30m. Spending on current affairs programming for viewers in Scotland experienced a 17% (£1m) increase to £4m in the year. Investment in news was also up in 2009; by 5% year on year to £15m.

For the UK-wide average, investment in news fell by 13% (£24m) to £171m, while investment in non-news/non-current affairs programming experienced a 23% (£18m) reduction across all four nations to £61m. Spend on current affairs programming across all of the nations was down 11% (£3m) year on year to £23m.

Since 2004, total expenditure by the BBC and STV on English-language TV programmes for viewers in Scotland has fallen by just over a third (31%) in real terms from £72m in 2004 to £50m in 2009. Proportionally, this represents the smallest decline in programming spend of any of the four nations. The bulk of the reduction in spending over the five years, £18m, was seen in programmes that fall outside the news or current affairs categories. Spend on news programmes fell by £6m between 2004 and 2009.

Figure 2.5 Change in investment, by genre and nation, 2004 – 2009



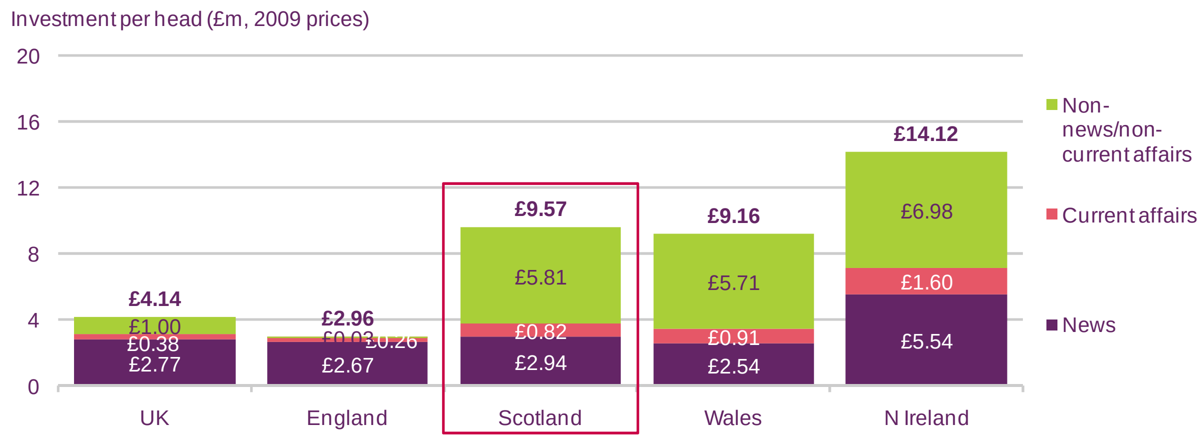
Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Per head of population, viewers in Scotland benefited from the second-highest real-terms expenditure per head of any of the nations (after Northern Ireland). In 2009, spending per head was £9.57, compared to £10.36 in 2008.

News programming accounted for about a third (£2.94 per head) of the spend per head in Scotland in 2009, compared to current affairs (9% or 82p per head). Non-news and non-current affairs programmes made for the nation accounted for nearly two-thirds of spend (60% or £5.81 per head). In 2009, spend per head in Scotland was second only to Northern Ireland (£14.12). Investment in English-language TV programmes in Wales was just lower than Scotland, at £9.16 per head.

Spend per head in the English regions was much lower, at £2.96, due to the larger population in England compared to Scotland, Wales and Northern Ireland; the UK average was £4.14. These figures exclude spend on programmes produced in local languages within the nations.

Figure 2.6 Investments per head made by the BBC and ITV/STV/UTV in regional and national output, 2009



Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

2.1.4 Hours of output of content for viewers in the nations

Hours of programmes for viewers in Scotland showed the smallest decline

The BBC and ITV/STV/UTV produced a total of 10,439 hours of programmes for the English regions, Scotland, Wales and Northern Ireland in 2009, down by 12.4% (1,473 hours) compared to 2008 and down by nearly a fifth over a five-year period.

As the part of the *Second Public Service Broadcasting Review: Putting Viewers First*, from the beginning of 2009 Ofcom reduced some of the quotas for the production of regional programming for the Channel 3 licences[13]. This was necessary in order to keep the cost of programme obligations to ITV in balance with the benefits to the broadcaster of continuing to hold the licences. Otherwise it might have been in ITV's interests to relinquish the licences, in which case all guarantees of any PSB delivery would have been lost.

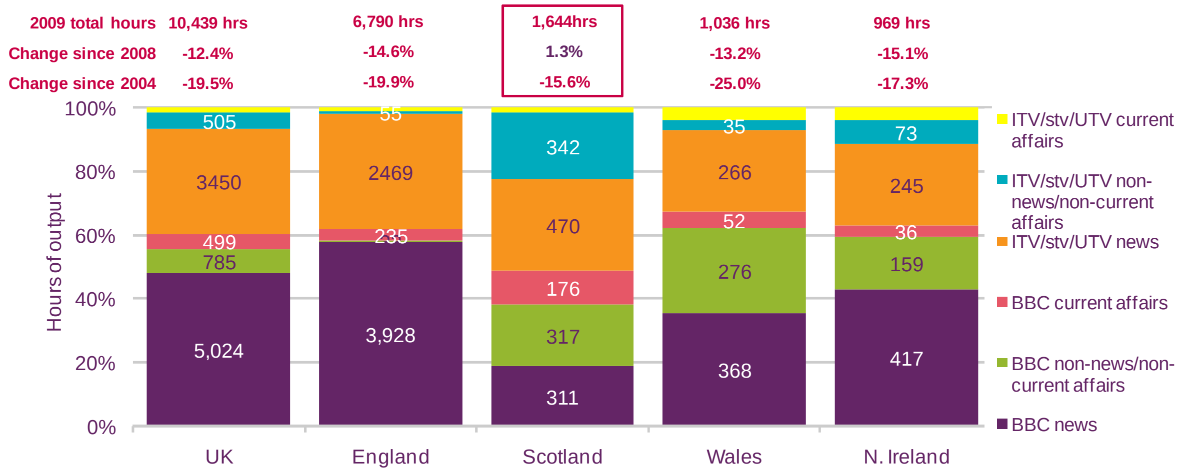
The number of English-language hours produced for viewers in Scotland stood at 1,644 in 2009, up by 1.3% (21 hours) year on year. This represented the only increase in hours of all the nations in 2009; across the UK there was an average 13.2% decline.

Since 2004, hours of regionalised output produced for Scotland have declined by 15.6%, slightly less than the UK average of 19.5%. The largest single component of the reduction in hours for Scotland in 2009 was attributable to news produced by STV, which was down by 130 hours (20%) to 470 hours. At the same time, STV increased its hours of non-news/non-current affairs in 2009 from 187 to 342, an increase of 83%.

The BBC increased news output by 12 hours to 311 hours, while non-news and non-current affairs was stable at 317 hours. Meanwhile, BBC current affairs hours fell by nine hours to 176. Programming produced by STV for viewers in Scotland accounted for 51% of all hours, with the BBC accounting for the remaining 49%.

[13] For more information, read the statement on short-term regulatory decisions: http://www.ofcom.org.uk/consult/condocs/psb2_phase2/shortterm/

Figure 2.7 Hours of regionalised output, by genre and broadcaster, 2009



Source: PSB returns. Note: Hours data for first-run originations only. Hours exclude Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Cost-per-hour calculations show that all of the nations produced programmes more cheaply (or cost effectively) in 2009 than they did in 2004. The UK average cost per hour in 2009 was £25,000, down by £6,000 compared to 2004. Scotland had the highest cost per hour of any nation in 2009 at £30,000; £5,000 higher than the UK average.

The cost per hour for programmes in Scotland has reduced by a quarter since 2004, when the average cost per hour was £37,000.

In terms of genres, the cost per hour to produce regional news reduced most in the five-year period across the UK, down by 19% to £20,000 per hour. The cost per hour for current affairs across the UK was down by 15% to £35,000. Non-news and non-current affairs programmes made for the nations cost on average £48,000; a 0.4% reduction on 2004.

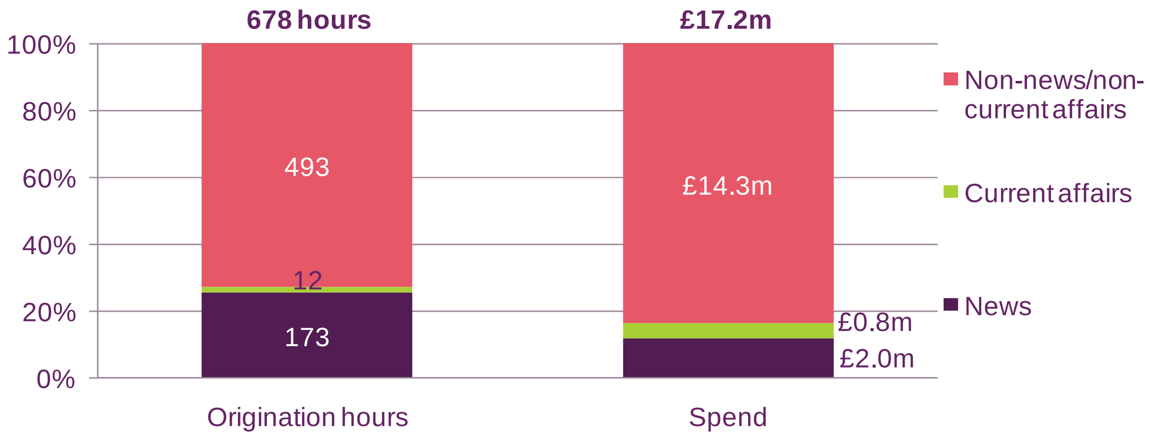
Figure 2.8 The cost per hour of output for the nations, 2009

Source: Broadcasters, all figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

BBC ALBA

BBC ALBA is the Gaelic-language service backed by the BBC and MG Alba. The channel spent £17.2m on original programming in 2009, the first full year of broadcasting following its launch in September 2008. In 2009, BBC ALBA broadcast 2,502 hours, of which 678 hours (27%) were originations. Of the £17.2m spent on Gaelic-language programming, 83% (£14.3m) was non-news/non-current affairs programming, constituting 493 hours.

Figure 2.9 BBC ALBA originations, by hours and spend, 2009



Source: BBC
Note: Some Gaelic-language programming is also available on STV, Tele G and BBC2 in Scotland; these hours have been excluded from the main analysis.

2.1.5 PSB television quota compliance

Programme production in the UK nations and English regions

Production quotas for programmes produced outside London set minimum percentages for the four main PSBs, which must broadcast programmes that have been produced in the nations and English regions. The out-of-London production quotas have two elements – one relating to the value, which applies to the amount of *money spent* on programmes produced in the nations and regions, and the second relating to the *volume of hours* broadcast.

To qualify against the quota, programmes must comply with Ofcom's regional production definition, which establishes three criteria:

- having a substantive base in the relevant nation or regional area;
- achieving a minimum level of expenditure in the nation or region; and
- achieving a minimum spend on production talent based in the nation or region.

Programmes must meet at least two of these three criteria.

Figure 2.10 shows the broadcasters' achievement against the quotas over the last four years. The BBC's quotas are set at 30% by value and 25% by volume and apply across all its PSB channels. The BBC exceeded these quotas each year, steadily increasing the proportions year on year and achieving 37.7% by value and 35.3% by volume in 2009. The BBC plans to further increase its production and commissioning of programmes from outside London, and the relocation of key departments, such as Breakfast and Children's, from

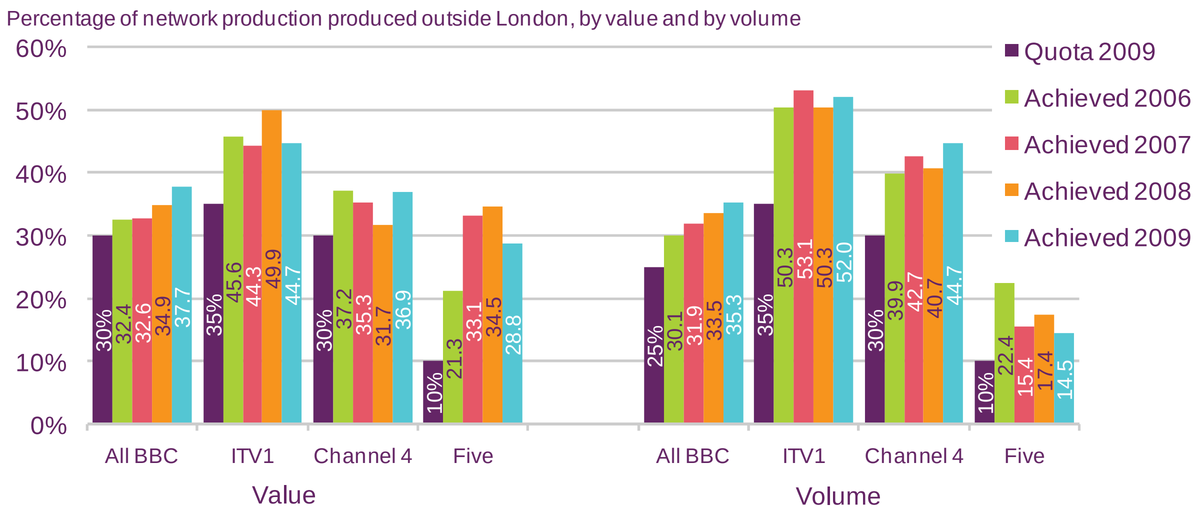
London to Salford Quays, Manchester, will contribute to its commitment to achieve 50% by 2016. Within this figure there is a further commitment to achieve 17% from the devolved nations.

Ofcom's second *PSB Review* recognised the need to align PSB requirements on ITV1/STV/UTV with the diminishing value to these channels of holding the licences. As a result, the quota level was reduced from 50% by value and volume to 35% with effect from 2009. The levels achieved were 44.7% in terms of value and 52% by volume, which remain higher than the amounts achieved by the other three main PSB broadcasters.

In 2009 Channel 4 achieved 36.9% by value and 44.7% by volume, exceeding the existing quota of 30% as well as its new quota of 35%, which came into effect at the beginning of 2010. Alongside the 2010 quota revision is the introduction of a minimum devolved nations quota of 3% by spend and volume of programmes which must be produced outside England. Subject to resources, it is expected that this figure will grow in future years.

Five has a lower quota commitment, at just 10%, but has exceeded its obligations by large margins over recent years, reaching 28.8% by value and 14.5% by volume in 2009. These figures were lower than the levels achieved in previous years and are based on lower first-run originations expenditure figures than the other broadcasters.

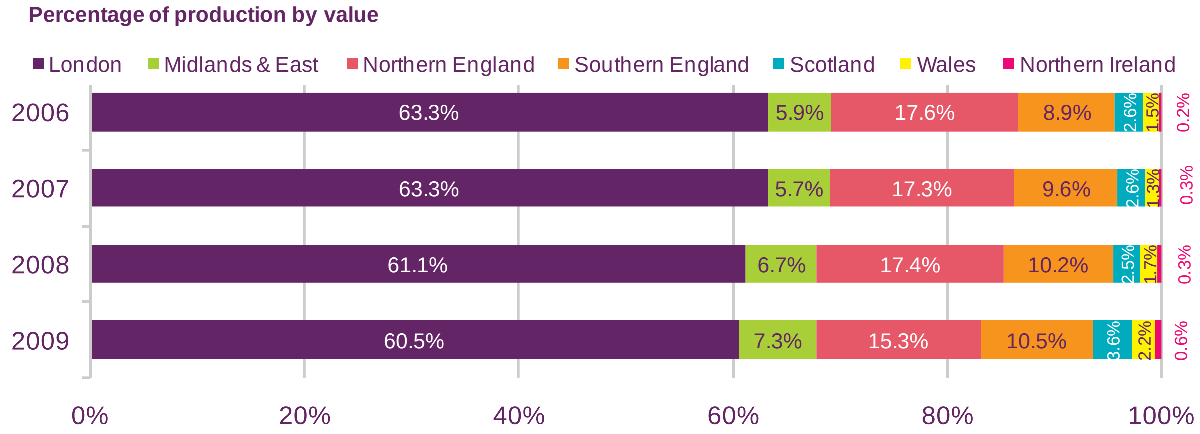
Figure 2.10 Performance against the out-of-London production quotas



Source: Ofcom/broadcasters

The proportion of spend on network original programme productions in the UK, by the four PSBs collectively, is given in Figure 2.11. The chart shows how the expenditure was divided up among the UK's nations and, within England, among 'macro-regions'. The majority of programmes continue to be produced in London but the proportion is gradually falling – down from 63.3% in 2006 to 60.5% in 2009. Of the overall UK spend of £1,800m, a total of £1,089m was spent on programmes made in London, and 33% of expenditure, or £596m, was in the English regions. The total for the devolved nations has increased by 38% since 2006, rising from £83m to £115m in 2009, or 6.4% of all UK expenditure on originated programmes. Spend in Scotland has risen from £50m to £65m during the period.

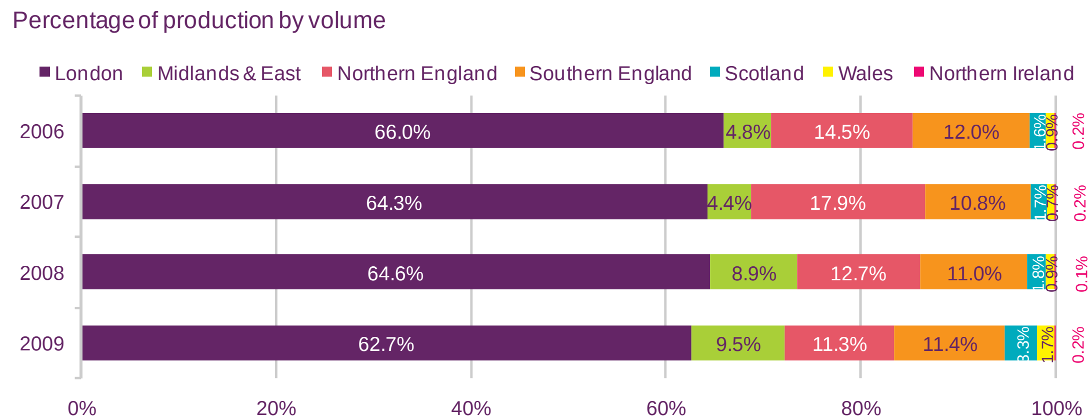
Figure 2.11 Expenditure on out-of-London production



Source: Ofcom/broadcasters

The proportion of hours of programmes produced outside the M25 has also gradually increased; from 34% in 2006 to 37.3% in 2009 (Figure 2.12) Of the total of 14,700 hours of first-run UK-originated network programmes broadcast by the four main PSBs in 2009, around 5,400 hours were made in the nations and English regions. The volume of productions made in England stood at 4,700 hours, with 750 hours in Scotland, Wales and Northern Ireland. The share of hours produced in the devolved nations increased to just over 5% in 2009, up from 2.7% in 2006. The number of hours produced in Scotland and its share of total volume rose from 1.8% in 2008 to 3.3% in 2009; in Wales the proportion increased to 1.7% from 0.9% the previous year. In Northern Ireland there was a small rise in share, to 0.2% from 0.1% in 2008.

Figure 2.12 Volume of out-of-London production



Source: Ofcom/broadcasters

Figure 2.13 shows how the expenditure is divided up for each broadcaster. The BBC's proportion of spend in London has gradually reduced in each of the past four years, with out-of-London spend going up from 32.4% in 2006 to 37.7% in 2009.

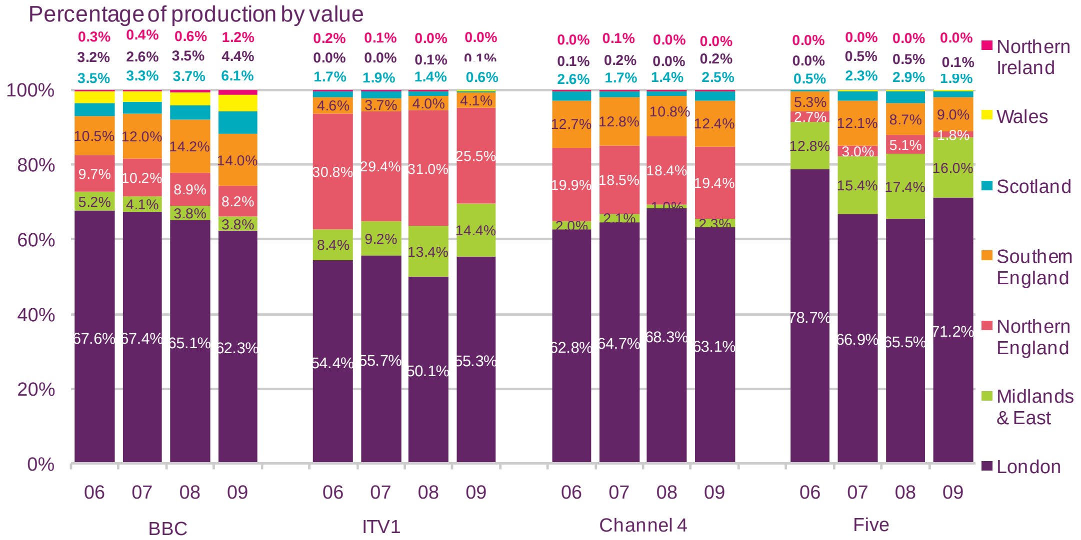
The BBC's spend in the nations has increased from 7% to 11.7% over the same period. Within this, Scotland's share rose from 3.5% to 6.1% in 2009.

On ITV1/STV/UTV, the proportion of out-of-London expenditure fell in 2009, from 45.6% in 2006 to 44.7% in 2009. Spend in the devolved nations has not shown signs of revival.

Channel 4's performance showed an improvement in 2009, with an increase in the proportion of out-of-London spend from 31.7% in 2008 to 36.9% in 2009. Increases were more significant in the English regions than in the devolved nations, although the proportion of spend in Scotland rose from 1.4% in 2008 to 2.5% of the channel's qualifying expenditure in 2009.

Five's proportion of expenditure on out-of-London productions fell to 28.8% in 2009, compared with 34.5% in 2008, and the proportion of combined spend in Scotland, Wales and Northern Ireland also dropped.

Figure 2.13 Breakdown of expenditure, by broadcaster



Source: Ofcom/broadcasters

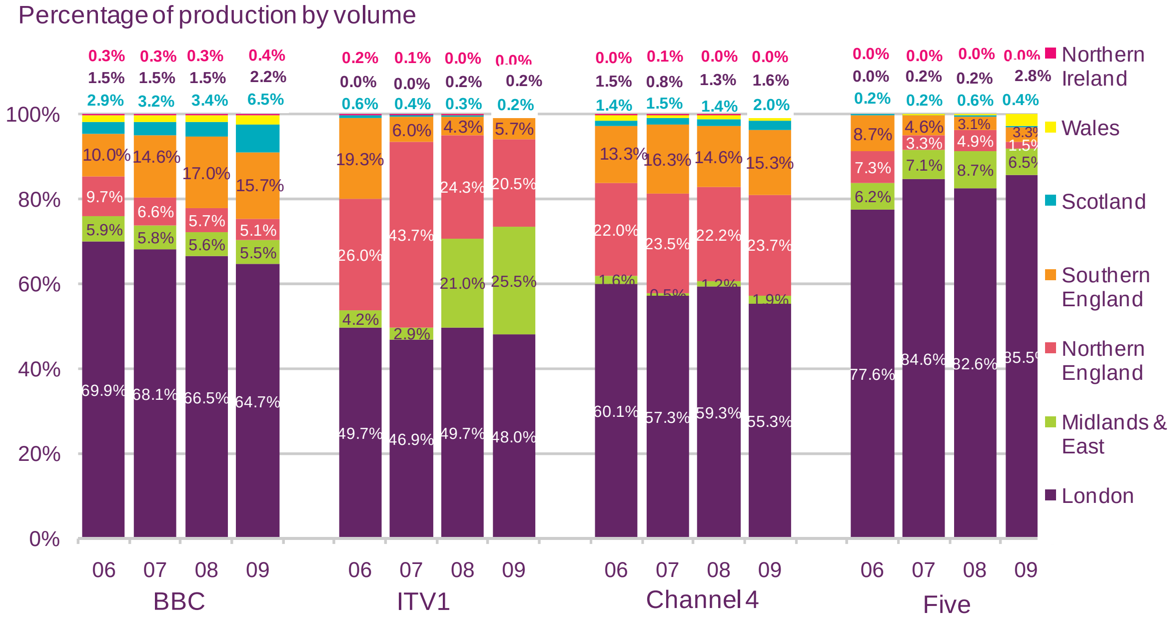
The volume of out-of-London production by broadcaster over the past four years is shown in Figure 2.14. The proportion of hours made or commissioned by the BBC in London has fallen each year, reducing by five percentage points from 69.9% in 2006 to 64.7% in 2009. The number of hours made in the devolved nations increased, and the percentage in Scotland rose to 6.5% from 2.9% in 2006.

While the proportion of hours from outside London that were broadcast by ITV1/STV/UTV in 2009 was a little higher, at 52% in 2009 compared with 50.3% in 2006, the levels in the devolved nations did not show any growth.

The proportion of Channel 4's hours made in London fell by five percentage points, from 60% to 55%, during the period, with small increases in the proportions in Scotland and Wales. The aggregated figure for the nations was 3.6% in 2009, compared with 2.9% in 2006.

On Five, the percentage of out-of-London production by volume fell to 14.5%, its lowest level since quotas were introduced. The proportions in the nations were mostly lower, with the exception of Wales where the figure went up to 2.8%.

Figure 2.14 Breakdown of production volume, by broadcaster



Source: Ofcom/broadcasters

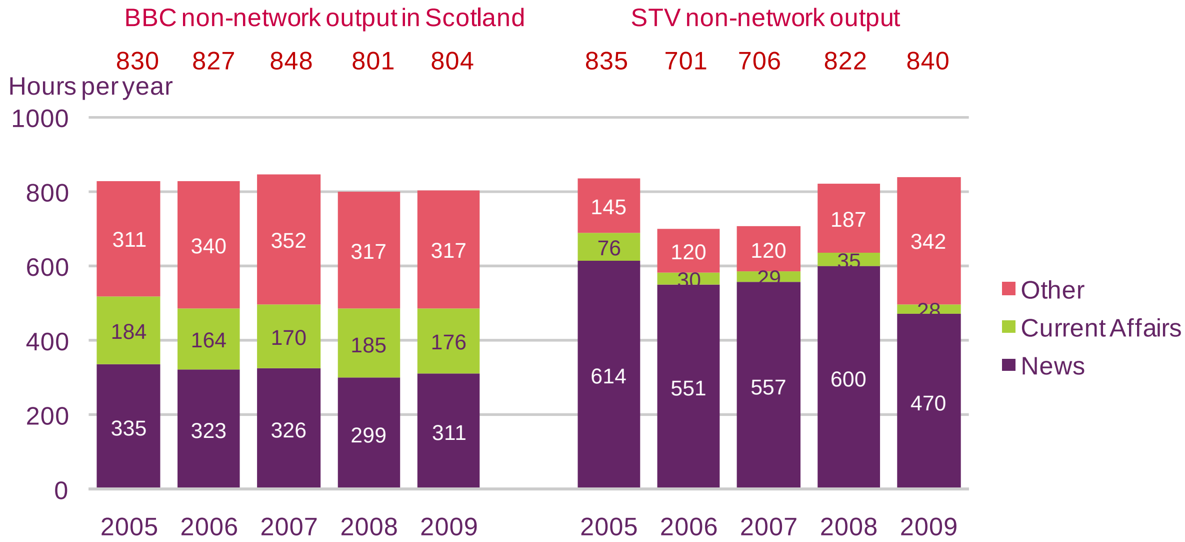
Non-network production in Scotland

The volume of non-network programmes broadcast over the past five years is illustrated in Figure 2.15. Hours shown by BBC Scotland on BBC One and Two declined by 3% between 2005 and 2009, from 830 hours per year to 804 hours. The levels of news and current affairs each reduced – by 7% and 4% respectively over the period, while other non-networked hours rose marginally from 311 hours in 2005 to 317 hours in 2009. (Note that these figures have been re-stated from those published in previous years and exclude Gaelic programmes which are now shown in Figure 2.6).

STV's hours of non-network programming decreased in 2006 and 2007 to just over 700 hours a year, from 835 hours broadcast in 2005. The revival seen in 2008 continued in 2009, as total non-network hours rose to 840. Output has been consolidated during this time, with more programmes shown across both the Central and North Scotland regions. As a result of Ofcom's second *PSB Review*, it was agreed that while the volume of non-network news programmes during peak time would be a priority, the volume of news broadcast during the daytime could be reduced. The weekly quota figure of 5 hours 20 minutes a week was cut to 4 hours a week from 2009. Figure 2.15 shows the effect of this change; news output falling from 600 hours in 2008 to 470 hours in 2009.

The quota for non-news programmes was also reduced as part of the Review, from 4 hours to 1.5 hours a week, although peak time, near-peak and current affairs elements within this quota were unchanged. Despite the reduction in quota, STV chose to broadcast a higher volume of own-productions for viewers in Scotland, stepping away from ITV network output and substituting new series such as *The Football Years* and *Made in Scotland.* The introduction of the weekday magazine, *The Five Thirty Show,* which became *The Hour* part-way through the year, also contributed to the increase in output levels. As a result, non-news volumes rose by 67% in 2009, from 222 hours in 2008 to 370 hours in 2009.

Figure 2.15 Non-network output in Scotland, 2005-2009



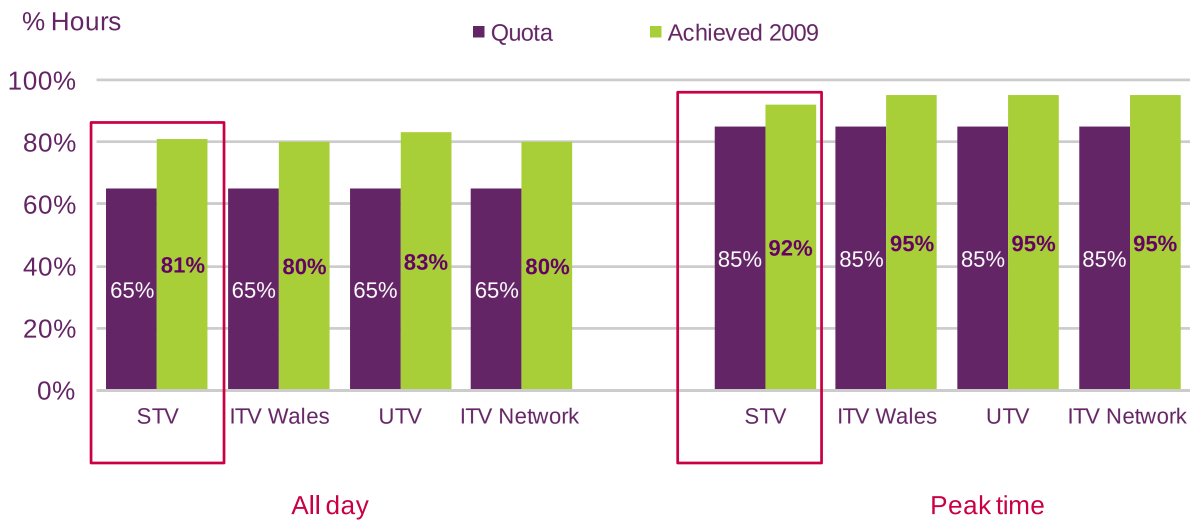
Source: Ofcom/broadcasters
Note: Figures exclude repeats and Gaelic programming

Other quota compliance matters

In 2009, STV decided to opt out of some ITV network material, particularly in peak-time slots, replacing programmes with its own productions and some acquired material. STV stated that the policy was driven by cost, the relevance and appeal of the programmes to its viewers, and the time slot. In terms of compliance with the relevant network quotas, these changes did not affect STV's ability to meet its licence commitments. Information on STV's delivery in 2009, compared with the ITV network performance and the position in Wales and Northern Ireland, is shown in Figure 2.16 to Figure 2.18.

The original production quota for the full 24-hour day is set at 65% of all hours. STV achieved 81% in 2009, slightly above the figure of 80% achieved by the ITV network. In peak time, STV reached 92%, again well above the quota of 85%, compared with the ITV figure of 95% (Figure 2.16).

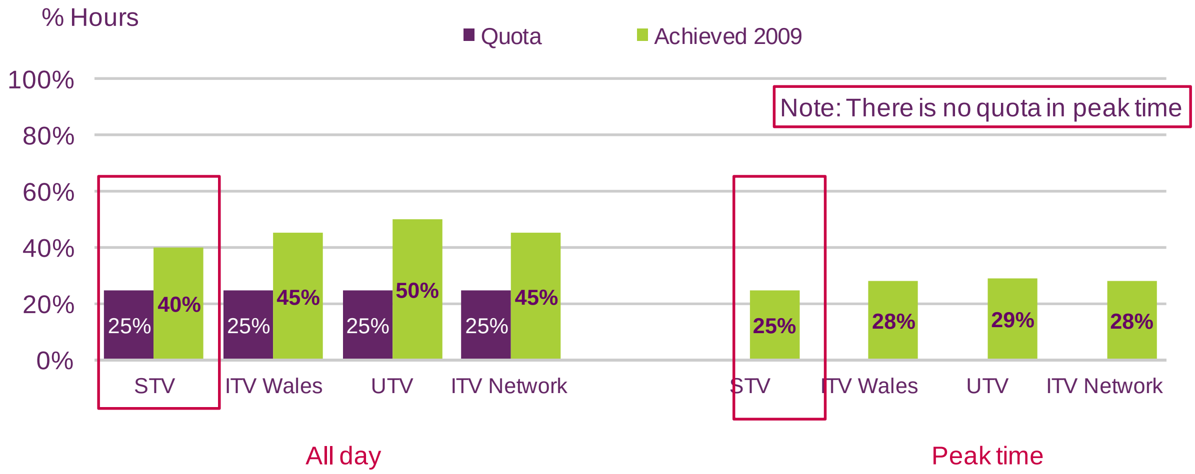
Figure 2.16 STV performance against original production quotas, 2009



Source: Ofcom/broadcasters

STV exceeded the 25% independent quota, although the proportions reached all day and in peak were lower than those for other ITV licensees (Figure 2.17). STV achieved 40% by volume of hours in total, compared with a figure of 45% reached by the rest of ITV, apart from UTV which delivered 50%. In peak time, the proportion for STV was 25%, against the ITV network figure of 28% (Note that there is no separate quota for peak time, but the proportions achieved are provided here for information).

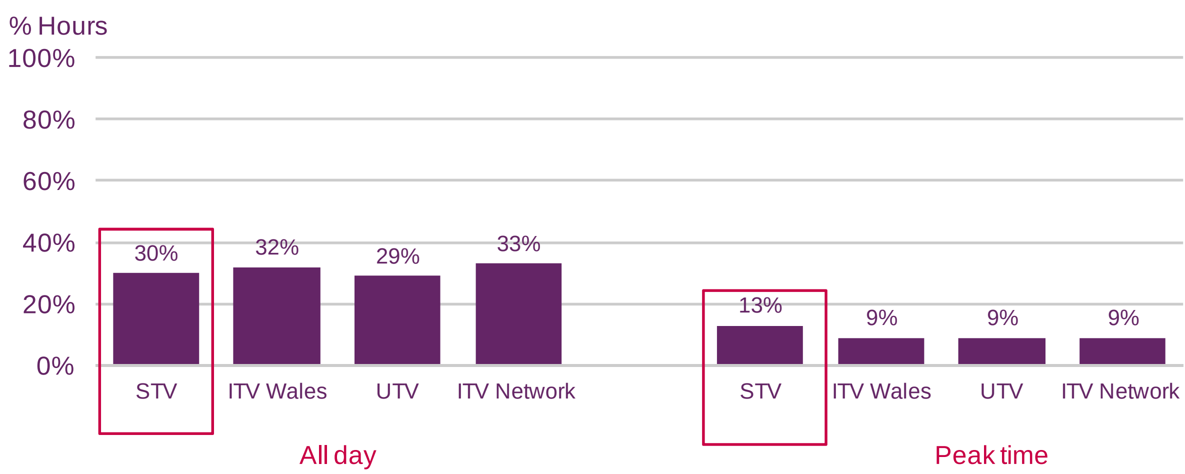
Figure 2.17 STV performance against the independent quota, 2009



Source: Ofcom/broadcasters

There are no quotas limiting the number of repeats. But, given the views expressed by viewers in surveys such as Ofcom's *Media Tracker*[14], information is provided here to illustrate the position in the nations. Across the whole schedule, the proportion of repeats broadcast by STV in 2009 was three percentage points lower than ITV (30%, compared with 33%) as shown in Figure 2.18. In peak time the opposite was true, with STV broadcasting a higher proportion of repeats than the rest of ITV – 13%, compared with 9% for the network.

Figure 2.18 Proportion of repeats broadcast by STV, 2009



Source: Ofcom/broadcasters

[14] Ofcom's Media Tracker is an annual survey of viewers' perceptions and attitudes to television. In 2009, of the respondents who said that they felt programme standards had got worse, the most popular reason cited was "more repeats" at 65%.

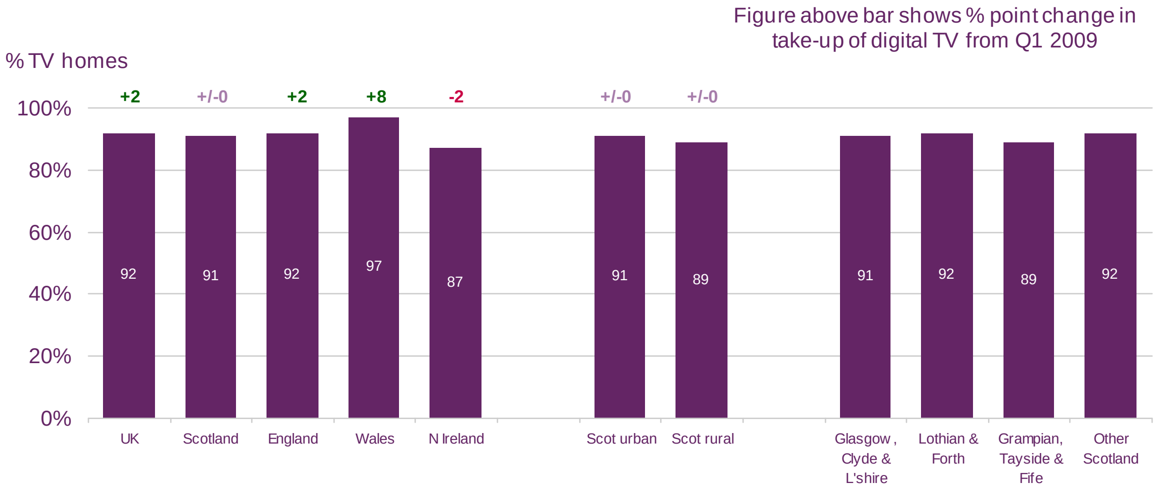
2.1.6 Digital television take-up in Scotland

Number of DTV households

Digital television take-up in Scotland stood at 91% in Q1 2010; take-up was stable on the year before and still broadly in line with the UK-wide average of 92%. With digital switchover complete in the Borders region, the rest of Scotland will enter the digital switchover programme during 2010/2011.

Rural and urban DTV take-up in Scotland were broadly comparable at 91% and 89% respectively in Q1 2010. Take-up across the regions of Scotland was fairly even, ranging from 89% in Grampian, Tayside, and Fife to 92% in areas such as Lothian and Forth Valley. (Figure 2.19).

Figure 2.19 Digital television take-up in Scotland



Source: Ofcom research, Q1 2010.
Base: All adults aged 15+ with a TV in household (n = 8858 UK, 1060 Scotland, 5600 England, 1452 Scotland, 746 Northern Ireland, 796 Scotland urban, 264 Scotland rural, 340 South East Scotland, 356 South West Scotland, 364 North/ Mid Scotland) QH1a. Which, if any, of these types of television does your household use at the moment?

Satellite is the most widely-used TV platform in Scotland, closely followed by DTT

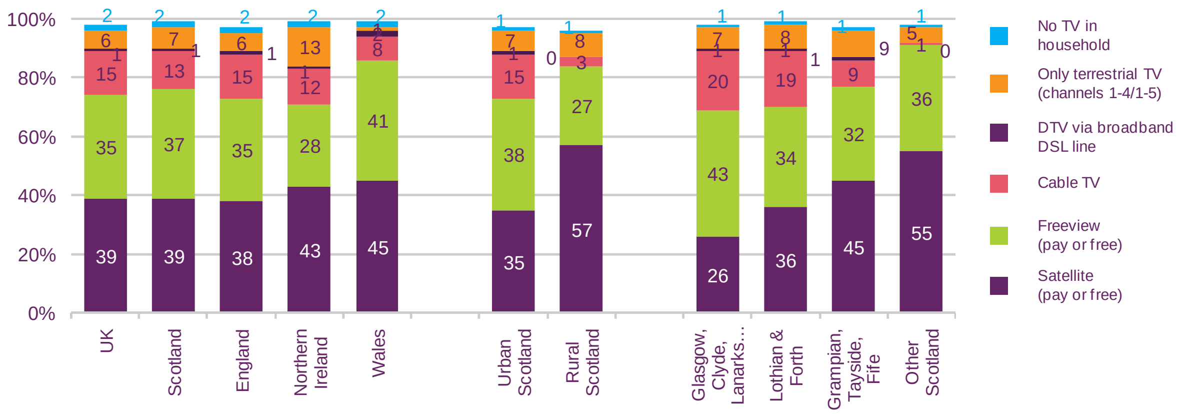
When asked which platform they considered to be their main type of television, the most widely-used primary platform in Scotland was satellite (pay and free) at 39%, closely followed by DTT (pay and free) at 37%. With cable the main platform in 13% of homes in Scotland, the share of the three largest platforms largely reflected that of the UK as a whole.

Seven per cent of homes in Scotland still relied on terrestrial signal as their primary viewing platform, with 2% of homes in Scotland saying they did not own a TV. There were, however, some variations to this pattern in the regions of Scotland. People living in rural areas were much more likely to use satellite services (57%) compared to 35% in urban areas. Other differences between urban and rural Scotland included take-up of Freeview (38% versus 27%) and cable (15% versus 3%), probably influenced by greater coverage and availability of Freeview and cable in urban areas.

Within the different regions of the country, satellite was more widely used in Grampian, Tayside and Fife (45%) and the 'other' areas of Scotland (55%) with lower use in the Glasgow, Clyde, and Lanarkshire areas (26%). By comparison, Freeview was most widely used in the Glasgow, Clyde, and Lanarkshire areas (43%). Cable was also most widely used here, at 20%, and was also higher than average in the Lothian and Forth Valley areas, at 19%.

Figure 2.20 Main set TV share in Scotland, by platform

Proportion of respondents (%) main set share



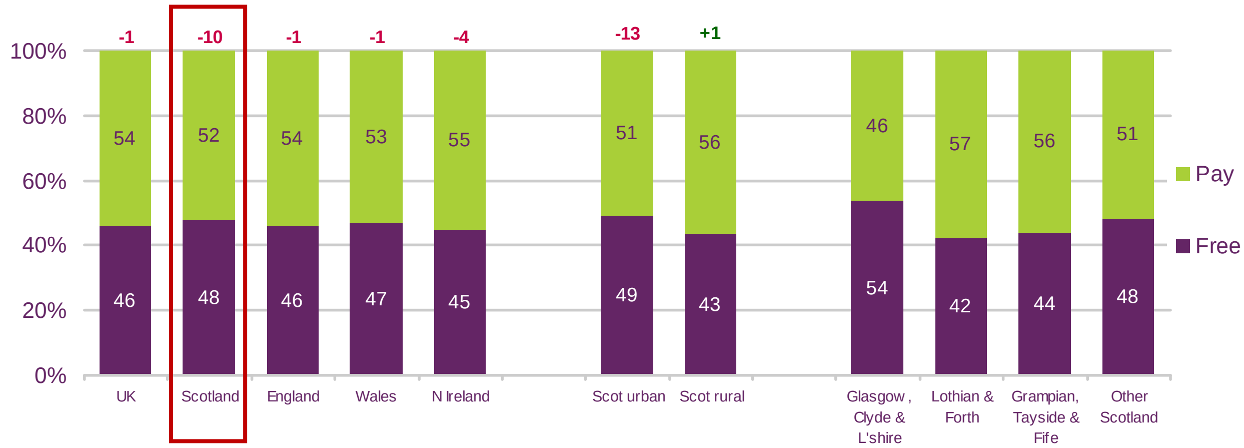
Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland, 1172 Scotland urban, 296 Scotland rural, 368 Glasgow, Clyde & Lanarkshire, 357 Lothian & Forth Valley, 363 Grampian Tayside & Fife, 380 other Scotland).
QH1a. And which of these do you consider is your main type of television?
Note: Figures may not add to 100% due to rounding, also an element of survey respondents not differentiating between digital and analogue TV.

Over half of all homes in Scotland (52%) take a pay-TV service

Fifty-two per cent of DTV homes in Scotland took a pay-television service such as Sky or Virgin Media in Q1 2010, slightly lower than the UK-wide average of 54%. Take-up of pay-TV was higher in rural areas of Scotland (56%) than in urban areas (51%), possibly reflecting the historically higher take-up of satellite in rural regions. Of the regions in Scotland, take-up of pay-TV was lower in Glasgow, Clyde and Lanarkshire (46%), and highest in Lothian and Forth Valley (57%).

Figure 2.21 Proportion of homes with free and pay television

Proportion of TV homes (%) (Figures above bar shows % point change in Pay-TV from Q1 2009)



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ with a TV in the household (n = 8858 UK, 1452 Scotland, 5600 England,

1060 Wales, 746 Northern Ireland, 1158 Scotland urban, 294 Scotland rural, 364 Glasgow, Clyde & Lanarkshire, 352 Lothian & Forth Valley, 359 Grampian Tayside & Fife, 377 other Scotland)
QH1a. Which, if any, of these types of television does your household use at the moment?

2.1.7 Broadcast television viewing

Viewers in Scotland watched the most TV in the UK in 2009

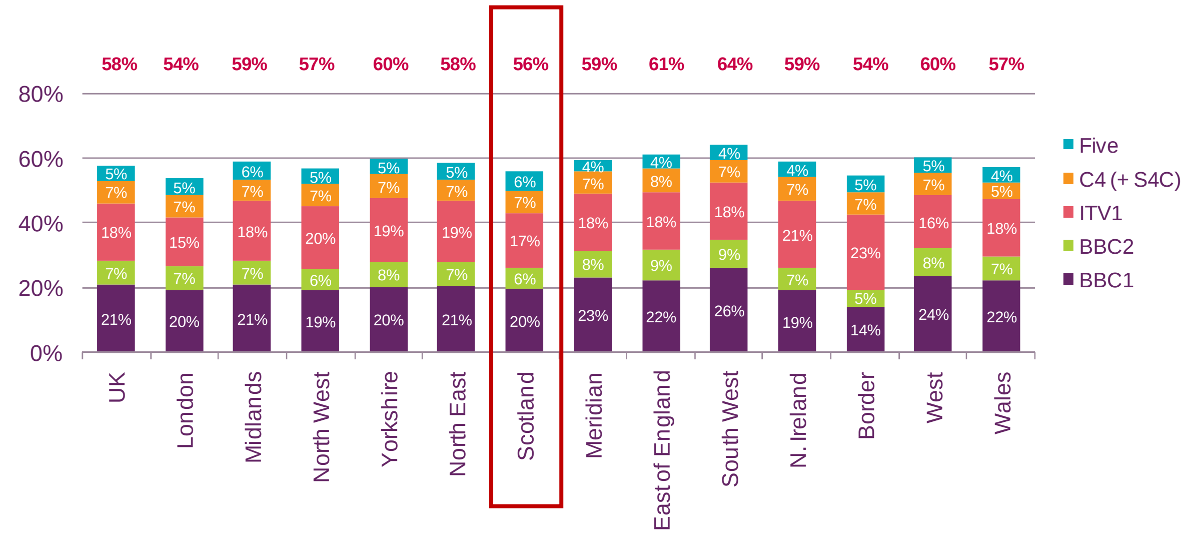
During 2009, people in Scotland[15] spent more time watching television than anywhere else in the UK. Viewing stood at 4.2 hours per head per day, higher than the UK average of 3.8 hours; these were the only viewers in the UK to watch over 4 hours a day. Compared to 2004 levels, the average levels of viewing by people in Scotland have increased by 1%, the same as the UK increase.

Weekly TV reach[16] in Scotland during 2009 was 93%, the same as the UK average, having remained relatively stable compared to 2004. The combined reach figure of the main PSB channels[17] in Scotland in 2009 was 89%, marginally higher than the 88% UK average.

The main PSB channels held a 56% share of total viewing in Scotland in 2009, two percentage points lower than the UK average (58%). BBC One, BBC Two and STV each attracted an audience share one point lower than the UK average, at 20%, 6% and 17% respectively, although Five was slightly more popular in Scotland (6%) than in the UK as a whole (5%). Channel 4 was equally popular in Scotland as the UK average (7%).

Figure 2.22 Share of the five terrestrial networks, all homes, 2009

Audience share in all homes (%)



Source: BARB
Note: Labels refer to the ITV region where the audiences are resident as defined by BARB.

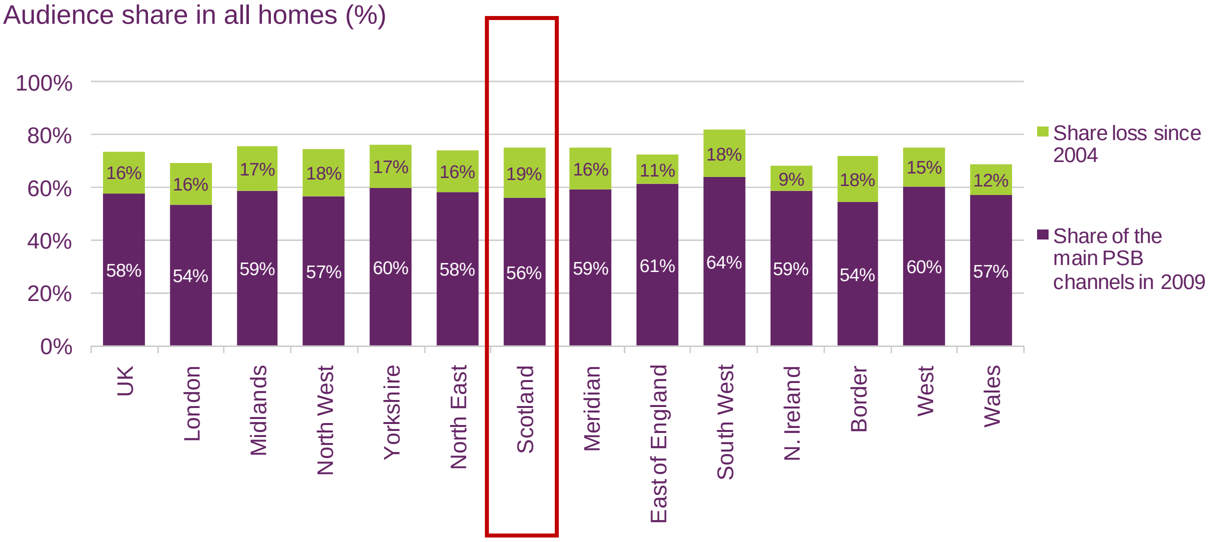
Since 2004, the main PSB channels' combined share of viewing has fallen by 19 percentage points in all homes in Scotland (Figure 2.23). This reduction in share between 2004 and 2009 in Scotland is greater than anywhere else in the UK, and three percentage points more than the UK average reduction (16 percentage points). The 19 percentage point share loss

15 This is based on people who live in the ITV1 Scotland region as defined by BARB.
16 Reach is defined as the proportion of viewers that watched TV for at least fifteen consecutive minutes over a period of a week.
17 The main PSB channels consist of BBC One, BBC Two, ITV1/STV/UTV), Channel 4 (& S4C) and Five.

in Scotland compares to a nine percentage points reduction in Northern Ireland and twelve percentage points reduction in Wales.

Figure 2.23 Reduction in combined share of the main PSB channels, 2004 –2009

Audience share in all homes (%)



Source: BARB

Note: Labels refer to the ITV region where the audiences are resident as defined by BARB.

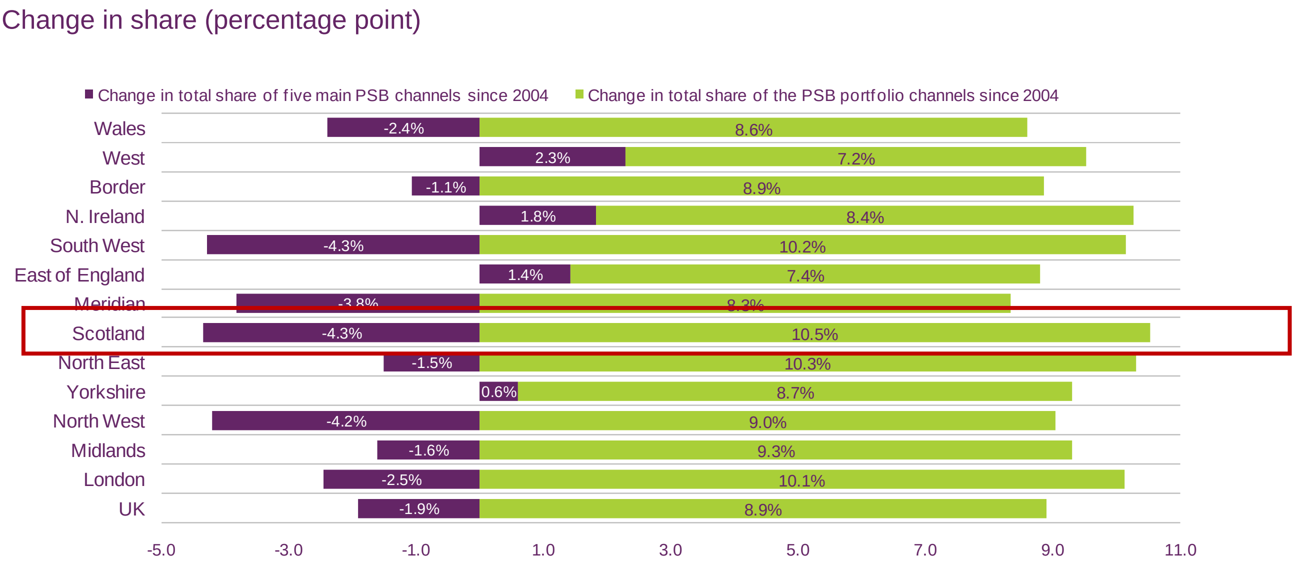
PSB portfolio channels gain most share in multichannel homes in Scotland - offsetting loss of main PSB channel shares

The main PSB channels also lost share in multichannel homes in Scotland, shedding four percentage points between 2004 and 2009. This was a greater decline than anywhere else in the UK (with exception of the South West of England, which also lost four percentage points of share) and more than the UK average decline of two percentage points. However, the PSB portfolio channels[18] saw strong share growth in Scotland, at 11 percentage points, a greater increase than anywhere else in the UK and ahead of the UK-wide share rise of nine percentage points (Figure 2.24).

In multichannel homes in Scotland, the most viewed channel, apart from the main PSB channels, was ITV2, with a 3% viewing share (marginally higher than the average secured by ITV2 across the UK), followed by E4 with an audience share of 2% (also marginally higher than E4's share across the UK).

[18] PSB portfolio channels include all the PSB channels except the main channels. For example, BBC Three, ITV2, E4, Fiver.

Figure 2.24 Net change in the audience share of the main PSB channels and the PSB portfolio channels in multichannel homes, 2004 - 2009



Source: BARB.
Note: PSB Portfolio channels include all PSB channels except the main PSB channels.

Local and regional news viewing is popular in Scotland

Viewers in Scotland watch the highest volumes of early evening television news bulletins in 2009, viewing an average of 22 hours per head per year, over four more hours than the UK average of 17.9 hours (Figure 2.25).

Figure 2.25 Combined total hours of viewing of early evening regional news bulletins, all homes, 2004 to 2009

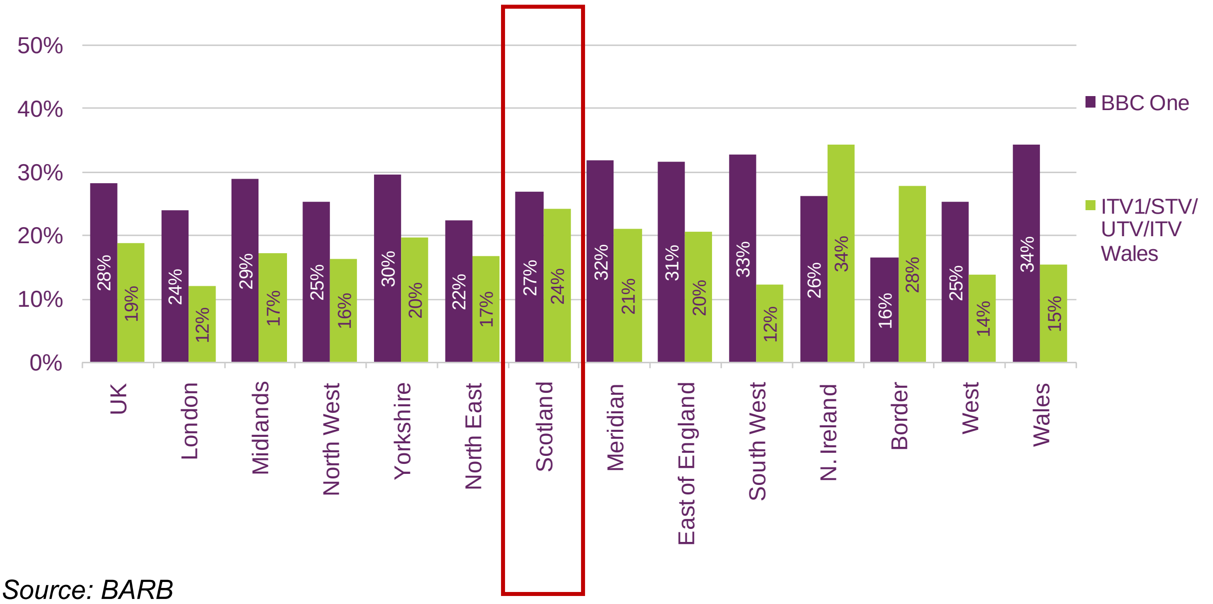
Source: BARB. Analysis done on BARB genre of Regional News, start time 17:55-18:35, programmes with 10 mins+ duration, channels BBC One and ITV1 (STV/UTV) combined, Monday to Friday.

In 2009, STV's early evening news bulletins were more popular with viewers in Scotland than Channel 3 was, on average, across the UK, attracting a 24% share compared to the UK average of 19% (Figure 2.26).

BBC One, on the other hand, secured an early evening news bulletin of 27%, which was one percentage point lower than the UK average of 28%.

Figure 2.26 BBC One and ITV1/ STV/UTV early evening news bulletin shares, 2009

Audience share in all homes (%)



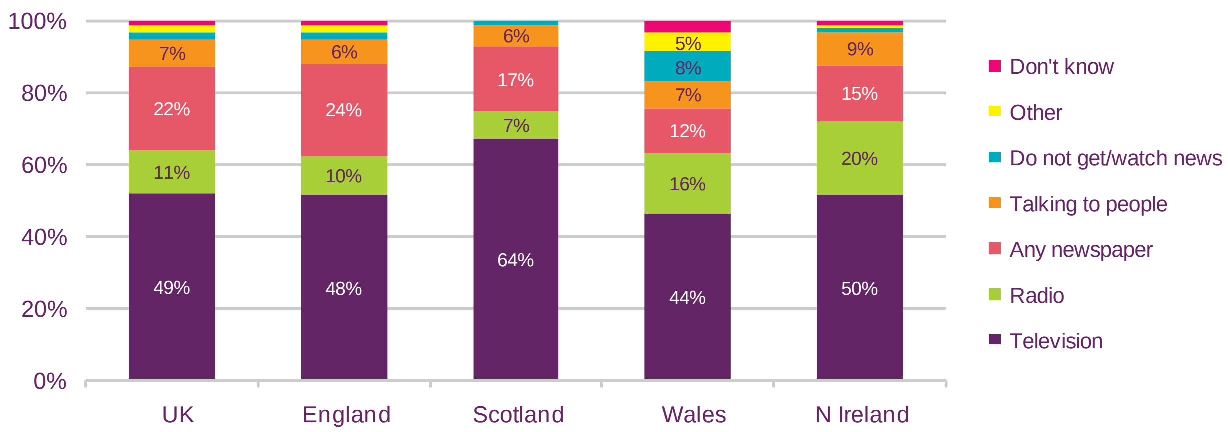
Source: BARB
Note: Labels refer to the ITV region where the audiences are resident as defined by BARB.

Sources of local news in Scotland

As figure 2.26 illustrates, 64% of people in Scotland claimed that television was their main source of local news; this is much higher than the UK average of 49%. Conversely, just 7% of people in Scotland preferred radio; less than the UK average of 11%. Seventeen per cent of people in Scotland stated that newspapers were their main source of local news, less than the UK average of 22%.

Figure 2.27 Sources of local news, by nation, 2009

% of respondents



Q85 Can you tell me what, if anything, is your main source of news about what is going on in your own LOCAL AREA? By this I mean news of local and regional significance.
Base: All adults 15+. n = 2044 (UK), 1713 (Eng) 180 (Sc), 113 (Wa), 108 (NI)
Only responses ≥ 5% labelled
Source: Ofcom 2009 Media Tracker survey. Fieldwork carried out by Continental Research, April and October 2009.

2.1.8 Audio-visual content viewing over other platforms

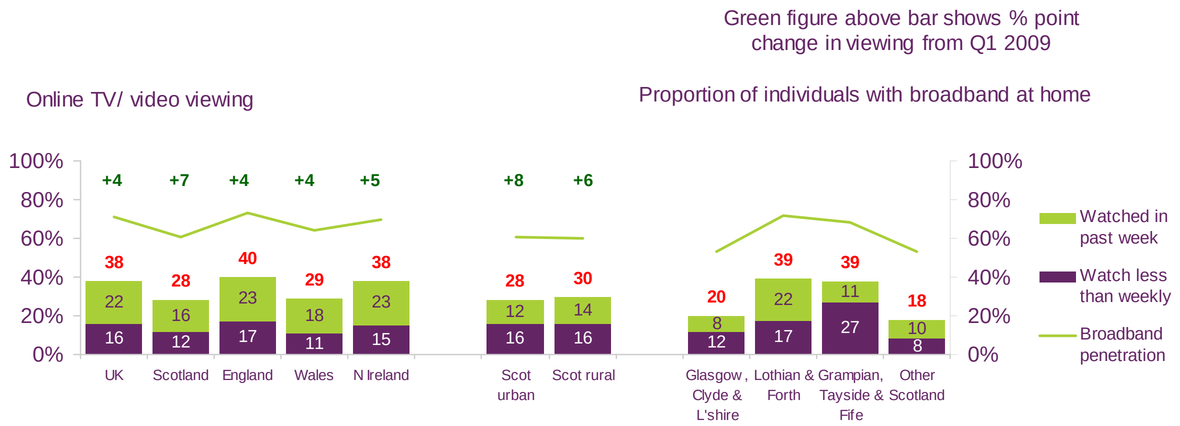
Over a quarter of households in Scotland used the internet to watch video online

Audio-visual content online can include catch-up TV, user-generated content, music videos and video on demand. Sites like YouTube, that let consumers share content with each other, and video content embedded in social networking sites, have continued to grow in popularity. And the success of services like the BBC iPlayer, Sky Player and ITV Player has shown that there is also an appetite for made-for-television content delivered online.

Over a quarter of adults in Scotland (28%) said that someone in their home had used the internet to watch television or video content, an increase of seven percentage points on Q1 2009. This was lower than the UK average of 38% (34% in Q1 2009). Sixteen per cent of adults in Scotland had watched video content online in the last week.

Watching video content in this way was more prevalent in areas of Scotland with higher broadband ownership, with the most prevalent online video viewing found in Lothian & Forth Valley, where 22% of adults had done this in the last week and 17% had done it less recently.

Figure 2.28 Proportion of adults living in a household that has used the internet to watch TV or video content



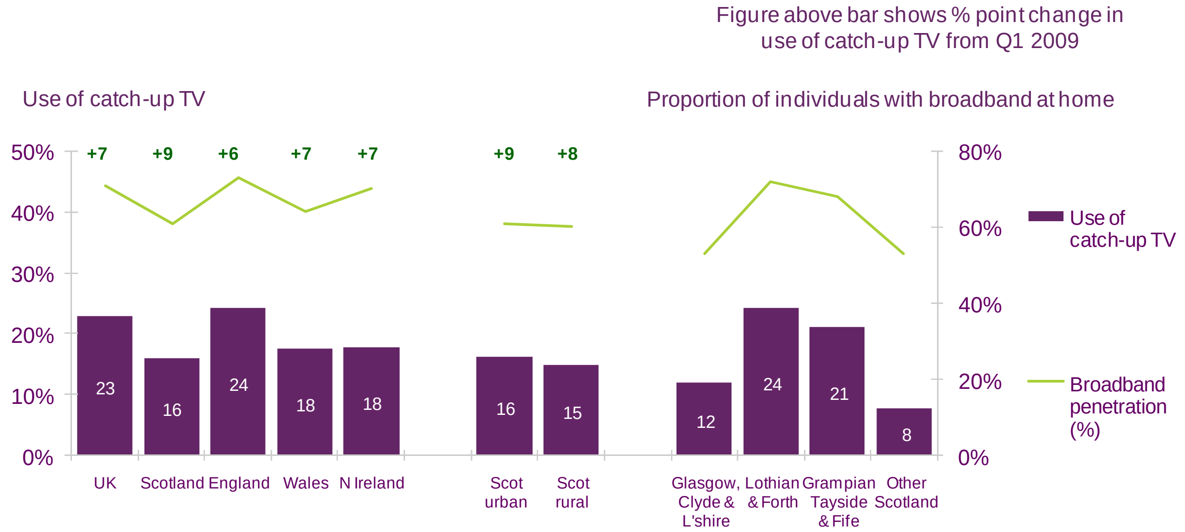
Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland, 1172 Scotland urban, 296 Scotland rural, 368 Glasgow, Clyde & Lanarkshire, 357 Lothian & Forth Valley , 363 Grampian Tayside & Fife, 380 other Scotland)
QE12. Which, if any, of these do you or members of your household use the internet for whilst at home? And, which, if any, of these activities have you or members of your household used the internet for in the last week?

A quarter of people in Lothian and Forth Valley have used the internet to watch catch-up TV

Catch-up TV formed a significant part of the consumption of TV content online during the past year. Across the UK just under a quarter (23%) of adults claimed that someone in their household used the internet to watch catch-up TV online. Take-up was highest in England (24%) and lowest in Scotland (16%). In Northern Ireland and Wales the figure stood at 18%. Lower levels of use outside England may be a result of lower broadband take-up in those areas. Use of catch-up TV has grown rapidly over the past year, with its popularity growing by at least six percentage points in each nation. Growth was fastest in Scotland, at nine percentage points.

Using the internet to watch catch-up TV by people in Scotland varied from 24% in Lothian and Forth Valley to just 8% in 'other Scotland'. But there was little difference in take-up between rural and urban areas – both saw strong growth over the year, at eight and nine percentage points respectively. Unsurprisingly, levels of internet take-up appeared to correlate quite strongly with watching online catch-up TV.

Figure 2.29 Proportion of adults living in a household that has used the internet to watch catch-up TV (e.g. iPlayer or Sky Player)



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)
QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

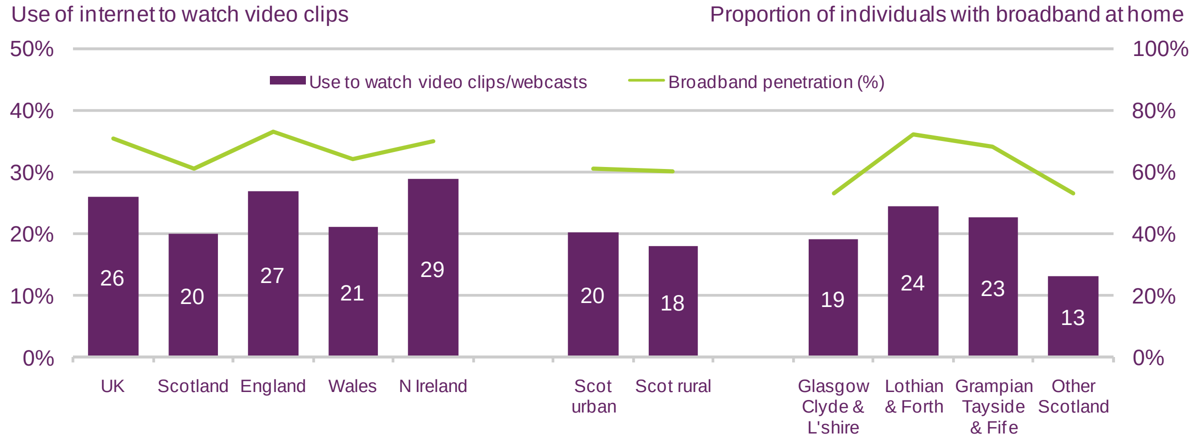
One-fifth of homes in Scotland use the internet to watch video clips and webcasts

Despite the rapid growth in watching catch-up TV online in some areas, it still forms only a part of consumers' engagement with audio-visual content online. Many people's main engagement with online content is through sites offering video clips or short webcasts. Examples of this sort of content include YouTube and webcasts of programmes like Big Brother.

But the boundary with long-form and broadcast content is beginning to blur. Both Channel 4 (in October 2009) and Five (in December 2009) have signed deals with YouTube to make their broadcast catch-up content available on the site. In June 2010 STV signed a deal with YouTube to provide at least 2500 hours of new and archive material.

Across the UK use of the internet to watch video clips and webcasts ranges from 20% of households in Scotland to 29% in Northern Ireland, possibly reflecting the younger population skew in Northern Ireland. The UK's average take-up was 26%. Within Scotland watching video clips and webcasts online correlated strongly with levels of internet access. Watching video clips was highest in Lothian and Forth Valley, at 24% of households, and lowest in 'other Scotland' (13%). Despite having the same low levels of broadband penetration (53%), people in Glasgow, Clyde and Lanarkshire were more likely than people in 'other Scotland' to watch video clips in this way, by 19% to 13%. There was little difference between rural and urban areas.

Figure 2.30 Use of the internet to watch video clips and webcasts



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)
QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

Take-up of games consoles in Scotland was below the UK average

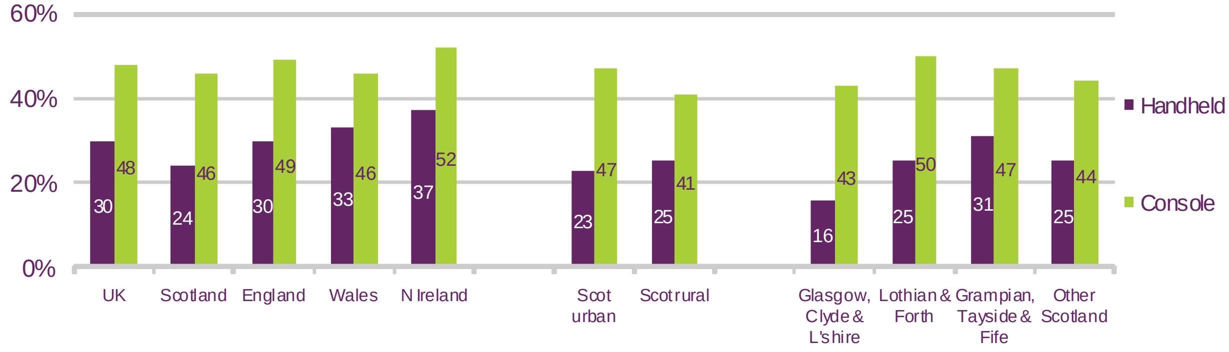
Watching audio-visual content online is not restricted to computers. As the capabilities of games consoles have developed, they have developed from being focused purely on computer games to become integrated audio-visual media devices. Consumers can play games online, access the internet, and download and stream films and other content. In particular, in recent years, broadcasters and content owners have struck deals with console manufacturers to offer another avenue for consumers to watch their content.

Sky Player is available to Xbox 360 owners, and consumers can now watch BBC iPlayer on the Wii and PS3. And consoles account for a small but significant share of total iPlayer viewing. Data from the BBC suggest that 7% of total iPlayer viewing in the UK takes place on these two devices.

Figure 2.31 shows the take-up of games consoles (and handheld games consoles) across Scotland, where the level, at 46%, was lower than the UK average of 48%. Ownership of handheld consoles such as the Sony PlayStation Portable (PSP) and the Nintendo DSi were also lower in Scotland (24%) than in any of the other nations.

Across Scotland take-up of games consoles was highest in Lothian and Forth Valley (50%) and lowest in Glasgow, Clyde and Lanarkshire (47%).

Figure 2.31 Take-up of games consoles



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland, 1172 Scotland urban, 296 Scotland rural, 368 Glasgow, Clyde & Lanarkshire, 357 Lothian & Forth Valley , 363 Grampian Tayside & Fife, 380 other Scotland)
QB4. Which games console/s do you or does anyone in your household have at the moment?