2 Television and audio-visual content

2.1 Recent developments in Scotland

Scottish Government

In October 2011 the Scottish Government published its final progress report on the Scottish Broadcasting Commission[10]. The report noted the improvement in network production levels in Scotland but also said that much still needed to be done to realise the vision of the Scottish Broadcasting Commission.

BBC Scotland

In 2011, BBC Scotland television network output continued to grow and the broadcaster reported that it had exceeded its 2016 target level of 8.6% network spend, set by the Director General and the BBC Trust[11]. The BBC also announced the relocation of *Waterloo Road* to Scotland; a move seen as not only further strengthening a key independent production company in Glasgow, but also creating ongoing local employment opportunities. The *Waterloo Road* relocation is estimated to have the potential to generate in excess of £20m in direct investment over two years and support around 200 new jobs within the creative sector. These and similar developments are establishing BBC Scotland as a centre of excellence for network production across a range of genres. The BBC stated that under Delivering Quality First, BBC Scotland could shed up to 120 posts by the end of the current Charter, as part of a drive to cut its budget by 16%. There will be some reduction in content but the BBC has pledged to safeguard that output which is most valued by its audiences.

STV

STV has continued the roll-out of STV Local. This network of local sites, online and on mobile, covered 45% of the Scottish population by local authority area by the end of 2011. There are now over 20 sites across seven local authority areas. The launch of STV Local has created employment opportunities across Scotland, with the editorial team now standing at 25. In May 2012, STV launched city sites for Glasgow and Edinburgh, providing content to consumers in addition to its locally-focused on-air content. STV launched its first Android app in August 2011, providing news, sports, entertainment and weather. By the end of 2011, the STV News app accounted for over 50% of all news traffic. This was closely followed by the launch of the STV Player on Android devices, making this service now available via computer, smartphones and PS3. STV Productions has evolved from being an ITV-centric provider and in 2011 produced programmes for Channel 4, ITV1, ITV2 and BBC2. BBC2 was STV Production's largest customer, due the continued success of *Antiques Road Trip,* which has recently been re-commissioned for its 5th and 6th series, and a second celebrity version.

Channel 4

Channel 4 continued with its commitment to digital, games and online commissions in Scotland; in 2011 3.6% of its online spend was in Scotland.[12] It described its standout successes as Chunk Digital's *The Bank Job* online game, and Realise Digital's microsite support of the documentary *Sri Lanka's Killing Fields*. Channel 4 also created a new editorial position, Commissioning Editor for Games, based in its Glasgow office. Its

[10] http://www.scotland.gov.uk/Resource/Doc/127313/0121552.pdf
[11] http://www.bbc.co.uk/scotland/aboutus/dqf_in_scotland.shtml
[12] C4 data provided to Ofcom.

commitment in 2011/12 to independent feature film development and production in Scotland was illustrated by Peter Mullan's *NEDS* and Jonathan Glazer's *Under The Skin*, starring Scarlett Johannson.

Local TV

The UK government aims to license the first local TV stations from summer 2012, with ten to 21 local services by 2015. Ofcom will be responsible for running the licensing process and has proposed initial sites – including Glasgow and Edinburgh - where it considers there is the potential to support local TV services. Looking further ahead, Aberdeen, Dundee, Inverness and Ayr are included in a further 24 areas where licences could be made available.

Meanwhile, URTV developed its online network of hyper-local news channels, providing a mix of content to communities along the west coast of Scotland. Its first service was launched in Helensburgh, and in March 2012 Fife/Tay TV launched the first of its online TV pilots.

Independent production

In January 2012, Scottish Enterprise published *Market Assessment of the Broadcast and Television Production Sector in Scotland 2010/11* by EKOS Limited[13]. This 'state of the industry' report provides an update to a baseline study of the scale and performance of the sector, conducted in 2007 on behalf of the Scottish Broadcasting Commission. There were some encouraging signs, including an overall increase in total employment and in the total value of production activity in Scotland. But the report also highlighted that opportunities were not evenly distributed, and reiterated a number of known problems such as access to commissioners, downward pressure on production budgets and talent attraction and retention – all hallmarks of regional production centres.

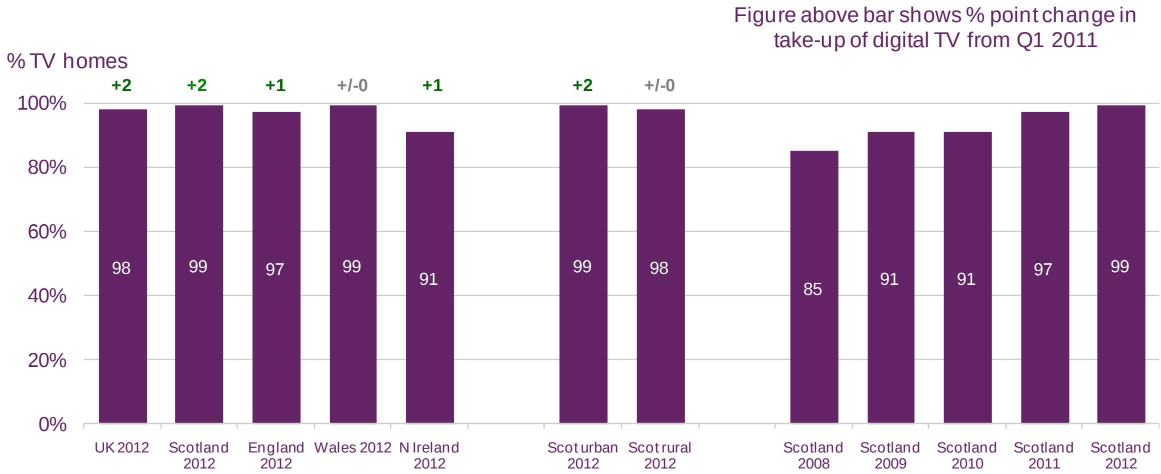
2.2 Digital television take-up in Scotland

Digital switchover completed in Scotland

Virtually every TV household in Scotland (99%) now claims to be receiving digital television (Figure 2.1). Digital switchover in Scotland was completed last year.

13 http://www.scottish-enterprise.com/~/media/SE/Resources/Documents/ABC/Broadcast%20and%20TV%20Market%20Assessment%20Final%20Report%202012.ashx

Figure 2.1 Digital television take-up in Scotland

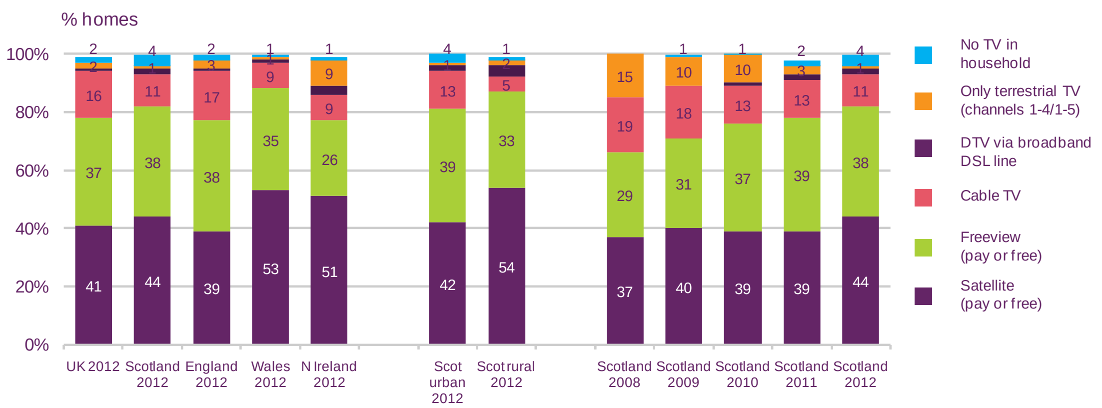


Source: Ofcom research, Q1 2012
Base: All adults aged 16+ with a TV in household (n = 3713 UK, 489 Scotland, 2214 England, 508 Wales, 502 Northern Ireland, 254 Scotland urban, 235 Scotland rural, 916 Scotland 2008, 1002 Scotland 2009, 1452 Scotland 2010, 479 Scotland 2011, 489 Scotland 2012)
Question. Which, if any, of these types of television does your household use at the moment?

Satellite and DTT remain the most widely-used platforms

Satellite and DTT remain the most widely-used platforms on main TV sets in Scotland. Since the beginning of last year, the proportion of TV homes using satellite TV on their main set has increased by five percentage points, to stand at 44%. Satellite television has higher penetration in rural areas of Scotland, where cable services have lower availability.

Figure 2.2 Main set TV share in Scotland, by platform



Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012)
Question. Which, if any, of these types of television does your household use at the moment?

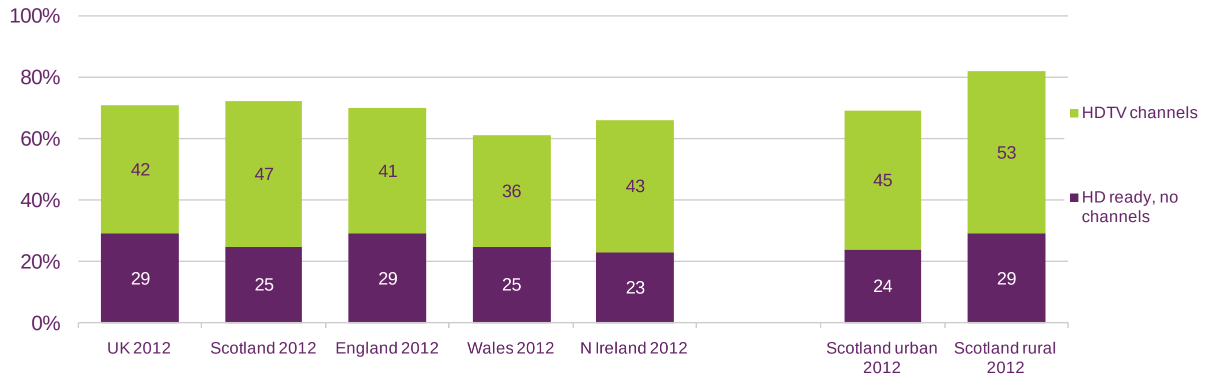
2.3 Smart TV and HDTV adoption

Scotland has the highest proportion of HDTV homes in the UK

Almost half (47%) of households in Scotland claim to have HDTV channels, five percentage points above the UK average of 42% (Figure 2.3).

HDTV take-up is particularly high in Scotland's rural areas, where over half (53%) of households claim to have HDTV channels. The higher take-up in Scotland's rural areas is likely to be related to the greater use of satellite television (Figure 2.2).

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

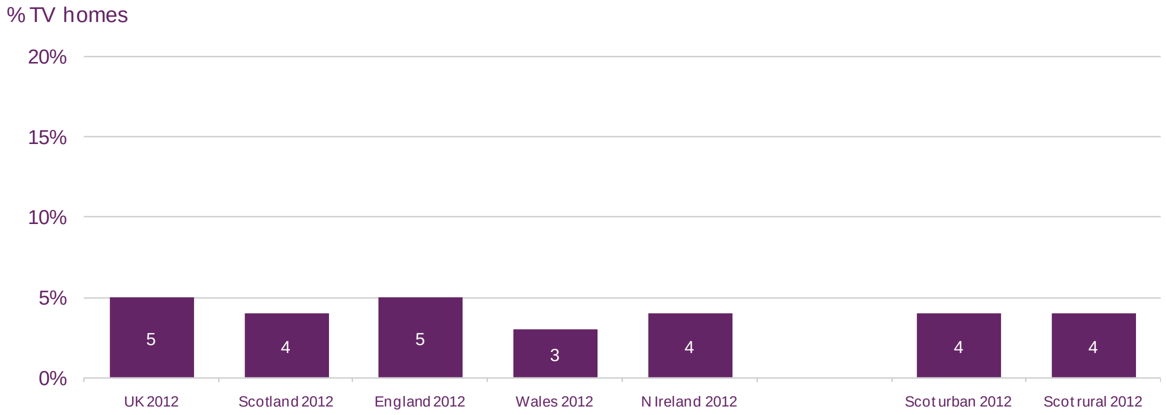


Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012)
Question. Is the main TV in your 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?

Four per cent of adults in Scotland have a smart TV

A small proportion (4%) of homes in Scotland claim to have purchased a smart TV with an integrated internet connection (Figure 2.4). Smart TV ownership in Scotland is at a similar level to the UK average (5%).

Figure 2.4 Smart TV take-up in Scotland



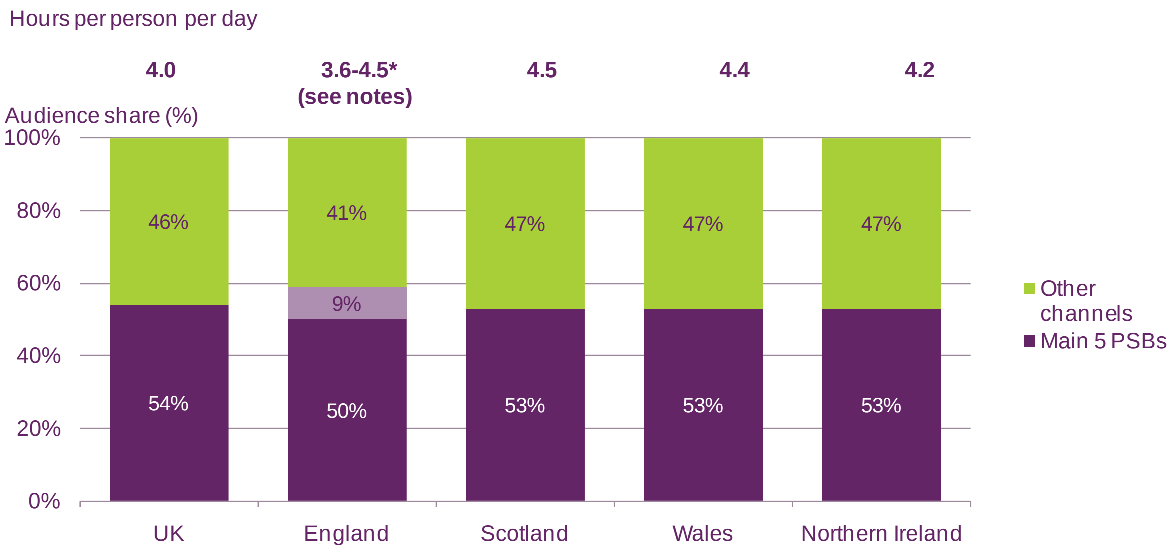
Source: Ofcom research, Q1 2012
Base: All adults aged 16+ with a TV in household (n = 3713 UK, 489 Scotland, 2214 England, 508 Wales, 502 Northern Ireland, 254 Scotland urban, 235 Scotland rural)
Question. Are any of your TV sets "Smart TVs"? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console

2.4 Broadcast television viewing

People in Scotland spend 4.5 hours per day watching TV

In 2011, people in Scotland spent 4.5 hours per day watching television, slightly higher than the UK average of 4.0 hours (Figure 2.5).

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

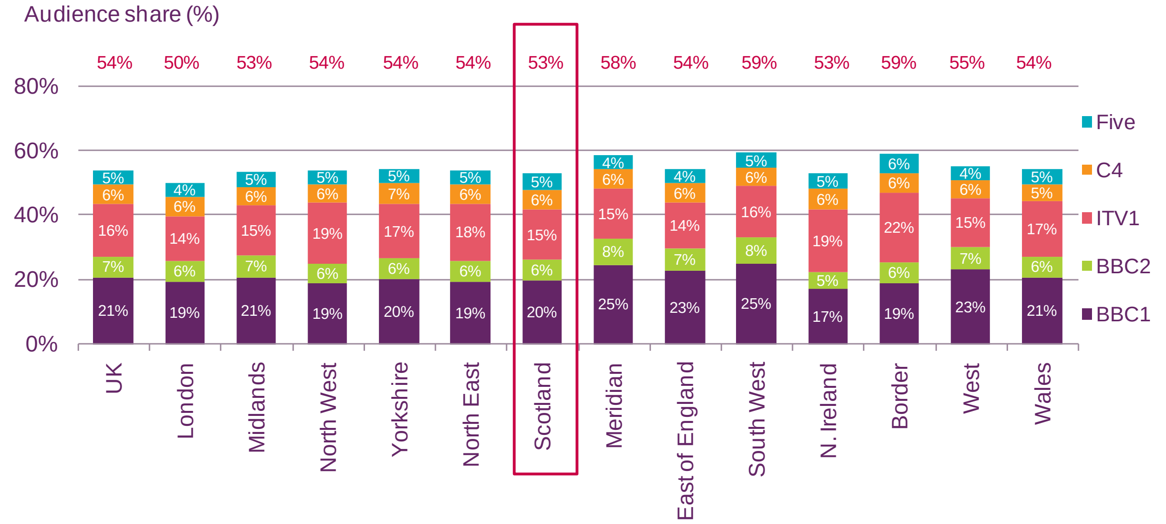


Source: TV = BARB. Based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Five.
**Notes: It is not possible to provide a single figure for 'England' so instead the PSB share is described as a range reflecting the regions with the highest (North East – 59%) and lowest (West – 50%) figures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

Over half (53%) of all viewing is to the five main PSB channels

In 2011, the five main PSB channels accounted for a combined 53% share of total TV viewing in Scotland, comparable to that in the other nations and just lower than the average 54% share across the UK.

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

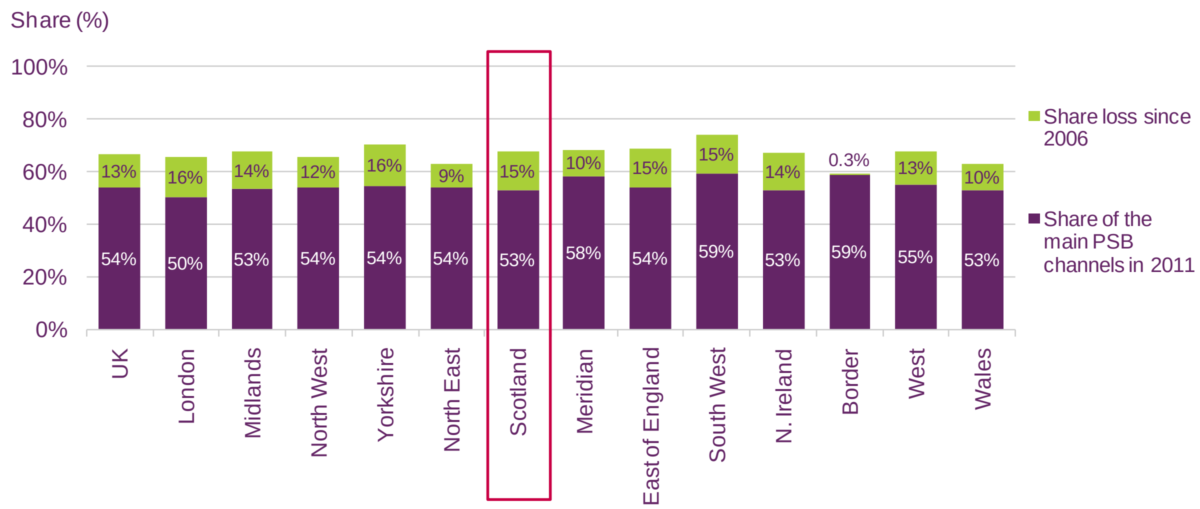


Source: BARB, all individuals (4+)

The combined share of the five main PSB channels declined by 15 percentage points to 53% in Scotland

Between 2006 and 2011, there was a 15 percentage point reduction in the combined share of the five main PSB channels in Scotland (to 53% in 2011). This reduction was slightly more than the average decrease across the UK (13pp) and higher than in the other nations.

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

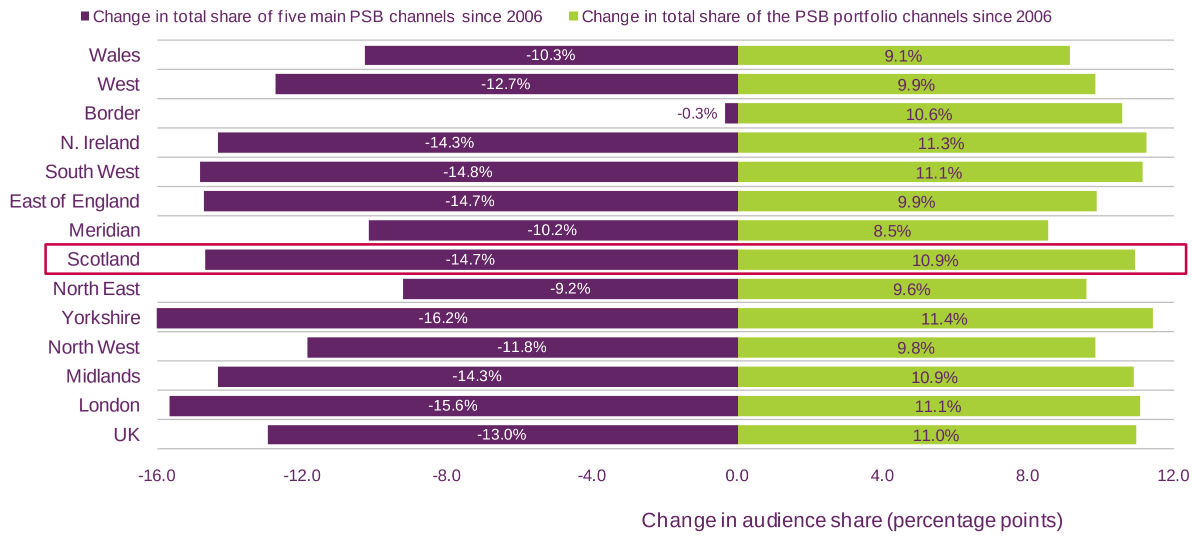


Source: BARB, all individuals(4+).
Note: In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with caution.

The PSB channels' total combined share decreased by 3.8 percentage points between 2006 and 2011; higher than the UK average net loss of 2.0 points

From 2006 to 2011, the five main PSB channels experienced a 14.7 percentage point decrease in their combined share of total TV viewing (compared to the UK average decrease of 13.0%). This was offset to some degree by a 10.9 percentage point increase (UK average 11.0 pp) in the combined viewing share of their portfolio channels, resulting in a net loss overall of 3.8 pp in their total combined channel share, more than the UK average net loss of 2.0pp and greater than that experienced in the other nations.

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



Source: BARB, all individuals (4+).
Notes: i) 'PSB portfolio channels' includes all the main PSB's multichannel channels (except for the five terrestrial channels).
ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with caution.

BBC One's and STV's early evening news bulletins attracted greater share in Scotland than in the UK

In 2011, BBC One's early-evening regional news bulletin attracted an average 30% share of TV viewing in Scotland – marginally higher than the UK at 28%. STV's counterpart bulletin attracted a lower average share (25%) than BBC One's, although considerably higher than the Channel 3 UK average (18%).

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

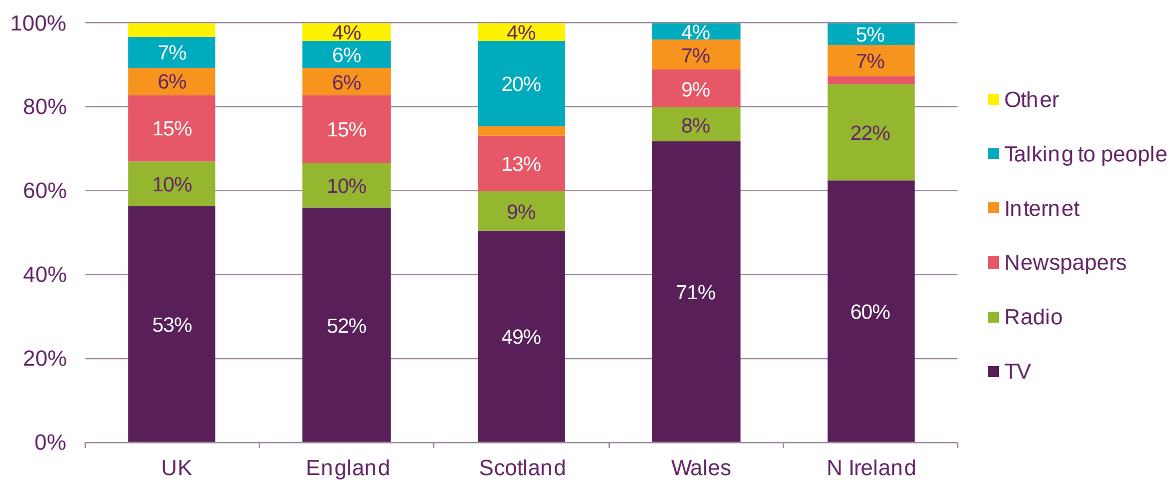
Source: BARB, all individuals (4+)
Note: Based on regional news programmes, start time 17:55-18:35, 10mins+ duration, BBC1 and ITV1, weekdays

Around half of all adults in Scotland use TV as their main source of local news

In 2011, 49% of adults in Scotland stated TV as their main source of local news, lower than the UK average of 53% and lower than across all other nations. Talking to people was the second most-stated; at 20% significantly higher than the UK average of 7% (where it was fourth most-mentioned) and higher than in all other nations. The internet was mentioned by just 2% in Scotland, significantly lower than in the other nations and the UK average of 6%.

Figure 2.10 Main sources of local news for each nation

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

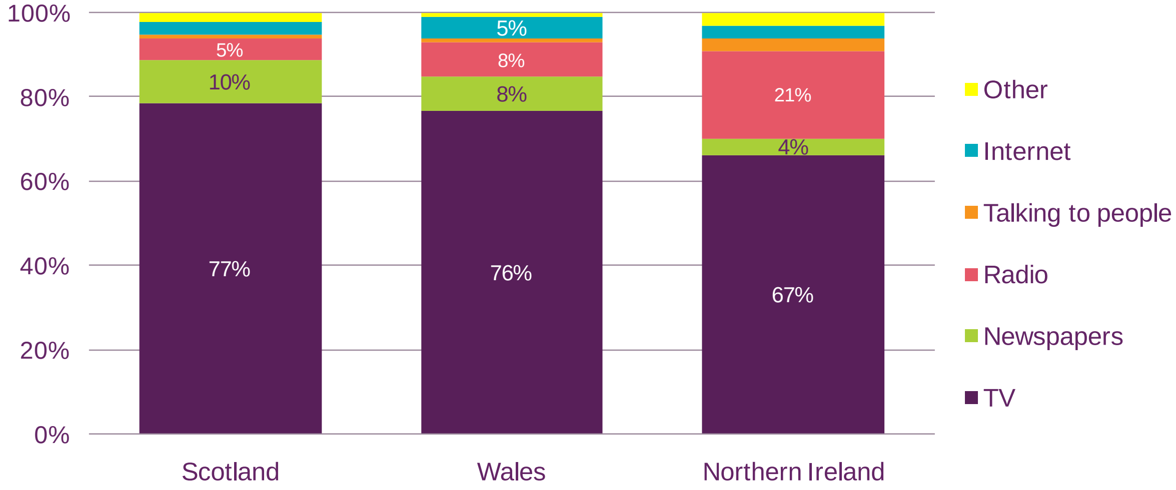


Source: Ofcom media tracker 2011.
Base: All adults; England (1,369); Scotland (172); Wales (107); Northern Ireland (106).
Only responses ≥ 4% labelled

In 2011, adults in Scotland were most likely to say that television was their main source of news about their nation; at 77%, marginally higher than 76% in Wales and 67% in Northern Ireland. They were also most likely to choose newspapers – 10% compared to 8% in Wales and 4% in Northern Ireland.

Figure 2.11 Main source of nations' news for each nation

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



Source: Ofcom media tracker 2011.
Base: All adults in Scotland (172); Wales (107); Northern Ireland (106).
Only responses ≥ 4% labelled

2.5 TV programming for viewers in Scotland

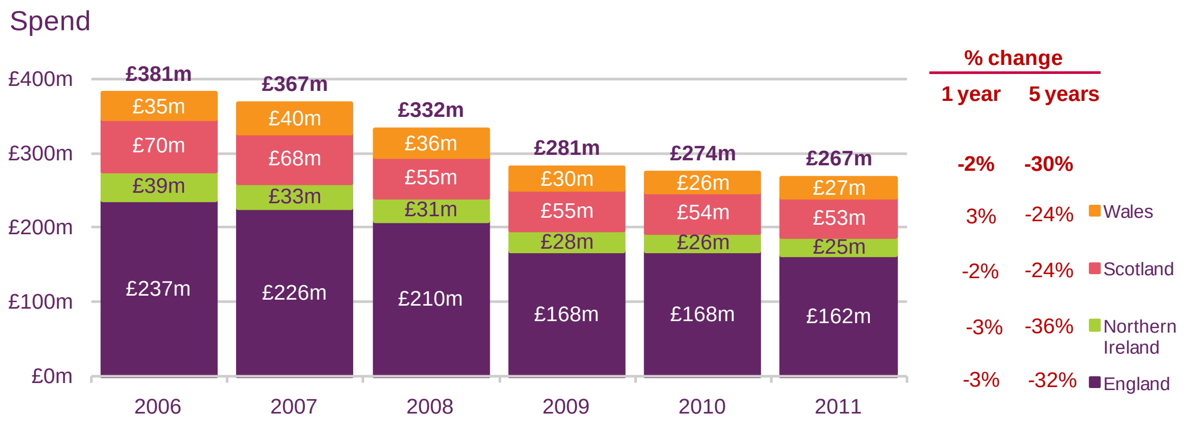
The following section outlines spend and hours of programming for viewers in Scotland, Wales, Northern Ireland, and the English regions provided by the BBC and STV/UTV/ITV. The figures exclude Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. For information on BBC ALBA, see section 2.6.

Spend on first-run originated content in Scotland is down slightly year on year

£267m was spent by the BBC and ITV/STV/UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2011, down by £7m (or 2%) since 2010 and down by 30% since 2006.

Year-on-year spend by PSBs on first-run originated programming for viewers in Scotland was down 2% to £53m; over five years, spend has decreased by 24% (£17m), making Scotland, along with Wales, one of the least affected nations over that period.

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



Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for spend on BBC ALBA or BBC spend on S4C output. For information on BBC Alba, please see Figure 2.17.

Total spend on nations programming in Scotland was £55m in 2011

Turning to total spend on nations programming, the BBC and STV's spend on non-news/non-current affairs for viewers in Scotland has increased by 2% since 2010 and in 2011 was in line with the UK average. Over the five-year period Scotland's spend on non-news/non-current affairs was also the least affected: the UK had an average decline of 43% compared to a 27% decline in Scotland.

Over a five-year period, spend on news decreased by 20% against a 22% decline for the UK as a whole. Current affairs increased by 5% to £5m, compared to the UK average decrease of 26% on the genre over the same period.

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

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

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

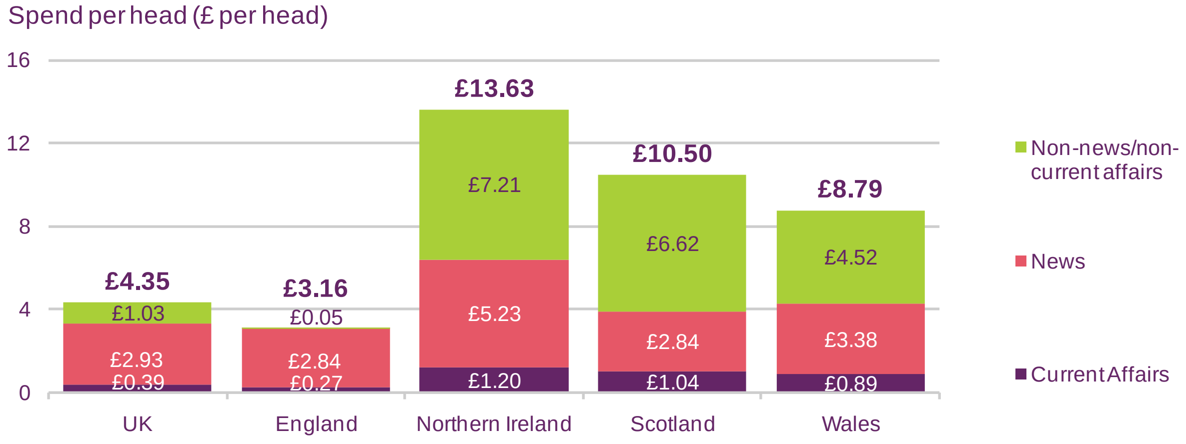
Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish-language programming by the BBC. This does not account for spend on BBC ALBA or BBC spend on S4C output.

Expenditure per head of population was down slightly year on year in Scotland

Expenditure per head of population on programming for people in Scotland was down by 1%, from £10.61 in 2010 to £10.50 in 2011.

Scotland's spend per head on non-news/non-current affairs increased by 1% over the year to £6.62; the only genre category to have shown a year-on-year increase in Scotland. It accounted for 63% of 2011's total spend per head for Scotland.

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



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

Total first-run originated hours for Scotland increases year on year

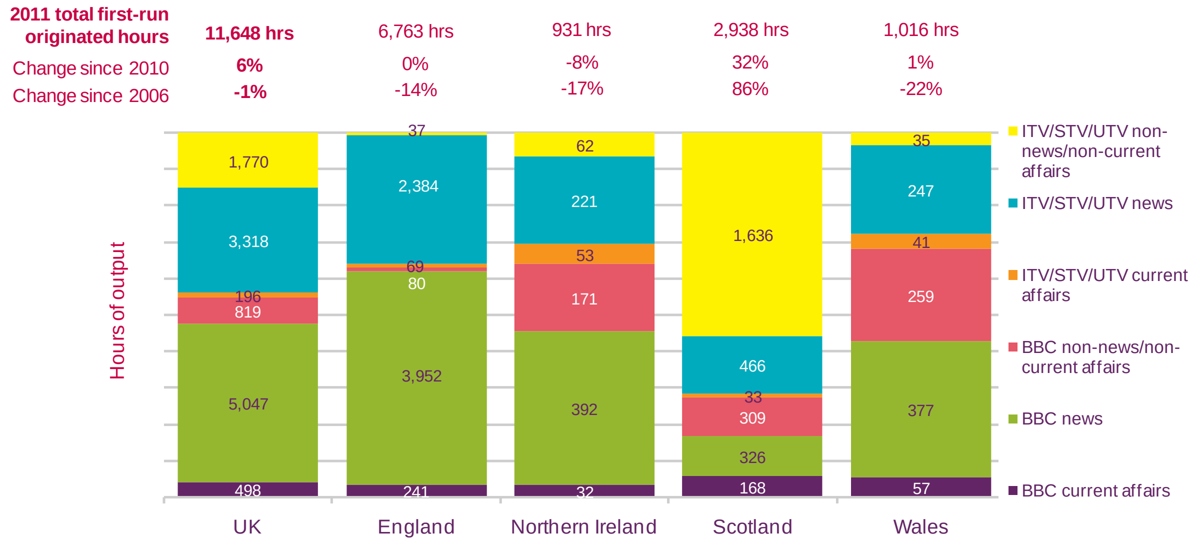
The BBC and ITV1/STV/UTV produced a total of 11,648 hours of first-run originated programming for the English regions, Scotland, Wales and Northern Ireland in 2011, up 6% (or 651 hours) on 2010, and showing minimal change since 2006 (down 1%).

The number of first-run originated hours produced specifically for viewers in Scotland was up by 86%; from 2006 to 2,938 hours. This is the highest relative increase across the four nations. Over one year, the number of first-run originated hours increased by 32% compared to the UK-wide average increase of 6%.

The number of STV first-run originated hours for non-news/non-current affairs in Scotland was up by 75% since 2010. This large increase, especially when compared to the other two genres and BBC hours, is probably because STV opted out of some networked content on Channel 3. The jump in hours is largely attributed to increased output of *The Nightshift* on STV.

Note: For comparison purposes Figure 2.15 does not take account of first-run originated BBC ALBA programming hours funded by the BBC. In 2011 this amounted to 218 hours, bringing the BBC's total first-run originated output for Scotland to 1,021 hours.

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



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

Cost per hour on total nations' output decreases by 59% since 2006 for Scotland

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

Over the five-year period, Scotland's cost per hour decreased by 59% compared to the UK average reduction of 29%.

Scotland's average cost per hour also decreased year on year by 21%; from £21,000 per hour in 2010 to £17,000 per hour in 2011, giving Scotland the lowest cost per hour across the nations.

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

Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not include hours or spend on BBC ALBA or BBC hours and spend on S4C output.

2.6 Gaelic language programming

BBC ALBA

BBC ALBA is the Gaelic-language service backed by the BBC and MG ALBA, launched in September 2008.

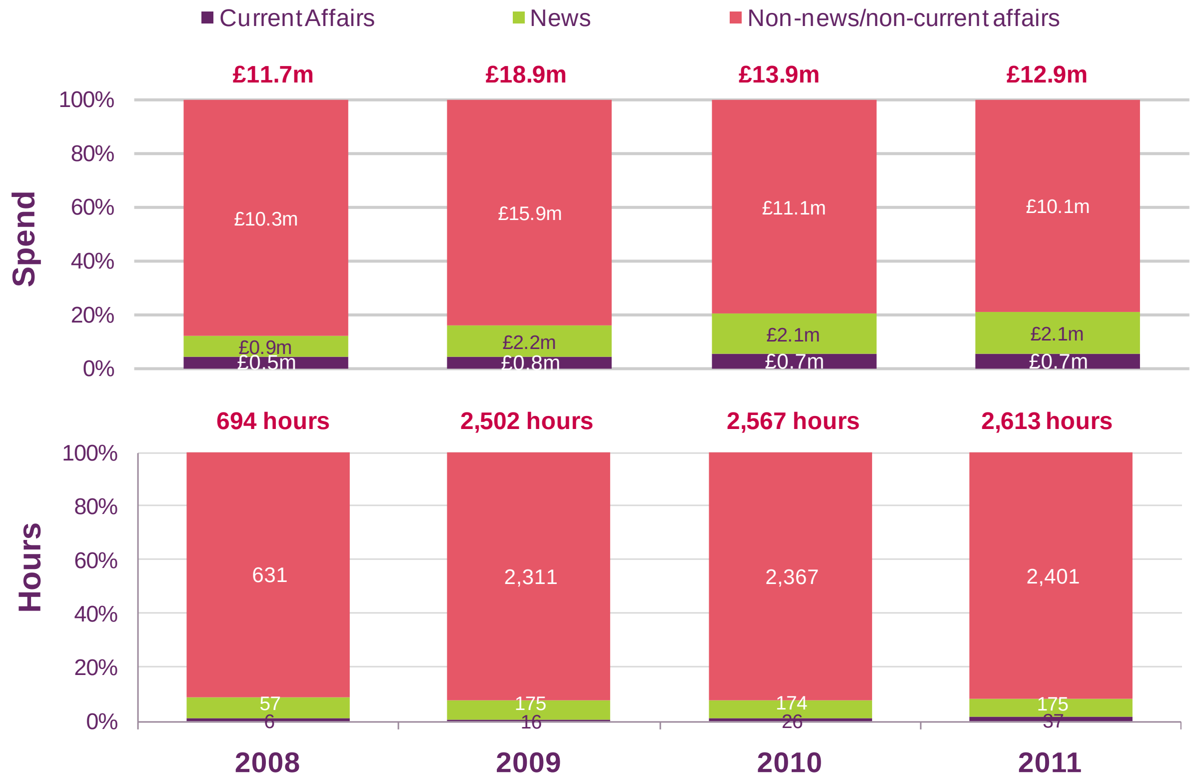
Figure 2.17 shows that £13m was spent on total programming output for BBC ALBA in 2011. Ninety-nine per cent of the £13m was spent on first-run originations.

All three genre categories experienced a year-on-year decrease in spend, although the most notable reduction was in non-news/non-current affairs, down by 9%.

In 2011 BBC ALBA broadcast 2,613 hours in total, a 2% increase on 2010. Of these, 24% (619 hours) were originations. Of the 619 hours, 218 hours were funded by the BBC and 399 hours by MG ALBA[14].

[14] NB – these hours do not sum to 619 hours exactly due to rounding up/down and small amount of jointly funded programming.

Figure 2.17 BBC ALBA total hours and spend: 2008-2011



Source: BBC, total hours and spend by the BBC and MG ALBA. All figures expressed in 2011 prices.

Research showed that awareness of the channel has increased since its move on to Freeview in June 2011[15]. Weekly reach among the Gaelic community averaged 76% between September and November 2011, while among the Scotland-wide population, weekly reach averaged 12.4% during the same period. This represents 510,000 viewers, well above the number of Gaelic speakers in Scotland.

2.7 PSB television quota compliance

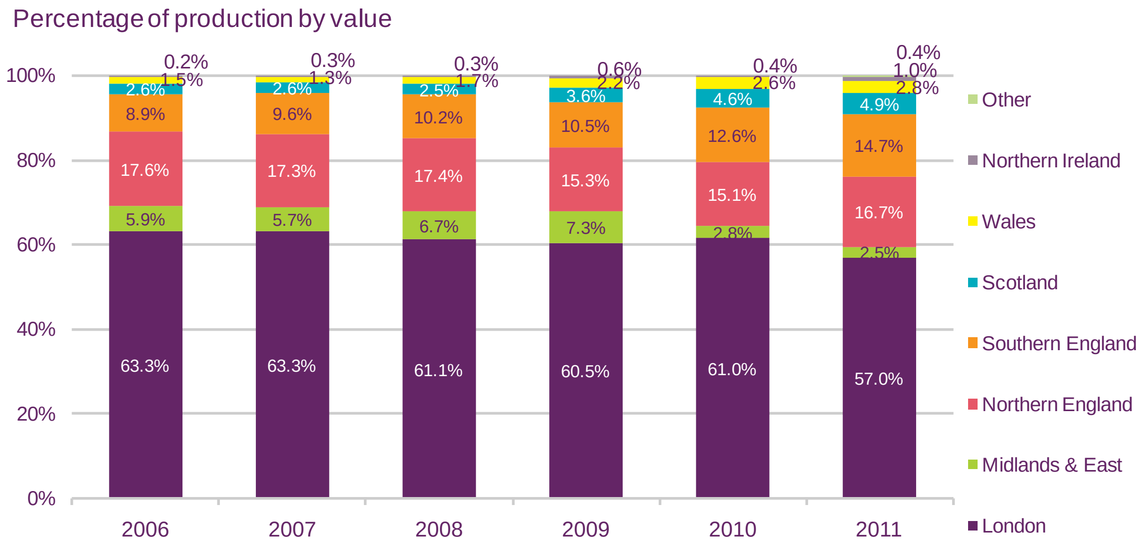
Expenditure on first-run programming produced in Scotland increased in 2011

Figure 2.18 illustrates the distribution of spend on qualifying first-run originated network content in 2011 by the five main PSB channels. Fifty-seven per cent of qualifying expenditure was devoted to productions made within the M25 - down from 61% in 2010. A further 16.7% of first-run spending was captured by producers based in the North of England and 14.7% in Southern England.

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

[15] Sources: Leirsinn and TNS for BBC ALBA

Figure 2.18 Expenditure on network programming: 2006-2011

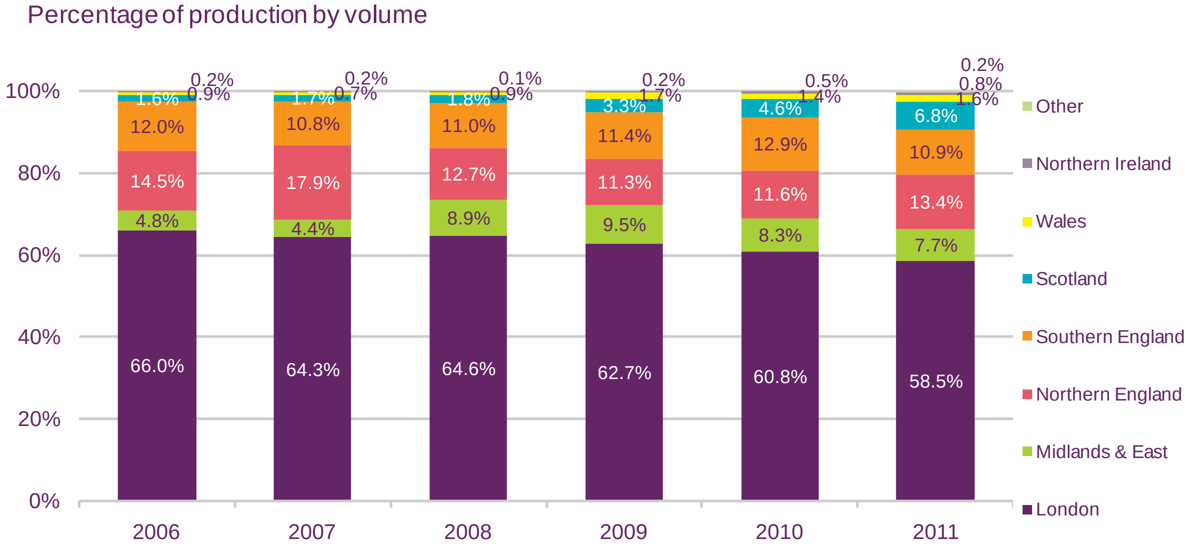


Source: Ofcom/broadcasters.
Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region' See *http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/on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

In terms of volume, 58.5% of first-run network programmes in 2011 were produced within the M25, down from 60.8% in 2010. A further 13.4% was produced in Northern England, 10.9% in Southern England and 7.7% in the Midlands and East.

Producers in Scotland delivered 6.8% of all first-run hours in 2011, up from 4.6% in 2010, while the comparable figure for Wales was 1.6% (up from 1.4% in 2010). First-run hours produced in Northern Ireland increased to 0.8% in 2011 (Figure 2.19).

Figure 2.19 Volume of network programming: 2006-2011



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