Public Service Broadcasting Annual Report 2013

Research document

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Section 1

Executive summary

Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of the delivery of their public service purposes as set out in the Communications Act 2003. Ofcom's Public Service Broadcasting (PSB) Annual Report provides an evidence base for assessing the delivery of PSB on the five main PSB channels (BBC One, BBC Two, ITV, Channel 4 and Channel 5), the BBC digital channels and S4C. Further information relating to the evidence base can be found in the appendices and data tables available with this report.

Audience impact

- Audiences continue to value PSB programming. Ofcom's PSB Tracker shows that audience ratings of the *importance* of the PSB purposes and characteristics[1] remained high in 2012:
    - The statements which ranked the highest in terms of importance related to Purpose 1: 85% of UK adults rated highly the importance of *'Its news programmes are trustworthy'* as did 78% for '*Its regional news programmes provide a wide range of good quality news about my area'.*
    - *'Well-made, high quality programmes'* ranked the highest characteristic, with 82% saying it was important, followed by over three-quarters (78%) rating *'It shows programmes I want to watch'* as important.
- Overall satisfaction with all the main PSB channels combined remains high, with four in five (76%) of those who ever watch any PSB channel claiming to be either quite, or very, satisfied. This is broadly in line with results seen in 2011 (80%).
- Opinions of the *delivery* of PSB purposes and characteristics continued to vary:
    - The statements that ranked highest on delivery were related to Purpose 1: 64% of UK adults scored the delivery of *'Its news programmes are trustworthy'* highly, while '*Well-made, high quality programmes'* was the highest-ranking characteristic, at 59%, followed by *'It shows programmes I want to watch'* (51%).
    - The lowest levels of perceived delivery among the purposes were *'It portrays my region fairly to the rest of the UK (40%)*' and *'Its programmes show different kinds of cultures within the UK'* (43%). The lowest ranked characteristics were, *'It shows programmes with new ideas and different approaches'*, '*It shows programmes that make me stop and think*' (both 44%) and '*It shows new programmes, made in the UK*' (46%).

Viewing

- Average weekly reach figures[2] for BBC One (78% in 2007, 78% in 2012) and Channel 5 (40% in 2007, 39% in 2012) have remained fairly stable between 2007

[1] See Figure 1 for a description of the PSB purposes and characteristics
[2] Reach is defined as those viewing 15 consecutive minutes at least once in the average week.

and 2012. Over the same period, the average weekly reach of ITV (70% to 64%), BBC Two (58% to 52%) and Channel 4 (59% to 51%) have declined.

- Viewing of the PSB channels (including BBC digital portfolio channels) has remained relatively stable over the last five years, from 2.4 hours per day in 2007 to 2.3 hours in 2012, according to BARB[3].

- Between 2007 and 2012, BBC Two, ITV, Channel 4 and Channel 5 have each seen a decline in their respective share of viewing (while BBC One saw its share fall between 2007 and 2011, there was a slight increase in 2012). In 2007 the aggregated viewing share of the five main PSB channels stood at 64%; this declined to 52% in 2012, a 12% point decrease. However, this decline is offset by an increase in viewing to their digital portfolio channels, with aggregated viewing almost doubling from 12% in 2007 to 21% in 2012.

Programming spend and output

- *Total* spending on PSB network programming across the five main PSB channels and the BBC digital channels decreased by 2% in real terms in 2012; to £2.9bn. This reduction continues the 17% real-terms decrease in spend over the past five years.

- Spending on *first-run originated* programmes across the five main PSB channels and the BBC digital channels increased marginally by 0.3% year on year to £2.5bn. 2012 was a big year for sport, with the London Olympics and Paralympics, and first-run spend on sports was subsequently up 14% to £563m.

- Year-on-year real-term spending on originations varied by channel. The most pronounced increase in expenditure was for BBC One, up by £55m to £797m, while BBC Two saw an almost corresponding decline (in absolute terms) of £46m to £286m. ITV, Channel 4 and Channel 5 all maintained a similar level of spending on first run content in 2012 compared to 2011, at £756m, £385m and £100m respectively.

- Over the five-year period between 2007 and 2012, first-run spend across the five main PSB channels and the BBC digital channels decreased by 13% (£384m) in real terms; the reductions in spend were most substantial on BBC Two (down 28%), while ITV/ITV Breakfast, Channel 4 and the BBC digital channels all recorded a decline of 13%.

- In line with the marginal increase in investment in first-run originated content year on year, hours of first-run programming increased in 2012 by 187 hours; from 32,167 to 32,354 in 2012. All of this increase was driven by the BBC, which increased first-run hours by 320 hours, while the commercial PSBs combined (ITV/ITV Breakfast, Channel 4 and Channel 5) saw a decline of 133 hours.

- Although not designated PSB channels, £91m was spent on first-run originations by the commercial PSBs on their digital portfolio channels in 2012, down 4.2% (or £4m) over five years in real terms. ITV and Channel 4 spent £54m and £36m respectively on originations across their digital portfolio channels in 2012, while Channel 5 spent £1m.

[3] It should be noted that a new BARB panel was introduced in 2010. Consequently data pre- and post-panel change is based on different panels and therefore are not strictly comparable; findings should be considered with caution.

Nations and regions programming

- Spend on nations and regions first-run originations by the BBC[4] and Channel 3 combined declined 4% year on year to £266m in 2012. BBC's spending declined by 4% to £183m, while ITV declined 3% to £83m. Over the five-year period from 2007 the decline in spending is more pronounced, with total spend on first-run originations in the nations and regions down 30% (BBC spend down 19% and ITV by 46%). Between 2007 and 2012, total hours of nations' and regions' output was down by 857 hours (or 7%) from 11,859 hours to 11,002.

- In the devolved nations, Channel 3's share of viewing to the main weekday evening nations'/regions' news fell in Northern Ireland by five points to 34%, stayed stable in Wales at 18% and increased in Scotland by two points to 27%. BBC One's share fell by six points in Wales from 35% in 2007 to 29% in 2012; in Northern Ireland it fell by two points to 26% and increased in Scotland by three points; from 27% to 30%.

- Audience opinion in the devolved nations on the provision of nations'/regions' news varied by channel and nation, with viewers in Northern Ireland the most likely to state that '*Its regional news programmes provide a wide range of good quality new about my area'* (71%) compared to both England and Scotland (60% and 61% respectively).

[4] Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC Alba or BBC spend on S4C output.

Section 2

Ofcom's duties

Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of their delivery of the public service purposes as set out in the Communications Act. The designated public service broadcasters are the BBC[5], ITV[6] , ITV Breakfast, Channel 4, Channel 5 and S4C[7].These purposes can be summarised as[8]:

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

Based on the public service purposes presented in the Communications Act, in its first PSB Review[9] Ofcom developed a range of PSB purposes and characteristics to provide a detailed description of public service broadcasting (see Figure 1 below).

Figure 1 PSB purposes and characteristics

PSB purposes

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

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

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

Purpose 4: Representing diversity and alternative viewpoints - To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere

[5] The BBC PSB channels are BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC HD, BBC News and BBC Parliament and BBC One HD. Note: the focus in this annual report is on generalist channels. BBC HD has been excluded from much of the analysis in the report as much of its output is simulcast from the core BBC channels and therefore would represent a disproportionate amount of broadcast hours and spend.
[6] The Channel 3 regional licensees are usually referred to in this report by the most commonly-used collective term: ITV. However, this term is not used within the devolved nations. Instead, Channel 3 is referred to as STV in northern and central Scotland, UTV in Northern Ireland and ITV Wales in Wales.
[7] The Welsh Authority has the statutory responsibility to provide S4C Digidol (digital) services for viewers in Wales.
[8] See section 264 of the Communications Act for the full wording and more detail on these.
[9] http://stakeholders.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting

PSB characteristics

High quality - well-funded and well produced

Original – new UK content rather than repeats or acquisitions

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

Challenging – making viewers think

Engaging – remaining accessible and attractive to viewers

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

Trust[10]

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

The PSB Annual Report sets out to provide an evidence base for assessing the delivery of PSB[11]. While the key purpose of this report is to show how PSB is being achieved in the UK as a whole, it also looks at the contributions of the individual PSB channels. Separate data on PSB compliance have been published as an annex to this report.

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

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

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

[11] Ofcom is required under the Communications Act to assess delivery of PSB by carrying out a review every five years. The Department for Culture, Media and Sport has announced its intention to amend this duty so that a review would only be conducted at the discretion of the Secretary of State and has put draft legislation to make this amendment before Parliament. For more information see https://www.gov.uk/government/consultations/changes-to-ofcoms-statutory-duties-and-functions

Section 3

Audience opinion of PSB importance and delivery

Contextual factors

A wide variety of factors can contribute to audiences' overall perceptions of PSB. There have been a number of large-scale changes which have affected PSB in recent years, particularly in terms of media technology and consumption.

Many people now have access to new television channels and interactive technologies, via their television set and online, that provide more choice and control. There are also an increasingly diverse number of ways of accessing content. Data from Ofcom's *Technology Tracker* (fieldwork 4 Jan - 28 Feb 2013) indicate that:

- 97% of homes have digital television;
- around five in ten (49%) of households claim to have a high-definition TV service;
- one in four (25%) adults use the internet to watch catch-up TV (such as BBC iPlayer, Sky Player, ITV Player[12]);
- around seven in ten (67%) of all households claim to own a digital video recorder[13];
- 7% of homes have a smart TV (with integrated internet connection); and
- 8% use their mobile phone for TV streaming, with 6% downloading TV programmes via their mobile phone using services such as BBC iPlayer.

Attitudes towards importance and delivery of PSB

In 2011 Ofcom revised the methodology of its PSB consumer tracking research. These changes were designed to increase efficiency while delivering the same objectives. The changes included a reduction in the number of respondents interviewed, a move from quarterly to continuous interviewing throughout the year, an increase in the number of quotas, changes to question wording and a 'purer' way of measuring self-defined regular viewers[14]. All significant differences referenced below are between 2011 and 2012 and measured at 99% difference level.

Respondents were asked on a scale of 1-10 the *importance* of the individual PSB purposes and characteristics[15]. They were then asked how they feel the PSBs *deliver* these elements. This question was asked for the PSB channels they regularly view and about all the PSB channels as a whole.

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[12] This question was changed in 2013 to personal use of the internet rather than household use.
[13] Source: Broadcasters' Audience Research Board (BARB) based on its panel of around 5,100 homes across 2012.
[14] For details of changes made to 2011 PSB tracker methodology please see Annex E Background and methodology
[15] The PSB purposes and characteristics are outlined in detail on page 4 of this report.

- Figure 2: Audience rating of importance and delivery of PSB purposes and characteristics shows the proportion of UK adults who score each statement 7/8/9/10 out of 10 (described below as 'high') on importance and on delivery, for all the PSB channels as a whole.

- As in 2011, the highest level of importance relates to Purpose 1, specifically: '*Its news programmes are trustworthy*' (85%), '*Its programmes help me understand what's going on in the world today*' (80%), and '*Its regional news programmes provide a wide range of good quality news about my area*' (78%). The lowest level of importance related to '*It shows high quality soaps or dramas made in the UK*' where just under six in ten of those interviewed saw this purpose as important (57%) for PSBs.

- The characteristics that were seen as the most important to the interviewees were: '*It shows well-made, high quality programmes*' (82%) and '*It shows programmes I want to watch*' (78%). '*It shows new programmes, made in the UK*' had the lowest level of importance among the characteristics, although just under seven in ten (68%) did think this characteristic was important.

- Just under two in three of UK adults (64%) rated highly the delivery of *'Its news programmes are trustworthy'* as did six in ten (60%) for '*Its regional news programmes provide a wide range of good quality news about my area*' and *'Its programmes help me understand what's going on in the world'* also scored relatively well on delivery, with 58% stating that PSB delivered highly against this measure. The lowest level of perceived delivery among the purposes of PSB relate to *'portraying my region fairly to the rest of the UK'* and '*Its programmes show different kinds of cultures within the UK',* where around two in five rated that the PSBs delivered on these purposes (40% and 43% respectively).

- *'High quality'* (rated highly by 59%, as in 2011) was seen as the characteristic most likely to be delivered well by the PSBs. This was followed by just over half stating that PSBs delivered well on the statement '*It shows programmes I want to watch'* (51%). The lowest levels of perceived delivery among the characteristics were *'It shows programmes with new ideas and different approaches',* '*It shows programmes that make me stop and think'* (both 44%) and '*It shows new programmes, made in the UK*' (46%).

- The largest gaps between the scores for importance and delivery of purposes and characteristics relate to the most 'challenging' and 'engaging' elements: '*It shows programmes I want to watch'* (78% importance vs. 51% delivery), *'It shows programmes that make me stop and think' and 'It shows programmes with new ideas and different approaches'* (both 70% vs. 44%). The purpose relating to nations and regions: *'It portrays my region fairly to the rest of the UK'* (66% importance vs. 40% delivery) also had a notable difference between perceived importance and delivery.

Figure 2: Audience rating of importance and delivery of PSB purposes and characteristics: 2012

Purposes	Importance	Delivery
Its news programmes are trustworthy	85%	64%
Its programmes help me understand what's going on in the world today	80%	58%
Its regional news programmes provide a wide range of good quality news about my area	78%	60%
It shows interesting programmes about history, sciences or the arts	68%	47%
It portrays my region/Scotland/Northern Ireland/Wales fairly to the rest of the UK	66%	40%
Its programmes show different kinds of cultures within the UK	65%	43%
It shows high quality soaps or dramas made in the UK	57%	47%
Characteristics		
It shows well-made, high quality programmes	82%	59%
It shows programmes I want to watch	78%	51%
it shows programmes that make me stop and think	70%	44%
It shows new programmes, made in the UK	68%	46%
It shows programmes with new ideas and different approaches	70%	44%

Source: Ofcom PSB 2012 Tracker Survey. Percentage of respondents giving 7, 8, 9 or 10 rating out of 10.
Base: Regular or occasional viewers of any PSB channel.
Base for Importance: All respondents (3025); Base for delivery: All respondents who watch any PSB channels regularly or occasionally (2983). Slightly amended wording of some statements since 2011: previous wording: 'Its (regional)/ news programmes *for people in Scotland/Wales/NI* provide a wide range of good quality news about my area*/ Scotland/Wales/NI";* 'It portraits my region/Scotland/Northern Ireland/Wales *well* to the rest of the UK'; 'It shows *enough* new programmes, made in the UK';

The results from the 2012 PSB consumer tracking research, taken as a whole, indicate over time that attitudes towards both importance and delivery of the PSB purposes and characteristics remain broadly unchanged to those in 2011[16].

Attitudes towards nations and regions programming

- Views in the devolved nations on the provision of nations'/regions' news varied by channel and nation, with viewers in Northern Ireland the most likely to state that '*Its regional news programmes provide a wide range of good quality news about my area'* (71%) compared to both England and Scotland (60% and 61% respectively):
    - BBC One: delivery of regional news content rose significantly compared to 2011, with seven in ten viewers in the UK rating delivery as high (up from 65% in 2011). The most positive views of the regional news were in Northern Ireland (72%), with viewers in Scotland the least likely to express a positive view (66%).
    - ITV: The most positive views were in Northern Ireland (78%) and Scotland (75%); this was significantly higher than those interviewed in England, where just over three in five (63%) rated regional news on ITV highly.

[16] Due to changes in methodology in the 2011 PSB Tracker a direct comparison over time is not possible before 2011. Please see Annex E Background and methodology for more details.

Attitudes towards children's programming

- Four in five (80%) parents/carers of children under the age of 15 rated the provision of PSB children's programming as important. This compares to three in five (61%) of parents/carers stating the PSB channels deliver on '*providing a wide range of high quality, UK-made programmes for children*'.

- The dedicated children's channels, CBBC and CBeebies, continued to receive high ratings on offering *'a wide range of high quality and UK-made programmes for children'* from the parents/carers of children regularly watching these in 2012, as in 2011. In 2012, 71% rated CBBC highly on this measure and 81% rated CBeebies highly. These were the same as in 2011.

- Over half of parents/carers of children regularly watching BBC One rated the channel highly on offering '*a wide range of high-quality and UK-made programmes for children'* (58%). 50% of parents/carers whose children regularly watch Channel 5 also rated it highly for this measure. Both of these scores are in line with 2011.

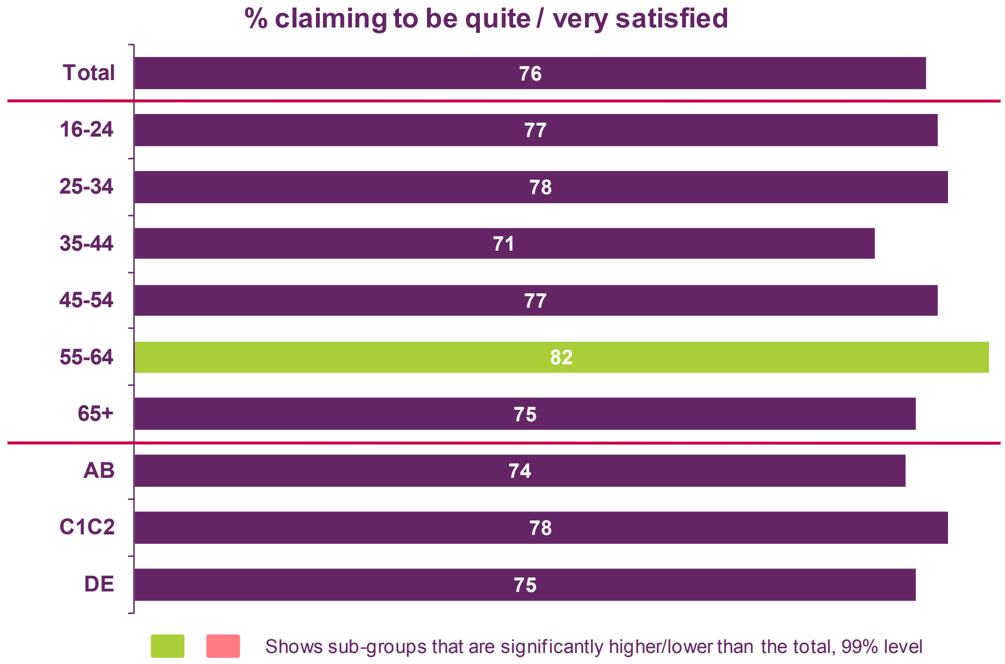
Overall satisfaction with PSB

- Overall satisfaction with all the main PSB channels combined remains high, with just under four in five (76%) of those who ever watch any PSB channel claiming to be quite, or very, satisfied; this is in line with results seen in 2011.

- Among the age groups (Figure 3), satisfaction with PSB broadcasting in 2012 was highest among 55-64 year olds (82%), with the lowest level of satisfaction among respondents aged 35-44 (71%). In terms of socio-economic group, respondents in the C1C2 group were more likely to claim to be satisfied (78%) than those in the AB (74%) and DE (75%) groups, although these differences were not significant.

- When asked about how satisfied they were with the PSB channels as a whole compared to 12 months ago, 13% stated they were more satisfied (1% higher than 2011) with 16% saying they were less satisfied than 12 months ago (2% lower than 2011).

Figure 3: Overall satisfaction with PSB, by age and socio-economic group



Source: Ofcom PSB 2012 Tracker Survey. Base: All who ever watch any PSB channels (3079). 16-24 (462); 25-34 (483); 35-44 (591); 45-54 (513); 55-64 (418); 65+ (612); AB (712); C1C2(1512); DE (855)
Q. *And now, if you think about ALL THE channels combined - in other words the BBC channels, ITV, S4C (WALES ONLY) and Channels 4 and Channel 5 - how satisfied are you that combined they provide these elements that we have talked about?* (net satisfied shown here)

Importance and satisfaction of PSB websites

- Just over seven in ten (71%) of all those interviewed thought it important that the BBC '*Provides a website with high quality content that you can trust';* this is a significant increase on 2011 (62%). Just over half (53%) stated it is important that Channel 4 also provides this content, also a significant increase on 2011 (45%). Satisfaction among users who have used the BBC and Channel 4 websites remains high, with nine in ten (91%) and four in five (81%) respectively saying they were satisfied with the websites.

Section 4

PSB viewing

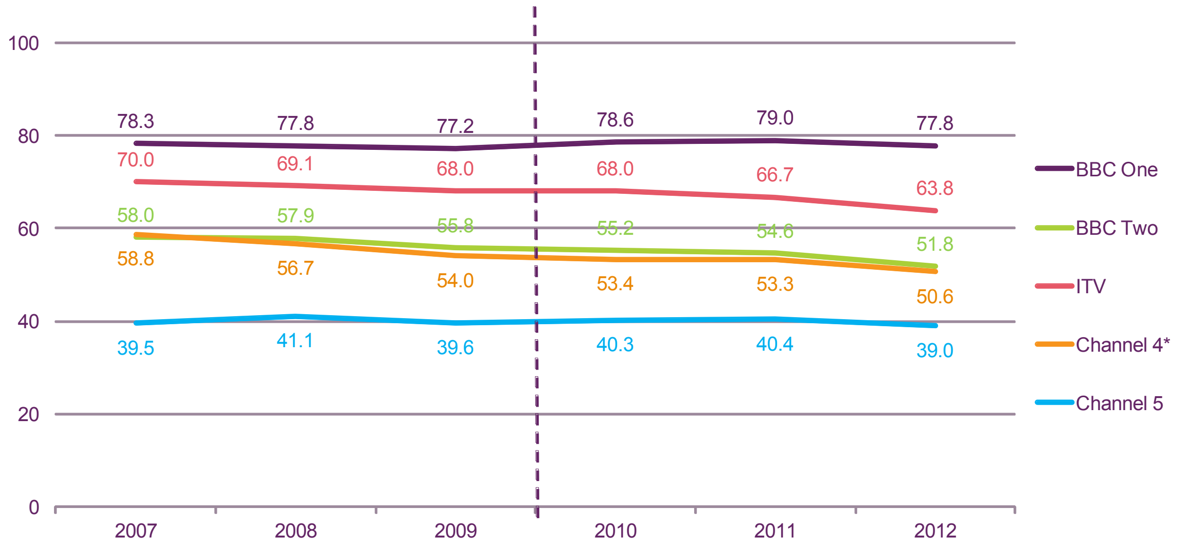
Viewing of channels

- The average hours of total daily television viewing among all individuals (aged 4+) increased from 3.6 hours in 2007 to 4.0 hours in 2012. Year-on-year figures between 2011 and 2012 remained stable at 4.0 hours per day.

- Viewing of the PSB channels (including BBC digital portfolio channels) declined from 2.4 hours per day in 2007 to 2.3 hours in 2012. Having fallen from 2.4 hours in 2007 to 2.3 hours in 2009, viewing figures increased to 2.5 hours (2 hours and 30 minutes) in 2010; viewing levels in 2012 fell back to 2009 figures.

- The number of viewers to each of the five main PSB channels in an average week has remained stable, or declined, between 2007 and 2012. Figure 4 shows that, across all homes, the average weekly reach[17] for BBC One (78% in 2007, 78% in 2012) and Channel 5 (40% in 2007, 39% in 2012) has remained stable over the past five years. Over the same period, the average weekly reach of ITV (70% to 64%), BBC Two (58% to 52% in 2012) and Channel 4 (59% to 51%) has declined. Channel 4 experienced the biggest loss of reach, with an 8% decrease, with BBC Two and ITV each seeing declines of 6% on 2007.

Figure 4: Average weekly reach of the main PSB channels, all homes: 2007-2012



Source: BARB. All Individuals, Network.
Reach criteria = 15 consecutive minutes of viewing at least once in the average week. Full weeks used.
*Note: C4 2006-09 includes S4C; from 2010 it is excluded as S4C ceased to carry Channel 4 content following DSO in Wales. S4C weekly reach 2012 = 0.6%. New BARB panel introduced 1st Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

- The data suggest that PSB portfolio channels help to stabilise or extend overall reach for each PSB broadcaster, counter-balancing any core channel declines in a competitive digital environment. While the average weekly reach of BBC Two, ITV and Channel 4 has declined between 2007 and 2012, the collective reach of

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[17] Reach is defined as those viewing 15 consecutive minutes at least once in the average week

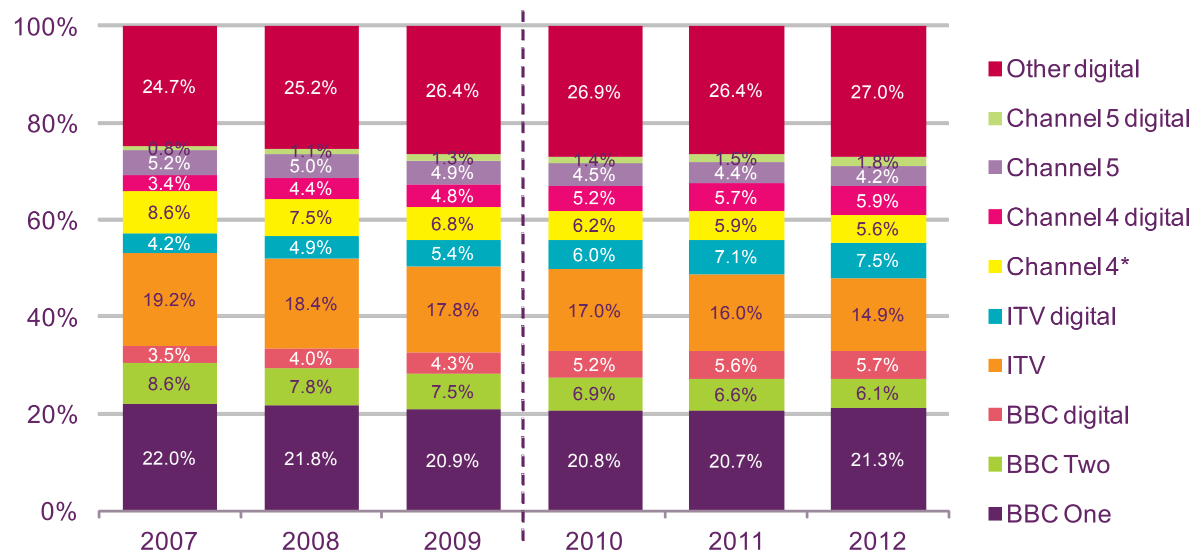
each channel and their digital portfolios shows more stable trends. The combined reach of the BBC family of channels stood at 86% in 2012, compared with 85% in 2007, a one percentage point increase. Following fairly stable reach between 2007 and 2011, the ITV family of channels saw a slight fall in reach; from 76% in 2011 to 74% in 2012. The weekly reach of the Channel 4 group of channels dipped by one percentage point; from 67% in 2007 to 66% in 2012, while Channel 5's weekly reach has increased by three percentage points (42% in 2007 to 45% in 2012).

- In multichannel homes, the aggregated reach of the PSBs' digital portfolio channels increased from 66% in 2007 to 77% in 2012. In 2012, the combined reach of all the BBC digital portfolio channels was 49% - a similar figure was achieved by ITV's digital portfolio channels. Channel 4's digital portfolio channels reached 45% of the multichannel population in 2012 and Channel 5's portfolio reach stood at 17%.

- Figure 5 shows that between 2007 and 2012, BBC Two, ITV, Channel 4 and Channel 5 have each seen a decline in their respective share of the viewing audience. While BBC One's share fell between 2007 and 2011, there was a slight increase in 2012 (up by 0.6%). In 2007 the aggregated viewing share of the five main PSB channels stood at 64%; this declined to 52% in 2012, a 12 percentage point decrease. During the same period viewing share to their digital portfolio channels increased by nine percentage points; from 12% in 2007 to 21% in 2012.

- Each of the PSB digital channel groups has increased their share of the total TV audience. The ITV digital portfolio gained the biggest share of viewing, with an increase of 3.3 percentage points on 2007 (4.2% to 7.5%). Overall, the main PSB channels, combined with their digital portfolio channels, continued to represent around three-quarters of all television viewing in each of the years between 2007 and 2012 (75% in 2007, 73% in 2012). The evident strength of the digital portfolio channels appears to have stemmed the share of viewing moving to 'other' digital channels. 'Other' channels saw a relatively modest increase of 2.3 percentage points since 2007, even as the number of available channels has increased in the move from analogue to digital.

Figure 5: Channel shares for the PSB channels and their portfolio digital channels, all homes: 2007 – 2012



Source: BARB, All Individuals, Network.
C4 data 2006-09 includes S4C; from 2010 it is excluded as S4C ceased to carry Channel 4 content following DSO in Wales. S4C 2012 share = 0.1%. New BARB panel introduced 1st Jan 2010. As a result pre- and post-panel change data must be viewed with caution (see dotted line).

- Viewing to the five main PSB channels and their digital portfolio channels accounted for the majority of viewing across all age groups in 2012 – although the combined share of viewing to these channels varies from 58% among children aged 4-15 to 83% among viewers aged 65 and over.

- Looking at trends in viewing to the five main PSB channels by television platform ownership shows that these channels continue to take the majority of viewing in digital terrestrial-only homes, accounting for 61% of viewing in 2012 compared with 44% in cable/satellite-only homes – although this share has fallen from 72% in 2007.

- In 2012, 15% of all viewing of the five main PSB channels among all individuals with digital video recorders (DVRs) was time-shifted;[18] this figure has remained stable over the past five years. This was similar to the average proportion of viewing that was time-shifted across all TV in 2012 (16%), although there are variations across the five main PSB channels with viewing on Channel 4 (20%) and Channel 5 (21%) more likely to be time-shifted.

- Time-shift viewing varies by age group and by programme genre. Time-shifted viewing of the five main PSB channels represented 24% of viewing among 25-34 year old DVR owners, compared with 11% of viewing among those DVR owners aged 65 or over. On the five main PSB channels, drama (33% of viewing time-shifted) and soaps (28% of viewing time-shifted) are most likely to be time-shifted. National news (3% of viewing time-shifted), sports (8% of viewing time-shifted) and current affairs (8% of viewing time-shifted) are least likely to be time-shifted – this is likely to be a result of the nature and immediacy of these genres.

- Figure 6 below shows a summary of viewing of the five main PSB channels by genre between 2007 and 2012.

[18] Time-shifted viewing is defined in BARB analysis as viewing of programmes recorded and subsequently played back within seven days of broadcast, as well as viewing after pausing or rewinding live TV. Viewing any catch-up TV player services through the television set, including those accessed through apps on smart TVs and games consoles, and any viewing on a laptop or personal computer connected to the television set, are also captured, if the content has been broadcast live in the last seven days. Viewing outside the seven-day window is not measured at the time of analysis.

Figure 6: Summary of viewing of the five main PSB channels, by genre: 2007 vs. 2012

	Total hours (rounded) viewed per year per individual (4+) to the main five PSB channels	
Genre	**2007**	**2012**
Other Factual	116	116
Sport	59	83
National News	90	82
UK Drama	74	50
UK Soaps	65	48
Current Affairs	37	47
Specialist Factual	23	26
UK Sitcom	8	7
Religious	3	3
Arts & Classical Music	4	2
Education	1	0 (0.2)

Source: BARB, All Individuals, Network. Main five PSB channels (BBC One, BBC Two, ITV, Channel 4, Channel 5). See *Definitions: PSB genre analysis in* Annex E Background and methodology. New BARB panel introduced 1st Jan 2010. As a result pre- and post-panel change data must be treated with caution

Section 5

PSB spend[19]

Figure 7 PSB spend: descriptions

First-run originations - Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

First-run acquisitions - A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

Repeats - All programmes not meeting one of the two definitions above.

PSB spend overview

Spend on first-run originated content is influenced by cyclical events such as general elections and major sporting events. Compared to the previous year, 2012 was a big year for sport, with the London Olympics and Euro 2012 football tournament, which affected spend and viewing patterns. Content spend figures are also adjusted for inflation, which has been variable in recent years. Furthermore, the spend figures included in this report do not represent the total cost of programme making, as additional third party sources (such as investment from independent producers) may have contributed to the overall cost of making programmes.

- A total of £2.9bn was spent by the UK-wide public service broadcasters in 2012 on all television content (originated or acquired, first-run or repeated). This comprised largely equal contributions from the BBC (£1.39bn) and the commercial PSBs (ITV, Channel 4 and Channel 5) (£1.50bn).
  - Year on year, overall spend fell by 2% in real terms, which continued the historic trend between 2005 and 2009 of year-on-year annual reductions in expenditure on content. BBC spending fell by £18m (1%) while the commercial PSBs fell by £35m, or 2%.
  - Over the five-year period, overall spending fell by 17%, or £0.6bn, from £3.5bn in 2007. Total expenditure in real terms on content in 2012 was lower than in 2000 (£3.4bn versus £2.9bn), with all the gains in spending during the early part of the decade having been offset by recent reductions.
  - Year-on-year spend on first-run originated programmes increased marginally by £9m in 2012, although this represents an increase of less than 1%. 2012 was a big year for sport, with the London Olympics and Paralympics, and first-run spend on sports was subsequently up by 14%; to £563m.
  - In 2012, first-run spend still commanded a large proportion of all content spending among the commercial PSBs and the BBC combined, accounting for 88% (or £2.5bn) of all spending (compared to 84% or £2.9bn in 2007).

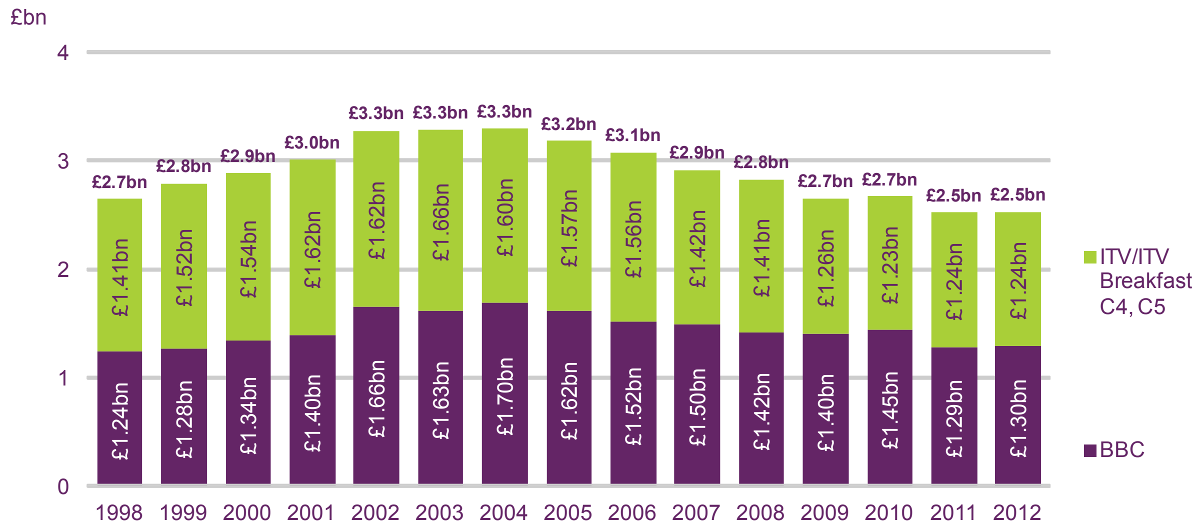
[19] All spend figures in this report are given in 2012 prices. Figures are adjusted to allow for inflation and therefore figures may not match those quoted in previous reports. All spend and output data are based on programmes broadcast in each year reported in the PSB annual report.

- Figure 8 shows spending by BBC and commercial PSBs on first-run originated output since 1998. Growth in the early part of the decade was offset by reductions in the latter half, with the effect that spending in 2012 was lower than in 2000, in real terms. The proportions of contribution by the BBC and the commercial PSBs within this total have also changed since 2000; £1.30bn from the former and £1.24bn from the latter in 2012, compared to £1.34bn from the BBC and £1.54bn from the commercial PSBs in 2000.

- These trends partly reflect the fact that the BBC's licence fee rose in real terms during the early part of the decade, and levelled off in later years. For the commercial PSBs, television advertising revenue underwent a decline early on in the period, recovering somewhat in 2010.

- Although not designated PSB channels, £91m was spent on first-run originations by the commercial PSBs on their digital portfolio channels in 2012, down 4.2% (or £4m) over five years in real terms. ITV and Channel 4 spent £54m and £36m respectively on originations across their digital portfolio channels in 2012, while Channel 5 spent £1m.

Figure 8: PSB network spend on first-run originations (2012 prices)



Source: Ofcom/broadcasters. Note: figures are expressed in 2012 prices. BBC figures include BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament. The analysis does not include S4C, BBC ALBA or BBC HD. Figures exclude nations/regions programming.

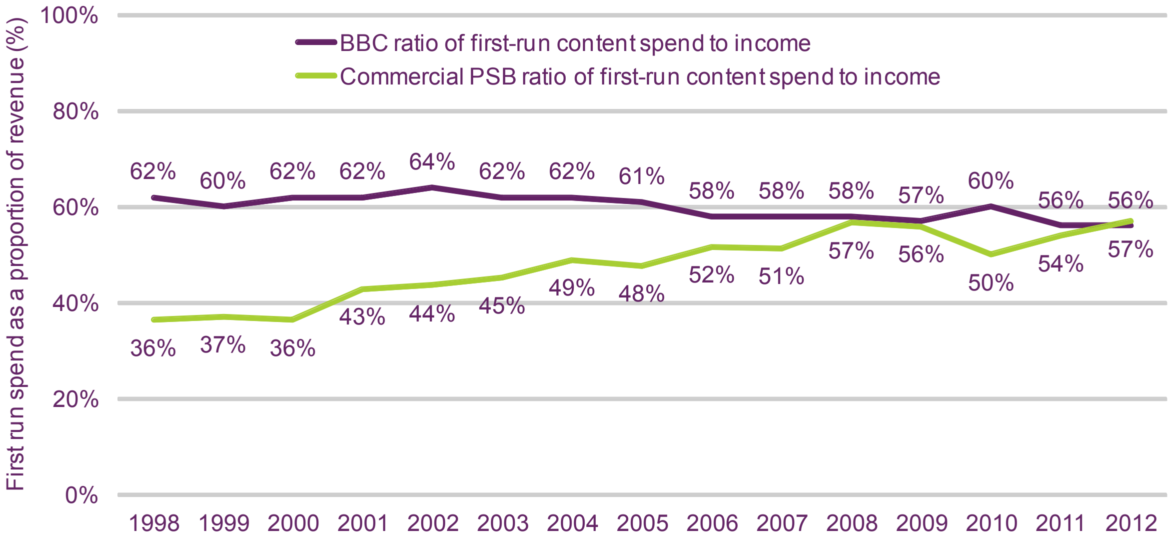
- Figure 9[20] provides an estimate of the ratio between spend on broadcast *first-run originated* television programming[21] and revenue (for commercial PSBs), and Ofcom's estimate of the licence fee allocated to television services (in the case of the BBC).

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

[21] Spend is all day, all genres. It includes all spending on *first-run originated* networked output by the BBC, ITV, Channel 4 and Channel 5. It also includes BBC, STV, ITV and UTV spending on programmes for viewers in the nations and regions and the BBC's spend on programmes for S4C and BBC ALBA. *It excludes spend on acquisitions and repeats*.

- The analysis indicates that the commercial PSB channels increased their spend on first-run originations as a proportion of revenue, from 36% in 1998 to 57% in 2012. The BBC's ratio fell from 62% in 1998 to 56% in 2012. As stated in previous PSB Annual Reports, a variety of factors may have influenced this trend, including:
  - rising expenditure on non-content costs (such as those connected with infrastructure investment and distribution over new digital platforms);
  - spend on first-run originated content is influenced by cyclical events such as general elections and major sporting events;
  - cyclical influences over commercial PSB revenue, which tend to drive down the ratio during periods of economic growth, and push it up during recession (all other things being equal);
  - production efficiencies that have the potential to deliver programmes of comparable quality, genre or length at a reduced cost. A range of new production techniques have been adopted to reduce the cost of programme production (e.g. using the same set for the production of a programme format for several different countries);
  - additional funding for new programmes from producers (not commissioners) to ensure that commissioned output is fully funded; this can include up-front loans secured against 'back-end' revenue streams such as DVD sales and programme exports;
  - changes to programme mix, scheduling and commissioning strategies; and
  - one-off costs such as restructuring.

Figure 9 PSB first-run originated television programming: ratio of spend to income



Source: Ofcom estimates based on data drawn from broadcasters and the BBC's Annual Reports and Accounts. Spend is all day, all genres. It includes all networked output from the BBC, ITV, Channel 4 and Channel 5. It also includes BBC, stv, ITV and UTV spending on programmes for viewers in the nations and regions and the BBC's spend on programmes for S4C and BBC ALBA. BBC TV income is an Ofcom estimate informed by data from Note 2c in the BBC's Annual Report and Accounts. Ofcom's estimate of total licence fee revenue that is spent on

TV-related services includes content, distribution, and infrastructure spending, and pro-rata, a share of remaining overheads, but excludes spend on Digital Switchover Help Scheme and Digital UK.

Section 6

Analysis by PSB channel

BBC One and Two

Audience opinion

- BBC One's scores for the delivery of purposes and characteristics saw significant increases between 2011 and 2012, the most among the individual PSB channels. BBC One had significant increases in the Purpose 1 statement: '*Its regional news programmes provide good quality news*' (70% vs. 65%), as well as the Purpose 3 statement: '*It shows high quality soaps/dramas made in UK*' (64% vs.57%) and the characteristic: '*It shows well made, high quality programmes*' (81% vs.76%).

- Although BBC Two had fewer increased scores than BBC One, it did have the single highest increase between 2011 and 2012 for any PSB channel, with the Purpose 2 statement: '*It shows interesting programmes about history, science or the arts*' increasing by 8% from 71% in 2011 to 79% in 2012.

Viewing

- BBC One's average weekly reach in all homes stood at 78% in 2012 – the same level as in 2007, although down slightly from 79% in 2011. BBC Two's average weekly reach fell by six percentage points; from 58% in 2007 to 52% in 2012, with a three-point fall from 55% in 2011.

- Taken together with its portfolio of digital channels, BBC's overall average weekly reach increased from 85% in 2007 to 86% in 2012. In 2012 the additional reach[22] contributed by the portfolio channels stood at 5%, compared with 3% in 2007. Of its portfolio of channels, BBC Three has the highest reach (23% in 2012). The BBC digital channels contribute the lowest additional reach to the combined core channels of BBC One and BBC Two, compared to the other main PSBs.

- In 2007, BBC One's channel share across all homes stood at 22%, BBC Two's share was 9% and the broadcaster's digital portfolio totalled 4% share – a combined share of 34%. While BBC Two's share fell to 6% in 2012, increased viewing to the digital channels (6% in 2012) resulted in a combined share of 33% across all BBC channels in 2012.

- Looking at viewing by genre shows that national news/weather accounted for 21% of viewing on BBC One in 2012. Drama (11%) and current affairs (10%) also performed well. Most noticeably in 2012, sports programming accounted for 18% of viewing on BBC One, while drama was the most popular genre in peak time (18:00-22:30) with 18% of all viewing to BBC One.

- The most popular genres on BBC Two were other factual, (37% of viewing) and specialist factual (10%)

[22] The 'additional reach' figure looks at the proportion of UK viewers who tuned into all BBC channels combined, BBC One + BBC Two and the additive reach from the digital channels, for 15 consecutive minutes at least once in the average week.

Spend and output

- Figure 10 below breaks out total and first-run spend by channel. BBC One experienced the most pronounced increase in expenditure year on year, up by £55m to £797m in real terms (driven in part by its coverage of the London Olympics), while BBC Two saw an almost corresponding decline (in absolute terms) of £46m to £286m in 2012.

- Over the five-year period, BBC Two recorded the largest relative decline in spend on first-run originated content of all the main PSB channels, down by almost a third (28%) from £398m in 2007 to £286m in 2012 in real terms. Spending on first-run originations on BBC One declined by 7%; to £797m over the same time period.

- Despite the decline in spend on originations over the past five years for BBC One and BBC Two, spend on first-run originations for these channels as a percentage of total content spend remains high, at 94% and 92% respectively.

- The BBC digital channels combined have also seen declines in spending; both year on year and over five years (down 1% and 13% respectively in real terms to £213m).

Figure 10 Content spend, overall and on first-run originations (2012 prices)

	Spend on all hours of output							Spend on first-run originated output							First run spend as a % of all		
	2007	2011	2012	Change (£)		Change (%)		2007	2011	2012	Change (£)		Change (%)		2007	2011	2012
				5 yr	1 yr	5 yr	1 yr				5 yr	1 yr	5 yr	1 yr			
BBC One	£943m	£802m	£848m	-£95m	£46m	-10%	6%	£859m	£742m	£797m	-£63m	£55m	-7%	7%	91%	92%	94%
BBC Two	£444m	£369m	£310m	-£134m	-£59m	-30%	-16%	£398m	£332m	£286m	-£112m	-£46m	-28%	-14%	90%	90%	92%
BBC Digital	£263m	£237m	£232m	-£31m	-£5m	-12%	-2%	£245m	£216m	£213m	-£32m	-£3m	-13%	-1%	93%	91%	92%
BBC Total	**£1650m**	**£1408m**	**£1390m**	**-£260m**	**-£18m**	**-16%**	**-1%**	**£1502m**	**£1290m**	**£1296m**	**-£206m**	**£6m**	**-14%**	**0%**	**91%**	**92%**	**93%**
ITV/GMTV	£987m	£837m	£814m	-£173m	-£23m	-17%	-3%	£872m	£756m	£756m	-£116m	£0m	-13%	0%	88%	90%	93%
Channel 4	£620m	£512m	£492m	-£129m	-£20m	-21%	-4%	£443m	£384m	£385m	-£58m	£1m	-13%	0%	71%	75%	78%
Channel 5	£225m	£184m	£192m	-£33m	£8m	-15%	4%	£103m	£98m	£100m	-£4m	£2m	-4%	2%	46%	53%	52%
Commercial Total	**£1832m**	**£1533m**	**£1498m**	**-£335m**	**-£35m**	**-18%**	**-2%**	**£1418m**	**£1237m**	**£1240m**	**-£178m**	**£3m**	**-13%**	**0%**	**77%**	**81%**	**83%**
Grand Total	**£3482m**	**£2941m**	**£2888m**	**-£594m**	**-£53m**	**-17%**	**-2%**	**£2920m**	**£2527m**	**£2536m**	**-£384m**	**£9m**	**-13%**	**0%**	84%	86%	88%

Source: Ofcom/broadcasters. Note: figures are expressed in 2012 prices. BBC figures include BBC One, BBC Two, BBC digital (BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament). The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

ITV

Audience opinion

- Perceptions of the importance of the Purpose 1 statement: '*Its news programmes are trustworthy*' (73% vs. 67%) and the Purpose 3 statement: '*It portrays my* *region fairly to the rest of the UK*' (58% vs. 62%) increased significantly for ITV in 2012 compared to 2011. Perceptions of ITV delivery for these statements remain unchanged compared to 2011. However, some purposes and characteristics increased significantly in 2012 with regard to perceptions of their delivery. The Purpose 2 statement: '*It shows interesting programmes about history, science or the arts*' increased from 28% to 34%, with Purpose 4: '*Its programmes show different kinds of cultures with the UK*' also increasing since 2011; from 40% to 46%. There was also a significant increase in the perception of delivery of the characteristic: '*It shows new programmes, made in the UK*' (49% vs. 55%) among regular viewers of ITV in 2012.

Viewing

- ITV's average weekly reach across all homes fell by 6% points from 70% in 2007 to 64% in 2012 – falling by three percentage points from 67% in 2011. When combined with its range of digital portfolio channels, including ITV+1 and ITV2, the broadcaster's average weekly reach stood at 74% in 2012, compared to 75% in 2007.

  - On top of the 64% reach gained by ITV in 2012, its digital channels bring 10% in additional reach[23] to the broadcaster. This additional reach has increased from 5% in 2007 as ITV's range of digital channels have increased in number and popularity, with ITV2 attracting the highest audiences (25% average weekly reach in 2012).

  - ITV's channel share fell by four percentage points between 2007 and 2012; from 19% to 15%. But over the same period the share of viewing represented by ITV's digital portfolio channels increased from 4% to 8%, helping ITV to retain its share of the viewing audience.

  - The most popular genre on ITV in 2012 was entertainment, accounting for 32% of viewing. Soaps (18%), drama (10%) and current affairs (9%) were also popular on ITV. Soaps (30%) and entertainment (29%) programming were the most-viewed genres during peak time on ITV in 2012.

Spend and output

- Spend on all content for ITV/ITV Breakfast declined by 3% in real terms year on year to £814m, while spend on first-run originated content remained unchanged at £756m. However, over a five-year period, the decline in programme spend is more pronounced, with a 17% decline in real terms for total content spend and a 13% decline on first-run originated content since 2007.

- But over the five-year period, first-run spend as a percentage of all spend has increased; from 88% in 2007 to 93% in 2012.

[23] The 'additional reach' figure looks at the proportion of UK viewers who tuned into all ITV channels combined, ITV and the additive reach from the digital channels, for 15 consecutive minutes at least once in the average week.

Channel 4

Audience opinion

- There were no significant increases in delivery of any of the purposes and characteristics compared to 2011 for Channel 4. In 2012, over three in five regular viewers perceived the channel to deliver well for the Purpose 1 statement: '*Its news programmes are trustworthy*' (61%) and the characteristics: '*It shows well made, high quality programmes*' (66%) and *'It shows programmes I want to watch*' (60%). The lowest perceived delivery was the Purpose 3 statement: '*It portrays my region fairly to the rest of the UK*' (36%).

Viewing

- Channel 4[24] has seen a fall in its average weekly reach across all homes; from 59% in 2007 to 51% in 2012. However, over the past five years, when combined with its digital portfolio channels, the broadcaster's total reach has remained fairly stable (67% in 2007, 66% in 2012).

- Channel 4's digital portfolio channels attract the highest proportion of additional reach when compared with the other PSB channels. In 2007, the digital channels added[25] 8% in reach for the broadcaster – this almost doubled, to 15% in 2012. Channel 4+1, More 4 and E4 are among the most popular channels.

- In terms of share of the viewing audience, Channel 4's share fell by three percentage points; from 9% in 2007 to 6% in 2012. At the same time, the share of viewing attributed to its digital channels has grown by three percentage points; from 3% to 6% - a combined total of 12% in 2012, with the main channel and its digital portfolio accounting for the same share of viewing in 2012 (6% each).

- Other factual programming (33%), entertainment (27%) and films (15%) accounted for the majority of viewing on Channel 4 in 2012. The same genres accounted for the majority of peak-time viewing on Channel 4.

Spend and output

- Spend on all content for Channel 4 declined by 4% in real terms year on year to £492m, while spend on first-run originated content remained almost consistent at £385m. However, over the five-year period the decline in programme spend is more pronounced, with a 21% decline in real terms for total content spend and a 13% decline on first-run originated content since 2007.

- Over the five year period, first-run spend as a percentage of all spend has increased, from 71% in 2007 to 78% in 2012.

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[24] Channel 4 analyses refer to Channel 4 only excluding its +1 variant which is included within the Channel 4 digital portfolio. Channel 4+1 average weekly reach (based on 15 minutes consecutive of viewing) in 2012 = 15.7%. Channel 4+1 share in 2012 = 0.9.

[25] The 'additional reach' figure looks at the proportion of UK viewers who tuned into all Channel 4 channels combined, Channel 4 and the additive reach from the digital channels, for 15 consecutive minutes at least once in the average week.

Channel 5

Audience opinion

- There was a significant increase in perception of the importance of the Purpose 1 statement: *'Its news programmes are trustworthy'* (51% vs. 55%) for Channel 5, although there was no significant increase in regular viewers' perception of delivery for any of the purposes or characteristics for the channel. In 2012, around half of regular viewers perceived Channel 5 delivered well on the Purpose 3 statement: '*It provides a wide range of high quality UK-made programmes for children*' (50%) and the Characteristic statements: '*It shows well made, high quality programmes*' and '*It shows programmes I want to watch*' (both 48%).

Viewing

- The average weekly reach gained by Channel 5 has remained relatively stable over the past few years (40% in 2007, 39% in 2012). When combined with its digital channels including Channel 5+1, 5* and 5 USA, the broadcaster's average weekly reach across all homes increased from 42% in 2007 to 45% in 2012.

- Of all the commercial PSBs, Channel 5's portfolio of digital channels contributed the least additional reach[26] to the core channel (6% in 2012).

- While the channel's reach has remained steady over the analysis period, its share of the viewing audience has fallen; from 5% in 2007 to 4% in 2012. However, the growth in the share represented by the digital channels; from 1% in 2007 to 2% in 2012, resulted in the total share of viewing represented by the broadcaster remaining stable at 6%.

- Films (29%), other factual (21%) and drama (17%) accounted for two-thirds of viewing to the channel. These same genres accounted for 80% of peak-time viewing on the channel.

Spend and output

- Spend on all content for Channel 5 increased by 4% in real terms year on year to £192m, while spend on first-run originated content increased marginally by 2% to £100m in 2012. However, over the five-year period, both total and first-run spend declined for Channel 5, with a 15% decline in real terms for total content spend and a 4% decline on first-run originated content since 2007.

- Over five years, first-run spend as a percentage of all spend has increased; from 46% in 2007 to 52% in 2012.

[26]The 'additional reach' figure looks at the proportion of UK viewers who tuned into all Channel 5 channels combined, Channel 5 and the additive reach from the digital channels, for 15 consecutive minutes at least once in the average week.

Section 7

Analysis of key PSB genres[27]

This section covers the key genres of news and current affairs, sports, factual programming and children's programming. It looks at viewing alongside spend and hours of output in these genres, as well as nations' and regions' programming. Figure 11 below shows spend on total and first-run originations.

Figure 11 PSB overall content and first-run originated spend, by genre (2012 prices)

	Spend on all hours of output							Spend on hours of first-run originated output							First run spend as a % of all spend		
	2007	2011	2012	Change (£m)		Change (%)		2007	2011	2012	Change (£m)		Change (%)		2007	2011	2012
				5yr	1 yr	5yr	1 yr				5yr	1 yr	5yr	1 yr			
News & Current Affairs	£357m	£317m	£311m	-£45m	-£5m	-13%	-2%	£356m	£316m	£311m	-£45m	-£5m	-13%	-2%	100%	100%	100%
Arts & Classical Music	£67m	£46m	£40m	-£27m	-£6m	-40%	-12%	£65m	£43m	£38m	-£27m	-£5m	-42%	-12%	97%	93%	94%
Religion & Ethics	£20m	£15m	£13m	-£7m	-£1m	-34%	-8%	£20m	£14m	£13m	-£7m	-£1m	-33%	-8%	97%	99%	99%
Education	£33m	£19m	£20m	-£14m	£1m	-41%	5%	£32m	£18m	£19m	-£13m	£1m	-40%	6%	97%	99%	99%
Factual	£606m	£477m	£470m	-£136m	-£6m	-22%	-1%	£585m	£463m	£455m	-£129m	-£7m	-22%	-2%	96%	97%	97%
Drama & Soaps	£955m	£663m	£635m	-£320m	-£28m	-33%	-4%	£741m	£555m	£526m	-£215m	-£30m	-29%	-5%	78%	84%	83%
Ent. & Comedy	£630m	£569m	£568m	-£61m	-£1m	-10%	0%	£543m	£502m	£509m	-£34m	£7m	-6%	1%	86%	88%	90%
Feature Films	£209m	£235m	£174m	-£35m	-£61m	-17%	-26%	£9m	£29m	£18m	£9m	-£10m	93%	-36%	5%	12%	11%
Sports	£485m	£496m	£563m	£78m	£67m	16%	14%	£472m	£495m	£563m	£91m	£68m	19%	14%	97%	100%	100%
Childrens	£120m	£106m	£92m	-£28m	-£13m	-23%	-13%	£97m	£91m	£83m	-£14m	-£8m	-14%	-9%	80%	86%	90%
Total	**£3482m**	**£2941m**	**£2888m**	**-£594m**	**-£53m**	**-17%**	**-2%**	**£2920m**	**£2527m**	**£2536m**	**-£384m**	**£9m**	**-13%**	**0%**	**84%**	**86%**	**88%**

Source: Ofcom/broadcasters. Note: figures are expressed in 2012 prices. BBC figures include BBC One, BBC Two, BBC digital (BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament). The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

News and current affairs

Viewing

- Between 2007 and 2012, viewing of national news on the five main PSB channels declined from 90 hours per individual (aged 4+) per year in 2007 to 82 hours in 2012.

- Much of this decline was in viewing of news on ITV (from 24 hours in 2007 to 13 hours in 2012). Viewing also fell by an hour on both Channel 4 and Channel 5. News viewing increased on BBC One; from 56 hours in 2007 to 61 hours in 2012.

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

- In 2012, the five main PSB channels accounted for 80% of all national news viewing across all channels – down from 87% in 2007. There has been an increase in the share of viewing accounted for by the BBC digital portfolio channels (from 7% to 13%) and the other multichannels (from 5% to 7%).

- Viewing of current affairs programming on the five main PSB channels increased from 37 hours in 2007 to 47 hours in 2012. The bulk of this was driven by increased viewing of current affairs on BBC One (from 23 hours in 2007 to 28 hours in 2012) and ITV (from 9 hours in 2007 to 15 hours in 2012). Popular current affairs programming in 2012 included coverage of the Diamond Jubilee.

- The current affairs genre is one of only three PSB genres to have seen gains in viewing compared to 2007; the other two genres are sports and specialist factual.

- Viewing of current affairs programming across all channels increased from 41 hours to 51 hours, while 92% of all current affairs viewing in 2012 was to the five main PSB channels.

Spend and output

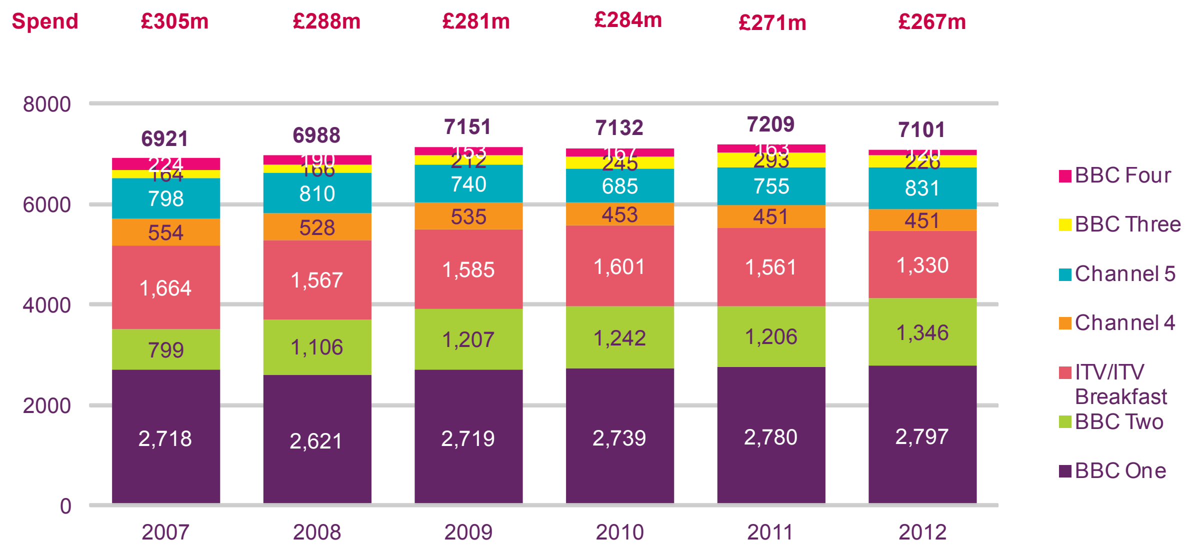
- In 2012 total spend on national news and current affairs among PSB channels fell by 2% to £311m year on year (Figure 11).

- Figure 12 below shows that spend on news and current affairs among PSB channels, excluding BBC News and BBC Parliament, fell by 1% to £267m. Overall hours also decreased (by 1%) despite continued increases in output from Channel 5 and BBC One (of 10% and 1% respectively). Output from BBC Two rose this year by 140 hours and stayed the same for Channel 4 (451 hours). There were reductions in news and current affairs output from ITV/ITV Breakfast (-231 hours) BBC Three (-67 hours) and BBC Four (-43 hours).

- In peak time (18:00 to 22:30) hours of news and current affairs increased by 36 hours (2%) and spend remained constant at £132m during 2012. ITV/ITV Breakfast, BBC Three and BBC Four decreased their peak-time hours (7 hours, 7 hours and 8 hours respectively) while BBC Two, Channel 4 and Channel 5 increased peak-time hours (6 hours, 8 hours, 44 hours respectively). BBC One peak-time hours remained constant.

- Over the five-year time period, hours in peak time were 7.5% higher (1397 against 1299) having risen in the intervening period as high as 1,406 hours in 2010. Spend over the same period fell in real terms by 10.8%. Across the day, spending was down by 12.5% in real terms, while hours rose by 2.6%.

Figure 12 Annual volume of hours of UK national news and current affairs output and spend: 2007 to 2012



Source: Ofcom/broadcasters Note: UK/national News refers to network news and excludes non-network news. Does not include BBC Parliament or BBC News. Spend is given in 2012 prices

Sports

Viewing

- In 2007, the average individual (aged 4+) watched 59 hours of Sports programming on the five main PSB channels. This increased to 83 hours in 2012.

- The majority of this increase was on BBC One, accounting for 52 hours in 2012 compared with 24 hours in 2007. Viewing on Channel Four increased from 3 hours to 6 hours. Coverage of the London 2012 Olympics and Paralympics (including the opening and closing ceremonies) and Euro 2012 is likely to have driven this increase. In 2012, seven of the top ten programmes (based on highest occurring episode) were to sports programming on the main PSBs.

- Viewing to Sports programming remained stable on ITV between 2007 and 2012 (13 hours) – over the same period viewing fell on BBC Two by 4 hours to 12 hours in 2012 and by 2 hours on Channel 5 (from 3 hours in 2007 to 1 hour in 2012).

- The share of total Sports viewing accounted for by the five main PSB channels increased from 60% in 2007 to 62% in 2012, while the share represented by Other Multichannels fell from 38% to 28%. The remaining 10% was attributed evenly between the BBC digital channels (5%) and the commercial PSBs portfolio of channels (4%).

Spend and output

- 2012 was a big year for sport with the London Olympic and Paralympics, as well as the Euro football tournament. Spend on first-run originated hours of Sport increased 14% year on year to £563m in 2012. The overall increase in first-run originated content in 2012 (up 0.3% year-on-year to £2.5bn) can be attributed in part to the increase in spend on sports content.

Factual programming

Viewing

- Viewing of the specialist factual genre on the five main PSB channels increased from 23 hours in 2007 to 26 hours in 2012. The BBC channels accounted for the majority of viewing to this genre in both years, and while viewing fell marginally on BBC Two (from 12 to 9 hours), it increased on BBC One (from 7 to 11 hours).

- Other factual viewing across the five main PSB channels remained stable at 116 hours in both 2007 and 2012. Across the two periods viewing increased on BBC One (from 31 to 36 hours) and Channel 5 (from 7 to 11 hours) while ITV (from 18 to 15 hours) and Channel 4 (from 28 to 23 hours) both saw a fall in viewing.

Across all channels, while the main five PSB channels continue to account for the majority of viewing to both specialist factual and other factual programming, the proportion of total viewing they represent fell between 2007 and 2012 – although at the same time viewing to these genres across the digital portfolio channels increased in 2012.

Spend and output

- Overall hours of factual programming continued to increased year on year – up by 115 hours to 13,724 hours. Three of the seven channels had increases in the volume of factual programming compared to 2011: BBC Two (+66 hours), ITV/ITV Breakfast (+140 hours) and BBC Four (+232 hours). BBC One, Channel 5 and BBC Three all reduced their factual output (by 90 hours, 56 hours and 177 hours respectively). Channel 4 did not change its output hours, which remained at 2387.

- Spending on factual output across the day fell by 1% in real terms between 2011 and 2012, to £470m. As in previous years, there have been continued reductions in the cost per hour of factual output across the PSB channels.

- Since 2007, the number of hours of factual output has risen greatly, by 23%, or 2,562 hours, over the period. Conversely, spending has gone down by 22% (£136m) over the same period.

- By sub-genre, the rise in hours has been driven chiefly by content from the ‘other factual’ sub-genre. Over the five-year period, ‘other factual’ hours were up by 42% while those of specialist factual and factual entertainment rose by 14% and 10% respectively. During 2012, hours of specialist factual output and other factual (including leisure, general factual and magazine programmes) rose to their highest levels since 2007 (4,729 and 5,486 respectively). Looking at factual entertainment programming, we see a continued decline from its peak in 2010, when there was 3876 hours of content. Within this year-on-year change, specialist factual has increased slightly; other factual has increased by 4% since 2011 while factual entertainment has fallen by 4% over the same period.

- Looking next at first-run peak-time hours, BBC Two continued to be the largest provider of specialist factual programming, at 305 hours; a rise of 7% year on year. Channel 4 had a large decline of 29% in hours over a 12-month period but remained the second-largest provider, broadcasting 172 hours of specialist factual in peak time.

- Since 2007, the overall provision of peak-time specialist factual output hours has increased by six hours (less than 1%) to 994. This has been driven by the increase in hours on BBC One, BBC Two and ITV/ ITV Breakfast.

- Channel 5 showed year-on-year growth in peak-time specialist factual of 14%. This rise; from 114 hours in 2011 to 130 hours in 2012, reverses the trend of 45% decline from 236 in 2007. Channel 4 moved in the opposite direction, with a year-on-year decline in hours of first-run peak-time specialist factual content. This decline of 69 hours, down from 241 hours in 2011, reverses the five-year trend in which Channel 4 has increased its output from 153 hours to 172 hours (a 12% increase).

Children's programming

Spend and output

- Hours of children's television programming broadcast in 2012 on the PSB channels rose slightly on the previous year, up from 12,547 hours in 2011 to 12,748 in 2012. CBeebies and CBBC continue to be the main providers of children's television content, accounting for 65% of the total in 2012 (unchanged from 2011). While hours remained stable, overall spend fell by £14m, or 13%, to £92m in 2012. Spend on first-run originations fell by 9% year on year to £83m in 2012.

- Since 2007, hours of children's television remained stable, while spend has reduced by 23% (or £28m in real terms) over the same period. Output on first-run originated children's programming has declined by 26% since 2007, while spend has fallen by 14% over the same period, to £83m in 2012.

Viewing

- Children's viewing of children's programming on the five main PSB channels dropped by more than half; from 37 hours per child in 2007 to 16 hours in 2012. The majority of the viewing took place on Channel 5 and BBC Two, accounting for seven hours and five hours of viewing in 2012 respectively.

- Children's viewing of children's programming across all channels increased from 212 hours in 2007 to 232 hours in 2012. The five main PSB channels accounted for 7% of this viewing in 2012, compared with 18% in 2007. Over the same period there has been an increase in viewing to the genre across the digital portfolio channels, most notably on the BBC digital channels (up from 26% in 2007 to 32% in 2012). Viewing to the children's genre across other multichannels has also increased; from 51% to 55% in 2012

Nations and regions

<u>Viewing</u>

- Between 2007 and 2012, the total time spent watching nations'/regions' news across the year, per individual, fell marginally; from 28 hours to 26 hours. Viewing of nations'/regions' news on BBC One increased by one hour; from 17 hours in 2007 to 18 hours in 2012, while it fell from 11 hours to 9 hours on ITV.

- In the devolved nations, Channel 3's share of viewing to the main weekday evening nations'/regions' news fell in Northern Ireland by five points to 34%, stayed stable in Wales at 18% and increased in Scotland by two points to 27%. BBC One's share fell by six points in Wales; from 35% in 2007 to 29% in 2012; in Northern Ireland it fell by two points to 26%, and it increased in Scotland by three points; from 27% to 30%.

- Figure 13 shows the total number of hours of viewing of national and nations'/regions' news on BBC/Channel 3. Across the UK, viewers spent 83 hours watching national news in 2012, compared with 26 hours of nations'/regions' news. All three nations spent more time watching nations'/regions' news than the UK average. Viewers in Northern Ireland watched the most nations'/regions' news (36 hours) compared to Wales and Scotland, and the least national news (75 hours). While viewers in Wales spend more time watching national news (88 hours), they view less nations'/regions news compared with the other devolved nations.

<u>Spend and output</u>

- Spend on nations' and regions' first-run originations by the BBC[28] and Channel 3 combined decreased by £113m, or 30%, from £379m in 2007 to £266m in 2012 in real terms. Investment by the Channel 3 broadcasters declined by 46% over this period to £83m (spend was also down by 3% year on year). Spend on BBC nations' and regions' output also fell; by £42m (18.6%) between 2007 and 2012, to £183m (spending was also down by 3.7% year on year).

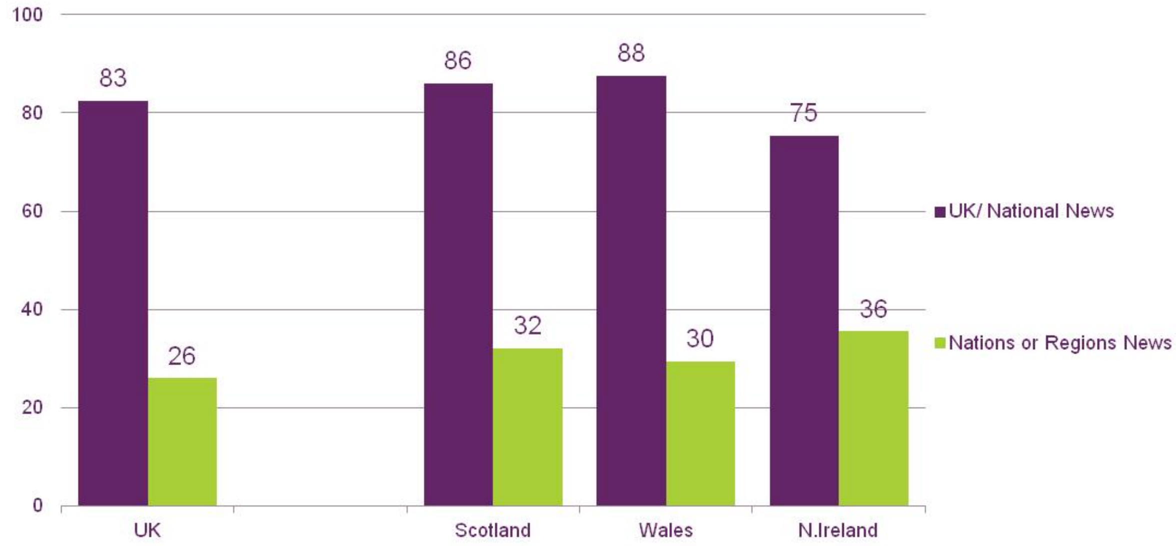
- Spending on output for viewers in England stood at £165m in 2012 (down by 30% over a five year period); in Scotland the comparable figure was £52m (down by 27%) while in Wales it was £26m (down by 35%). In Northern Ireland spend totalled £23m, down by 33% over the same period.

- Between 2007 and 2012, total hours of nations' and regions' output was down by 857 hours (7%); from 11,859 hours to 11,002.

- Hours broadcast for viewers in England stood at 6,704 in 2012, down by 15% since 2007. In Scotland they totalled 2,430 (up by 51% due to the higher volume of non-networked content broadcast by STV). Hours in Wales stood at 954 (a reduction of just under a quarter (24%) over the same period in 2007), and 914 in Northern Ireland (21% fewer hours than in 2007).

[28] Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC Alba or BBC spend on S4C output.

Figure 13 Total hours of viewing of national news and BBC/Channel 3 nations' news, by nation: 2012



Source: BARB, All Individuals. Main five PSB channels (BBC One, BBC Two, ITV, Channel 4, Channel 5). Based on total minutes of viewing of 'News: National/International' and 'News: Regional News'. See *Definitions: PSB genres analysis* in Annex E Background and Methodology

Section 8

S4C

Viewing

- In 2012, S4C Welsh language programming was watched for an average of 16.8 hours per individual in the S4C region. This compares to 18 hours per individual last year, and is less than a 1% point decrease on 2007 (17.5 hours).

- The weekly reach of Welsh language programming on S4C was 16% in 2012, one percentage point less than in 2011 and the previous two years. In terms of weekly reach in viewer numbers, this represented a decrease on 2010 to 2011 and was marginally higher than the number of viewers per week in 2009.

- In 2012, S4C's share of all viewing in Wales was 1.2%, a marginal dip on 2011. In peak, it accounted for 1.7% of viewing, a decline of 0.3% compared to 2011

- Looking at the proportion of viewing hours by genre on S4C in 2012 shows that sports (21%), soaps (15%) and children's programming were the most-watched content. Sport and soaps accounted for similar amounts of viewing in 2011 and 2012, but the consumption of children's content has almost doubled compared to the previous year (from 7% in 2011 to 13% in 2012)

Spend and output

- Total hours of Welsh language programmes on S4C Digidol increased by 24%, from 2008 to 6,629 hours in 2012, up 7% year on year.

- First-run hours commissioned by S4C (not including BBC statutory output) rose by 9% year on year to reach 2003 hours in 2012. The BBC supplied a further 567 hours as part of its statutory commitment to the channel.

- The PSB Tracker showed that the strongest PSB associations with the channel, among regular viewers of S4C Welsh language programming in 2012 were related to the Purpose 1 statements: '*Its news programmes are trustworthy*' (65%) and '*it helps me understand what's going on in the world*' (47%).

- Just under two in three rated the delivery of the characteristic statement: *'It shows well made, high quality programmes'* (65%), with just over half of regular viewers of S4C rating highly the delivery of statements: *'It shows new programmes, made in the UK'* (52%) and *'It shows programmes I want to watch'* (51%).

Further information

Further information is provided in the following appendices:

b) PSB impact

c) PSB viewing

d) PSB output and spend

e) Annex 1: Background and methodology

f) Annex 2: Children's PSB

g) Annex 3: Network compliance reporting