Factsheet 2 - TV spend:

This factsheet has been compiled by Ofcom and provides some background information to aid discussion at the 2015 Oxford Media Convention. It looks at the total content spend of both the PSB channels and the multichannel sector in recent years, followed by a more in-depth look at their spend on first-run UK originated programming. Figures are provided up to and including 2013 as data is collected from broadcasters on an annual basis and 2014 data is as yet not available. All data referred to can be found in Ofcom's PSB Annual Report 2014 or Ofcom’s CMR 2014 report .

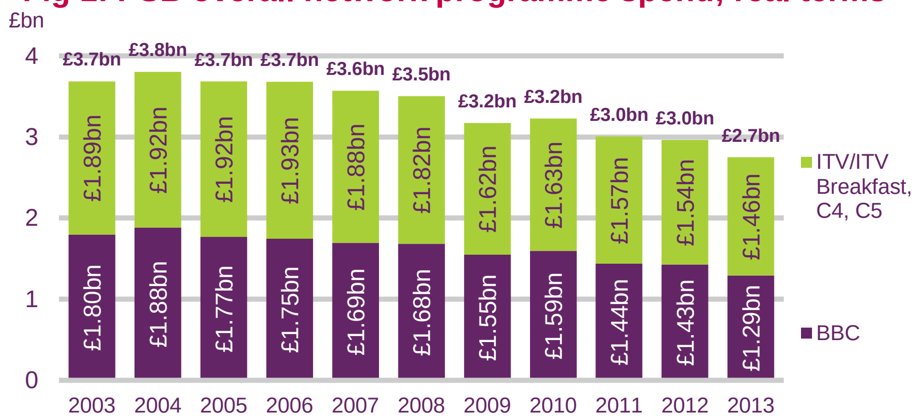
Factsheet 2: TV Spend

Market Context

Key points

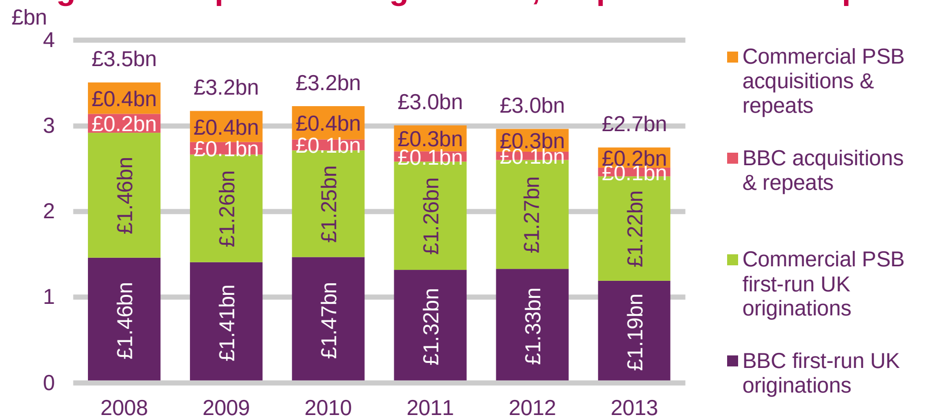
- Spend by the PSB channels on their network programming was lower in 2013 than in both 2011 and 2012 in real terms. This was the case for both the BBC and the commercial PSB channels as Figure 1 shows.
- Looking at the five years from 2008 to 2013, spend on acquisitions and repeated programming by the PSB channels halved in real terms while spend on original UK programming decreased by a larger absolute margin (this is analysed in the next slide).
- Figure 3 shows that each of the main five PSB channels saw their programme spend decrease in real terms from 2008 to 2013. With an 18% decrease, Channel 4 was the only channel to reduce its spend by less than 20% over this period. The BBC Portfolio channels combined saw their total programme spend decrease by £5m (2%) from 2008 to 2013.

Fig 1: PSB overall network programme spend; real terms



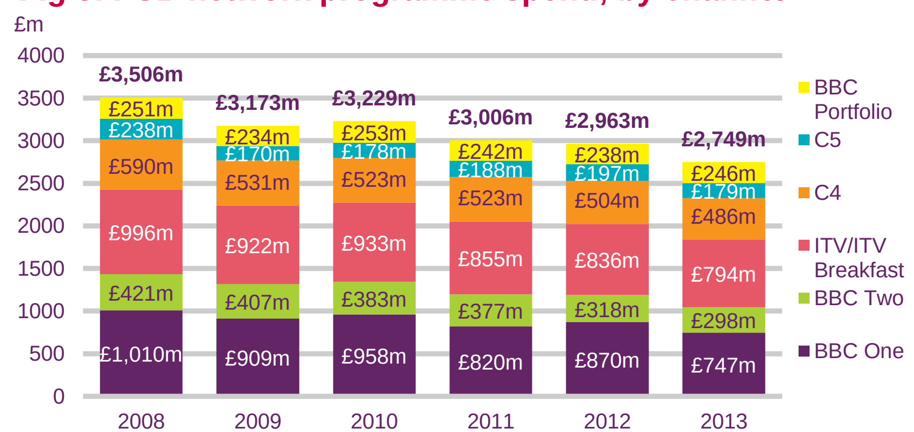
Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 prices. BBC figures include BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament. The analysis does not include S4C, BBC Alba or BBC HD. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

Fig 2: PSB spend on originations, acquisitions and repeats



Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 prices. BBC figures include BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament. Commercial PSB includes ITV, ITV Breakfast, Channel 4 and Channel 5. The analysis does not include S4C, BBC Alba or BBC HD. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

Fig 3: PSB network programme spend; by channel



Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 prices. BBC Portfolio includes BBC Three, BBC Four, CBBC, CBeebies, BBC News, and BBC Parliament. The analysis does not include S4C, BBC Alba or BBC HD. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

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- 88% of the total programming spend by the PSB channels was on first-run UK originations in 2013, up from 83% in 2008 as Figure 5 shows.
- The PSB channels spent £2.4bn on first-run UK originations in 2013, a £0.2bn decrease in real terms from the most recently comparable year (due to the absence of major sporting events) of 2011.
- Figure 5 looks at the spend on original UK content by the PSB channels in the period from 2008 to 2013. All of the main five PSB channels saw a decline in first-run spend from 2008 to 2013, with BBC Two seeing the largest proportional drop (down 24% to £272m) and BBC One seeing the largest outright decrease (down £179m to £696m) in first-run spend in real terms over this period.
- Third parties, such as independent producers and co-production partners contributed £238m to first-run UK originations on the PSB channels in 2013, with such investment marginally offsetting the decrease in spend by the PSB channels themselves.

Fig 4: PSB spend on first-run UK originations; real terms

Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 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. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

Fig 5: PSB spend on first-run UK originations; by channel

	Spend on first-run originated output							First run spend as a % of all spend		
	2008	2012	2013	Change (£) 5 yr	Change (£) 1 yr	Change (%) 5 yr	Change (%) 1 yr	2008	2012	2013
BBC One	£876m	£817m	£696m	-£179m	-£121m	-20%	-15%	87%	94%	93%
BBC Two	£358m	£293m	£272m	-£87m	-£22m	-24%	-7%	85%	92%	91%
BBC Portfolio	£228m	£219m	£224m	-£4m	£5m	-2%	2%	91%	92%	91%
BBC Total	**£1462m**	**£1330m**	**£1192m**	**-£270m**	**-£138m**	**-18%**	**-10%**	**87%**	**93%**	**92%**
ITV/ITV Breakfast	£895m	£775m	£750m	-£144m	-£25m	-16%	-3%	90%	93%	94%
Channel 4	£450m	£395m	£382m	-£68m	-£13m	-15%	-3%	76%	78%	79%
Channel 5	£112m	£102m	£88m	-£24m	-£14m	-21%	-13%	47%	52%	49%
Commercial Total	**£1457m**	**£1272m**	**£1221m**	**-£236m**	**-£51m**	**-16%**	**-4%**	**80%**	**83%**	**84%**
Grand Total	**£2919m**	**£2602m**	**£2413m**	**-£506m**	**-£189m**	**-17%**	**-7%**	83%	88%	88%

Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 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. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

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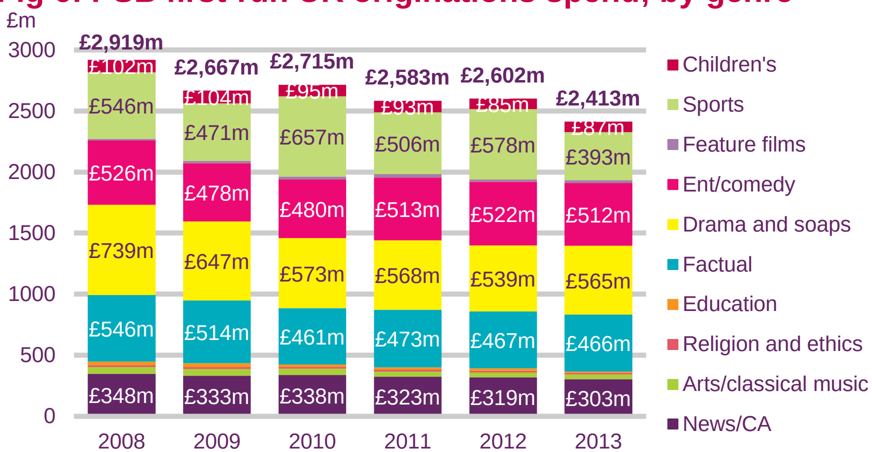
- Figure 6 shows the spend on first-run UK originated programming by the PSB channels per genre from 2008 to 2013. Just like in 2008, original UK drama and soaps programming had the most spent on it by the PSB channels, although there was a 24% decrease in real terms from the 2008 spend of £739m.
- Entertainment and comedy originations saw the smallest proportional decrease in spend by the PSB channels over this period, decreasing by 3% in real terms as it became the genre with the second highest original spend figure in 2013.
- Figures 7 and 8 show the differing spend by the PSB channels on original content during peak hours (18:00-22:30) and during daytime (06:00-18:00) in the period from 2008-2013. It shows that proportionally, the decrease in spend on original content has come from the daytime schedules (down 28% in real terms) rather than from peak time programming (down 10% in real terms).

Fig 6: PSB first-run UK originations spend; by genre

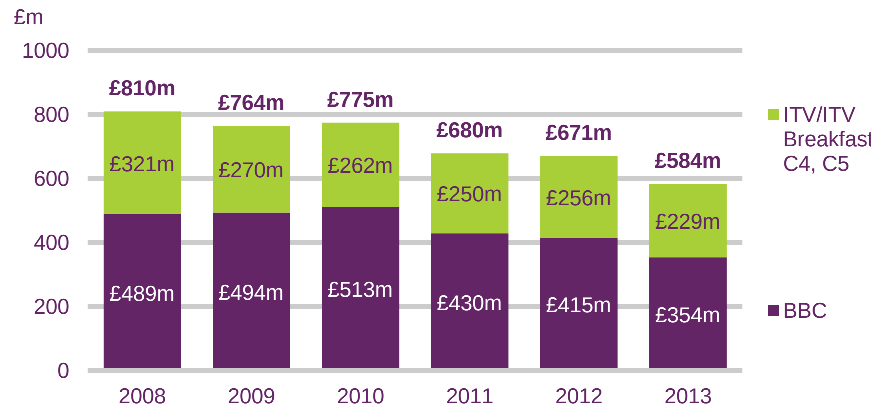


Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 prices. Figures include PSB services: BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament, ITV, ITV Breakfast, Channel 4 and Channel 5. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

Fig 7: PSB first-run UK originations spend; peak time

Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 prices. BBC figures include BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament. Commercial PSB includes ITV, ITV Breakfast, Channel 4 and Channel 5. The analysis does not include S4C, BBC Alba or BBC HD. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

Fig 8: PSB first-run UK originations spend; daytime hours



Source: Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 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. ITV figures consist of ITV network content only. Figures exclude nations/regions programming.

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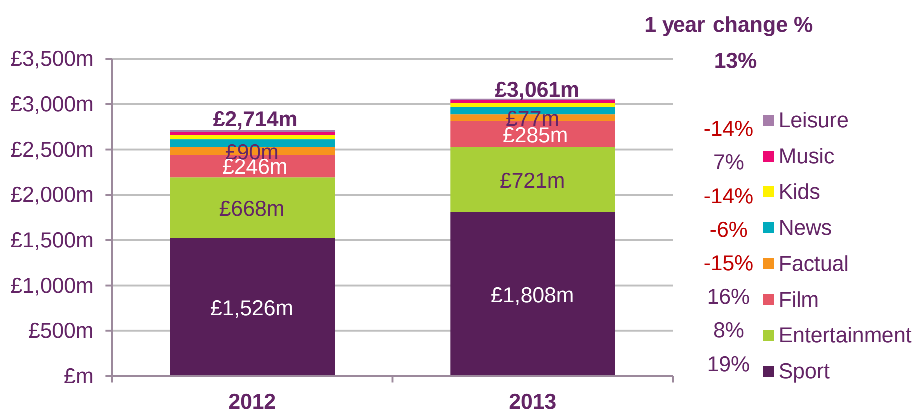
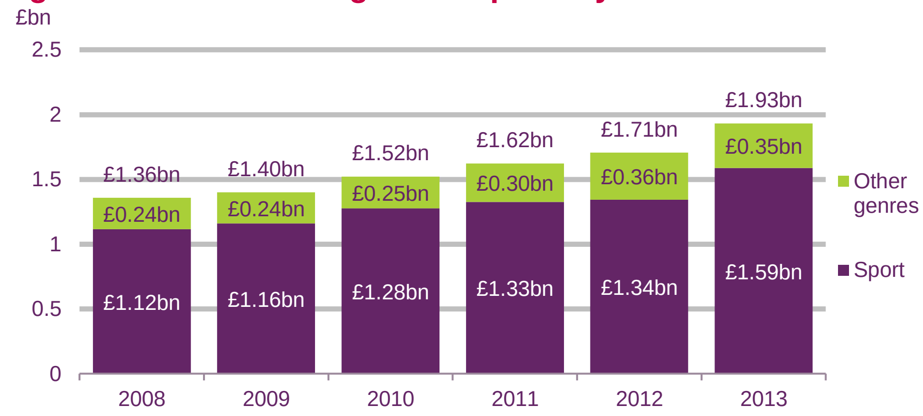
- Figure 9 shows the total content spend by the commercial multichannels (i.e. non-PSB channels) in both 2012 and 2013, split by genre. There was a 13% increase in year-on-year nominal spend from 2012 to 2013, mainly driven by the new round of Premier League football broadcasting rights coming into effect.
- Figure 10 shows the spend on first-run UK originations by a selection of non-PSB channels, first published in Ofcom's *PSB Annual Report 2014*. While we can see the impact of sports production and rights costs on original programming in this sector, we can also see that there was a 43% increase in real terms spend on all other genres of original programming from 2008 to 2013.
- Just like with PSB channel programming, third parties have been providing increasing levels of finance to original UK content among the multichannel sector, albeit to a lesser extent. The £87m contribution in 2013 was an 85% increase in real terms on the equivalent 2011 spend.

Fig 9: Content spend by non-PSB channels; key genres



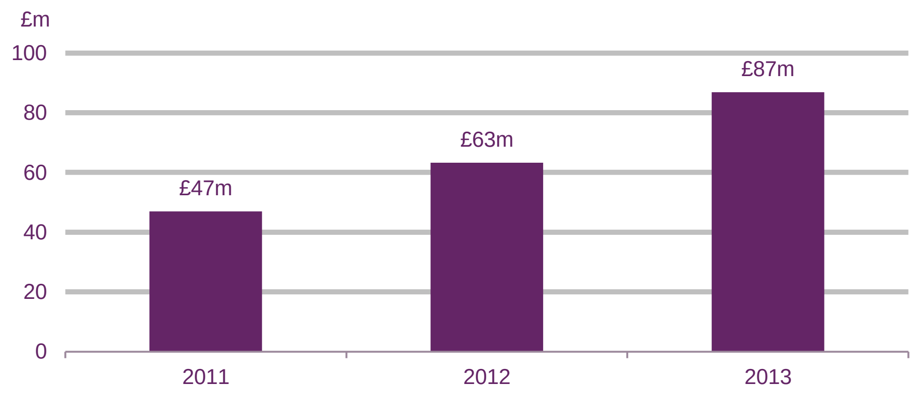
Source: Ofcom's Communications Market Report 2014. Note: Spend expressed in nominal terms. Excludes BBC digital channels.

Fig 10: First-run UK originated spend by non-PSB channels



Source: Ofcom's PSB Annual Report 2014 . Note: figures are expressed in 2013 prices. The commercial PSB portfolio channels are CITV, ITV2, ITV3, ITV4, 4Seven, E4, Flim4, More4, 5USA and 5*. The multichannel sector consists of returns from Sky, Viacom, UKTV, BT, Discovery, AETN, Turner, Disney, CSC and Baby TV.
Sport figures include broadcaster spend on both production and rights acquisition.

Fig 11: Third party contribution to non-PSB originations



Source Ofcom's PSB Annual Report 2014. Note: figures are expressed in 2013 prices. The commercial PSB portfolio channels are CITV, ITV2, ITV3, ITV4, 4Seven, E4, Flim4, More4, 5USA and 5*. The multichannel sector consists of returns from Sky, Viacom, UKTV, BT, Discovery, AETN, Turner, Disney, CSC and Baby TV.